

Annual Report FY 2005 - 2006



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REPUBLIC OF SOUTH AFRICA

Department of Defence

Annual Report

FY 2005/2006



Mr M.G.P. Lekota
Minister of Defence

Report of the Department of Defence: 1 April 2005 to 31 March 2006.

It is my pleasure and privilege to submit to you the Annual Report of the Department of Defence for the period 1 April 2005 to 31 March 2006, in terms of the Public Finance Management Act, 1999.

J.B. MASILELA
SECRETARY FOR DEFENCE: DIRECTOR GENERAL

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



The Department of Defence (DOD) continued to fulfil its constitutional mandate during financial year 2005/06. At the same time it rendered extensive support to the foreign policy and diplomatic initiatives of the government of the Republic of South Africa, thereby strengthening the drive for peace and stability on the African continent.

In this regard the DOD continued to achieve important milestones by ensuring steady progress in the pursuit of transformation objectives, particularly as regards gender equity and race representativity at all levels of management and in all aspects of defence; by ensuring the ongoing preparedness of the South African National Defence Force (SANDF) to defend the people and territory of South Africa; by rendering ongoing support to the people of South Africa through support to Government departments; and by providing continued support for the collective consolidation of peace and security in Southern Africa and support for the enhancement of African diplomacy through successful peace support operations.

The Department's key challenges remained budget constraints, an issue that required sensitive management of our relationship with key stakeholders. Faced with this problem, the Department prioritised the advancement of the ongoing review of the White Paper on Defence. The realignment of defence mandates with the ordered defence priorities of Government in relation to foreign policy and diplomacy on the African continent, will go a long way towards reconciling budget projections and ensuring an optimum defence capability for both homeland defence and external operations.

This review process therefore seeks to prioritise peace missions and give peacekeeping its correct place in the current roles and functions of the SANDF. In this regard, the task of revising the force design of the National Defence Force to reflect the size and composition required for ongoing sustainability and affordability also received top priority.

In keeping with the DOD's Vision, of 'effective defence for a democratic South Africa', the Department also made a paradigm shift with regard to the development of its

young cadre of SANDF members. The South African soldier must reflect the values, policies and strategic approach to defence of the DOD and, therefore, the intention is to develop its members by providing them with a combination of conventional defence skills, peacekeeping training and training for roles in postconflict reconstruction and development in communities inside and outside the country. The intention is that all future, deployable military personnel will be well-rounded professionals, capable of all of the above roles and more.

The review philosophy and process have also helped to give impetus and direction to the Reserve Forces. During the year under review we started deploying Reserve Force members on peace missions. This trend will however, only be sustainable if the ongoing rejuvenation of the combat fitness and mission readiness of the Reserves is treated as a priority as we go forward.

During the year under review the DOD continued to support the people of South Africa through support to various Government departments. In this regard the process of phasing out the Commandos (Army Territorial Reserve Units) continued according to schedule under the proviso that the SANDF will not withdraw from any area until there is a proper plan and capacity to enable the South African Police Service (SAPS) to take over that work.

The ongoing rollout of Maritime and Air Force Defence Acquisitions, as prescribed by the Strategic Defence Packages (SDPs) continued, thereby advancing the modernisation of the SANDF. This initiative continued to provide the DOD with significant opportunities for technological development, rejuvenating the National Defence Force advancing the transformation of the defence establishment, including local defence industries.

In the year under review the SDP initiative reached a threshold where a clear defence technology strategy, encompassing all facets of the work needed to maintain and support this equipment, was identified as a priority. This strategy will determine some of the work of Armscor and the rest of the defence and defence related industries, and streamline Denel and Armscor to meet current defence requirements.

The Department's support for multilateralism at the regional level continued as seven countries of the Southern African Development Community (SADC), including South Africa, ratified the SADC Mutual Defence Pact. The DOD also contributed significantly to South Africa's regional capacity for early intervention through the ongoing development of the SADC Early Warning Centre which is scheduled to be fully operational in 2006.

Furthermore, although the DOD did not meet its initial target of 30 June 2005 for a fully operational SADC Brigade for the African Standby Force, it did participate successfully in operations to test the interoperability of units of contributing countries during the first peace training exercise, 'Exercise Thokgamo', held in Botswana in the same month.

As we continue to navigate through the uncharted waters of the review process, I wish to thank Deputy Minister Mluleki George, the Secretary for Defence, Mr. January Masilela, the Chief of the SANDF, General Godfrey Ngwenya, and the senior staff of the DOD, for their leadership and commitment to the Department.

On behalf of the South Africa Government I also extend my congratulations and support to all the men and women of the SANDF who serve their country, at home and across our borders, on a daily basis.



M.G.P. LEKOTA
MINISTER OF DEFENCE



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



The Department of Defence (DOD) remains optimistic about the future, as the period under review has been reasonably successful in terms of the DOD fulfilling its mandate and delivering on its core business. Whereas the Department continued to ensure our preparedness to defend the people and territorial integrity of the Republic of South Africa, ongoing service delivery to the people and economy of South Africa by the DOD has also been about career opportunities, training and skills development.

In this regard the DOD aspires to have an appropriately sized, skilled, young, professional South African National Defence Force (SANDF) in order to continue to meet our mandate pertaining to deployment inside the country and in support of foreign policy and diplomatic initiatives on our borders and across the continent of Africa.

During the financial year 2005/2006 the DOD made significant progress with its programme of internal transformation whilst focusing on achieving mission readiness. The rejuvenation programme and rightsizing of the SANDF, through the Human Resources Strategy 2010 (HR 2010), continued, thus ensuring that the Department has the most effective, efficient and economical HR composition of both uniformed and civilian members to deliver on our mandate and support for Government.

The flagship programme of HR 2010, the Military Skills Development System (MSDS), continued to grow. The DOD's overall recruitment increased to 12 465 healthy, young men and women who have completed or are in the process of completing the programme. The current 2006 MSDS intake stands at 8 298, an increase of 2 076 in comparison with the 2005 intake.

A key measure of success of the MSDS is the extent to which it impacts on the numbers of deployable troops available to the SANDF. In this regard, during the period under review the Joint Operations Division deployed 299 MSDS-trained members in operations outside the country. This trend is set to continue as an increasing number of MSDS recruits are being put through various training programmes.

The MSDS programme is also intended to impact significantly on the rejuvenation of the Reserve Forces and to contribute to the rejuvenation of the South African econo-

my by developing young, skilled personnel on an ongoing basis. Looking ahead in this regard the South African Army will commence the formal placement of MSDS recruits in industry by securing 200 MSDS members in full-time employment in four private companies, whilst securing 30 days per annum for each member to do Reserve Force duty.

Linked to the MSDS, the DOD/Denel Youth Foundation Training Programme continues to offer disadvantaged young South Africans a second chance to complete their matric and hopefully find their way into full time career options in the SANDF. To date the foundation programme has facilitated the employment of 715 black learners who enhanced their symbols to meet the criteria for training in scarce skills musterings of the National Defence Force. This initiative will ensure a continuous inflow of suitable candidates to be trained in various specialist occupations to the benefit of the military.

The continuing roll-out of the Strategic Defence Packages (SDPs), which are now being integrated into the Services, have opened doors for further transformation in the DOD. The acquisitions offer exciting career opportunities and possibilities for our members.

Through the South African Navy SDP and a Defence Cooperation Agreement between South Africa and India, twenty officers have had new opportunities for submarine training in India and Germany, and the SA Navy will soon have two qualified women on the new Type 209 Submarine, a first in Africa. The SA Navy has also appointed three women Officers Commanding to Navy combat platforms, including an appointment on a Navy fast attack craft, the SAS MAKHANDA.

The ongoing South African Air Force (SAAF) pilot training programme will qualify twelve women pilots by the end of 2007, six of whom are Black, and three have so far been earmarked for the combat line via the SAAF SDP, the Hawk Lead-in Fighter Trainers.

Though challenges are still vast in transforming the South African Air Force, hands-on efforts of SAAF transformation are continuing to be boosted by projects such as the engagement of flying instructors from our Zimbabwean Air Force counterparts which augurs well for the interoperability of our systems and personnel in the context of Southern African Development Community (SADC) defence collaboration.

During the period under review challenges with regard gender equity, especially the progression of women to middle and senior management decision-making levels,

remained a concern. The DOD has recognized that even with progress in the recruitment of women in general and in an increasingly broader scope of musterings, it is imperative that women also participate in significant numbers in the decision-making forums of the department.

The vigilance of the DOD with regard to the health status of the SANDF and its potential impact on deployment and state of readiness remained a key priority. In this regard the South African Military Health Service (SAMHS) has identified the national HIV/AIDS pandemic as a potential force-preparation risk. The key campaigns to combat this aspect of comprehensive health care in the SANDF continued, namely: the DOD 'Masibambisane' education and awareness campaign; 'Project Phidisa', the DOD research project on the efficacy of anti-retroviral drugs (ARVS) in a military environment and its impact on mission readiness, a joint initiative by the SAMHS and the US National Institute of Health; and the DOD's pending alignment with the Department of Health's roll-out of ARVs under the umbrella of the Government 'Khomanani', thus boosting the DOD's capacity for treatment.

The future and welfare of military veterans in our country also remained a priority of the DOD. In this regard the re-skilling programme of veterans has gained momentum since the beginning of the financial year 2005/2006. A number of projects have progressed, including training at the DOD Centre for Advanced Training (CAT) and other sites in various provinces, which have led to approximately 1 276 jobs across the country being created in fields such as private security, driver training, metro policing, traffic wardens and the construction industry. Furthermore, the DOD commenced the roll-out of identity cards to registered veterans, which made more of them eligible for support, and a process has begun through the Surgeon General to explore the possibility of getting destitute veterans admitted to the SANDF's health-care services.

The people-centered approach of our Department, Batho Pele, is aimed at ensuring that we continue to have the requisite skills base, discipline, motivation and direction to continue to deliver on our service to Government and the people of South Africa.



M.E. GEORGE
DEPUTY MINISTER OF DEFENCE

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



The cornerstone on which the Department of Defence (DOD) was built is the three enduring military strategic objectives in respect of which capabilities are prepared, provided for and employed. In terms of Strategic Business Plan 2005 they are to enhance and maintain comprehensive defence capabilities, to promote peace security and stability in the region and the continent and finally to support the people of South Africa.

Whilst all three of these strategic objectives are pursued simultaneously, shifts are taking place annually to cater for the changing political environment. The first decade of democracy saw emphasis being placed on the first objective as evidenced by the Strategic Defence Packages. The latter part of the decade, including this reporting period, witnessed the promotion of peace, security and stability enjoying priority in furthering Government's support to foreign policy initiatives. Consequently, large contingents of South African troops were deployed in various peacekeeping operations in Africa. During the year under review there is evidence of the extent of alignment of programmes with core objectives in line with the Minister's strategic guidelines to support the people of South Africa and defence output. The participation of DOD members during the recent local government elections and the transportation of the rotor on board the SA Navy vessel, SAS DRAKENSBERG, for the Koeberg power station to provide a much needed electrical grid capacity in the Western Cape, should find resonance with the South African citizenry.

The DOD continues to interact with the Cabinet on a regular basis through the Cabinet clusters Forum of Director-General to ensure alignment and give feedback on its performance in implementing Government's programme of action. This interaction takes place regularly through the International Relations, Peace and Security (IRPS) cluster, the Justice, Crime Prevention and Security (JCPS) cluster, and the Governance and Administration (G & A) cluster.

One of the highlights of the period under review was the establishment of the DOD Government IT Office (GITO), with the appointment of Major General Du Toit. This appointment ensured compliance with Cabinet Memorandum 38a of 2000, and enabled me to direct the Department strategically regarding its ICT management system in compliance with Government policy.

However, the year was not without challenges. The rejuvenation of the human resources component of the DOD continues to present particular difficulties, thus hindering the full implementation of the HR 2010 Strategy. The approval of the Mobility/Exit Mechanism for middle and senior South African National Defence Force (SANDF) members to allow for the intake of young members continues at a slow pace. It is envisaged that the Military Skills Development System (MSDS) will improve the rank-age profile of the SANDF and thus enhance operational readiness. Another major challenge for the year under review is the fact that, although significant progress has been made to date, many of the Parys Resolutions, such as the update of the White Paper & the Defence Review, the implementation of the Balanced Score-Card approach and the work of the Department of Defence Workgroup (DODW) responsible for organisational restructuring, are yet to be completed. Nevertheless, I remain confident, given the progress already made to date. The remaining issues will be finalised before the end of the next reporting cycle.

On the financial expenditure side, the DOD accomplished an underspending of -0.008% for the period under review. This was mainly attributable to surpluses of the Strategic Defence Packages. A number of reprioritising exercises were undertaken in respect of various items. One such notable exercise was the funding of shortfalls to the A400M.

I wish to thank the Minister of Defence, MP M.G.P. Lekota, the Deputy Minister, M. George, and the Chief of the SANDF, General G.N. Ngwenya, and all the chiefs of Services and Divisions for their continued leadership, direction, commitment and dedication to the DOD. I wish to thank General S. Nyanda, former Chief of the SANDF, for his contribution during his term as Chief of the SANDF. Lastly, I wish to pay tribute to men and women in uniform deployed internally and externally who continue to serve this country with loyalty and dedication. I therefore take this opportunity to present the DOD Annual Report FY2005/06.



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

THE YEAR IN REVIEW CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE GENERAL G.N. NGWENYA, MMS



The year 2005 saw the Department of Defence, together with all South Africans, enter the second decade of democracy and freedom. In this year, the focus in terms of *force preparation* was on integrating the new defence systems, exercises in conventional training and peace training, which also included the training of new members recruited through the Military Skills Development System. In terms of *force employment*, the SANDF continued employing forces to ensure internal, regional and continental security. The SANDF expanded its role of promoting peace and stability on the continent and fully supported the programme of action outlined by Government.

In the year 2005, I had the honour and privilege of assuming *command* of the SANDF. I immediately set about addressing the fundamentals to ensure the SANDF aspired to the vision of a National Defence Force that is willing and capable of complying effectively and professionally with all national, continental and international demands for future operational deployments of any nature. Hence, immediate attention was given to improving readiness, sustainability and the professional conduct of operations. The focus of my attention was on ensuring that our National Defence Force remained one of the most professional and appropriately trained forces in the world. In this regard, certain command changes were effected. During the past year, Lieutenant General V.I. Ramlakan assumed command as the new Surgeon General. The SA Army appointed a new Sergeant Major of the Army, Warrant Officer Class 1 (WO1) J. Tshabalala, while the SA Military Health Service appointed WO1 M.M.T. Sebone as the new Sergeant Major of the SA Military Health Service.

The SANDF was highly successful in the peacekeeping missions it engaged in during the past year. It was able to provide almost 3 000 soldiers for United Nations (UN) and African Union (AU) peacekeeping missions in Africa. Our men and women in uniform are doing commendable work in the Democratic Republic of the Congo (DRC), Burundi, Ethiopia and Eritrea, the Sudan and the Ivory Coast. Without exception, UN and AU force commanders attest to the outstanding contribution our members have made and continue to make. The SANDF participation in the peace process in Burundi was seen as a major factor in the success of the Burundi elections.

In the pursuit of global peace and security, the growing importance of *defence diplomacy* and defence foreign relations cannot be overestimated. In this regard, sound defence relations with other countries were strengthened through an increase in defence representation at missions. Our defence attachés have become key instruments in defence diplomacy and building South African defence relations abroad.

Force preparation was tested when all four Services participated in the largest joint conventional training exercise since the establishment of the new SANDF. The exercise, code-named Exercise INDLOVU, was an essential exercise as it tested and evaluated, firstly, the command and control capabilities of the SANDF, secondly, the training of new recruits under the MSD System and, thirdly, the integration with the AU Stand-by Force. The SANDF contributed to initiatives of the AU as well as the Southern African Development Community (SADC) in accordance with the policy and requirements set by the Common African Defence and Security Policy. Within the formation of the SADC Brigade, Exercise THOKGAMA, a *peace-training* exercise, was conducted. Exercise THOKGAMO, which was held in Botswana in June 2005, served to evaluate the capacity, command and control, and interoperability of the SADC Brigade. The exercise provided all participating forces with simulated experience in peace-support operations.

Steady progress was made with the phased withdrawal from routine internal involvement in support of the SA Police Service. Ministerial authority was obtained for the closure of a further five group headquarters and 45 army territorial reserve units called commandos. The target date for the complete withdrawal of commando units remains 31 March 2009. Completion of a comprehensive logistic audit of all commando units is planned for 2007.

The implementation of our *Human Resources Strategy 2010* remains a priority. The Military Exit Mechanism (MEM) was approved and implemented to provide military members who wished to leave the service with a viable way to follow alternative careers outside the military. The SANDF, through the Military Skills Development System (MSDS), is effectively rejuvenating the regular and reserve forces. Over 7 626 young men and women have been recruited since 2003. In January 2006, 4 300 youths were recruited into the SANDF. The MSDS is complemented by the Youth Foundation Training Programme. This programme provided 250 school leavers with training to in preparation for selection for specialist musterings, such as those of the doctors, pilots, engineers and naval combat officers in the DOD. As a result of this programme, 228 black learners have been appointed in specialist musterings since 2001. Two Reserve Force companies were successfully deployed in the DRC. This deploy-

ment brought to fruition the One-force Concept and met the need to strengthen the preparation and utilisation of Reserves.

Force modernisation remains on track. The SA Air Force received the first four of its 30 Augusta light utility helicopters in September. The helicopters are still under operational testing and evaluation and, once this is complete, they will be utilised for training and operational deployment. The Gripen fighter aircraft will be transferred to South Africa later in 2006, while the Hawk lead-in fighter trainers will be handed over to the SA Air Force in 2006. The first type 209 submarine, the SAS MANTHATISI, was commissioned in Germany in November 2005. The SA Navy received the SAS AMATOLA, the first of four frigates, on 16 February 2006. Integration of formal progressive training to meet the demands of the new advanced air and maritime weapon systems is well under way.

To ensure the SANDF maintains competitive technologies and capabilities, several *international conferences* were held. The SA Navy hosted the first “Seapower for Africa” symposium in Cape Town. It was attended by 22 African nations and led to a number of resolutions that would ensure greater cooperation and support between the navies of the continent. The SA Army presented an armour symposium with the theme “Armour in African Peace Support Operations in 2020” in October 2005. Delegates representing twelve countries and six continents attended the symposium. The first-ever warrant officer’s conference held in Africa took place in Bloemfontein in February 2006. Sixteen countries participated in discussions that addressed the aim, tasks and functions of warrant officers as well as a new approach to training.

During the year I made several visits to deployed contingents and inspected the progress made in force preparation. I was extremely satisfied with the professional conduct of our soldiers and hereby commend their performance. Notwithstanding these achievements, more attention will be given to improving training and to addressing the shortfalls in logistics, equipment and infrastructure.

The command cadre of the SANDF has made a good effort in the past year to maintain and enhance the required capabilities for defence. However, it is increasingly

clear that critical defence resource decisions will have to be made to determine the correct force design and to identify force structure elements that can be brought to the required readiness level prescribed by the budget. The SANDF looks forward to the updated White Paper on Defence and Defence Review as fundamental policy statements that will promote a better match between the demands made on the SANDF and the allocated funding. I look forward to strong direction from the Minister, Parliament and the Secretary for Defence with regard to the critical resource needs of the SANDF.



G.N. NGWENYA
CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE: GENERAL



INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

The following institutions report to the Minister of Defence:

- The Department of Defence (DOD)
- The Armaments Corporation of South Africa (Armcor)
- The National Conventional Arms Control Committee (NCACC)
- The Castle Control Board

BILLS SUBMITTED TO THE LEGISLATURE DURING THE FINANCIAL YEAR

- The Armaments Corporation of South Africa, Limited, Amendment Bill
- The Defence Special Account Amendment Bill.

The Bills were subsequently assented into law by the President on August 2005

- *Review of the Regulation of Foreign Military Assistance Act, 1998 (Act No. 15 of 1998)*. The Prohibition of Mercenary Activities and Regulation

and Prohibition of the Rendering of Certain Assistance and Services in Areas of the Armed Conflicts Bill, 2005 was approved by Cabinet in August 2005 and introduced in Parliament in September 2005. The Bill is in the process of being considered by Parliament.

- *Restriction or Prohibition of Certain Conventional Weapons Bill*. This Bill was approved by Cabinet in August 2005 and is currently with the Office of the Chief State Law Adviser for certification in preparation for its introduction in Parliament.
- *Transfer of the Castle Management Act, 1993 to the Department of Arts and Culture*. The DOD has finalised a draft Castle Management Repeal Bill so as to facilitate the transfer of the responsibility for the management and administration of the Castle to the Department of Arts and Culture. The draft Bill is currently being considered by the Department of Arts and Culture.

VISITS

The Minister of Defence and his deputy were both involved in a number of defence-related diplomatic activities in which the DOD had a role to play. The international trips they undertook are as follows:

Table 1: International Trips FY2005/06

MINISTER OF DEFENCE			DEPUTY MINISTER OF DEFENCE		
Dates	Country	Purpose of Trip	Dates	Country	Purpose of Trip
14-18 May 2005	UAE		14-18 April 2005	Italy	Attending the 60th Anniversary of the Battle of Monte Sole at the invitation of the Italian Military Veterans
02-07 May 2005	Mali & Tunisia	To conclude defence cooperation with the Department of Defence.	15-19 May 2005	Belarus	Meeting with his counterpart for a bilateral meeting at deputy minister level at the invitation of the Belarus Ministry of Defence
11-13 May 2005	Democratic Republic of the Congo	To undertake a high-level assessment of the situation in the DRC			



Table 1: International Trips FY2005/06 (continue)

MINISTER OF DEFENCE			DEPUTY MINISTER OF DEFENCE		
Dates	Country	Purpose of Trip	Dates	Country	Purpose of Trip
20-22 May 2005	London	Assigned by the President	20-22 May 2005	Ukraine	Meeting with the Deputy Minister of Foreign Affairs of the Ukraine at the invitation of the Ukrainian Government
30 May-02 June 2005	DRC and Ivory Coast	Tripartite meeting and passing-out parade	18-24 November 2005	People's Republic of China (PRC)	Bilateral meeting with the Deputy Minister of Defence of the PRC on defence related issues
03-09 June 2005	Santiago, Chile	Accompanying the President and to confer with his counterpart	12-13 December 2005	Uganda	The Deputy Minister accompanied the President to the inauguration of the Ugandan president
23-23 June 2005	Maun, Botswana	Attending the Ex-Thokgami VIP Day	09-13 March 2006	Saudi Arabia	To attend a joint RSA-Saudi Arabian commission meeting on defence
03-06 July 2005	Jordan and Dubai	Assigned by the President			
17-19 July 2005	Ivory Coast	Assigned by the President			
01-08 August 2005	Dubai, Saudi Arabia and UAE	Attending the funeral of King Fahd and promoting goodwill and friendship between SA and the countries named			
16 -18 August 2005	Botswana	SADC Summit & Council of Ministers meeting			
29 August -01 September 2005	United States of America	To brief the Security Council on progress-made regarding the President's role as one of the mediators in the situation in the Ivory Coast			
28 September 2005	DRC and Bujumbura	Attending passing-out parade and strengthening relationship between South Africa and the named countries			
05-06 October 2005	Ethiopia	Accompanying the President			
17-21 October 2005	Vietnam	To promote bilateral and good working relations between South Africa and the Socialist Republic of Vietnam			

Table 1: International Trips FY2005/06 (continue)

MINISTER OF DEFENCE			DEPUTY MINISTER OF DEFENCE		
Dates	Country	Purpose of Trip	Dates	Country	Purpose of Trip
01-03 November 2005	Germany	Commissioning of first Strategic Defence Package submarine			
31 January – February 2006	Abidjan	Assigned by the President			
04 February 2006	Maputo	Commemoration of the Matola paid			
06 February 2006	Windhoek	Attending a troika meeting			
15-16 March 2006	DRC	Attending the Binational Commission meeting			

CIVIL OVERSIGHT

The departments or entities overseen by the Parliamentary Committee were as follows:

- Department of Defence (DOD)
- Armaments Corporation of South Africa (Armcor)
- National Conventional Arms Control Committee (NCACC)
- Castle Control Board



- Normal meetings : 30
- Unusual meetings : 6
- Closed meetings : 2
- Cancelled meetings : 2
- Total : 38

NUMBER OF MEETINGS

In the Table below are other matters dealt with during the FY2005/06

Table 2: Other matters dealt with

Papers, Treaties, Agreements, etc	Referral Date
Report and Financial Statements of Vote 22 – Department of Defence for FY2003-2004	27 January 2005
South African Export Statistics for Conventional Arms for 2003	27 January 2005
United Nations Optional Protocol to the Convention on the rights of children and the involvement of children in armed conflict	15 February 2005

Table 2: Other matters dealt with (continued)

Papers, Treaties, Agreements, etc	Referral Date
The President submitted a letter informing Parliament of the deployment of SANDF soldiers in the DRC	29 August 2004
Southern African Development Community (SADC) Mutual Defence Pact ("the Pact")	27 January 2005
Strategic Plan of the Department of Defence for FY2005/06 to FY2007/08	11 April 2005
The President submitted a letter informing Parliament of the deployment of SANDF soldiers in Botswana	27 January 2005
The President submitted a letter informing Parliament of the deployment of SANDF soldiers in the Ivory Coast	12 July 2005
The President submitted a letter informing Parliament of the deployment of SANDF soldiers in the DRC	20 September 2005
Memorandum on Vote 21 – "Defence", Main Estimates, FY2005/06	02 March 2005
Annual Report of the Department of Defence (draft)	N/A
Annual Report of the Department of Defence	31 October 2005
Annual Report of the Armaments Corporation of South Africa, Limited	12 October 2005

**Table 3:** Other briefings and meetings dealt with

Date	Subject	Estimated number of hours
05 April 2005	Briefing: DOD's land use – by the DOD and Department of Land Affairs	2
	Briefing: DOD's land and property – by the DOD and Department of Public Works	2
08 April 2005	Discussion with Military Academy students - by Prof K Asmal	0,5
	Debate: Budget 2005/06 of the Department of Defence - in National Assembly	3
12 April 2005	Briefing: Quarterly report of the Human Resources Development of the Department of Defence	2
21 April 2005	Courtesy visit of the South African National Defence College -Executive National security Programme (ENSP) 1 inputs by Mers MS Booie and OE Monareng	1

Table 3: Other briefings and meetings dealt with (continued)

Date	Subject	Estimated number of hours
17 May 2005	Armaments Corporation of South Africa, Limited, Amendment Bill Special Defence Account Amendment Bill Military Ombudsman Bill (draft)	3
07 June 2005	Briefing: Civic Education Evaluation Advisory Board	2
14 June 2005	Armaments Corporation of South Africa, Limited, Amendment Bill Finalisation: Special Defence Account Amendment Bill Briefing: White Paper on Defence & Defence Review	3
21 June 2005	Finalisation: Armaments Corporation of South Africa, Limited, Amendment Bill	1
02 August 2005	Report on activities of the NCACC DOD implementation of Portfolio Committee Reports Oversight visit to De Aar Ammunition Depot Oversight visit to Tempe Military Base Oversight visit to Bloemspruit Air Force Base	3
3 August 2005	Adoption of PC Defence Committee Reports Strategic plan of the DOD Budget of the DOD Human Resources Plan 2010	25 min
10 August 2005	Preliminary discussion: Committee's budget & strategic plan for 2006/07	1
16 August 2005	Briefing: Combat-readiness of the SANDF (closed)	4
17 August 2005	Annual report of the DOD Briefing: Progress made in amending DOD legislation, including: Geneva Convention Military Ombudsman	2
23 August 2005	Report on Defence Secretariat Restructuring of the DOD	4



Table 3: Other briefings and meetings dealt with (continued)

Date	Subject	Estimated number of hours
23 August 2005	Report on Defence Secretariat Restructuring	4
30 August 2005	Discussion on Prof Cawthra's workshop Annual report (2004) of Civic-Education Evaluation Advisory Board (CEEAB)	3
6 September 2005	Progress report: Land claims and the SANDF Public hearings : Wallmannsthal land claims Budget of the DOD (closed meeting) A400M – transport aircraft (closed meeting)	1
07 September 2005	Courtesy visit to the South African National Defence College – Executive National Security Programme (ENSP)	2
13 September 2005	SANDF Reserves Progress report from the DOD Briefing: Reserve Force Council Quarterly report Human resources development in the DOD, including exit formula	4
14 September 2005	Courtesy visit of Kuwaiti parliamentary delegation Disposal of excess material, including ammunition	2
11 October 2005	Briefing in Pretoria by the UN & DOD – SANDF deployment in the DRC as part of the UN	3
17 October 2005	Election of a chairperson	15 min
18 October 2005	Workshop by the National Treasury – Annual Report of the DOD	
19 October 2005	Office of the Auditor-General – Audit perspectives on annual reports of the DOD and Armscor	4
21 October 2005	PC Defence – programme for the 4th term Briefing by Armscor – annual report of Armscor	3
25 October 2005	Discussion & adoption of PC Committee reports Oversight visit – military bases (Thaba Tshwane) Wallmannsthal – fact-finding visit (20 Aug) Wallmannsthal – hearings (06 Sept)	3
01 November 2005	Briefing by the DOD Annual report of the DOD	

Table 3: Other briefings and meetings dealt with (continued)

Date	Subject	Estimated number of hours
4 November 2005	Courtesy visit Delegation of House of Deputies, Parliament (Czech Republic) – Committee on Foreign Affairs	2
8 November 2005	Briefing by the DOD The Prohibition of Mercenary Activity and Prohibition and Regulation of Certain Activities in an Area of Armed Conflict Bill Annual Report 2004/05	2
15 November 2005	PC Defence Report on activities – 2005 Programme – 2006 (1st term) Oversight visit to the DRC	3

APPEARANCES BEFORE THE PORTFOLIO COMMITTEE ON DEFENCE

Table 4: Appearances before Committee

Subject Matter	Date	Duration
Annual report from the departments – Defence & Armscor (facilitated by the National Treasury)	18 October 2005	2hours
Annual report from the departments – Defence & Armscor (facilitated by the Office of the Auditor-General)	19 October 2005	2hours
Workshop on defence and security oversight facilitated by Prof Cawthra (Graduate School of Public & Development Management)	09-10 September 2005	2 days

OTHER MATTERS DEALT WITH

Table 5: Public Hearings

Subject	Date	Total Submissions	Hours
Wallmannsthal land claims	06 September 2005	2 Wallmannsthal Community Joint submission (Dept of Land Affairs & DOD)	3

VISITS

Table 6: National Visits

Period	Venue	Purpose of visit	Date Report Tabled
19 January 2005	Saldanha	Inspection of the facilities of the Military Academy as an educational institution for cadet officers	8 March 2005
24 August 2005	Wallmannsthal	On-site investigation of Wallmannsthal land claims	11 November 2005
18-19 August 2005	SANDF military bases and Defence Industry ATE	To ascertain the physical condition of military facilities and how this impacts on military preparedness	11 November 2005
10 November 2005	Swartklip Products	To inspect the health, safety and security standards of the workforce and the surrounding communities, and Assess the feasibility of moving the facility	10 November 2005



Table 7: International Visits

Period	Purpose of visit	Date Report Tabled
20-21 September 2005	Assembly of Western European Union (Inter-parliamentary European Security and Defence Assembly) conference on peacekeeping in sub-Saharan Africa	
12-14 October 2005	Oversight visit to the DRC	08 November 2005

PUBLIC PARTICIPATION ACTIVITIES AND INTERACTION WITH INSTITUTIONS

Table 8: Public participation activities and interaction with institutions

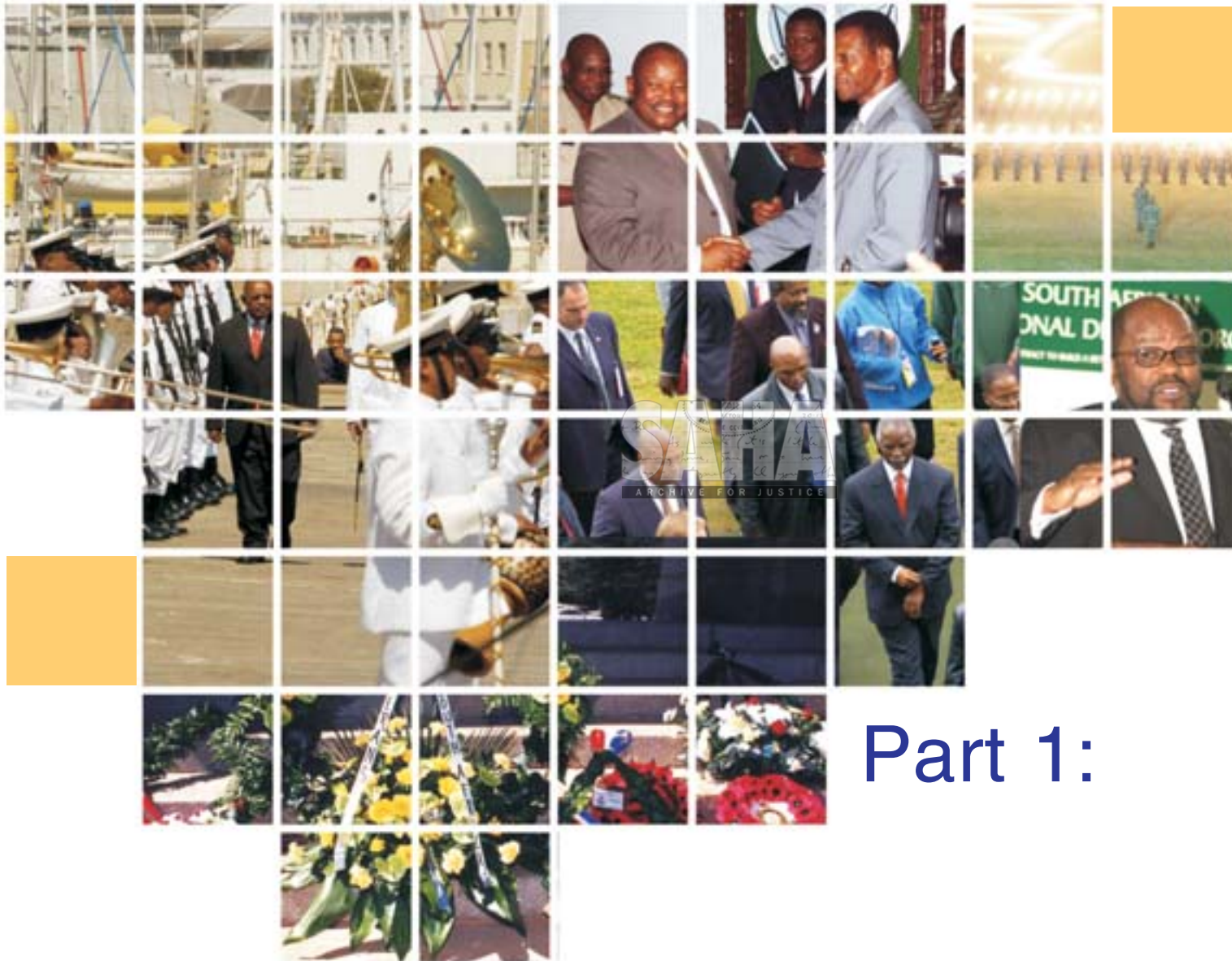
Subject Matter	Dignitary	Date
Peacekeeping : Threats and opportunities	Lt Gen Romeo Dallaire (Ret), Force Commander of the UN Mission in Rwanda (during the genocide)	22 February 2005
Reception	The former and present Chiefs of the SANDF (Gen S. Nyanda & Gen G. Ngwenya)	16 August 2005

SPONSORSHIP

Table 9: Sponsorship

Donor	Purpose	Date	PO's Approval Date
DOD	Airlift to the DRC to visit SANDF peacekeepers	12-14 October 2005	07 October 2005





Part 1:

Strategic Direction

CHAPTER 1

STRATEGIC DIRECTION

INTRODUCTION

As this challenging financial year 2005/06 comes to an end, the Department of Defence (DOD), comprising the Defence Secretariat and the South African National Defence Force (SANDF), has crossed the threshold into our second decade of South African democracy. The DOD outcomes have been fully aligned with Government policy to enhance national, regional and global security through the existence of combat ready deployable defence capabilities. During the year under review, the SANDF had a change of command when the new Chief of the SANDF, General G.L. Ngwenya, MMS, assumed command of the SANDF. The DOD continues to fulfil its constitutional mandate whilst rendering extensive support to the enhancement of foreign policy, thereby strengthening solidarity in the region. The SANDF troops deployed outside the country in various peace missions on the African continent in support of initiatives from the Southern African Development Community (SADC), New Partnership of Africa's Development (NEPAD) and the African Union (AU) were highly successful in executing the DOD's mandate. These obligations required concerted efforts from the Secretary for Defence and the Chief of the SANDF to secure adequate funding for such deployments. The DOD developed appropriate military strategies to comply with Government's imperatives and priorities in conducting these external missions.

The DOD Annual Report for FY2005/06 provides comprehensive feedback to the public regarding the achievements of specific measurable objectives per programme as contained in the Estimates of National Expenditure (ENE) 2005, output details, targets, performance measures and actual achievement as specified in the DOD Strategic Business Plan FY2005/06. Furthermore, it demonstrates the extent to which the SANDF is committed, willing and capable of complying effectively and professionally with all demands (national and continental) for operational deployments. The SANDF continues to pursue the Defence Military Strategic Objectives and is presently highly successful in executing the various peacekeeping missions.

The challenges faced by the DOD in executing its mandate were compounded by a constrained budgetary allocation. The DOD had therefore been forced to adapt its

Strategic Business Plan according to these budgetary constraints, allowing only priority requirements to be funded.

AIM OF DOD ANNUAL REPORT

The DOD Annual Report for FY2005/06 aims to account for the performance of the DOD against the approved Departmental Business Plan for the period 1 April 2005 to 31 March 2006.

SCOPE OF THE DOD ANNUAL REPORT

The main body of the DOD's Annual Report FY2005/06 covers the non-financial performance reports of the DOD Services and Divisions per programme, while the audited financial statements are included as part of the report. The report is subdivided into five parts as follows:

- Part 1: Strategic Profile of the DOD
- Part 2: Human Resource Management
- Part 3: Performance of the DOD per Programme
- Part 4: Management Report of the DOD's Accounting Officer
- Part 5: The Auditor-General's Report on the DOD's Financial Statements

STRATEGIC PROFILE

VISION

The DOD's vision is "Effective defence for a democratic South Africa".

MISSION

The DOD's mission is to provide, manage, prepare and employ defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, National legislation, and Parliamentary and Executive direction.

LEGISLATIVE MANDATE

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

ACCOUNTABILITY ARRANGEMENTS ESTABLISHED BETWEEN THE ACCOUNTING OFFICER AND MANAGEMENT IN RELATION TO THE DEFENCE INDUSTRIES

During the FY2005/06 the DOD placed orders with defence related industries to an amount of almost R10 billion, inclusive of contractual commitments linked to the Strategic Defence Package initiative. Some R4 billion could be linked directly or indirectly to the South African Defence Related Industry (SADRI). Of this amount, Denel subsidiaries received substantial orders from foreign companies in the defence-related industry. Denel also received substantial orders from foreign companies in the execution of defence related industrial participation obligations emanating especially from the Strategic Defence Package (SDP) initiative. During the FY2005/06 Denel Aviation was selected as a single-source supplier of structural components for the worldwide supply of the Airbus A400M strategic airlift capability.

In executing these orders, processed by Armscor (Pty) Ltd on behalf of the Department of Defence, the general SADRI achieved a cash flow of almost 84%, while Denel realised financial performance parameters, and overseas suppliers of SDP equipment realised a cash flow of just under 83%.

DEPARTMENTAL VALUES

The DOD's value system is based on human values, codes of conduct and unit cohesion.

Human Values. The DOD has identified seven human values deemed essential to ensure organisational success. These are:

- patriotism;
- loyalty;
- human dignity;
- professionalism;
- integrity;
- leadership; and
- accountability.

Codes of Conduct. All members and employees of the DOD are expected to comply with the codes of conduct of the Department of Defence and the Public Service. All new members have to sign the DOD Code of Conduct. Any instances of non-compliance with the provisions of the codes of conduct are dealt with through the internal disciplinary procedures.

Unit Cohesion. The DOD uses numerous symbols and practices to develop esprit de corps among its members and employees in order to pursue the DOD's vision, mission and objectives as a united force. The SANDF introduced new rank insignia, dress regulations, unit badges, sports and cultural and gender awareness programmes to build unit cohesion.

ALIGNMENT WITH CABINET AND CLUSTER PRIORITIES

The DOD interacts with the Cabinet on a regular basis through the cluster system and Parliamentary Committee to ensure alignment with the Government's priorities and imperatives. The DOD served on three Government department groupings referred to as clusters, each comprising an inter-ministerial committee. The clusters to which the DOD belongs are the International Relations, Peace and Security (IRPS) cluster, the Justice, Crime Prevention and Security (JCPS) cluster, the Governance and Administration (G&A) cluster and the Economic cluster. The DOD's Strategic Business Plan consequently makes provision not only for meeting the DOD's core objectives but also for contributing to the achievement of the priorities determined by the clusters to which the DOD belongs.

The DOD's planning processes have been designed to be aligned with that of Government through the management and integration of the national government's Medium Term Strategic Framework (MTSF) and the MTEF process. In this regard guidelines from National Treasury into the DOD's processes and Strategic Business Plan for FY2005/06 were developed. Furthermore, this alignment has ensured that Government's priorities, as articulated in the Ten-Year Review Report and the Government Programme of Action, as managed through Government clusters, have been planned and executed. The Minister of Defence also provides annual strategic guidelines and defines annual priorities to ensure that decisions taken at Government's Makgotla meetings are properly incorporated in the DOD's planning processes.

The DOD has a control process for implementation of the Government's programme of action as it relates to the SANDF. While most of the DOD's responsibilities, as identified in the programme of action, can only be implemented 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.

DEFENCE OUTCOME¹

The Defence Outcome delivers all the outputs that are specified in the FY2005/06 Strategic Business Plan, in cooperation with other State departments, to achieve the following outcome:

"Effective defence for a democratic South Africa."

This outcome enhances national, regional and global security through the provision of defence capabilities that are balanced, modern, affordable and technologically advanced.

OBJECTIVES OF THE MINISTER OF DEFENCE

During FY2005/06 the objective of the Minister of Defence was to ensure that the Department's mission would be achieved and that the primary and secondary functions of the DOD would be grouped together. Further goals to be achieved were the following:

- Defending and protecting the sovereignty and territorial integrity of the Republic, as well as supporting its people, by maintaining cost-effective defence capabilities, prepared and equipped to participate in operations as ordered and funded by Government.
- Contributing to global security through the promotion of regional and continental security and through government diplomatic initiatives to promote regional defence cooperation and participation in peace missions.
- Ensuring good governance of the DOD through effective, efficient and economical management, administration and accounting within the regulatory framework and the bounds of Government policy.
- Ensuring continuous improvement of defence capabilities by means of high-quality command and control, by developing the people of the DOD and by improving the equipment and facilities of the DOD.
- Implementing the "One-force Concept" by adequately resourcing and

¹ **Outcomes** are defined by the National Treasury as "the end result that Government wants to achieve" and refer particularly to "changes in the general state at well-being at the community."

utilising both the regulars and the reserves, as well as by rejuvenating and rightsizing the human resource component of the DOD.

STRATEGIC GUIDELINES PROVIDED BY THE MINISTER OF DEFENCE FOR FY 2005/06

To ensure alignment between the DOD's Strategic Direction and the Government's imperatives and priorities, the Minister of Defence issued the following guidelines in relation to the promotion of collective security in the region and on the continent:

- The implementation of all existing memoranda of understanding (MOUs) was to be prioritised and a foreign military cooperation plan in line with the priorities of the Government (Department of Foreign Affairs) was to be developed and implemented.
- All existing peace mission tasks and responsibilities, including conflict resolution activities in Burundi and the DRC, were to be sustained until further notice.
- The DOD was to assist with and participate in, postconflict reconstruction activities in Angola, the DRC and Burundi.
- In the process of strengthening the safety and security structures of multilateral organisations such as the UN and especially the African Union (AU) and the SADC countries, the Department was to ensure that it was represented in such a manner that it would achieve strategic positioning.
- The DOD was to become actively involved in the creation of an early warning system that would assist Government initiatives to prevent and reduce potential conflicts.
- The DOD was to continue its participation in the development of the African Standby Force, by, inter alia, identifying and preparing force structure elements (light mobile elements) for this purpose.
- The DOD was to develop a common doctrine and promote the enhancement of interoperability between South Africa's African, and especially, Southern African, allies. This emphasised the need for conducting multi-

national training exercises, exchanging military intelligence and sharing civil-military relations, experiences and education, training and development (ETD) opportunities.

- All New Partnership for Africa's Development (NEPAD) projects in which the DOD was involved, were to be integrated with those of the SADC region.
- A nodal point through which the activities in the region could be effectively and efficiently coordinated, was to be created within the Department.
- The military capabilities (and financial support) required for promoting security in the region had to be planned over the short to medium term. The specific challenge was to meet the demands and risks of peace support operations, but not if this entailed the loss of a capability.
- The SANDF had to complete its phased withdrawal from internal involvement and operations in support of the South African Police Service (SAPS) by April 2009. As internal involvement decreased, the focus on promoting collective security (multinational) was to be increased.
- The task of conducting an extensive logistical audit of all the commando units (ie, the task of disposing of and accounting for, firearms and armaments, radios, etc) had to receive priority attention, as these issues held serious implications for security and could lead to fraudulent activities.
- The Department had to continue supporting Government in strengthening the international framework on specific global security issues such as terrorism. DOD/SANDF planning had to be done within a broad security context, which included the protection of ports, installations at sea (eg oil and gas platforms) and Exclusive Economic Zone assets. Cognisance had to be taken of the extended Continental Shelf Zone. The DOD needed to prioritise and coordinate its international bilateral/multilateral obligations and align its existing policy and structures to meet the NEPAD challenges and goals.
- An effective, efficient and credible resource management system had to be institutionalised at all levels. The management of DOD affairs

required that the following be achieved:

- Full implementation of Human Resource Strategy 2010.
 - Implementation of the DOD Human Resource Development Plan and alignment of this plan with the requirements of the Human Resource Development Committee of Government which would be monitoring it annually.
 - Succession planning to ensure representativeness and the maintenance of skills since this was a key area and top priority.
 - Maintenance of military equipment and disposal of redundant equipment, ammunition and spares.
 - Maintenance of a dedicated programme that would bring the equipment of the DOD to an acceptable combat ready level for deployment, especially external deployment.
 - Ensuring that the DOD's information infrastructure provides appropriate command and management information and is fully integrated and aligned with the Cabinet's Executive Information Management System
- The Service Corps was to be transformed into a national asset outside the DOD.
 - Efforts were to be made to make the disposal plant for ammunition operational by FY2005/06. Planning was to be based primarily on the amount of donor funds obtained.
 - The DOD was to ensure that its facilities complied with national legislation, especially legislation on occupational health and safety, and disability. However, certain exemptions might have to be sought from the Occupational Health and Safety Act, 1993 (Act No 85 of 1993).
 - Nation building projects (eg participation in sports) could be launched as part of the SANDF's ordered commitments to assist in transforming society.
 - Continuous transformation of military legal structures had to take place.
 - The transformation imperatives of representativeness and equal opportunities were to guide the Department. The implementation of transformation was to be afforded high priority throughout the DOD, particu-



larly with a view to the opportunities offered by the SDPs.

- With regard to the Strategic Defence Packages, the following, in particular, had to be achieved:
 - The DOD was to ensure that the new equipment was fully integrated and functional in terms of SANDF doctrine.
 - The DOD was to ensure that the new equipment was employed expeditiously and in such a manner that safety and security would be enhanced in the region.
 - The DOD was to ensure that representativeness as well as training of members for operating and maintaining the new equipment was achieved.

STRATEGIC FOCUS

Over the next decade the DOD will focus on acquiring the optimal level of competency, technology, and organisational structure allowed for by the MTEF allocation.

The medium-term, strategic focus of the DOD will be:

- to create an affordable and sustainable force design and structure;
- to put the new weapon systems into operation, without losing sight of the challenges posed by their cost and complexity;
- to meet its 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, and postconflict reconstruction; and
- to systematically reduce the SANDF's internal deployments to be completed by 1 April 2009.

The short-term focus of the DOD has been:

- to prepare defence capabilities;

- to employ defence capabilities to meet operations and commitments ordered by Government; and
- to restructure the Department of Defence.

FUNCTIONS OF THE SECRETARY FOR DEFENCE

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

- the head of department as contemplated in the Public Service Act of 1994, and the accounting officer for the Department as contemplated in section 36 of the Public Finance Management Act of 1999 (Act No 29 of 1999);
- the principal departmental adviser to the Minister of Defence on defence policy matters
 - advising the Minister on any matter referred to him (the Secretary for Defence) by the Minister
 - performing any function entrusted to him by the Minister, 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 the exercise of any power delegated, or the performance of any duty assigned, to members by him (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 reporting thereon to the Minister.
 - ensuring disciplining of, administrative control over and management of employees, including their effective utilisation and training.

FUNCTIONS OF THE CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE

In terms of section 14 of the Defence Act, 2002 (Act 42 of 2002), the Chief of the South African National Defence Force:



- is the principal adviser to the Minister on any military, operational or administrative matter within his competence;
- 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 education, training and development of all members of the Defence Force and employees of the Department whenever 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 issued in terms of section 201(2) of the Constitution and section 18 (1) of the Defence Act, 2002;
- is responsible for training 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 for 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.

FUNCTIONS OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE

The Constitution of the Republic of South Africa, 1996, provides that the Defence Force may be deployed for service in

- the defence of the Republic for the protection of its sovereignty and territorial integrity;
- compliance with international obligations the Republic has towards international bodies and other states;
- the preservation of life, health and property;
- the provision or maintenance of essential services;
- upholding law and order in the Republic through cooperation with the South African Police Service (SAPS), under circumstances set out in law, where the SAPS is unable to maintain law and order on its own; and in
- support of any department of State for the purpose of socio-economic upliftment.



DEFENCE STRATEGIC OBJECTIVES

During the transformation of the DOD, success in achieving the following strategic objectives was identified as being critical to the achievement of the department's mission:

- The execution of Defence commitments as ordered and funded by Government.
- The provision of contingency-ready and cost-effective defence capabilities as specified by approved policy.

- Sound management of the Department.
- The administration of the DOD within the prescripts of the law, the regulatory framework and government policy.
- The assurance of sustainability, continuous improvement of output quality and the reduction of the cost of DOD processes as well as accounting for these responsibilities.
- The assurance of the continuous improvement of the quality of people in the DOD.
- The assurance of quality command and management information in the DOD.
- The assurance of continuous improvement of the quality of SANDF equipment and facilities.

The strategic objectives have been analysed and the key duties and responsibilities necessary to ensure their achievement have been allocated to senior leaders and managers in the DOD and are reflected in their Performance Agreements. These objectives are pursued by both the Defence Secretariat and the SANDF.



DEFENCE OUTPUTS²

Overview. South Africa's inherent right to self-defence is a key determinant of the SANDF's mandate. The central promise of the South African Defence Strategy is to ensure national security by securing the region, the continent and the international environment. In preparation for this, the DOD spends a great deal of time preparing for various contingencies (or possible missions), as discussed in the next chapter, and conducting operations inside and outside the borders of South Africa. The performance of the DOD against its plans was measured quarterly, 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 detailed outputs of the individual Services and Divisions are provided in Chapters 3 to 11.), The outputs the DOD provides Government with are as follows³ :

² **Outputs** are defined by the Treasury as "... the final goods or services rendered by the Department to external customers or clients". The DOD defines the final goods and services produced by the Services and Divisions and supplied to **internal** customers or clients as "**operational outputs**".

- Defence commitments which include:
 - operations that are ongoing in nature, and for which plans and financial provision can be made in advance;
 - operations that must be executed during the year and, if unforeseeable, for which no provision is made;
 - joint and multinational exercises to prepare forces for operations.
- Landward defence capabilities.
- Air defence capabilities.
- Maritime defence capabilities.
- Military health capabilities.
- Defence diplomacy, which includes the provision of defence attachés, servicing Defence related MOUs and participation in the defence structures of the United Nations, the African Union and SADC.
- Servicing international agreements, which includes search-and-rescue operations and providing hydrographic services and defence-related policy advice and ministerial services.
- Cryptographic security services for Government departments.
- The National Codification Bureau.

DEFENCE PROGRAMMES

The outputs of the DOD are executed through the following programmes:

- Defence administration
- Landward defence

³ The new approach used in the Military Strategy published in 2001, steered away from planning primarily for primary and secondary functions and responsibilities. This has also been captured in the "Defence Update".

- Air defence
- Maritime defence
- Military health services
- Defence intelligence
- Joint support
- Command and control
- The special defence account.

MILITARY STRATEGIC OBJECTIVES

The SANDF Military Strategy, which ensures the execution of the DOD's mission, provides an answer to the military challenges expected throughout the next decade. The "ends" that the SANDF has to achieve are encapsulated in three military strategic objectives in respect of which capabilities are prepared, provided for and employed, namely:

- **To Enhance and Maintain Comprehensive Defence Capabilities**, which entails the provision of self-defence, in accordance with international law, against any external threat of aggression that endangers the stability of South Africa.
- **To Promote Peace, Security and Stability in the Region and on the Continent**, which entails the provision of external deployments or support to enhance security in support of decisions by the Executive.
- **To Support the People of South Africa**, which entails 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.

The above objectives cover the full range of military and other ordered commitments.

GENERAL REVIEW OF THE MANAGEMENT REPORT

During FY2005/06, the DOD took a number of strategic decisions on identified and confirmed strategic issues.

Strategic Decisions. The Department of Defence is a complex organisation. It constantly reviews and realigns its objectives to maintain the affordability and sustainability of strategic decisions. The DOD's top management met in Parys, in the 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.

Progress has been made and various studies are still underway to explore the best possible way to implement them.

PARYS RESOLUTIONS

Resolution One: The Defence Review of 1998 had to be reviewed. During FY2005/06 the Department of Defence embarked on the process of reviewing of the Defence White Paper of 1996 and the Defence Review of 1998 by means of Defence Update 2005. The major part of the work on the Defence Review has been done and will be finalised in financial year 2006/07.

Resolution Two: The White Paper on Defence 1996 had to be reviewed. Refer to resolution one above.

Resolution Three: The DOD's vision was revisited and changed. The mission was confirmed and remained unchanged.

Resolution Four: The DOD had to revisit its structural arrangements for optimal efficiency and effectiveness. The DOD has since revisited its structural arrangements by means of a Departmental Organisational Developmental Workgroup (DODW). The task was conducted in two phases, as follows: Phase one concentrated on the top structures of the DOD whereas phase two focused on the operational level. This work was provisionally concluded on 12 Dec 2005 with a presentation to the PDSC, and, subsequently, the Minister was briefed by the Council on Defence. An amendment to the DOD budget is scheduled to take place between 1 July 2006 and February 2007.

Resolution Five: The DOD identified strategic gaps and developed the Concept of Operations and Concept of Support. The outcomes required to support this resolution

were incorporated, in the process of Defence Update 2005, in Chapter four, as explained in the above paragraphs.

Resolution Six: In raising the credibility, public confidence, image and profile of the DOD the DOD had to improve its public image. Based on the issues of credibility and image, the DOD compiled the draft Corporate Communication Strategy with the focus on relationship management and reputation management, which will be completed in FY2006/07. This also included a detailed stakeholders' analysis, with a list of key stakeholders, determining "important issues" by means of an environmental analysis, and conducting a pilot project in the South African Air Force.

Resolution Seven: The DOD had to investigate the use of the Balanced Scorecard approach as a performance management tool, in conjunction with the SA Excellence Model. The feasibility study by means of pilot projects is still being conducted by the designated Service and Division, namely the South African Navy and the Financial Management Division, and will be concluded by the end of 2006, whereafter the new approach will be fully implemented in the Department of Defence.

SERVICES RENDERED

This information is included in Chapters 3 to 11.

DISCONTINUED SERVICES

The phasing out of the Area Defence Capability (commandos) of the SA Army progressed well in FY2005/06. The Cabinet approved the SANDF/SAPS Exit/Entry Strategy. Phase one of the strategy was implemented in 2004. Two group headquarters and 17 commando units were to have been closed down, but the process has not yet been finalised. Phase two, the closing down of group headquarters and commando units, will continue as planned over the next five years and will be completed by 31 March 2009. (Refer to Chapters 3 -10 for details.)

NEW OR PROPOSED SERVICES

Additional information will be provided in DOD Annual Report FY2006/07.

LOSSES AND DAMAGES

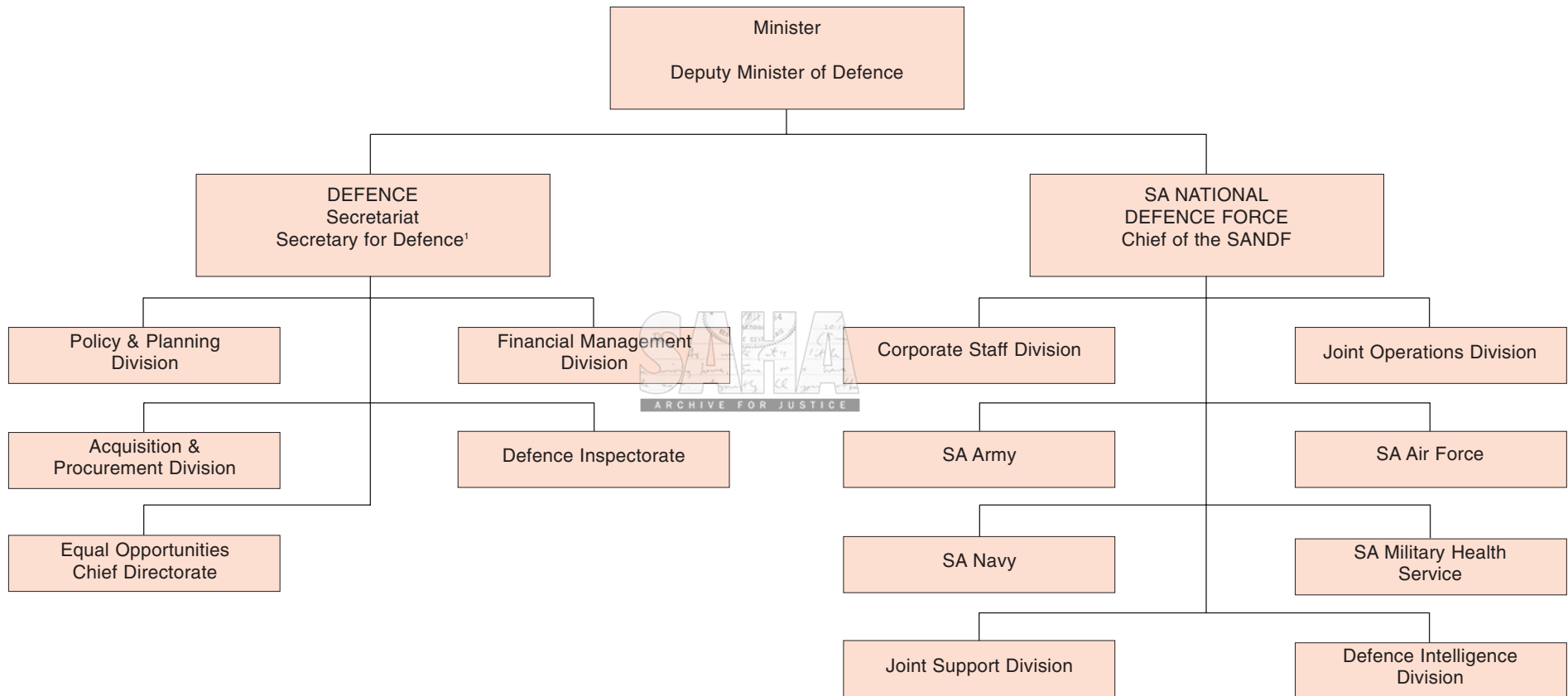
Information on the nature and value of losses and damage to State assets will be provided in the detailed financial statements.

EVENTS AFTER THE ACCOUNTING DATE

None.



CHAPTER 2: ORGANISATIONAL STRUCTURE AND HUMAN RESOURCE MANAGEMENT



¹ Government Information Technology Officer in the Office of the Secretary for Defence

OVERVIEW

During FY2005/06, the Department continued to regulate and maintain its HR composition and to manage the qualitative and quantitative dimensions thereof within the allocated budget. Significant progress was made in further rejuvenating the SANDF through the Military Skills Development System (MSDS), thereby improving rank-age imbalances at lower rank levels. The Youth Foundation Training Programme continued to contribute to widen access of the African (Black) youth for careers in scarce skills occupations within the Department. The ability to rightsize the SANDF's HR composition was strengthened through the approval of the voluntary mobility/exit mechanism for SANDF members. The capacity building of the Reserve Force continued, while the phasing out of the Army Territorial Reserves progressed according to plan. Continued progress has been made to rectify demographic representivity imbalances, although significant challenges in this regard remained.

MACRO-WORKFORCE COMPOSITION

The process of establishing an approved structure in line with the 70 000 establishment target contained in the Defence Review and HR Strategy 2010, has not yet been finalised. The Force Design, Force Structure and Post Establishment are the primary drivers as well as the main influencing factors in rightsizing. The approved outcome of the Defence Update process, which deals with the Force Design and Force Structure, can therefore be expected to give important direction to this aspect of the current challenge facing the DOD macro-workforce composition.

HR STRATEGY 2010 IMPLEMENTATION PROGRESS

The DOD's HR strategic direction is encapsulated in its DOD HR Strategy 2010. This strategy seeks to configure the DOD's HR composition in the most effective, efficient and economical way and the implementation thereof is a ministerial priority.

During the FY2005/06, the most prominent strategic human resources progress has been the continued rejuvenation of the SANDF. The SANDF's intake in January 2006 of 4 027 MSDS members was the largest intake since 1994. As at 31 March 2006, a total of 12 490 youth entered the SANDF via the MSDS. The rejuvenation momentum has led to a significant improvement in the rank-age compliance profiles of uniformed members at the lower rank levels. As at 31 March 2006, 40 % of privates (and SA Navy, SA Air Force and SA Military Health Service rank equivalents) were in the ideal rank-age bracket of 18 to 24, compared to 7% prior to the implementation of the

MSDS. MSDS members comprised 13% (or 8 298) of the Regular Force. During the reporting period, the SA Navy trained 54 "built environment candidates" of the Department of Public Works through the MSDS. Furthermore, 175 MSDS officers graduated from the Military Academy with a Certificate in Military Studies.

To further increase the capacity to rejuvenate the SANDF, 196 members have successfully completed their conversion training that qualifies them to be redeployed in the SA Police Service's Security and Protection Division. This is a voluntary and ongoing initiative. During the past financial year 147 members have been transferred and 150 were awaiting their transfer to the Security and Protection Division of the SA Police Service as at the end of March 2006.

As part of the implementation of a new way that members serve, there has also been a growth in the size of the Core Service System (CSS). As at 31 March 2006, 5 804 members have been transferred to the CSS, including 1 456 MSDS members who joined the SANDF in 2004.

The development opportunities granted to Black youth via the DOD Youth Foundation Training Programme has reinforced the MSDS. As at 31 March 2006, a total of 1 089 learners have participated in the Programme, with a total of 860 learners having been appointed in the DOD upon successful completion of the Programme. There were 250 learners enrolled for the 2005 academic year of whom 200 were appointed in the DOD upon successfully completing the programme. During January 2006, 250 new learners commenced with the DOD Youth Foundation Training Programme.

The rightsizing of the SANDF was given momentum with the approval of the voluntary Mobility/Exit Mechanism (MEM) for SANDF members. As at 31 March 2006, ministerial authority had been granted for the voluntary exit of 553 SANDF members. This initiative enabled the DOD to enhance the career mobility of SANDF members, addressing representivity imbalances at middle and senior management levels through succession planning.

The One-force Concept, implying the integrated force preparation and force employment of the Regular Force and the Reserve Force, was given further momentum. The rejuvenation and representivity of the Reserve Force were boosted through 29 SA Army Reserve Force officers and 40 SA Army Reserve Force non-commissioned officers having successfully completed their formative courses, with an additional 102 Reserve Force officers and 80 Reserve Force non-commissioned officers currently undergoing training. The University Reserve Training Unit (URTU) Scheme was con-

tinued in the SA Military Health Service (SAMHS). This scheme granted practical learning opportunities to 25 professional health students serving in the SA Military Health Service's Reserves.

Good progress has been made with the scheduled phasing out of the Army Territorial Reserves (ATR), due to reach completion by March 2009. During the FY2005/06, a further 5 Group Headquarters and 45 ATR units were closed. During the phasing out period of ATR units, ATR members were granted opportunities to join either the SA Army Conventional Reserves or be recruited for service in the SA Police Service Reservist System.

A new process was approved to manage scarce skills, in terms of which the Department will conduct an annual review on its status of scarce skills with the focus to be on the implementation of appropriate non-monetary and monetary measures to attract and retain scarce skills.

EMPLOYMENT EQUITY

During FY2005/06 the DOD's full-time HR component comprised 64% Africans, 12,7 % Coloureds, 1,2 % Indians and 21,2 % Whites. This compares favourably with the Defence Review guidelines of 64,68 % Africans, 10,22 % Coloureds, 0,75 % Indians and 24,35 % Whites. The full-time HR component comprised 78 % males and 22 % females while 0,5 % of officials declared their disabilities.

Top management (salary level 15 to 17) was represented by a total of 17 incumbents. In terms of gender, 12 (70,6%) were African males, 3 (17,6 %) were White males and 2 (11,8 %) were female (1 African and 1 White).

The senior management level (salary level 13-14) comprised 38 % Africans, 2,3 % Coloureds, 3,6 % Indians and 55,6 % Whites. Gender representation at senior management level was 90 % male and 10 % female. The comparative figures for the DOD's senior management (salary level 13-14) as at 31 March 2006 indicated a positive growth of 7 Black members, when compared to the situation on 31 March 2005.

Within the professionally qualified and experienced specialists as well as the middle management group (salary level 9-12), Africans represented 26 %, Coloureds 7 %, Indians 2 % and Whites 65 %. The 31 March 2006 figures showed a positive growth of 59 Black members for this occupational band, compared to 31 March 2005. The number of Whites declined by 63 over the same period. The professionally qualified

and experienced specialist and middle management group was still predominantly White and male due to the Department's inherited HR composition, the need to retain expertise and the competitive nature of the labour market that constrained the sourcing of scarce Black expertise and because of the long lead times required in the military to become qualified for command and middle management appointments.

The lower levels, inclusive of the Military Skills Development System (MSDS), were over-represented by Blacks while the low number of Whites at this level was an area of concern, as it was envisaged that the MSDS intakes would enhance the representivity of Whites at lower rank levels. The MSDS comprised only 6,7 % Whites on 31 March 2006. Recruiting efforts are, however, being refocused in an attempt to address the shortage of Whites at entry level.

There exists a significant gap in recruiting people with disabilities from outside the DOD. Because of the mandate and function of the DOD, the majority of people with disabilities are recruited into the non-uniformed component of the DOD. Recruiting strategies within the DOD need to be streamlined to address the specific shortcomings in reaching Government's 2 % target for employing people with disabilities, taking into consideration the inherent job requirements applicable to many of the occupations in the SANDF.

SERVICE DELIVERY

The DOD is finalising the implementation of the Service Delivery Improvement Plan (SDIP), which will be fully reported upon as per Treasury guidelines and requirements in the next financial year. However, the details pertaining to service delivery improvement from various departmental programmes and subprogrammes are outlined in detail on Service Delivery in the DOD. This section is included as Chapters 3 to 10 of the SANDF input for the Annual Report.

PERSONNEL EXPENDITURE

Table 2.2.1. Personnel Costs by Programme for the Period 01 April 2005 to 31 March 2006

Table 2.2.1. Personnel Costs by Programme for the Period 01 April 2005 to 31 March 2006

Programme	Total Expenditure	Personnel Expenditure	Training Expenditure	Consultants, Contracts and Special Services	Personnel Cost as a % of Total Expenditure	Average Personnel Cost per Employee
Administration	784 453 342	588 728,086	3 244 087	7 825 249	75%	160 811
Landward Defence	3 431 789 304	2 823 947 294	7 124 183	8 259 399	82,2%	77 958
Air Defence	2 479 455 447	1 248 926 475	15 860 681	239 437 716	50,4%	119 595
Maritime Defence	1 201 418 733	747 395 256	6 754 169	38 503 827	62,2%	107 200
Military Health Support	1 556 906 456	1 040 652 482	1 562 869	1 350 975	66,8%	142 516
Defence Intelligence	144 316 473	118 507 658	816 635	4 177 220	82,1%	180 377
Joint Support	2 373 978 143	1 183 171 701	21 669 034	25 963 718	49,8%	105 249
Command and Control	1 433 692 448	517 480 266	902 145	9 467 581	36,0%	172 494
Special Defence Account	9 258 838 566	0	0	0	0	0
Total	9 258 838 566	8 268 809 218	57 933 803	334 985 685	36,5%	106 204

Table 2.2.2. Personnel Costs by Salary Bands for the Period 01 April 2005 to 31 March 2006

Salary Bands	Personnel Expenditure	% of Total Personnel Cost	Average Personnel Cost per Employee
Military Skills Development System	204 257 143	2.5%	24 615
Lower Skilled (Levels 1-2)	454 565 128	5.5%	58 527
Skilled (Levels 3-5)	2 205 197 317	26.7%	76 836
Highly Skilled Production (Levels 6-8)	3 283 204 764	39.7%	134 189
Skilled Supervision (Levels 9-12)	1 981 344 545	24.0%	239 843
Senior Management (Levels 13-16)	137 240 322	1.7%	437 071
Total	8 268 809 218	100.0%	106 204

Table 2.2.3. Salaries, Overtime, Homeowners' Allowance and Medical Assistance by Programme for the Period 01 April 2005 to 31 March 2006

Programme	Salaries		Overtime		Homeowners' Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Administration	413 167 057	70.2%	48 390	0.01%	6 866 281	1.2%	5,650,756	1.0%
Landward Defence	2 049 824 230	72.6%	238	0.0001%	34 104 797	1.2%	10 560 119	0.4%
Air Defence	857 886 103	68.7%	0	0.0%	15 971 461	1.3%	2 532 844	0.2%
Maritime Defence	516 206 788	69.1%	1 872 549	0.3%	10 662 196	1.4%	10 235 230	1.4%
Military Health Support	680 102 026	65.4%	55 379 168	5.3%	10 529 868	1.0%	7 092 861	0.7%
Defence Intelligence	86 280 457	72.8%	0	0.0%	1 219 976	1.0%	634 997	0.5%
Joint Support	873 311 527	73.8%	1 775	0.002%	16 156 400	1.4%	7 905 300	0.7%
Command and Control	147 464 973	28.5%	117 512	0.02%	2 515 773	0.5%	295 571	0.1%
Total	5 624 243 610	68.0%	57 419 633	0.7%	98 026 752	1.2%	44 907 678	0.5%

Table 2.2.4. Salaries, Overtime, Homeowners' Allowance and Medical Assistance by Salary Bands for the period 01 April 2005 to 31 March 2006

Salary Bands	Salaries		Overtime		Homeowners' Allowance		Medical Assistance	
	Amount	Salaries as a % of total Salary cost	Amount	Overtime as a % of total overtime cost	Amount	HOA as a % of Total HOA cost	Amount	Medical Assistance as a % of total medical cost
Military Skills Development System	138 930 758	2.5%	0	0.0%	0	0.0%	0	0%
Lower Skilled (Levels 1-2)	311 224 709	5.5%	1 376 182	2.4%	6 240 407	6.4%	9 928 476	22.1%
Skilled (Levels 3-5)	1 499 921 765	26.7%	1 596 689	2.8%	26 698 985	27.2%	5 900 710	13.1%

Table 2.2.4. Salaries, Overtime, Homeowners' Allowance and Medical Assistance by Salary Bands for the period 01 April 2005 to 31 March 2006 (continued)

Salary Bands	Salaries		Overtime		Homeowners' Allowance		Medical Assistance	
	Amount	Salaries as a % of total Salary cost	Amount	Overtime as a % of total overtime cost	Amount	HOA as a % of Total HOA cost	Amount	Medical Assistance as a % of total medical cost
Highly Skilled Production (Levels 6-8)	2 233 156 302	39.7%	10 495 331	18.3%	46 829 301	47.8%	23 444 875	52.2%
Highly Skilled Supervision (Levels 9-12)	1 347 662 535	24.0%	35 362 416	61.6%	18 258 059	18.6%	5 169 508	11.5%
Senior Management (Levels 13-16)	93 347 540	1.7%	8 589 015	15.0%	0	0.0%	464 110	1.0%
Total	5 624 243 610	100.0%	57 419 633	0.7%	98 026 752	1.2%	44 907 678	0.5%

EMPLOYMENT AND VACANCIES

Table 2.2.5. Employment and Vacancies by Programme as at 31 March 2006

Programme	Number of Posts	Number of Employees	Vacancy Rate	Number of posts filled additional to the Establishment
Administration	4 340	3 661	15.6%	-679
Landward Defence	37 042	36 224	2.2%	-818
Air Defence	13 357	10 443	21.8%	-2 914
Maritime Defence	8 696	6 972	19.8%	-1 724
Military Health Support	9 168	7 302	20.4%	-1 866
Defence Intelligence	961	657	31.6%	-304
Joint Support	17 013	11 242	33.9%	-5 771
Command and Control	1 667	1 357	18.6%	-310
Total	92 244	77 858	15.6%	-14 386

Note: 5 784 student posts are included in the 92 244 post establishment. The 92 244 posts refer only to the active posts captured on the post establishment.

Table 2.2.6. Employment and Vacancies by Salary Bands as at 31 March 2006

Salary Bands	Number of Posts	Number of Employees	Vacancy Rate	Number of posts filled additional to the Establishment
Military Skills Development System*	0	*8 298	.0%	+8 298
Lower Skilled (levels 1-2)	13 212	7 818	40.8%	-5 394
Skilled (levels 3-5)	34 693	28 700	17.3%	-5 993
Highly skilled Production (levels 6-8)	33 647	24 467	27.3%	-9 180
Highly Skilled Supervision (levels 9-12)	10 323	8 261	20.0%	-2 062
Professionals (levels 13-16)	106	54	49.1%	-52
Senior Management (levels 13-16)	263	260	1.1%	-3
Total	92 244	77 858	15.6%	-14 386



Note: *Members serving in the Military Skills Development System were placed in Regular Force posts (Salary Levels 1 – 5). The 92 244 posts refer only to the active posts captured on the post establishment.

Table 2.2.7. Employment and Vacancies by Critical Occupations as at 31 March 2006

Critical Occupations	Number of Posts	Number of Qualified Employees	Vacancy Rate	Number of posts filled Additional to the Establishment	MSDS Members Under Training
Airspace Control	604	458	24.2%	-146	36
Aircrew	818	516	36.9%	-302	92
Anti-aircraft	969	715	26.2%	-254	50
Artillery	1 292	902	30.2%	-390	198
Combat Navy	338	410	-21.3%	72	33

Table 2.2.7. Employment and Vacancies by Critical Occupations as at 31 March 2006 (continued)

Critical Occupations	Number of Posts	Number of Qualified Employees	Vacancy Rate	Number of posts filled Additional to the Establishment	MSDS Members Under Training
Engineer	263	160	39.2%	-103	23
Medical Professional	1 563	1 392	10.9%	-171	0
Nursing	1 979	1 503	24.1%	-476	66
Technical	10 146	6 716	33.8%	-3 430	325
Total	17 972	12 772	28.9%	-5 200	823

Note: The 17 972 posts refer only to the active posts captured on the post establishment.

JOB EVALUATION

Table 2.2.8. Job Evaluation, 01 April 2005 to 31 March 2006

Salary Bands	Number of Posts as at 01 April 2005	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Lower Skilled (Levels 1-2)	13 212	758	5.7%	16	2.1%	0	0%
Skilled (Levels 3-5)	34 693	537	1.5%	14	2.6%	22	4.1%
Highly Skilled Production (Levels 6-8)	33 647	439	1.3%	7	1.6%	4	1.0%
Highly Skilled Supervision (Levels 9-12)	10 323	176	1.7%	2	1.1%	0	0%
Professionals (Levels 13-16)	106	2	1.89%	0	0	0	0%
Senior Management (Levels 13-16)	263	1	0.38%	0	0	0	0%
Total	92 244	1 913	2.1%	39	2.0%	26	1.4%

Table 2.2.9. Profile of Employees whose Salary Positions were upgraded owing to their Posts being upgraded, 01 April 2005 to 31 March 2006

Beneficiaries	African	Asian	Coloured	White	Total
Female	9	2	2	11	24
Male	4	1	4	6	15
Total	13	3	6	17	39
Employees with a Disability					0

EMPLOYMENT CHANGES

Table 2.2.10. Annual Turnover Rate by Salary Band for the Period 01 April 2005 to 31 March 2006

Salary Bands	Number of Employees per Salary Band as at 1 April 2005	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Military Skills Development System	6 262	4 475	396	65.1%
Lower Skilled (levels 1-2)	8 285	82	403	-3.9%
Skilled (levels 3-5)	29 127	119	1 317	-4.1%
Highly skilled Production (levels 6-8)	24 654	211	1 407	-4.9%
Highly Skilled Supervision (levels 9-12)	8 324	115	565	-5.4%
Senior Management Service Band A	215	1	18	-7.9%
Senior Management Service Band B	85	2	9	-8.2%
Senior Management Service Band C	13	0	0	0%
Senior Management Service Band D	4	0	1	-25%
Total	76 969	5 005	4 116	1.2%

Table 2.2.11. Annual Turnover Rate by Critical Occupation for the Period 01 April 2005 to 31 March 2006

Critical Occupation	Number of Employees per Occupation as at 1 April 2005	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Airspace Control	506	19	32	-2.6%
Aircrew	554	78	31	8.5%
Anti-aircraft	742	1	27	-3.5%
Artillery	945	2	45	-4.6%
Combat Navy	466	2	45	-9.2%
Engineer	187	14	18	-2.1%
Medical Professional	1 496	199	305	-7.1%
Nursing	1 584	69	95	-1.6%
Technical	7 163	278	496	-3.0%
Total	13 643	662	1 094	-3.2%

Note: Occupations included within the Medical Professional category are medical practitioners, pharmacists, specialists and ancillary health workers. 410 MSDS members are included in the appointment figure of 662.

Table 2.2.12. Reasons for Termination of Service in the Department for the period 01 April 2005 to 31 March 2006

Termination Type	Number	% of total
Contract Expired	500	12.1%
Deceased	864	21.0%
Departmental Transfer	281	6.8%
Discharged	319	7.8%

Table 2.2.12. Reasons for Termination of Service in the Department for the period 01 April 2005 to 31 March 2006 (continued)

Termination Type	Number	% of total
Medical Discharge	104	2.5%
Mobility Exit Mechanism (MEM)	379	9.2%
Resigned	1 319	32%
Retired	350	8.5%
Total	4 116	100.0%
Total number of Employees who left as a % of the Total Employment as at 31 March 2006		5.3%

Note: The 281 members who terminated their services by means of departmental transfers included 147 members who were redeployed in the SAPS.

Table 2.2.13. Promotions by Critical Occupation for the Period 01 April 2005 to 31 March 2006

Critical Occupation	Employees as at 1 April 2005	Promotions to Another Rank/Salary Level	Rank/Salary Level Promotions as a % of Employees by Salary Level	Progression to another notch within a salary level	Notch Progression as a % of Employees by Occupation
Airspace Contro	506	80	15.8%	267	52.8%
Aircrew	554	146	26.3%	158	28.5%
Anti-aircraft	742	101	13.6%	538	72.5%
Artillery	945	105	11.1%	615	65.1%
Combat Navy	466	76	16.3%	182	39.1%
Engineer	187	38	20.3%	30	16.0%
Medical Professional	1 496	82	5.5%	642	42.9%
Nursing	1 584	215	13.6%	953	60.2%
Technical	7 163	1 094	15.3%	4 878	68.1%
Total	13 643	1 937	14.2%	8 263	60.6%

Table 2.2.14. Promotion by Salary Band for the Period 01 April 2005 to 31 March 2006

Salary Band	Employees as at 1 April 2005	Promotions to Another Rank/ Salary Level	Rank/Salary Level Promotions as a % of Employees by Salary Level	Progression to another notch within a salary level	Notch Progression as a % of Employees by Occupation
Military Skills Development System	6 262	357	5.7%	0	.0%
Lower Skilled (levels 1-2)	8 285	20	.24%	7 563	91.3%
Skilled (levels 3-5)	29 127	2 640	9.1%	20 058	68.9%
Highly skilled Production (levels 6-8)	24 654	2 915	11.8%	18 188	73.8%
Highly Skilled Supervision (levels 9-12)	8 324	661	7.9%	6 256	75.2%
Professionals (levels 13-16)	49	2	4.1%	3	6.1%
Senior Management (levels 13-16)	268	22	8.2%	17	6.3%
Total	76 969	6 617	8.6%	52 085	67.7%

EMPLOYMENT EQUITY

Table 2.2.15. Progress on the Status of Employment Equity within the Department of Defence since 1994

Programme	Race	1994 – 1998 (Averages)	1999 – 2004 (Averages)	2004/2005 (Averages)	2005/2006 (Averages)	2004 – 2009 (Projected)
Male	African	44 620	40 826	39 724	40 921	36 656
	%	46.0%	51.1%	51.6%	52.6%	52.4%
	Coloured	10 486	8 028	7 692	7 736	5 578
	%	10.8%	10.1%	9.9%	9.9%	8.0%
	Indians	822	798	785	744	410

Table 2.2.15. Progress on the Status of Employment Equity within the Department of Defence since 1994 (continued)

Programme	Race	1994 – 1998 (Averages)	1999 – 2004 (Averages)	2004/2005 (Averages)	2005/2006 (Averages)	2004 – 2009 (Projected)
	%	10.8%	10.1%	9.9%	9.9%	8.0%
	Indians	822	798	785	744	410
	%	0.8%	1.0%	1.0%	1%	0.6%
	White	23 561	13 739	11 467	10 677	11 926
	%	24.3%	17.2%	14.9%	13.7%	17.0%
Female	African	5 040	7 394	8 838	9 545	8 598
	%	5.2%	9.3%	11.5%	12.2%	12.3%
	Coloured	1 838	1 766	2 037	2 183	1 573
	%	1.9%	2.2%	2.6%	2.8%	2.2%
	Indians	110	180	219	227	115
	%	0.1%	0.2%	0.3%	0.3%	0.2%
	White	10 605	7 121	6 207	5 825	5 111
	%	10.9%	8.9%	8.1%	7.5%	7.3%
Total		97 082	79 853	76 969	77 858	69 967

Table 2.2.16. Total Number of Employees by Occupational Category as at 31 March 2006

Occupational Category (SASCO)	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Legislators, Senior Officials and Managers	102	5	1	87	9	0	1	10	215
Professionals	617	106	74	712	498	126	61	787	2 981
Technicians and Associated Professionals	2 341	376	62	1 707	817	247	49	809	6 408
Clerks	5 168	1 487	112	1 604	2 100	484	62	2 965	13 982
Service and Sales Workers	22 661	3 014	221	2 527	3 190	571	32	672	32 888

Table 2.2.16. Total Number of Employees by Occupational Category as at 31 March 2006 (continued)

Occupational Category (SASCO)	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Craft and related Trades Workers	3 699	1 315	249	3 229	602	145	13	334	9 586
Plant and Machine Operators and Assemblers	304	117	1	30	1	1	0	0	454
Elementary Occupations	5 809	1 262	22	671	2 321	605	9	186	10 885
Employees with Disabilities	220	54	2	110	7	4	0	62	459
Total	40 921	7 736	744	10 677	9 545	2 183	227	5 825	77 858

Table 2.2.17. Total Number of Employees by Occupational Band as at 31 March 2006

Occupational Bands	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Top Management	11	0	1	3	1	0	0	1	17
Senior Management	106	5	6	144	17	1	4	14	297
Professionally qualified and experienced specialists and mid-management	1 748	565	119	4 043	478	40	53	1 164	8 210
Skilled technical and academic workers, junior management, supervisors, foremen and superintendents	8 415	3 253	412	5 063	2 381	751	93	3 915	24 283
Semi-skilled and discretionary decision making	21 242	2 501	161	882	2 610	523	63	528	28 510
Unskilled and defined decision making	4 406	764	4	16	2 102	485	0	7	7 784
Military Skills Development System	4 773	594	39	416	1 949	379	14	134	8 298
Employees with Disabilities	220	54	2	110	7	4	0	62	459
Total	40 921	7 736	744	10 677	9 545	2 183	227	5 825	77 858

Table 2.2.18. Recruitment by Occupational Band for the Period 01 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Senior Management	1	0	0	1	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	27	1	5	28	22	1	11	20	115
Skilled technical and academic workers, junior management, supervisors, foremen and superintendents	32	20	5	13	51	21	10	59	211
Semi-skilled and discretionary decision making	56	4	1	7	37	9	0	5	119
Unskilled and defined decision making	24	7	0	1	44	4	0	2	82
Military Skills Development System	2 683	325	23	234	947	187	8	68	4 475
Total	2 823	375	34	284	1 102	222	29	154	5 005



Table 2.2.19. Promotion by Occupational Band for the Period 01 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Top Management	1	0	1	0	0	0	0	0	2
Senior Management	14	0	0	4	1	0	1	2	22
Professionally qualified and experienced specialists and mid-management	217	70	18	191	68	10	5	77	656
Skilled technical and academic workers, junior management, supervisors, foremen and superintendents	1 313	354	45	436	370	103	15	263	2 899
Semi-skilled and discretionary decision making	1 537	232	27	205	441	86	10	95	2 633
Unskilled and defined decision making	11	5	0	4	0	0	0	0	20


Table 2.2.19. Promotion by Occupational Band for the Period 01 April 2005 to 31 March 2006 (continued)

Occupational Bands	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Military Skills Development System	166	37	3	47	65	15	7	17	357
Employees with Disabilities	14	2	1	7	0	1	0	3	28
Total	3 273	700	95	894	945	215	38	457	6 617

Table 2.2.20. Termination by Occupational Band for the Period 01 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	10	1	1	15	0	0	0	0	27
Professionally qualified and experienced specialists and mid-management	67	20	7	328	27	7	8	98	562
Skilled technical and academic workers, junior management, supervisors, foremen and superintendents	260	108	37	525	100	19	9	338	1 396
Semi-skilled and discretionary decision making	934	102	24	96	74	17	1	58	1 306
Unskilled and defined decision making	217	51	0	1	109	23	0	0	401
Military Skills Development System	134	26	4	103	77	17	3	32	396
Employees with Disabilities	12	2	1	5	0	0	0	7	27
Total	1 635	310	74	1 073	387	83	21	533	4 116

Table 2.2.21. Skills Development for the period 1 April 2005 to 31 March 2006

Occupational Categories	Male				Female				Grand Total
	Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	
Legislators, senior officials and managers	50	6	6	10	24	4	4	8	121
Professionals	2 431	583	86	826	1 688	356	98	281	6 349
Technical and associated professionals	4 583	1 369	654	935	2 301	341	126	1 192	11 501
Clerks	487	76	103	189	1 267	281	223	219	2 845
Service workers	962	266	138	112	289	53	36	152	2 008
Craft and trade workers	1 364	278	183	263	305	140	33	66	2 632
Plant and machine operators (including drivers and ships' crew)	1 263	371	202	255	176	29	16	12	2 324
Elementary occupations (labourers)	599	149	27	28	211	56	21	55	1146
Total	11 748	3 098	1 399	2 618	6 261	1 260	557	1 985	28 926
									
Employees with disabilities	7	2	0	2	3	0	2	2	10

Note: This table reflects the Employment Equity figures of personnel inclusive of employees with disabilities that attended Skills Development interventions, per occupational category, for the Financial Year 2005/06.

PERFORMANCE REWARDS

Table 2.2.22. Performance Rewards (Salary Levels 1 to 12) by Race and Gender for the Period 01 April 2005 to 31 March 2006

Race	Gender	Number of Beneficiaries	Total number of Employees in Group	% of Total within Group	Total Cost (Rand)	Average Cost per Employee (Rand)
African	Male	2	39 611	.0%	26 522	13 261
	Female	1	8 823	.0%	7 991	7 991
Subtotal: African		3	48 434	.0%	34 512	11 504
Asian	Male	0	777	.0%	0	0
	Female	0	216	.0%	0	0
Subtotal: Asian		0	993	.0%	0	0
Coloured	Male	0	7 686	.0%	0	0
	Female	0	2 036	.0%	0	0
Subtotal: Coloured		0	9 722	.0%	0	0
White	Male	2	11 310	.0%	26 716	13 358
	Female	1	6 193	.0%	8 456	8 456
Subtotal: Asian		3	17 503	.0%	35 172	11 724
Total		6	76 652	.0%	69 684	11 614

Note: No performance rewards were paid for the evaluation period 01 April 2004 to 31 March 2005 in the FY2005/06. The members that did receive rewards were those for the 2003/04 assessment period and these were only paid during the FY2005/06.

Table 2.2.23. Performance Rewards by Salary Band for Personnel below Senior Management Service for the Period 01 April 2005 to 31 March 2006

Salary Bands	Number of Beneficiaries	Number of Employees as at 1 April 2005	% of Total within Salary Band	Total Cost (Rand)	Average Cost per Employee (Rand)	Total Cost as a % of the Total Personnel Notch
Military Skills Development System	0	6 262	.0%	0	0	.0%
Lower Skilled (levels 1-2)	0	8 285	.0%	0	0	.0%
Skilled (levels 3-5)	1	29 127	.0%	3 950	3 950	.5%
Highly Skilled Production (levels 6-8)	2	24 654	.0%	16 912	8 456	2.3%
Highly Skilled Supervision (levels 9-12)	3	8 324	.0%	48 822	16 274	6.6%
Total	6	76 652	.0%	69 684	11 614	3.1%

Note: No performance rewards were paid for the evaluation period 01 April 2004 to 31 March 2005 in the FY2005/06. The members that did receive rewards were those for the 2003/04 assessment period, which were paid during the FY2005/06.

The Head of the Department made the decision not to pay performance rewards for the period 01 April 2005 to 31 March 2006.

FOREIGN WORKERS

All personnel employed by the Department during the FY2005/06 were RSA citizens.

UTILISATION OF LEAVE

Table 2.2.24. Sick Leave taken by DAP for the Period 01 January 2005 to 31 December 2005

Salary Band	Total Days Taken	Number of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Average days per Employee Using Sick Leave	Estimated Cost (Rand)
Lower Skilled (levels 1-2)	397	64	65.3%	6	60,188
Skilled (levels 3-5)	71 469	10 875	34.3%	7	14 453,512
Highly skilled Production (levels 6-8)	69 933	10 794	53.0%	6	25 069,255
Highly Skilled Supervision (levels 9-12)	21 611	3 523	47.2%	6	13 404,569
Professionals (levels 13-16)	132	18	42.9%	7	152 112
Senior Management (levels 13-16)	430	82	43.9%	5	481 207
Total	163 972	23 356	42.3%	6	54 166 458

Table 2.2.25. Sick Leave taken by PSAP for the Period 01 January 2005 to 31 December 2005

Salary Band	Total Days Taken	Number of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Average days per Employee Using Sick Leave	Estimated Cost (Rand)
Lower Skilled (levels 1-2)	32 379	4 248	54.2%	8	4 939 879
Skilled (levels 3-5)	9 604	1 281	72.7%	7	1 958 013
Highly skilled Production (levels 6-8)	24 458	3 087	77.5%	8	8 667 618
Highly Skilled Supervision (levels 9-12)	2 299	383	52.5%	6	1 615 456
Professionals (levels 13-16)	60	5	45.5%	12	71 111

Table 2.2.25. Sick Leave taken by PSAP for the Period 01 January 2005 to 31 December 2005 (continued)

Salary Band	Total Days Taken	Number of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Average days per Employee Using Sick Leave	Estimated Cost (Rand)
Senior Management (levels 13-16)	79	19	63.3%	8	93 856
Total	68 879	9 023	62.8%	7	17 564 233

Table 2.2.26. Disability Leave taken by DAP for the Period 01 January 2005 to 31 December 2005

Salary Band	Total Days Taken	Number of Employees Using Disability Leave	% of Total Employees Using Disability Leave	Average days per Employee Using Disability Leave	Estimated Cost (Rand)
Lower Skilled (levels 1-2)	28	4	57.1%	7	4 067
Skilled (levels 3-5)	25 759	1 100	4.3%	23	5 174 307
Highly skilled Production (levels 6-8)	18 500	963	6.4%	19	6 719 757
Highly Skilled Supervision (levels 9-12)	5 703	261	5.4%	22	3 416 598
Senior Management (levels 13-16)	40	5	11.4%	8	47 705
Total	50 030	2 333	5.1%	21	15 732 918

Table 2.2.27. Disability Leave taken by PSAP for the Period 01 January 2005 to 31 December 2005

Salary Band	Total Days Taken	Number of Employees Using Disability Leave	% of Total Employees Using Disability Leave	Average days per Employee Using Disability Leave	Estimated Cost (Rand)
Lower Skilled (levels 1-2)	17 980	546	7.2%	33	2 757 097
Skilled (levels 3-5)	5 670	195	13.9%	29	1 190 617
Highly skilled Production (levels 6-8)	11 206	503	15.6%	22	3 877 116
Highly Skilled Supervision (levels 9-12)	680	27	7.0%	25	47 021
Total	35 536	1 271	10.0%	28	8 873 251

Table 2.2.28. Annual Leave taken by DAP for the Period 01 January 2005 to 31 December 2005

Salary Band	Total Days Taken	Average days per Employee Using Annual Leave
Lower Skilled (levels 1-2)	3 182	23
Skilled (levels 3-5)	601 917	22
Highly skilled Production (levels 6-8)	488 298	24
Highly Skilled Supervision (levels 9-12)	186 474	25
Professionals (levels 13-16)	1 034	25
Senior Management (levels 13-16)	5 348	25
Total	1 286 253	23

Table 2.2.29. Annual Leave taken by PSAP for the Period 01 January 2005 to 31 December 2005

Salary Band	Total Days Taken	Average days per Employee Using Annual Leave
Lower Skilled (levels 1-2)	191 446	24
Skilled (levels 3-5)	41 624	22
Highly skilled Production (levels 6-8)	95 945	23
Highly Skilled Supervision (levels 9-12)	13 033	21
Professionals (levels 13-16)	269	24
Senior Management (levels 13-16)	668	17
Total	342 985	23

Table 2.2.30. Capped Leave taken by DAP for the Period 01 January 2005 to 31 December 2005

Salary Bands	Total Days of Capped Leave taken	Total Members Using Capped Leave	Average Capped Leave per Employee as at 31 December 2005
Lower Skilled (levels 1-2)	437	66	7
Skilled (levels 3-5)	75 373	16 641	5
Highly Skilled Production (levels 6-8)	73 065	11 000	7
Highly Skilled Supervision (levels 9-12)	35 025	4 036	9
Professionals (levels 13-16)	140	19	7
Senior Management (levels 13-16)	968	95	10
Total	185 008	31 857	6

Table 2.2.31. Capped Leave taken by PSAP for the Period 01 January 2005 to 31 December 2005

Salary Bands	Total Days of Capped Leave taken	Total Members Using Capped Leave	Average Capped Leave per Employee as at 31 December 2005
Lower Skilled (levels 1-2)	9 554	4 934	2
Skilled (levels 3-5)	1 816	580	3
Highly Skilled Production (levels 6-8)	4 156	1 114	4
Highly Skilled Supervision (levels 9-12)	543	102	5
Professionals (levels 13-16)	1	1	1
Senior Management (levels 13-16)	6	4	2
Total	16 076	6 735	2

Table 2.2.32. Leave Payouts for DAP as a Result of Leave that was not taken for the Period 01 April 2005 to 31 March 2006

REASON	Total Amount (Rand)	Number of Employees	Average payment per Employee
Discounting of Leave payouts for FY2005/06	25 743 659	4 523	5 692
Leave payouts on termination of service for FY2005/06	33 105 056	1 910	17 332
Total	58 848 715	6 433	6 433

Table 2.2.33. Leave Payouts for PSAP as a Result of Leave that was not taken for the Period 01 April 2005 to 31 March 2006

REASON	Total Amount (Rand)	Number of Employees	Average payment per Employee
Discounting of Leave payouts for FY2005/06	763 252	272	2 807
Total	763 252	272	2 807



REPORTING ON HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 2.2.34. Steps taken to reduce the risk of occupational exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases (if any)	Key Steps Taken to Reduce the Risk
Low Risk: All Members	HIV Workplace Programmes Peer education Buddy aid lectures First aid boxes Occupational Health and Safety Programme
Medium Risk: Members on Deployment (internal to RSA)	Peer education Buddy aid lectures Trained Operational Emergency Care Orderlies Plastic gloves
High Risk: Members on Deployment (external to RSA)	Peer Education Trained Operational Emergency Care Orderlies Plastic gloves Specific HIV prevention Programme

Table 2.2.35. Details of Health Promotion and HIV/AIDS Programmes. (Tick the applicable boxes and provide the required information.)

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	No member of the SMS dedicated. Currently part of responsibility of Director Medicine.
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		<p>Dedicated HIV/AIDS Programme Manager that coordinates the Comprehensive Plan for Care, Management and Treatment of HIV/AIDS in the DOD.</p> <p>Project PHIDISA, a five-year clinical research programme maintains dedicated staff members to establish the best anti-retroviral combination for military members.</p>
Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.			<p>The SA Military Health Service has a Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the DOD that includes Prevention of HIV and Health Promotion.</p> <p>The key elements of the HIV Prevention Programme are:</p> <ul style="list-style-type: none"> HIV/ AIDS Workplace Programmes Mass Awareness Management of occupational transmission Prevention of mother-to-child transmission Prevention of opportunistic infections Utilisation of all awareness opportunities, such as National Health Day Innovative Programmes/projects Programmes/projects that focus on abstinence and faithfulness <p>Key elements of the Health Promotion Programmes are:</p> <ul style="list-style-type: none"> Counselling Education, Training and Development Management of Sexually Transmitted Infections Health promotion through physical training, sport and recreation
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/AIDS Advisory Board of the DOD has been put on ice, pending further guidelines from the Surgeon General.

Table 2.2.35. Details of Health Promotion and HIV/AIDS Programmes. (Tick the applicable boxes and provide the required information.) (continued)

Question	Yes	No	Details, if yes
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	The obligation in this regard is addressed in the "to be" DOD Directive and Instruction and the "to be" Joint Defence Publication.
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		The current DOD Instruction provides specific guidelines in this regard as well as processes to be followed when such discrimination is found or perceived.
Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	X		Last Knowledge, Attitude and Practice Study survey indicates that 81% of all members have had an HIV test and 66% of members indicated that they have had an HIV test in the past year.
Has the Department developed measures/indicators to monitor and evaluate the impact of its health programmes? If so, list these measures/indicators.	X		The DOD HIV/AIDS Monitoring and Evaluation Sub-programme was approved for implementation in 2005. This plan includes monitoring and evaluation of inputs, processes, outputs, outcomes and impact through more than 200 established indicators.



LABOUR RELATIONS

Table 2.2.36. Collective agreements, 1 April 2005 to 31 March 2006

Subject Matter	Date
Total Collective Agreements	None

Table 2.2.37. Misconduct and Disciplinary Hearings of Public Service Act Personnel finalised, 01 April 2005 to 31 March 2006

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	4	9.5%
Verbal warning	0	0%

Table 2.2.37. Misconduct and Disciplinary Hearings of Public Service Act Personnel finalised, 01 April 2005 to 31 March 2006 (continued)

Outcomes of disciplinary hearings	Number	% of total
Written warning	4	9.5%
Final written warning	13	31%
Suspended without pay	1	2.4%
Fine	0	0%
Demotion	0	0%
Dismissal	12	28.5%
Not guilty	4	9.5%
Case withdrawn	4	9.5%
Total	42	100%

The Disciplinary Code and Procedure for Public Service Act Personnel (Public Service Coordinating Bargaining Council (PSCBC) Resolution 1/2003) makes provision for two separate procedures and a formal disciplinary procedure. The above table reflects only the outcomes of disciplinary action taken by the Department in terms of the for-

mal disciplinary procedure. It should be noted that the Department of Defence currently consists of 14,354 PSAP employees, thus the above action involved only 0,3% of Public Service Act Personnel against whom disciplinary action was taken.

Table 2.2.38. Types of Misconduct addressed at Disciplinary Hearings

Type of misconduct	Number	% of total
Absence without permission	38	35.9%
Theft	11	10.4%
Fraud	9	8.5%
Unauthorised Use/Possession	3	2.8%
Loss of Funds/Property	12	11.3%
Failure to comply	6	5.7%

Table 2.2.38. Types of Misconduct addressed at Disciplinary Hearings (continued)

Type of misconduct	Number	% of total
Imprisonment	2	1.9%
Unauthorised access to official info	2	1.9%
Threatening	1	0.9%
Under the Influence	3	2.8%
Prejudice to Administration, Discipline	2	1.9%
Disclosure of Official Info	1	0.9%
Sexual Harassment	1	0.9%
Damage to State Property	9	8.5%
Assault	2	1.9%
Disgraceful Conduct	2	1.9%
Racism	2	1.9%
Type of misconduct	Number	% of total
Total	106	100%



Table 2.2.39. Grievances Lodged for the Period 01 April 2005 to 31 March 2006

Grievances	Number
Number of grievances resolved	76
Number of grievances not resolved	39
Total number of grievances lodged	44

Note: Some of the grievances resolved in this financial year were referred to in previous financial years. Because of the nature and complexity of some of the grievances, most are not resolved to the aggrieved party's satisfaction and are referred for higher intervention.

Table 2.2.40. Disputes Lodged with Councils for the Period 01 April 2005 to 31 March 2006

Disputes	Number	% of total
Number of cases dealt with at conciliation	81	80.2%
Number of cases dealt with at arbitration	20	19.8%
Number of disputes adjudicated	0	0%
Total number of cases dealt with	101	100%
Number of cases withdrawn	19	18.8%
Number of cases decided in favour of employees	0	0%
Number of cases decided in favour of the Department	9	8.9%
Number of cases settled on the merits of the case	9	8.9%
Number of cases settled on process	1	1.0%
Number of cases finalised	38	37.6%
Number of cases pending	63	62.4%
Total number of disputes dealt with	101	100%



Disputes can be lodged at either the Commission for Conciliation, Mediation and Arbitration (the CCMA), the Public Service Coordinating Bargaining Council (the PSCBC), the General Public Sectoral Bargaining Council (GPSSBC) or the Labour Court, depending on the nature of the dispute. All cases were first referred for conciliation before they were lodged for arbitration or adjudication. The total number of cases were processed via the conciliation board, the arbitration board or the adjudication board. A referring party is at liberty to withdraw a referral at any given stage of the dispute resolution process, for example after discussions, based on the merits of the dispute at conciliation, an employee might, on advice of a representative, decide that the case has no prospects of succeeding and formally withdraw the matter.

Should the matter advance to arbitration or adjudication, the outcome might either be favourable to the employee or the department, whether on evidence or technical jurisdictional arguments. Parties to the dispute can furthermore resolve the dispute at any given stage by means of a settlement agreement. As a rule, the department settles disputes if they can be resolved in terms of the regulatory framework or if business economics dictate such. It is possible to settle a dispute on some future process that will be followed in order to possibly resolve the matter, without dictating the outcome of the process. The reason why cases that have been dealt with over the reporting period are still unresolved could be that the cases must still be dealt with at arbitration level or that a ruling on the case is still outstanding.

Table 2.2.41. Strike Actions for the Period 01 April 2005 to 31 March 2006

Total number of person working days lost	None
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Table 2.2.42. Precautionary Suspensions for the Period 01 April 2005 to 31 March 2006

Number of people suspended	12
Number of people whose suspension exceeded 30 days	11
Average number of days suspended	136.33
Cost (R'000) of suspensions	312 046

DISCIPLINARY

Table 2.2.43. Most Common Offences (Defence Act Personnel) for the Period 01 April 2005 to 31 March 2006

Type of Misconduct	2002/03		2002/04		2002/05		2002/06	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Section 14 (a) MDC: Absence without Leave (AWOL)	2 727	62.3%	2 741	61.3%	2 002	54.2%	1 345	53.5%
Section 14 (b) MDC: Absence from Place of Parade, Duty, etc	1 021	23.3%	1 026	22.9%	947	25.6%	612	24.4%
Section 19 (2) MDC: Disobeying a Lawful Command	247	5.6%	359	8.0%	482	13.1%	285	11.3%
Section 19 (2) MDC: Using threatening, in-subordinate or insulting language	163	3.7%	194	4.3%	195	5.3%	124	4.9%
Section 33 (a) and (b): Drunkenness	121	2.8%	147	3.3%	69	1.9%	149	5.9%
Total	4 279	100%	4 467	100%	3 695	100%	2 512	100%

SKILLS DEVELOPMENT

Learnership. The Department of Defence has not registered learnerships for the reporting period. It is, however, in the process of developing and registering learnerships in different occupations. See Table 2.45 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 2.46. Most of these interventions are presented internally. 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 2.46. Studies of DOD personnel at the Military Academy and external tertiary institutions are examples of members included in this column.

Table 2.2.44. Training Needs Identified, 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of Employees as at 01 April 2005	Training Needs Identified at Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, Senior Officials, Managers	Female	12	0	44	2	46
	Male	217	0	74	9	83
Professionals	Female	1 552	0	1 995	533	2 528
	Male	1 577	0	3 010	956	3 966
Technicians and Associate Professionals	Female	1 992	0	3 674	321	3 995
	Male	4 776	0	6 671	1 121	7 792
Clerks	Female	5 841	0	1 992	101	2 093
	Male	8 824	0	831	26	857
Service workers	Female	3 554	0	428	122	550
	Male	26 803	0	1 288	291	1 579
Craft and related trade workers	Female	1 119	0	456	136	592
	Male	8 922	0	1 827	288	2 115
Plant and machine operators (Including drivers and ships' crew)	Female	2	0	234	18	252
	Male	468	0	1 941	202	2 143
Elementary workers (labourers) Female	Female	3 225	0	311	36	347
	Male	8 085	0	789	55	844
Subtotal	Female	17 297	0	9 134	1 269	10 403
	Male	59 672	0	16 431	2 948	19 379
Total		76 969	0	25 565	4 217	29 782

Note: This table reflects the planned Skills Development interventions per occupational category for the Financial Year 2005/06. The totals in the table reflect the number of learners scheduled for Skills Development interventions.

Table 2.2.45. Training Provided, 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Employees as at 01 April 2005	Training Provided at the End of the Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, Senior Officials, Managers	Female	12	0	38	2	40
	Male	217	0	73	8	81
Professionals	Female	1 552	0	1 901	522	2 423
	Male	1 577	0	3 001	925	3 926
Technicians and Associate Professionals	Female	1 992	0	3 671	289	3 960
	Male	4 776	0	6 534	1 007	7 541
Clerks	Female	5 841	0	1 893	97	1 990
	Male	8 824	0	831	24	855
Service workers	Female	3 554	0	411	119	530
	Male	26 803	0	1 222	256	1 478
Craft and related trade workers	Female	1 119	0	415	129	544
	Male	8 922	0	1 821	267	2 088
Plant and machine operators (Including drivers and ships' crew)	Female	2	0	216	17	233
	Male	468	0	1 903	188	2 091
Elementary workers (labourers) Female	Female	3 225	0	310	33	343
	Male	8 085	0	774	29	803
Subtotal	Female	17 297	0	8 855	1 208	10 063
	Male	59 672	0	16 159	2 704	18 863
Total		76 969	0	25 014	3 912	28 926

Note: This table reflects the Skills Development interventions that took place, per occupational category, for the Financial Year 2005/06. The totals in the table reflect the number of learners that attended Skills Development interventions.

INJURY ON DUTY

Table 2.2.46. Injury on Duty, Defence Act Personnel for the Period 01 April 2005 to 31 March 2006

Nature of injury on duty	Number	% of total
Required basic medical attention only	1 747	96.1%
Temporary Total Disablement	52	2.9%
Permanent Disablement	12	0.7%
Fatal	7	0.4%
Total	1 818	100%

Note: The number of injuries refers to those injuries that took place in the FY2005/06.

Required Basic Medical Attention Only. This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.

Temporary Total Disablement. This is the temporary alteration of an individual's physical or mental status that limits activity. Medical or surgical treatment may stabilise the condition and restore the health of an individual to normal, within a defined period.

Permanent Disablement. This is the permanent alteration of an individual's capacity to meet personal, social or occupational demands or statutory or regulatory requirements because of impairment. This status is often coupled to a loss of limb or sense, chronic pain, disfigurement and other permanent physical or mental disorders.

Fatal. An injury, disease or condition causing or ending in organ or multi-organ failure and death.

Table 2.2.47. Injury on Duty, Public Service Act Personnel for the Period 01 April 2005 to 31 March 2006

Nature of injury on duty	Number	% of total
Required basic medical attention only	149	85.6%
Temporary Total Disablement	17	9.87%
Permanent Disablement	1	0.66%
Fatal	7	0.4%
Total	174	100%

Note: The number of injuries refers to those injuries that took place in the FY2005/06.

Required Basic Medical Attention Only. This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.

Temporary Total Disablement. This is the temporary alteration of an individual's physical or mental status that limits activity. Medical or surgical treatment may stabilise the condition and restore the health of an individual to normal, within a defined period.

Permanent Disablement. This is the permanent alteration of an individual's capacity to meet personal, social or occupational demands or statutory or regulatory requirements because of impairment. This status is often coupled to a loss of limb or sense, chronic pain, disfigurement and other permanent physical or mental disorders.

Fatal. An injury, disease or condition causing or ending in organ or multi-organ failure and death.

USE OF CONSULTANTS

Table 2.2.48. Report on Consultant Appointments Using Appropriated Funds

Service/Division	Project Title	Total number of Consultants that worked on project	Duration (Workdays)	Contract value in Rand
Defence Administration (CPP)	DIMS	2	428	Rm1 368 671
	LOQUACIOUS	6	1 166	Rm3 791 268
	DOMINO	3	53	R192 066
Employ Forces (Joint Operations Division)	NABOB Fence	1 (Umbani CC)	60	R190 256
Joint Support Programme (Service Corps)	Service Corps Strategic Analysis	1 (CSIR-Mr G. Coetzee)	5 days' work session, excluding preparation and conclusion work provided	R56 544
Total		13	1 712	Rm5 598 805

Table 2.2.49. Analysis of Consultant Appointments Using Appropriated Funds, in Terms of Historically Disadvantaged Individuals (HDIs)

Service/Division	Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
None	None	None	None	None

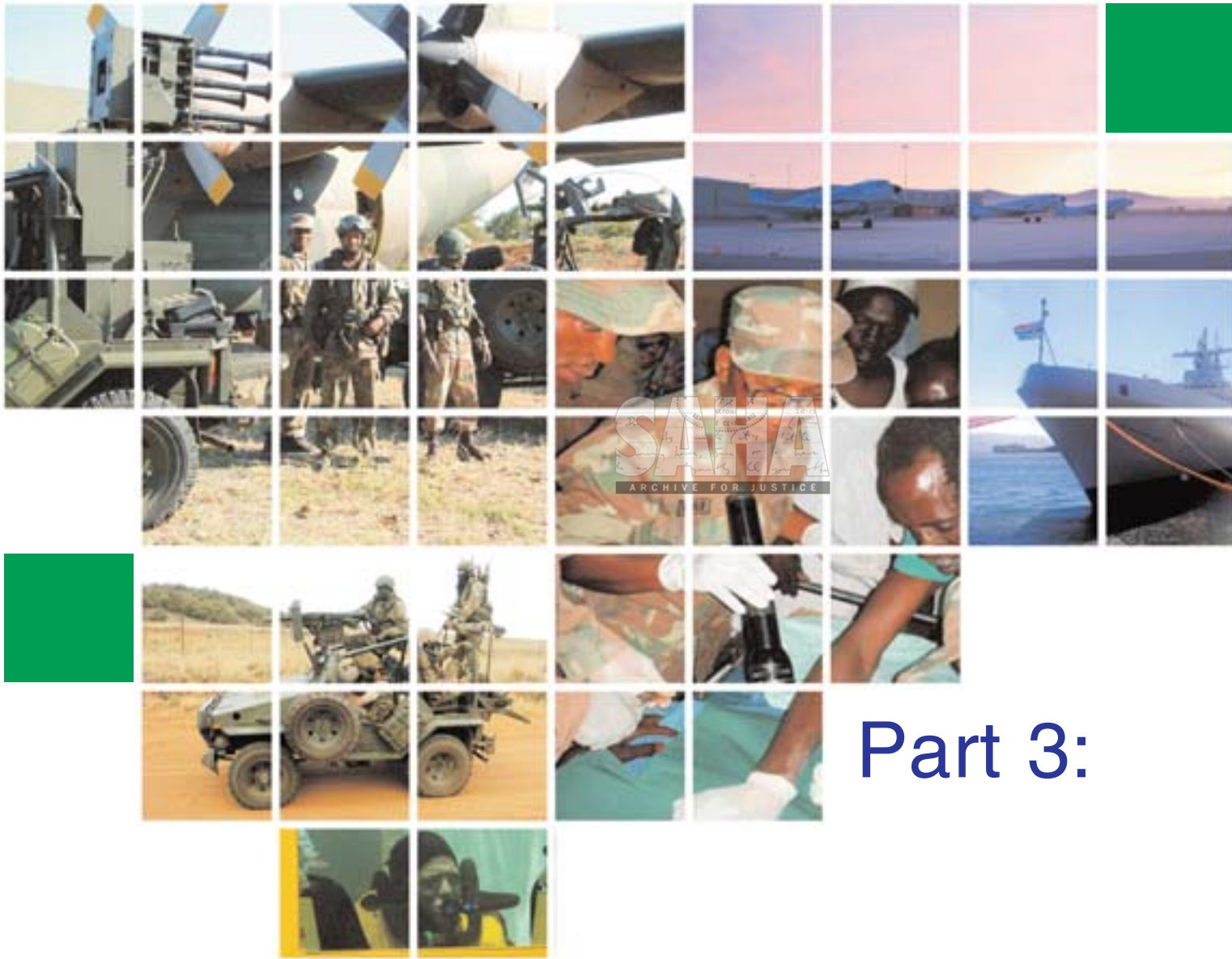
Table 2.2.50. Report on Consultant Appointments Using Donor Funds

Service/Division	Project Title	Total number of consultants that worked on project	Duration (Workdays)	Donor and Contract value in Rand
Air Defence (SA Air Force)	Pavement Management System, consisting of 6 projects	4 consultants (BKS-MSA JV)	To be determined – initial study in progress	USA. Maximum of R750 000. Depending on the outcome of the initial study, this amount can still be reduced

Table 2.2.51. Analysis of Consultant Appointments Using Donor Funds, in Terms of Historically Disadvantaged Individuals (HDIs)

Service/Division	Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants form HDI groups that work on the project
Air Defence SA Air Force	Pavement Management System	50%	50%	4 consultants






Part 3:

Programme Performance

PART 3: PROGRAMME PERFORMANCE

VOTED FUNDS

Details of Vote 21 as contained in the 2005 Defence Estimates of National Expenditure are reflected in the table below:

	FY2005/2006 TO BE APPROPRIATED	FY2006/07	FY2007/08
MTEF allocations of which:	R22 459 432 000	R22 587 704 000	R22 152 268 000
	Transfers		
	Current payments	Capital payments	
	R12 837 175 000	R357 388 000	R264 869 000
			
Statutory amounts		-	
Responsible Minister		Minister of Defence	
Administering department		Department of Defence	
Accounting officer		Secretary of Defence	

AIM OF THE VOTE

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

KEY MEASURABLE OBJECTIVES AND PROGRAMMES

The outputs of the DOD are achieved through nine long-term core objectives which are as follows:

Programme 1: *Defence Administration* with the purpose of conducting the policy

development, management and administration of the Department.

Programme 2: *Landward Defence* with the purpose of providing prepared and supported landward defence capabilities for the defence and protection of South Africa.

Measurable objective: Defend and protect South Africa by maintaining and providing prepared and supported landward combat forces, services and facilities that meet Government's requirements.

Programme 3: *Air Defence* with the purpose of providing prepared and supported air defence capabilities for the defence and protection of South Africa.

Measurable objective: Defend and protect South Africa by maintaining and providing prepared and supported air combat forces, services and facilities that meet Government's requirements.

Programme 4: *Maritime Defence* with the purpose of providing prepared and supported maritime defence capabilities for the defence and protection of South Africa.

Measurable objective: Defend and protect South Africa by maintaining and providing prepared and supported maritime combat forces, service and facilities that meet Government's requirements.

Programme 5: *Military Health Service* with the purpose of providing prepared and supported medical combat support elements and services.

Measurable objective: In support of the defence of South Africa, provide prepared and supported military medical health capabilities, services and facilities that meet government's requirements.

Programme 6: *Defence Intelligence* with the purpose of providing a defence intelligence and counter-intelligence capability.

Measurable objective: Defend and protect South Africa by the provision of defence intelligence and counter-intelligence products and services that meet Government's requirements.

Programme 7: *Joint Support* with the purpose of providing joint support capabilities and services to the Department.

Measurable objective: Support departmental activities through the preparation, maintenance and provision of joint logistic, technological and military policing capabilities, services and facilities that meet Government's requirements.

Programme 8: *Force Employment* with the purpose of providing an operational capability to successfully conduct all operations, Joint and multinational military exercises as well as the management of defence capabilities.

Measurable objective: Contribute to national and regional security by initiating, planning, commanding and coordinating support for all operations and joint and multinational military exercises, as directed and meeting Government's requirements.

Programme 9: *Special Defence Account* with the purpose of providing for special defence activities and purchases.

Measurable objective: Meet South Africa's defence needs through the acquisition and maintenance of appropriate defence equipment and through activities that meet government's requirements.



DEPARTMENTAL REVENUE: FY2001/02 TO FY2008/09

Details of Vote 21: Revenue as contained in the 2005 Defence Estimates of National Expenditure (ENE)

Economic Classification	Revenue Outcome				Medium-term revenue estimate	
	Audited 2001/02	Audited 2002/03	Audited 2001/04	Audited 2004/05	Adjusted Appropriation not audit 2005/06	2006/07
R'000						
Tax receipts						
Non-tax receipts						
Sales of goods and services other than capital assets:	124 647	188 843	258 889	341 480	370 204	218 159
Goods and equipment	0	12 591	32 729	24 000	27 082	28 165
Accommodation	79 058	80 997	83 277	79 960	82 478	85 778
Domestic Services	10 835	9 727	9 031	9 306	8 889	9 244
Commission	14 905	28 378	9 666	10 677	10 612	63 794
Other income	19 849	57 150	124 186	217 537	241 143	31 178
Fines, penalties and forfeits	1 245	1 350	6 620	2 122	3 650	3 796
Interest, dividends and rent on land	709	1 309	833	748	921	958
Transfers received						
Sale of capital assets (SDA)	0	160 775	202 111	121 392	121 776	100 000
Financial transactions						
Total departmental receipts	126 601	352 277	468 543	465 742	496 551	322 913

Notes:

1. No provision was made for donations by the UN (FY2004/05 contribution was RM172, 5 and FY2005/06 contribution R211, 2) for future years 2006/07 - 2008/09.
2. The Budget classification does not make provision for Financial Transactions in Assets and Liabilities but includes Accommodation, Domestic Services, Commission and Other income as part of Sales of Goods and Services.
3. The In-year classification of Financial Transactions in Assets and Liabilities includes Accommodation, Domestic Services, Commission and Other Income and not as part of Sales of Goods and Services (SCOA classification thereof).
4. The main decrease in income between FY2003/04 and FY2004/05 was due to the following (excluding UN contributions and Armscor):

The Main Decreases in income between the FY2003/04 and the FY2004/05 was due to the following (excluding UN Contributions and Armscor Sales):

	2003/04 R	2004/05 R	Difference R
Tenders GDA	9 059 307.00	683 568.00	8 375 739.00
Debtors	28 354 252.80	24 921 880.70	3 432 372.10
Unspecified Revenue	5 866 872.91	2 406 481.06	3 460 391.85
DOD Stock	961 721.20	582 100.42	379 620.78
Board and Lodging	59 486 548.53	57 576 268.92	1 910 279.61
Rental and Property right fees	2 872 210.00	139.00	2 872 071.00
TOTAL	106 600 912.44	86 170 438.10	20 430 474.34

Departmental Expenditure

58% of the amount allocated was actually spent during the FY2005/06. The details are reflected in the table below:

Programmes	Voted for 2005/06	Roll-over and adjustments	Virement	Total Voted	Actual Expenditure	Variance
Administration	685 063	-	99 526	784 584 589	784 453	136
Landward Defence	3 511 833	-	-74 663	3 437 169	3 431 788	5 381
Air Defence Commission	2 388 866	-	90 589	2 479 455	2 479 455	-
Maritime Defence	1 218 812	-	-17 393	1 201 419	1 201 419	-
Military Health Support	1 583 867	-	26 961	1 55 906	1 55 906	-
Defence Intelligence	144 741	-	-452	144 316	144 316	-
Joint Support	2 497 828	-	-123 73	2 374 097	2 373 978	119
Command and Control	1 380 634	-	53 058	1 433 692	1 433 692	-
Special Defence Account	9 258 839	-	-	9 258 839	9 258 839	-
	22 760 482		-	22 679 482	22 664 846	5 636

Transfer Payments: FY2005/06

During the FY2005/06 transfer of payments were made as reflected in the table below:

Name of Institution	Amount transferred	Estimate Expenditure
Regional Services Council	15 144	15 144
Safety and Security Sector Education and Training Authority (SASSETA)	7 101	7 101
Special Defence Account	9 258 839	9 258 839
Armaments Corporation of South Africa (ARMSCOR) Ltd	359 515	359 515
St Johns Ambulance Brigade	39	40
Medical Fund	157	275
Reserve Force Council	2 596	2 596
	9 643 391	9 643 510

Transfer Payments: FY2005/06

The following table is a full exposition of the services provided as well as mentoring systems to ensure value of money on the transfers referred to above:

Name of Institution	Estimated Expenditure R'000	Amount Transferred R'000	Services Provided by the Entity	Spending Report	Monitoring Systems
Armaments Corporation of South Africa Ltd (Armcor)	359 515	359 515	Armcor provides an acquisition, maintenance and disposal capacity to the DOD and other clients with regard to defence matériel, related products and services	Armcor Annual Report for 2004/05 has been published. The Armcor Annual Report for 2005/06 will be published by approximately August 2006	Services are regulated in terms of a Service Level Agreement and are monitored by means of a quarterly report. The Chief of Acquisition, Mr B. Ramfolo, senior members from his staff and representatives from the Services are also members of the Acquisition Authorisation Committee, which meets on a weekly basis
Safety and Security Sector Education and Training Authority (SASSETA), previously known as the Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA)	7 101	7 101	Defence subsidises part of the administrative expenditure of the SASSETA in terms of the Skills Development Act, Act 97 of 1998. SASSETA currently provides Adult Basic Education and Training (ABET) for selected Department of	DIDTETA Annual Report for 2004/05 has been published. The SASSETA Annual Report for 2005/06 will be published by approximately August 2006	Three DOD members serve on the various boards and committees of SASSETA. Brig Gen C.D. Sehurutshi from the Joint Training Formation serves on the SASSETA Board, which meets on a monthly basis. Mr L. Nagel from the Financial Management Division (FMD) serves on the SASSETA Financial Committee, which also meets on a monthly basis. Ms R. Matura from the FMD serves on the SASSETA Audit Committee

Transfer Payments: FY2005/06 (continued)

The following table is a full exposition of the services provided as well as mentoring systems to ensure value of money on the transfers referred to above:

Name of Institution	Estimated Expenditure R'000	Amount Transferred R'000	Services Provided by the Entity	Spending Report	Monitoring Systems
			selected DOD members and also assists with the accreditation of Defence Training Units		serves on the SASSETA Audit Committee
Reserve Force Council	2 596	2 596	The Reserve Force Council secure community and private sector support for the Reserve Forces and ensure the maintenance of a sound relationship and communication between the Reserve Forces, the Minister of Defence and the SANDF	Audited financial statements are submitted by the end of each financial year	The Accounting Officer of the DOD is represented in the National Council. The Council annually submits a business plan and estimate of expenditure before the start of the financial year
St Johns Ambulance Brigade	40	39	Provides accreditation for training of Defence members and makes their members and equipment available to be called up by the SAMHS during national disasters and emergencies	Provides financial statements and books of account to the SAMHS on an annual basis	Annual meeting between St Johns Ambulance Brigade and SAMHS
Medical Fund	275	157	No services are being provided by the fund. The Medical Fund B carries the medical cost of military members who retired before 1964	Administered through the Medical Continuation Fund	The Board of the Medical Continuation Fund is made up from serving DOD members
Special Defence Account	9 258 839	9 258 839	Procurement, acquisition and development of armament and technology	Financial statements for the account forms part of the DOD Annual Report	The account is managed by the Accounting Officer of the DOD

Transfer Payments: FY2005/06 (continued)

The following table is a full exposition of the services provided as well as mentoring systems to ensure value of money on the transfers referred to above:

Name of Institution	Estimated Expenditure R'000	Amount Transferred R'000	Services Provided by the Entity	Spending Report	Monitoring Systems
Regional Services Councils	15 144	15 144	No services are being provided to the DOD. The transfer payment is made to honour the Department's obligation in terms of the Regional Services Councils Act, Act 109 of 1985.	None	None



CHAPTER 3: PROGRAMME 1 DEFENCE ADMINISTRATION PROGRAMME

INTRODUCTION

The main functions of the Defence Administration are to conduct overall management and policy development within the Department of Defence (DOD). Furthermore, defence administration oversees the activities of the department by formulating policy, providing strategic direction and organising the department in terms of its structure and force design. It provides services with regard to directives in the areas of political directions, which is the responsibility of the Minister of Defence, Departmental Direction, Secretary for Defence and the office of the Chief of the SANDF.

- Political Direction
- Departmental Direction*
- SANDF Command and Control
- Policy and Planning*
- Financial Management *
- Acquisition and Procurement Services*
- Inspection Services*

OUTPUT DETAIL

Table 3.1: Political Direction Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Political Direction	Political direction to the DOD. Defence Policy advice to Government	The degree to which defence policy advice to Government meets requirements. The degree to which the Department of Defence produces the outputs required by Government. The degree to which the Department of Defence complies with legislation, the policies and pre-scripts of Government	Defence policy advice meets all Government's expectations fully. Full compliance	Refer to Introductory Information and Chapter One for details

* Defence Secretariat

- This sub programme is reported in Chapter 10 under the Joint Support Programme.

- Equal Opportunities and Affirmative Action (EO and AA)*
- Government Information Technology Officer (GITO) *
- Corporate Staff
 - Strategy and Planning Office
 - Military Legal Services
 - Religious Services
 - Corporate Communication
 - Reserve Force Office
 - Defence Foreign Relations
- Human Resources Support Centre.

OUTPUTS

The main outputs of the Defence Administration Programme for the DOD are defence policy advice, planning reports and general ministerial services. However, it also provides specific operational outputs for Services and Divisions in the Department.

POLITICAL DIRECTION



The Minister of Defence and the Deputy Minister of Defence as the Executive Authorities are responsible for the political direction of the Department of Defence (DOD). They were both involved in a number of defence-related diplomatic activities in which the DOD had a role to play.

DEPARTMENTAL DIRECTION

OVERVIEW

The Secretary for Defence is responsible for the departmental direction of the Department of Defence (DOD). They were both involved in a number of defence-related diplomatic activities in which the DOD had a role to play.

OUTPUT DETAIL

Table 3.2: Departmental Direction Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Departmental Direction	Defence policy advice to the Minister of Defence	Quality of Defence Policy advice	Full client satisfaction	<p>The Secretary for Defence is the Head of the Department, the Accounting Officer, Information Officer and the special advisor to the Minister of Defence on defence policy matters. The Secretary of Defence operating under the guidance of the Minister of Defence provided strategic direction supported by CSANDF and the entire DOD</p> <p>The Department of Defence is constantly reviewing and aligning the Department's objectives to recreate of affordability and sustainability of the strategic decisions. The following strategic decisions and issues were confirmed or identified and progress is being reported by the programmes</p> <p><i>Resolution One</i> : (The White Paper on Defence 1996 continued to be reviewed),</p> <p><i>Resolution Two</i> : (The Defence Review of 1998 must be reviewed)</p> <p><i>Resolution Three</i>: The DOD's Vision was revisited and changed. Mission was confirmed and remained unchanged.</p> <p><i>Resolution Four</i>: The DOD has revisited its structural arrangements by means of a Departmental Organisational Developmental Workgroup</p>



Table 3.2: Departmental Direction Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>(DODW). <i>Resolution Five:</i> The DOD has identified strategic gaps and developed a Concept of Operations and a Concept of Support.</p> <p><i>Resolution Six:</i> The DOD continued to improve its public image.</p> <p><i>Resolution Seven:</i> The DOD continued to investigate the use of the Balanced Scorecard approach as a performance management tool, in conjunction with the SA Excellence Model.</p> <p>Inputs to Cabinet Makgotla were given as a contribution to the Government's Programme of Action, e.g. Update of the White Paper on Peacekeeping Missions.</p> <p>Environmental analysis was conducted and the results were passed through to the Minister of Defence to have a wider view of political circumstances and the top managers of the DOD for operational purposes also used them</p>
	Departmental direction to the DOD as directed by the Minister of Defence.	The degree of compliance with legislation, Government policy prescripts and targets	100% compliance with regulatory framework	<p>The Secretary for Defence has given direction to the DOD in regard to the Update of the White Paper on Defence and the Defence Review, the right-sizing of the DOD, Alignment of Core and Support Process with PFMA Imperatives, Crime in the DOD, The DOD Shared Value System, IC System Support and Material Life Cycle Management Policy</p> <p>The DOD successfully drafted the following bills through Parliament in 2005 and they were passed by both the Houses of Parliament (National Assembly and National Council of Provinces)</p> <ul style="list-style-type: none"> ● The Armaments Corporation of South Africa, Limited, Amendment Bill ● The Defence Special Account Amendment Bill <p>The Bills were subsequently assented into law by the President on August 2005.</p> <p><i>Review of the Regulation of Foreign Military Assistance Act, 1998 (Act No. 15 of 1998).</i> The Prohibition of Mercenary Activities and Regulation and Prohibition of the Rendering of Certain Assistance and Services in Areas of the Armed Conflicts Bill, 2005 was approved by Cabinet in August 2005 and introduced in Parliament in September 2005. The Bill is in the process of being considered by Parliament.</p>

Table 3.2: Departmental Direction Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>Restriction or Prohibition of Certain Conventional Weapons Bill. This Bill was approved by Cabinet in August 2005 and is currently with the Office of the Chief State Law Adviser for certification in preparation for its introduction in Parliament</p> <p>Transfer of the Castle Management Act, 1993 to the Department of Arts and Culture. The DOD has finalised a draft Castle Management Repeal Bill so as to facilitate the transfer of the responsibility for the management and administration of the Castle to the Department of Arts and Culture. The draft Bill is currently being considered by the Department of Arts and Culture</p>
		The degree to which the allocated budget has been expended as planned	High degree of effectiveness efficiency and full expenditure of funds as planned	The DOD's expenditure was satisfactory. In percentage terms, 99.9% has been spent during the period under review



SANDF COMMAND AND CONTROL

OVERVIEW

Through this subprogramme, the Chief of the SANDF executes command and control over the SANDF. The Chief of the SANDF has the ultimate responsibility of providing strategic direction to the SANDF in preparing capabilities and ensuring the operational efficiency and effectiveness of the SANDF during ordered commitments (operations) and military exercises.

This objective was successfully achieved through reaching the planned targets of the timely deployment of combat-ready SANDF force with full compliance in terms of the regulatory framework.

The Chief of the SANDF directed the Military Council meetings held each month and co-chaired the Defence Staff Council as scheduled. All staff visits to bases and units were conducted as planned, as were foreign visits. These activities ensured that the morale of the troops was high, capabilities were prepared and deployments did take place as ordered by Government.

Significant military diplomatic visits were undertaken by the Chief of the SANDF to five African countries, namely Angola, Burundi, the DRC, Mozambique, Nigeria and the Sudan. He attended the launching of the first SA Navy submarine in Germany as well as defence exhibitions in the UK, Peru and the United Arab Emirates. An operational visit to all deployed SANDF members in Burundi, the DRC and the Sudan as part of the peace missions in Africa took place during March 2006.

POLICY AND PLANNING

OVERVIEW

The Policy and Planning Division's core objective is to provide defence policy, strategy, plans, and departmental instructions for the Department of Defence that are fully aligned with government policy and the defence needs of South Africa. Contained herein is an overview of the activities of the Policy and Planning Division for the period under review: 1 April 2005 to 31 March 2006.



Mr T.E. Motumi

The Department of Defence is a unique State Department in that it also includes the

South African National Defence Force whose members constitute 80% of the full-time DOD workforce. The DOD is therefore a predominantly military organisation driven by military mission imperatives. This poses a unique Human Resource Management

demand, which is not to be found in non-military organisations. The Chief Directorate Human Resource Policy and Planning ensures that the DOD attains its mission through Human Resource Planning and Policy Services which are within the regulatory framework.

OUTPUT DETAIL

Table 3.3: SANDF Command and Control Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
SANDF Command and Control	<p>Military policy advice to the Minister of Defence</p> <p>Strategic direction to the SANDF</p>	<p>Quality of military advice</p> <p>Operational readiness of the SANDF</p>	Full client satisfaction	<p>Full client satisfaction was achieved. Of note was that the Minister of Defence expressed his appreciation for and satisfaction with the SANDF's operational performance during his Budget Vote in Parliament on 31 March 2006. The United Nations Special Representative in Burundi, the Chief of Staff of the Sudanese Armed Forces, as well as the overall Commander of the MONUC forces in the DRC attested to the outstanding contribution SANDF members have made and continue to make to ensure that peace is sustained. National Commissioner J. Selebe, Chairman of the JCPS Cluster, and the Co-chair Adv M. Simelane expressed their gratitude for SANDF support in securing the local Government election process earlier in 2006.</p>
		Degree of success of ordered operations	Readiness maintained in accordance with guidelines	<p>The readiness of military capabilities was maintained in accordance with guidelines. The details are classified. More information is reflected in Chapters 4 to 10 in this report. Operations were successfully conducted. Externally two large-scale United Nations operations, one medium-scale African Union and six small-scale UN operations were executed.</p>
		Degree of sustainability of the SANDF	Operations conducted successfully	<p>The force structure and design were maintained in accordance with the Strategic Business Plan. A workgroup was appointed and is still in the process of redesigning certain structures to become more economic, effective and efficient. This is being done in concert with the update of the White Paper and Defence Review.</p>
		The degree to which the allocated budget has been expended as planned	Maintenance of force structure and design	<p>The budget of the office of the Chief SANDF was expended as planned. (98.4%) and permitted a high degree of effectiveness and efficiency</p>

OUTPUT DETAIL

Table 3.4: Policy and Planning Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Policy and Planning	Defence policy, strategies and plans	Quality and degree of accessibility of DOD policy, strategies and plans.	75% of DOD members who should have access can access Departmental and Government policy electronically	DOD Policies, Plans, and Reports are accessible on the Intranet. DOD Planning Framework: The DOD has successfully compiled a DOD Planning Framework that is aligned with the National Planning Framework of Government as set out in the July 2005 Cabinet Lekgotla. It has the ability to ensure that DOD strategic direction, strategic direction process, planning and controls as stipulated in the PFMA and National Treasury Instructions of 2005 are adhered to, thus ensuring that the DOD conforms to the Regulatory Framework
	Structure management services	The degree to which the services provided ensure that the DOD's structures are affordable, comply with policy and facilitate efficient and effective defence	Plans are enforceable to a high degree. 95% first-time ministerial approval of proposed structures High degree of effectiveness and efficiency and full expenditure of funds as planned	DODW. Outputs with regard to the DODW point to considerable improvements. Thirteen job evaluation reports have been submitted which were approved and 10 are in the approval process. Twenty-three O and WS reports have been submitted which were approved and 18 are in the approval process. The rightsizing. The rightsizing of the South African National Defence Force was given impetus with the approval of the implementation of the Mobility Exit Mechanism (MEM) for SANDF members on 12 July 2005. During the FY2005/06 a total of 537 SANDF members have availed themselves of the opportunities to exit the Regular Force through the MEM. This will assist the SA National Defence Force to improve its personnel flow, especially at middle and senior command levels, as well as to address representivity imbalances. Towards the end of the financial year, a similar voluntary exit mechanism was approved for the total Public Service. This will, however, only be implemented in the Department during the FY2006/07

Table 3.4: Policy and Planning Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>Project Loquacious. Project LOQUACIOUS has as its aim to entrench Business Process Management (BPM) as an indispensable management discipline, bringing all of the DOD's business processes into a single framework and producing a strategically aligned organisation (business process with governance, and resources with business process) resulting in a quantifiable performance benefits at the strategic, operational and tactical levels of the Department. The Project Charter for the DOD approved Project Loquacious on 21 February 2005, with the instruction to develop the project plans. Maintenance of the DOD's macro and micro-structural Architecture by means of the relevant ICT system (OIS/SMCS). This work and the related expenditure are proceeding as expected. The funding of the User Requirement Specification (URS) for the replacement of OIS/SMCS is also being provided</p>
	Policy advice to the DOD	Degree of quality (timeliness, appropriateness and relevance) of policy advice	95% of all advice is given before the original deadlines	<p>The Department of Defence has embarked on the reviewing of the Department's White Paper of 1996 and Defence Review of 1998 by means of a Defence update 2005.</p> <p>Balance Scorecard. Ten members were trained over the period 04-18 April 2005 in the application and implementation of the Balanced Scorecard, viz three members from the SA Navy, four members from the Financial Division and three members from the project team. Populating of the Balanced scorecards within the Plot Entities took place in varying degrees between May and June.</p> <p>Comments. The feasibility study will be concluded by the end of June 2006 because of challenges encountered.</p> <p>The Defence Update 2005 has been divided into six chapters. Of the six chapters, four have been updated, completed and presented to the Portfolio Committee on Defence. The two outstanding chapters are still under review</p>

Table 3.4: Policy and Planning Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>International Defence Agreements signed:</p> <ul style="list-style-type: none"> ● Memorandum of Understanding concerning Defence Cooperation with the Government of the Republic of Tunisia signed on 05 May 2005. ● Republic of South Africa – United States PHIDISA Joint Research Arrangement on HIV/AIDS signed on 26 April 2005. ● Letter of Intent between the Republic of South Africa, the DRC and the Netherlands was signed (ONUB United Nations Operation in Burundi) co-signed by the UN on 7 July 2005. <p>ONUB (United Nations Operation in Burund) co-signed by the UN on 7 July 2005.</p> <ul style="list-style-type: none"> ● Memorandum of Understanding on the Provision of Equipment and Training from the USA DOD under the African Contingency Operations Training Assistance (ACOTA) Programme – signed on 11 August 2005. ● RSA-Sweden Implementation Arrangements No.3 –Collaboration in Defence Research and Technology signed in September 2005. ● RSA-Netherlands Arrangements on Bilateral Military Cooperation signed on 11 October 2005. ● RSA-Netherlands Arrangements on a Financial Contribution for Security Sector Reform in the DRC signed on 11 October 2005. <p>The goals to rejuvenate the SANDF through the MSDS, to build capacity in the Reserve Force through direct recruiting, to manage the new way that members serve</p>



Table 3.4: Policy and Planning Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				(inclusive of the MEM as a career management tool) to improve HR service delivery through departmental policy to improve representivity through recruitment and career management have been complied with and attained. The goals to attain a more effective, efficient and economical HR composition through rightsizing, to retain expertise, to develop a common regulatory framework for Defence Act Personnel (DAP) and Public Service Act Personnel (PSAP) and to attain labour peace have only been partially achieved

PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

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.

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.

FINANCIAL MANAGEMENT DIVISION

OVERVIEW

The Chief Financial Officer implements the Financial Services Sub-programme of the Defence Administration Programme through the Financial Management Division (FMD). The core objective is the provision of a cost-effective financial management service to the Minister of Defence, Secretary for Defence and the Chief of the National Defence Force within the evolving regulatory framework by means of a professional representative civilian financial management corps and an appropriate financial management system. The outcome envisaged is the cost-effective execution of the Defence function by decision makers who exploit the value of financial management excellence.

The FMD has entered the third phase of a long-term strategy to improve the financial

management of the Department substantially. The FMD was re-engineered for cost-effective service delivery as a first phase and the public finance regulatory framework implemented in the FMD 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, implementing an integrated financial management information system supporting generally recognised accounting practices and related standards, 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 emergent accounting practices and standards. The Defence GRAP (Generally Recognised Accounting Practices) project reported on in the FY2003/04 has been superseded on insistence by National Treasury (NT) to favour its Integrated Financial Management Information 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 and until such time as the IFMS has been developed and implemented in the Department.

The FMD successfully provided financial management services to its clients according to its strategic business plan, service delivery charter and related service agreements. These services enabled the achievement of the objectives and targets of the various Defence programmes and sub-programmes and subsequently the envisaged Defence outcomes set in the FY2005/06 Strategic Business Plan. FMD officials have partici-



J.L. Gründling

pated in Defence planning teams relating to 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 (AU). This includes the funding arrangements for the SADC (Southern African Development Community) Standby Force. The quality of these services is constrained by the inadequacy of current

departmental information supporting systems, departmental and divisional human capacity and the weak resolve to enforce accountability.

The FMD supports the Minister, the Secretary for Defence, the Chief of the National Defence Force and their subordinate Service and Divisional Chiefs to make financial management decisions that ensure economy, efficiency and effectiveness. The FMD furthermore assists such principals and clients to execute such decisions by ensuring financial management probity and accountability.

OUTPUT DETAIL

Table 3.5: Financial Management Division's Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Financial Management	Budget Management Service to the Department of Defence as directed by the Chief Financial Officer	<p>Degree of cost-effective service delivery.</p> <p>The degree to which the Defence budget has been expended as planned</p>	<p>Cost-effective service delivery (clients).</p> <p>Compliance with regularity framework and unqualified audit reports.</p> <p>Fully expended budget by 31 March 2006</p>	<p>Service delivered by Budget Management Offices according to service agreements with clients and within budget.</p> <p>Unqualified audit report for Budget Management Service.</p> <p>Budget fully expended by 31 March 2006.</p> <p>Outputs achieved through the corporate DOD budget preparation service were:</p> <ul style="list-style-type: none"> ● DOD budget guidelines issued by 1 October 2005. ● Affordable Estimate of Expenditure by June 2005. ● Departmental input and output-based motivation reports by June 2005. ● Approved Special Defence Account by 1 April 2005. ● Estimate of National Expenditure by January 2006. <p>Outputs achieved through the corporate DOD budget control service were:</p> <ul style="list-style-type: none"> ● Defence in-year programme adjustment budget by 1 November 2005

Table 3.5: Financial Management Division's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<ul style="list-style-type: none"> ● Monthly early warning reports. ● Roll-over claim submission by May 2005
	Financial Accounting Service to the Department of Defence as directed by the Chief Financial Officer	<p>Degree of compliance with regulatory framework and unqualified audit reports.</p> <p>Degree of accuracy and timeliness of payments of clients.</p> <p>Degree of compliance with approved structure and related service agreements</p>	<p>Compliance with regulatory framework and unqualified audit reports.</p> <p>Accurate and timely payment of clients.</p> <p>Effective Financial Accounting Service Centres (FASC) and Financial Accounting Service Offices (FASO) per approved structure and related service agreements</p>	<p>Regulatory framework complied with; audit report qualified iro receivables – corrective measures implemented.</p> <p>99% of clients paid accurately, but not on time.</p> <p>Service delivered by FASCs and FASOs according to service agreements with clients.</p> <p>Outputs achieved through the corporate financial asset and annual reporting service were:</p> <ul style="list-style-type: none"> ● All collectible debt collected. ● Accurate cash-flow projections. ● Managed DOD bank accounts. ● Accurate books of account. <p>Outputs achieved through a stores, services and related service to the DOD were:</p> <ul style="list-style-type: none"> ● Revenue collected and accounted for. ● Cash service rendered to clients as specified. ● State monies safeguarded and correctly accounted for. ● Acceptance of corporate DOD telephone accounts, overseas debt and freight transport accounts. <p>Outputs achieved through the personnel remuneration service were:</p> <ul style="list-style-type: none"> ● Timely and accurate personnel and personnel-related payments. ● Timely and accurate creditor payments



Table 3.5: Financial Management Division's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Financial (Control and Support) Services as directed by the Chief Financial Officer	<p>Degree of effectiveness and efficiency of information support service.</p> <p>Level of education, training and development of staff.</p> <p>Degree to which risk management, loss administration and audit management systems are in place</p>	<p>Effective and efficient information support service and personnel administration.</p> <p>Education, training and development of staff.</p> <p>Risk management, loss administration and audit report management systems in place</p>	<p>Effective and efficient Financial Management Information support service provided.</p> <p>898 FMD personnel administered effectively.</p> <p>471 FMD officials trained with a 96% pass rate.</p> <p>Corporate systems of risk management, loss administration and audit report management in place.</p> <p>Outputs achieved through the PFMA compliance service were:</p> <ul style="list-style-type: none"> ● Audit steering committee meetings held as required. ● Secretariat services provided as per Accountability Management Committee (AMC) constitution. ● Revised financial management delegations as required. ● Effective processing of DOD instructions with financial management impact. ● Monthly loss reports provided to AMC and annually in the financial statements. ● Claims against the State reported monthly to the Plenary Defence Staff Council and the Council of Defence and annually in the financial statements. ● Legal representation submissions to Sec Def and CFO provided as required. <p>Outputs achieved through the FMD support service were:</p> <ul style="list-style-type: none"> ● Maintained and enhanced FMS as required, and equipped personnel with information support. ● Face value documents supplied and accounted for. ● In-time conclusion and enforcement of contracts. ● All misconduct and grievance cases dealt with effectively



Table 3.5: Financial Management Division's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Strategic direction and control of the FMD.	<p>Degree of quality and timeliness of Strategic Business Plan and quarterly performance reports.</p> <p>Degree of effectiveness of representation at councils, boards and committees.</p>	<p>Timely FMD Strategic Business Plan and quarterly performance reports.</p> <p>Effective representation at specified DOD councils, boards and committees.</p>	<p>FMD Strategic Business Plan signed off by Sec Def and promulgated.</p> <p>Quarterly performance reports submitted as required.</p> <p>Accounting Officer represented by CFO at specified DOD councils, boards and committees (Auditor-General steering Committees, DOD Audit Committee, Departmental Programme and Budget Evaluation Committee, etc) to promote DOD financial management interests.</p> <p>Lead implementation of the public finance regulatory framework.</p>



PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 3.6: Financial Management Division's Service Delivery Improvement for the FY2005/06

Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Transfer payments	Promulgate and implement Transfer Payment DODI	Improved governance and value for money transfer payments	Implemented; MOUs being established; ready for audit	Expect unqualified audit for transfer payments. Comments. MOUs must be in place for the FY2006/07
Standard Chart of Accounts (SCOA) and New Economic Reporting Format (NERF)	Implement SCOA and NERF according to NT's implementation guidelines and time frames	Compliance with NERF for FY2005/06; compliance with GRAP and Accounting Standards as prescribed by NT	Implemented SCOA and NERF for expenditure and revenue	The FY2005/06 budget submitted its SCOPA as required. Comments. Conversion tables to be updated as and when required by NT
Financial management internal control systems	Engage control system owners to formalise systems	Improved compliance with PFMA; unqualified financial statements	In process	Audit/risk management committees established. Comments. Risk management committees will be linked to resource staff bodies.
External audit management	Formalise Auditor-General (A-G) to DOD relationship	Audit trail of process	Implemented; DODI in exposure draft	Accounting Officer (AO) – A-G and CFO – A-G coordination meetings. AO addressee for all correspondence. Comments. Accountability Management Committee (AMC) to be briefed and trained.
Medical debtors	Enhance the debtor system to facilitate private medical debtors	Effective, efficient and economical management of State monies	Implemented	Improved collection of debt for private patients. Comments. Enhancements of the health informatics still in progress to improve the information transfer of private patients to the medical debtor system
Raise AMC attendance and agenda to strategic level	AMC constitution revised	Direct involvement of C SANDF and budget authorities for accountability	Continuous development of AMC agenda and reports	AO satisfied with current arrangements. Comments. Reports to AMC must be improved to facilitate accountability.
Formalise PFMA assignment of duties and powers	DODI on Financial Management	Improved governance and accountability	DODI appendices in exposure draft	Uncertainty of duties and powers being resolved. Comments. DODI promulgation June 2006.

Table 3.6: Financial Management Division's Service Delivery Improvement for the FY2005/06

Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
PFMA Section 45 training	Design Section 45 training for budget authorities	Multi-functional PFMA compliance	Design in progress	Pilot resource management course success. Comments. Decision brief to May 2006 AMC

ACQUISITION AND PROCUREMENT SERVICES

OVERVIEW

Through the acquisition and technology projects executed under the auspices of the Departmental Acquisition and Procurement Division, associated defence capabilities have been replaced, upgraded and created as reflected in the attached Appendices. Through prudent management, specific savings were made within projects. Such savings were either applied to elements of the project that had initially been excluded owing to a lack of funding, while in other instances urgent new requirements could



B.E. Ramfólo

be processed to support prioritised requirements of the Department of Defence. Main contractors in meeting their obligations in a timely manner also initiated specific management intervention to address specific non-performance. In addition to this, the division was instrumental in concluding several disposal contracts in conjunction with Armscor that led to a substantial reduction in stock levels as well as optimised income earned on such sales. The Division has also advocated a pro-active approach to disposal of redundant and/or obsolescent main equipment of Services/Divisions to optimise the phasing out of equipment that is to be replaced by new acquisition programmes. In-Service Procurement managed the procurement of goods and services for all Services and Divisions to the value RM1 384 522 for the FY2005/06. In terms of commercial procurement the Central Procurement Service Centre (CPSC) placed 2831 Govt orders to the value of RM536, 033 during the course of the FY2005/06 . The Simon's Town Procurement Service Centre (SPSC) placed 8512 Govt orders to the value of RM335, 925 during the course of the FY2005/06 .

OUTPUT DETAIL

Table 3.7: Acquisition and Procurement Services Output for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Acquisition and Procurement Services	To satisfy armaments requirements according to force design.	Degree to which requirements are satisfied.	Delivered requirements are more than 85% satisfied.	Projects were managed to plan. Refer to Chapter 11, "Special Defence Account "on Armament Acquisition for specific comments on deviations in performance.
	To pursue appropriate technologies.	Degree of utilisation of mature technologies	50% of all acquisition programmes utilise these mature technologies.	The simulation based acquisition model developed for the Ground Based Air Defence System (GBADS) has been used in contender proposal evaluation for the short-range air defence segment of GBADS (project PROTECTOR) of the SA Army.

Table 3.7: Acquisition and Procurement Services Output for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>The Imaging Infrared (IIR) sensor knowledge has been deployed in support of the Short Range Air to Air Missile (SRAAM) Requirement for the GRIPEN Aircraft of the SAAF.</p> <p>The Overberg Test Range (OTR) and the High Speed Target Drone were deployed in support of successful sea trials of SAS AMATOLA for the SA Navy.</p> <p>The development, testing and evaluation of Chemical Warfare detection, protection and decontamination equipment for SAMHS has matured to a need statement (Project MUTCHKIN) largely based on local capability.</p> <p>Three of the seven technology development programmes (ie Landward, Air Ops and Command & Control) are more than 50% linked to military application projects, with Maritime, Support(Medical) and Special Operations linked between 30 – 40% for unique reasons, ie Force renewal and new programmes.</p>
	To procure required equipment and stock.	Degree to which contracts are in place and services delivered to specification, and percentage of irregularities of all orders.	Contracts are more that 90% in place, material and services more that 90% delivered to specification, and the number of irregularities less than 0.5% of all orders.	<p>In-Service: 96% of purchase contracts were in place on time, 98% of materials and services delivered as specified, and number of irregularities were less than 0,5%</p> <p>Procurement Centres: 80 - 90% of purchase contracts in place on time, 80 - 90% of materials and services delivered as specified, number of irregularities less than 0,5%. Late orders placed with long lead times, high volumes and understaffing are main contributing factors.</p>
	To dispose of material in the most appropriate and cost-effective manner within the limitation of RSA laws	Degree to which disposal contracts are to be contracted.	Contracts for 80% or more of stock/transfer lists received per year are in place	Advertisements for 97% or more of stock/transfer lists received per year are in place

Table 3.7: Acquisition and Procurement Services Output for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	To manage Human resources in achieving strategic divisional and personnel goals.	Degree of execution of HR plan.	100% staffed, (knowledgeable and skilled) according to representivity.	<ul style="list-style-type: none"> ● DAPD 90,7% staffed ● Representivity of Africans 23,71%. Has increased by 7,59% ● Representivity of Coloureds 19,87%. Has decreased by 0,77% ● Representivity of Indians 1,45%. Remained constant ● Representivity of Whites 55,12%. Has decreased by 4,88%



PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 3.8 Acquisition and Procurement Services' Performance and Service Delivery Improvement for the the FY2005/06

Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Acquisition & Procurement policies	To effect control of the pre-order activities for procurement	Guidelines approved by February 2005 to ensure a 20% decrease in delays by end December 2005	Ongoing	<p>Since the appointment of an Office Manager (PA) in the office of C Acq and Proc, turnaround time for in-service documents has been drastically reduced with minimal delays experienced.</p> <p>Comments: The issue has been dealt with and will not be reported on again</p>
	Improve efficiency of procurement	Have an effective and efficient electronic procurement system in place	Ongoing	<p>PROQUIRE, an electronic pre-order administration system, has been implemented at the three Procurement Centres and 18 units country wide to the total cost of Rm3,5 in the FY2005/06. A further RM2 was allocated in the FY2006/07 to implement PROQUIRE in the last ten units.</p>

Table 3.8 Acquisition and Procurement Services' Performance and Service Delivery Improvement for the the FY2005/06 (continued)

Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
	Increase the pool of defence, scientific and technology expertise	Establishment of a co-ordinated Defence Evaluation and Research Institute (DERI)	Ongoing	<p>Comments: The last units will be implemented by end of October 2006, whereafter the Project will be handed over to the CMIS Support Fmn environment to support and maintain. Teething problems at SPSC and some units are addressed as the roll-out progresses.</p> <p>A technology acquisition policy drafting instruction was executed with own DAPD/Armcor resources. Synthesis of a plethora of national and State department policies and strategies was undertaken. The definition of a defence sector, including the DERI, in the RSA economy, and this sector's relationship to the DOD (only strategically essential to defence industry development), amongst other State departments, is being addressed on an interdepartment level.</p> <p>The first Chemical Defence evaluation, involving 7 Medical Battalion and Tshwane emergency services, practised mass decontamination under simulated chemical attack conditions in preparation for the 2010 World Cup, amongst other objectives.</p> <p>The DERI allocation increased by Rm4 for Special Operations and an Antenna Test Range. Planned unfunded technology development requirements amounting to Rm4,8 in the DERI were addressed, increasing the DERI workload by 6,7% in support of DOD requirement.</p>



INSPECTION SERVICES

OVERVIEW

The Defence Inspectorate draws its mandate to conduct its functions from the under-mentioned Acts and Regulations:

- Inspections – Defence Act, 2002, as amended
- Internal Audit – PFMA, 1999, as amended, and National Treasury Regulations

Anti-corruption and Anti-Fraud Services – Prevention and Combating of Corrupt Activities Act, 2004

The purpose of the Inspection Function is to provide the C SANDF with verified and correct information and advice regarding combat and mission readiness of the SANDF and the attainment of military strategic objectives.

The purpose of the Internal Audit activities is to provide independent objective assurance and consulting service designed to add value and improve the organisation's

operations. It helps the Department of Defence accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management control and governance process.

The purpose of the Anti-Corruption and Anti-Fraud Services is to minimise corruption and fraud in the DOD.

Audit Committee composition. During the year under review, the Audit Committee for the Department of Defence (DOD AC) was duly constituted according to the Public Finance Management Act (PFMA). Contracts of all members expired between 23 April 2005 and 22 May 2005. A new committee was re-established on 27 May 2005. The Audit Committee comprises the following members: Dr D. Konar (Chairperson) (27 May 2005); Ms J. John (27 May 2005); Mr D.S. Molapo (27 May 2005); Mr K.A. Ross (27 May 2005), Mr G.R. Witthöft (7 June 2005), Lieutenant General J.L. Jansen van Rensburg (DOD: Chief of Corporate Staff) and Mr T.E. Motumi (DOD: Chief Policy and Planning). Ms J. John resigned on the 25 July 2005 and served her term according to the contract until end October 2005.

Responsibilities of the Audit Committee. The Audit Committee complied its responsibilities arising from Section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. Four scheduled and two special meeting were held. Special In-committee Meetings were held with the Accounting Officer, Chief Audit Executive, and Auditor-General respectively. 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 PFMA, 1999, and National Treasury Regulations dated March 2005. The Terms of Reference, which guide the activities of the Department of Defence's Audit Committee, were reviewed by the Audit Committee during the FY2005/06 and were recommended for approval by the Accounting Officer. The DOD Audit Committee was formally founded by the external and internal members, Ex-officio Officers, the Auditor-General, Chief Audit Executive and the Accounting Officer.

Activities of the Audit Committee. Audit Committee members had an opportunity in 2005/06 to be exposed to the Department of Defence's units through a physical visit and also accompanied audit team members in conduit of audits. The Audit Committee has direct access to the Auditor-General and to the Secretary for Defence and Chief of the National Defence Force.

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members on audit work. The Audit Committee has direct access to the Auditor-General and to the Secretary for Defence and Chief of the National Defence Force.

Although the unit's representivity in terms of race, gender and rank group improved significantly, the resignation and transfers of members during the last quarter of the year affected its staffing.

AUDIT TRENDS

Management of Military Security. Security in military installations and buildings has deteriorated to such an extent that the safety of military personnel is threatened. In some units the Disaster Recovery Plans do not exist or are not in place. Emergency Drill (including Fire Drills) is not practised as required by law. The present DOD Policy on Military Security is outdated (dated 1997 and 1998 respectively). The responsibilities of the GSBs are not spelled out. In addition, criminality within units has increased which necessitated a shift in emphasis at security points. Theft of State assets and misuse of military transport are still a concern. Whereas appropriate internal controls are in place, inconsistent monitoring by management at all levels undermines their effectiveness.

Action by Accounting Officer. The Sec Def, as the chairperson of the AMC, requested the relevant Divisional Head to account, and instructed the Defence Inspectorate to conduct a follow-up audit.

Safeguarding of Assets. The fact that specific logistical responsibilities were not addressed in the audited performance agreements was identified as a shortcoming. This resulted in secondary deviations, such as the non-execution of the management of logistical functions, deficiencies not investigated, neglecting of in-post training, and no control measures implemented to ensure that the certification of inventory has been executed. Environmental health risks were identified, eg filled health-care waste containers were not collected timeously.

ANTI-CORRUPTION AND ANTI-FRAUD

The Treasury Regulation, sec 3.2 (internal controls and internal audit), read together with the PFMA, sections 38 (1) (a) (i) and 76 (4) (e), state " The accounting officer must ensure that a risk assessment is conducted at least annually to identify emerging risks of the institution. Such a risk management strategy must include a fraud prevention plan. The Defence Inspectorate has satisfied these requirements and the Directorate Anti-Fraud and Anti-Corruption is functioning in accordance with the prescripts of

the Prevention and Combating of Corrupt Activities Act, Act No 12 of 2004.

Corruption and Fraud. The Directorate Anti-corruption and Anti-fraud is the main role player in combating corruption and fraud within the Department of Defence. To combat fraud requires an effective fraud prevention plan. The risk of corruption and fraud was diminished to lower levels by engaging all stakeholders in the organisation so that it became actively involved. The Directorate received 128 reported cases, of which 45 cases were audited and referred to the MPA and NPA for prosecution.

The Anti-fraud Strategy of the Department of Defence is based on the three main out-

comes of the National Anti-corruption Summit of 1999, namely preventing and combating corruption, building integrity as well as raising awareness. In order to achieve the desired result it was important to introduce a strategy to advise, direct, and guide members of the DOD on the approach to and the seriousness of fraud.

A total of five “road shows” where 30 FSEs were visited to create a culture of honesty and openness, and to sensitise the members with regard to their responsibility of reporting corrupt and fraudulent tendencies. These awareness campaigns were undertaken in order to raise corruption awareness and to promote the detection of fraud. Over 14 890 people were addressed over the period.

OUTPUT DETAIL

Table 3.9. Inspection Services Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Inspection Services	Internal audit (performance and regulatory) and anti-fraud services	The degree to which inspection and internal audit services are performed as planned	100% completion of scheduled audit and inspection reports and 80% ad hoc request	<p>Provide Direction: Information that is received from the Services and Divisions is verified and validated. Recommendations were submitted to the Secretary for Defence and presented to the AMC for implementation. 80% achieved</p> <p>Performance Audit: Phase 1 of the three-year strategy: Completed 38 Audit Reports, of which 06 were external audits. These audits covered a wide spectrum of risks and were submitted to the Audit Committee for consideration. 70% achieved</p> <p>Regulatory Audits: Completed 68 Audit Reports, of which 04 were external audits. These audits covered a wide spectrum of risks and were submitted to the Audit Committee for consideration. 80% achieved</p> <p>Anti-corruption and Anti-fraud: Planned to do 128, completed 45 and 68 referred internally to other institutions, including the NPA for further investigation and prosecution. 80% attended achieved</p>

PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 3.10 Defence Inspectorate Performance and Service Delivery Improvement

Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Audit/Inspection	The quality of service delivery by the directorates has been maintained and the fact verified by the December 2005 external audit in terms of SABS ISO 9001: 2000. 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.	A more streamlined audit process and effective customer feedback	Ongoing	The quality of service delivery has improved with regard to the veracity and validity of Information provided to Corporate Management.



EQUAL OPPORTUNITIES AND AFFIRMATIVE ACTION (EO) AND (AA)

OVERVIEW

The essence of balancing a South African military culture based on the values and aspirations contained in the Constitution with the correct racial, gender, and disability composition is vital to a department truly reflecting the will of the people. As a result the EOCD activities are directed towards the achievement of this strategic objective.

Highlights for the EOCD for the period under review:

Gender Mainstreaming Audit. The Gender Mainstreaming Audit was conducted as

the first phase of developing a DOD strategy and policy. A preliminary report was submitted on 31 of March 2006 highlighting the current gaps with specific recommendations.

Revision of the United Nations Comprehensive and Integral International Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities. The EOCD was requested by the Office on the Status of Disabled Persons in the Presidency to form part of a South African and African Union task team to review the current 25 Articles in the United Nations Comprehensive and Integral International Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities. The said task team attended an ad hoc session of the United Nations in New York during January 2006 to deliberate the revision of each article contained in the said Convention. The next session of the ad hoc meeting will

proceed with the negotiations based on the proposed Articles of the previous session in August 2006 at the United Nations Head Quarters.

The New Partnership for Africa's Development (NEPAD) Gender Task Force launch. The EOCD participated in the launch and induction of the NEPAD Gender Task Force launch. The aim of the said task force is to give a gender perspective on issues within NEPAD. It is imperative that the DOD participates in such programmes to ensure that gender parity is institutionalised, especially in peace support operations. This is in line with the UN intention to include women in peace support operations, as well as SADC's intentions with regard to gender representivity.

African's Women's Peace Table Seminar. The EOCD hosted the said seminar on 25 November 2005. The purpose of the seminar was to bring together women from the DOD and the civil society to explore how they could contribute to the promotion of peace in the region through the engendering of the African Union/NEPAD peace agenda.

Celebration of the International Day of Disabled Persons (IDDP). The DOD supported the annual national IDDP celebration on 3 December 2005. The IDDP is recognised internationally and in South Africa, and emphasis is placed on the empowerment and upliftment of people with disabilities.

Campaign on No Violence Against Women and Children. The DOD supported the 16 Days of Activism Campaign by organising the following activities:

Distribution and collection of 10 000 postcards with messages of support to the said campaign.

Visited the SOS School for Orphans in Mamelodi. The aim of the visit was to demonstrate the DOD support to orphans, people with disabilities and victims of Aids.

Developing EO and AA standards. The EOCD assisted Chief of Joint Training in the development of EO and AA unit standards and specific outcomes with regard to the career path for officers. The inclusion of diversity and equity matters in the Officers

and Warrant Officers training curriculum will assist the learners and qualified officials to manage diversity effectively and enable them to identify and rectify equity transgression in their respective environments.

Celebrations of Women's Day. The EOCD hosted, in conjunction with the SA Army, the DOD's celebration of Women's Day on 10 August 2005. The purpose of this celebration was to bring together men and women to discuss issues pertaining to women's development and to promote gender awareness.

DOD's Annual Casual Carnival. The annual Casual Carnival was again hosted at the Zwartkops Raceway to demonstrate to the South African community and disabled society the DOD's commitment to advocating the potential, ability and contribution of people with disabilities in the broader South African context.

Women in Deployment. A comprehensive report on the results of the 2004 survey has been completed and distributed to the various Chiefs of Services and Divisions. Most of the respondents are in favour of women being deployed in peace supports operations.

The following organisational challenges were experienced by the EOCD during the reported period:

The DOD is still not representative in terms of race, gender and disability. On examining the equity plans submitted by Services and Divisions, it became apparent that there is common understanding of government policies, regulations and prescripts. However, the challenge seems to lie with the means to achieve the desired end state. In this regard EOCD will provide guidelines to Services and Divisions on how the current challenges could be addressed.

The protracted nature of the restructuring process and the uncertainties that come to the fore as a result of this process are receiving attention.

A recommendation was made to the Minister of Defence that the EO and CE Boards be merged into one.



OUTPUT DETAIL

Table 3.11 Equal Opportunities and Affirmative Action Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Equal Opportunities and Affirmative Action outputs	Equal Opportunities direction and policy advice to the DOD.	The degree to which DOD EO objectives and targets are achieved.	Reports given quarterly and on time.	<p>Affirmative Action: The Equal Opportunities (EO) and Affirmative Action (AA) Monitoring and Advisory Board conducted thirteen (13) meetings, which led to the finalisation of their Constitution, the Annual Report, the Business Plan and the Parliamentary feedback report.</p> <p>Three Equity Forums. The current status of AA and Fast Tracking objective plans with regard to race, gender and disability targets were scrutinised.</p> <p>The DOD's Employment Equity report was submitted to the Department of Labour for assessment and analysing of the current equity status.</p> <p>Gender: Women in Deployment. A comprehensive report on the results of the 2004 survey has been completed and distributed to the various Chiefs of Services and Divisions. Most of the respondents are in favour of women being deployed in peace support operations. Approximately 300 people attended the DOD's celebration of Women's Day, ensuring total DOD support and awareness of the 16 Days of Activism on No Violence Against Women and Children. 586 survey forms have been distributed to DOD officials for completion.</p> <p>Gender Mainstream Audit: A gender Mainstreaming Audit was conducted in the DOD in the reporting period. The gender-mainstreaming Audit constitutes the first phase of the process of developing an Integrated Gender Mainstreaming Strategy (IGMS) for the DOD.</p> <p>The Gender forum meetings provided guidelines with regard to the promotion, protection and attainment of equal opportunities for both men and women.</p> <p>Disability: Twelve task team meetings were attended to review the United Nations Comprehensive and Integral International Convention on the Protection and Promotion of the Rights and Dignity of Persons with</p>




Table 3.11 Equal Opportunities and Affirmative Action Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>Disabilities. EOCD formed part of the South African and African Union (AU) delegation convened by the Office on the Status of Disabled Persons in the Presidency with regard to the revision of the articles contained in the United Nations Comprehensive and Integral International Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities in the world. The Convention consists of 33 articles.</p> <p>Six DOD Disability Forum meetings were conducted to provide guidelines with regard to the promotion, protection and attainment of equal opportunities for people with disabilities in the DOD. The Disability Forum hosted a very successful Casual Carnival at Zwartkop Raceway on Casual day 2005. Approximately 9 500 people attended this awareness campaign which focussed on the ability of people with disabilities.</p> <p>Four Mini-tape Aid Resource Centres have been established in Durban, Bloemfontein, Cape Town and Pretoria. The purpose of these centres is to ensure that resources are made available and accessible to officials with disabilities.</p> <p>A total of 501 officials with disabilities disclosed their disabilities as required by legislation</p> <p>Comments: Disability Equity Section. During the two workshops held in December 2005 and February 2006 and the fact-finding visits to units, barriers were identified which hampered the attainment of disability equity. Recommendations were made to improve disability equity.</p> <p>Development Section: A total of ten (10) Equal Opportunities Awareness seminars and one (1) EO in-post training programmes were presented to DOD members during the period under review. The aim was to sensitise members to equity matters.</p> <p>Evaluation Section: Four thousand seven hundred and twenty-four questionnaires were completed within the DOD to monitor the implementation of equal opportunities. A Strategic Report with consolidated statistics, indicating the results on the implementation of EO policies, was compiled</p>



PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 3.12 Equal Opportunities and Affirmative Action Performance and Service Delivery Improvement for the FY2005/06

Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Consult regularly with various stakeholders in the internal and external environment in terms of equity issues	Synchronise the DOD'S Equity Policies and procedures with those of Government	Synchronisation with Government initiatives and implementation within the DOD	Ongoing	EOCD attended OSDP meetings, as well as the UN Convention in the USA, in order to have the DOD aligned with governmental policies and procedures, and to benchmark and network with other organisations employing people with disabilities. 13 EO/AA Monitoring and Advisory Board meetings were held. The Board's responsibility is to guide and advise EOCD MOD/DOD top management on the transformation process
Monitor, evaluate and assess EO and AA plans and programmes to ensure compliance with DOD service standards through AA and Equity Plans, the DOD Corporate AA Plan and Equity Forums	Ensure that the DOD complies with the Employment Equity standards	Compliance with Employment Equity and DOD service standards	Ongoing	 <p>EOCD evaluated and monitored the implementation of EO policies at 108 divisions, formations and units, covering a total of 4 724.</p> <p>A total of 3 Equity Forums, consisting of representatives from Services/Divisions, were held. The current status of affirmative action and fast tracking in their respective Services/Divisions was discussed.</p> <p>A total of 6 Disability Forum meetings and 4 Gender Forum meetings were held with representatives from the various Services and Divisions, at which various gender and disability related issues were discussed.</p> <p>The different Services/Divisions had to submit their Employment Equity reports. A consolidated report was submitted to the Department of Labour to assess and analyse the current Equity Status in the DOD.</p> <p>Conducted a Gender Mainstreaming Audit in compliance with government policy. The aim of the said audit was to ensure that a gender perspective is integrated into all departmental policy processes and activities with a view to obtaining departmental decisions to promote gender equality</p>

GOVERNMENT INFORMATION TECHNOLOGY OFFICER (GITO)

OVERVIEW

With due consideration of the fact that the GITO is in its first year of functioning subsequent to its being approved by the Minister of Defence as part of the Defence Secretariat in July 2005, the focus was on establishing the GITO function in the DOD. The following results were achieved and will form the basis for continuing the work of the GITO with the emphasis on implementation and the realisation of strategic objectives related to improvement :

- The GITO Office is in the process of being fully capacitated with the appointment of the Director Enterprise Information Systems currently in process. The other appointments will be made once the new director has been appointed.
- The DEIS Strategic Direction was formalised and approved and the DEIS Master Plan is now being finalised by the CMIS Division. This will guide the optimisation of the DEIS towards approved Defence objectives and requirements.
- The planning to fully review the DEIS related regulatory framework was completed and the review planned initiated. It will be a priority and additional emphasis will be placed on this initiative.
- The DOD is actively pursuing increased involvement in the GITOC and other mechanisms of Government and Industry to ensure structured and focused participation.

When considering the implications of the progress made regarding the primary objectives of the DOD, the following comments can be made:

- Enhance and Maintain Comprehensive Defence Capabilities. The provision of appropriate governance – strategic direction and policy – places the DOD in a position to ensure that duplication of ICT solutions can be eliminated, that the focus on ICT solutions can be sustained with due consideration of Defence priorities, and that funding and other resources can be allocated accordingly. This will have the ultimate effect of strategic alignment and therefore the improvement of a “Comprehensive Defence Capability”.
- Promotion of Peace, Security and Stability in the region and the Continent. The fact that the ICT system will be improved in conjunction with optimised utilisation of resources will ensure that the focus can be retained on the successful execution of a wider range of military operations, and thus will contribute towards this objective. The improved ICT capability and capacity will impact on endeavours that relating to AU, SADC and NEPAD initiatives.
- Support to the People. The overall effect of the improved DEIS, as well as the enabling capacity regarding defence related objectives as taken from the Government POA, will decrease the burden on defence related ICT solutions. It will facilitate increased collateral value for the RSA Government with the Defence Information and Communication Infrastructure acting as a fall-back option for government should other communication mechanisms fail.



OUTPUT DETAIL

Table 3.13 Government Information Technology Officer's Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
GITO	<p>Execution, coordination and integration of the GITO role and responsibilities.</p> <p>Appropriate direction for the delivery of management information to CMI users.</p> <p>Optimised interaction of the DOD in support of national and departmental initiatives</p>	<p>Approved and staffed GITO structure.</p> <p>CMIS related strategic direction inputs for the Accounting Officer's Budget and Planning Guidelines Seminar.</p> <p>Attendance of GITOC Steering Committees (SC) and Work Groups (WG) as per meeting schedules</p>	<p>Vacant posts staffed by 31 March 2006.</p> <p>Appendix J to the Accounting Officer's Budget and Planning Guidelines.</p> <p>Appointment of DOD representatives for the various GITOC SC and WG</p>	<p>Target not achieved. The GITO structure was approved by the MOD on 01 July 2005, but no staffing has taken place due to the tedious process of staffing. This will be addressed in the FY 2006/07.</p> <p>Target achieved with the DOD Information Strategy, the DEIS Framework and the Defence ICT Architecture (DICTA) approved during 2005.</p> <p>The GITO is attending the GITOC as a standing objective and is in the process of being appointed as the Chairperson for the Standing Committee of the GITO Council.</p> <p>A formal letter was forwarded to the DPSA and the GITOC Council Secretariat indicating the participants from the DOD in all the Standing Committees and Work Groups. As such the DOD is actively involved in the functioning of the GITO Council</p>
Strategic CMI direction for the DOD	<p>Promulgated DOD Information Strategy (Info Strat).</p> <p>Promulgated DEIS Plan</p>	<p>DOD Info Strat approved by Plenary Defence Staff Council.</p> <p>DEIS Plan approved by Plenary Defence Staff Council</p>	<p>DOD Info Strat updated by 22 October 2005.</p> <p>DOD Info Strat promulgated by 31 December 2005.</p> <p>Defence EIS Plan updated by 29 October 2005.</p> <p>Defence EIS Plan promulgated by 31 December 2005</p>	<p>Target achieved with the focus now being placed on being aligned with the Defence Strategy. The Defence Strategy is in process. In the absence of the DOD Strategy, the Military Strategy and the revised DOD Environmental Analysis was used to update and revise the external environmental analysis for the DOD Info Strat.</p> <p>Target achieved. The decision was made by the DOD that the DEIS Plan would be renamed the DEIS Framework. The DEIS Framework was completed and promulgated on 15 August 2005</p>



Table 3.13 Government Information Technology Officer's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Approved Defence Information System Architecture (DISA) for the DOD	Strategic standards, principles, and guidelines are available to direct the implementation of Information Systems in the DOD	Updated, distributed, and approved DISA by August 2005 and March 2006	The following were completed: Strategic Studies in term of MS Operating System vs other Alternate and Advanced Encryption Standards Defence Information and Communication Technology Architecture (DICTAs), namely DII Management Tools Port Architecture and Defence Communication Network Waves 8 Refinement
	The DOD registered with leading International Bodies that conduct research on Information Systems	The DOD is registered as a member of international and national bodies, and members of GITO attend forums	The DOD became a registered member of International Information Systems Research Bodies in February 2006	The DOD has been registered with GARTNER, which gives it an Advisory Seat and Research Seat as well as membership of the Smart Card Society of Southern Africa
Departmental ICS Policy development	Establish the CMIS Regulatory Framework for ICS (CMIS) in the DOD	Updated and usable CMIS Regulatory Framework for the DOD. (Ensure that all relevant international and national legislation is included.)	Completed CMIS Regulatory Framework by the end of April 2006, to support the CMIS Policy Development and Maintenance Plan	First draft version of CMIS Regulatory Framework on Level 1 was completed on 1 April 2006. The inputs from Project Domino and a shortage of CMIS specialists negatively influenced the development and population of the CMIS Regulatory Framework. New initiatives are in place to address this issue. Comments: The compilation of the policy framework was completed as phase 1. The focus is now on the review and alignment of all DEIS related policy and this will be conducted as a standing objective over a number of years. It is expected that the first complete review of DEIS related policies will be finalised by 2008
	Initiate, co-ordinate and control the drafting of CMIS Policy in accordance with this regulatory framework within the DOD	Valid and workable DOD CMIS Policy Development and Control Plan	DOD CMIS Policy Development and Maintenance Plan	The CMIS Policy Development and Maintenance Plan are implemented by means of DOD Implementation Inst 25/05 dated 7 September 2005

Table 3.13 Government Information Technology Officer's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	To implement control measures to ensure compliance with the CMIS Regulatory Framework	Valid and workable DOD CMIS Policy Control Plan to ensure compliance with Regulatory Framework	DOD CMIS Policy Control Plan by November 2006	<p>Target will be Achieved as part of the institutionalisation of the DEIS related management arrangements and mechanisms. The DEIS Board has been reviewed and aligned with the intention of the DODW. The focus of the DEIS Board – previously known as the CMIS Staff Council – is on the management of DEIS related corporate governance (strategic direction and policy). The management of the CMIS as the ICT system of the DOD is being managed via the Joint Information System Management Board that manages the ICT systems management relationship between the GITO and the C CMIS. Strong emphasis is being placed on risk, performance and compliance management in these two forums.</p> <p>Comments: Further institutionalisation will take place in line with of the DOD level 3 and 4 restructuring as is the next phase resulting from the DODW work. This will be aligned with the time-line of the level 3 and 4 restructuring, which is in the process of being finalised</p>



PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 3.14 GITO Performance and Service Delivery Improvement for the FY2005/06

Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Aligning the ICS Planning with the Departmental planning and that of Government	Synchronise the DOD's ICS strategic management processes with those of the DOD and the Government	Synchronisation with DOD Strategic Planning and Government initiatives	Ongoing	Attendance and participation in the DOD Strategic Planning sessions and those of e-Government as well as involvement in the Environmental Analysis
The investigation of an initiative to help with the population of the CMIS Regulatory Framework and to support the CFO, with a Governance Meta Model	A presentation and motivation to the DOD to utilise an Meta Model for Governance to support the population of the CMIS Regulatory Framework and the support to the DOD (CFO) wrt the delegation of powers and duties/performance management in the DOD	Compliance with Governance and an excellent integrated performance management model	In plan	Second presentation in respect of the development of a Meta Model for Governance that could support the request by the DOD
The completion of the CMIS Regulatory Framework (Version 2) by the end of May 2006 to effectively support Project Domino and the CMIS Policy Development Plan	A/DDS at the CMIS Div appointed to enhance the cooperation of CMIS specialists in the CMIS policy development process and population of the CMIS Regulatory Framework by the end of May 06	Forced cooperation to speed up the CMIS Policy development process and to support the Regulatory Framework input to Project Domino	Ongoing	First edition completed and layout of CMIS Regulatory Framework confirmed by 01 April 06
The implementation of stage 3 of the Integrated CMIS Policy Development and Maintenance Plan. (Determine the requirement of new or urgent CMIS policy to be developed)	Formulate new CMIS policy requirements and register policy requirements with CPP	Progress with the DOD CMIS Policy Development and Maintenance Plan	Ongoing	Completion of stage 2 of the CMIS Policy Development and Maintenance Plan and the approval of the two GITO management arrangements as part of the DOD comprehensive instructions

CORPORATE STAFF DIVISION

OVERVIEW

On 1 August 2005 Lieutenant General J.L. Jansen van Rensburg took over as Chief of Corporate Staff as an interim arrangement until the Minister approves the new structure. Under his leadership the Corporate Staff Division has continued to provide a sound centralised staff capability and service to the Chief of the SANDF. The service includes, inter alia, strategic direction, policy and strategic advice and support from the Strategy and Planning Office, Military Legal Service, Defence Corporate Communication, Defence Foreign Relations, Defence Reserve Force and the Religious Service.



**Lieutenant General
J.L. Jansen van Rensburg,
SD, SM, MMM, OS†J**

The Division achieved its planned objectives and targets. Significant capacity building took place in accordance with priorities in terms of Government's Programme of Action and Cluster objectives, military cooperation activities in the region and developments surrounding the SADC Brigade and African Standby Force.

Some legacy challenges and difficulties, such as inadequate structures, lack of capacity and a loss of skills, especially in the Military Legal Service, Defence Foreign Relations and Defence Corporate Communication environments did prevail. Notwithstanding these difficulties, the morale of the personnel has remained high throughout and a high standard of discipline was maintained.

Effective direction was provided to the Subdivisions within the Corporate Staff Division, which ensured that the Chief of the SANDF's expectations were met. Not only was an effective, efficient and economic corporate staff function and support provided, but various objectives were also achieved:

- The support that was rendered to the National Intelligence Coordinating Committee (NICOC) in the drafting of a Draft National Security Strategy.
- Assistance was provided to establish an SADC Brigade Operations Room through cooperation with members of the SADC Military Experts Group.
- In terms of military judges, three Black judges, two male and one female, were sworn in by the Judge President of the Transvaal.

- The South African Qualifications Authority (SAQA) provided interim accreditation for the School for Military Justice as a learning provider.
- The SADC Doctrine for Peace Support Operations for SADC and the African Standby Force was drafted and used to determine Continental Doctrine.
- The Chaplain General Value-based HIV/AIDS programme was successfully presented to the SADC chaplains by the Chaplains/Religious Service during April 2005.
- The leading role that was played by the Defence Reserve Force Division in the deployment of the first Reserve Force Company in Peace Support Operations to the DRC.
- The new DOD website that was formally launched. The DOD took the lead in this regard and it conforms to the inclusion of the new Government Corporate Identity on the DOD portal.

The *SA Soldier* Publication was awarded the "Ubungcweti Award" and the "Government Communicator of the Year Award" at the GCIS Annual Government Communicators' Awards for 2005.

The Chief of the SANDF's requirements, in terms of policy and strategic advice within the various corporate staff specialised fields, were met. However, certain challenges that are being vigorously addressed, are listed below.

- The determining of a force design and a force structure that is acceptable and affordable and that will enhance force preparations and readiness. Progress regarding the Defence Update process and the DOD restructuring process, has been made to increase effectiveness, efficiency and the economic utilization of resources. The outcome of the DODW restructuring process should address most of the capacity and structural problems. The "affordable" and acceptable Force Design and force structure as well as the DODW process will be finalised in 2006.
- To establish a combat ready Reserve Force Component. Much has been achieved and the deployment of the Reserves in Peace Support Operation has helped to heighten the focus on the Reserves.

OUTPUT DETAIL

Table 3.15: Corporate Staff Office Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Corporate Staff Office	Corporate Staff capability and service for Chief of the SANDF	<p>The degree to which direction provided to the corporate staff divisions ensures that Chief of the SANDF's expectations are met</p> <p>The degree to which the Corporate Staff Division policy and strategic advice meets the requirements of the Chief of the SANDF</p>	Direction provided ensures C SANDF's expectations are met. Relevant and timeous advice	All the required outputs were achieved. Refer to the individual Subdivisional Reports for more information on outputs achieved within each corporate staff capability area, as well as information below. Coordination meetings took place as scheduled, weekly and monthly. Corporate plans, reports and inputs were submitted as required by the Chief of the SANDF. Presentations were made and questions answered as raised by the Minister, Parliament and the Secretary for Defence.

To have increased representation on the African Continent. This challenge was restricted during the FY2005/06 because funds were not specifically allocated for this task. Funds have been allocated from the FY2006/07 onwards to implement the re-orientated and approved plan that will increase representation on the African Continent.

Furthermore, 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-programmes:

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

STRATEGY AND PLAN OFFICE OVERVIEW

During the past financial year the Strategy and Planning Office was actively involved in the regional planning processes and activities in developing the Regional Standby Brigade and the African Standby Force. Support was rendered to staff critical posts in African Union structures as well as to develop a Common African Defence and Security Policy. Internally strategic advice and support was provided to Chief of the SANDF for participation in Cluster Technical Work-groups, IRPS Cluster and Forum of SA Directors General meetings as well as the Government Magotla. The Strategy and Planning Office drafted the DOD Directive "Combating Acts of Terrorism," which was aligned with legislation in the Protection of Constitutional Democracy against Terrorists Activities Act, 2004 (Act No 33, 2004) which came into force on 20 April 2005. The 37 missions were reviewed as part of the reviewing of the Military Strategy. These activities were all executed within the allocated budget.

OUTPUT DETAIL

Table 3.16 Strategy and Plan Office Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Strategy and Plan Office	Military strategy and planning capability, advice and services for Chief of the SANDF	The degree to which the Chief Director Strategy and Planning's objectives and targets are achieved	<p>Plans and reports are completed as prescribed by the planning cycle and instructions</p> <p>The degree of validity, alignment with National Security Strategy and implementation of the Military Strategy</p>	<p>The SANDF participated fully in the planning and budgeting processes of the DOD to ensure alignment in the DOD. SANDF plans and reports were completed as prescribed, which contributed to performance management in the DOD. The Report on the SANDF State of Readiness was presented to Parliament in August 2005. The phased implementation of the strategic planning tool and information system (GEJIMA) commenced and will continue in the short to medium term.</p> <p>Internally, strategic advice and support was provided to Chief of the SANDF for participation in Cluster Technical Work-groups, IRPS Cluster and FOSAD meetings as well as the Government Magotla. The Environmental Analysis was updated to augment the existing departmental risks. The DOD Directive "Combating Acts of Terrorism," was drafted and aligned with legislation, specifically the Protection of Constitutional Democracy against Terrorists Activities Act, 2004. A staff officer was seconded to the African Union. The process to develop a Common African Defence and Security Policy was facilitated.</p> <p>The secretarial function to the Military Council and the Plenary Defence Staff Council was performed.</p> <p>Support was also provided at the Minister of Defence and DOD work sessions. Cooperation has been established on disaster management at provincial and governmental levels as well as internally with the Joint Operations and Defence Intelligence.</p>



MILITARY LEGAL SERVICES

OVERVIEW

Military Legal Services Division achieved most of its objectives and targets as planned, despite the emerging challenges and inadequate structure. The challenges include the non-availability of trained interpreters, shortage of military legal practitioners and support personnel, the shortage of representative Reserve Force support

members and the non-availability of members of Courts of Military Appeal. The Military Legal Services Division participated in the execution of nine exercises and provided optimal law support and legal advice to 30 operations and 31 shorter deployments. The personnel are currently overextended in terms of duties and obligations in the legal as well as the support environment. Good progress was made in improving representivity in the Military Legal Services Division as reflected by the appointment of three Black senior military judges to the Legal Office.

OUTPUT DETAIL

Table 3.17: Military Legal Services Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Military Legal Service	Military Legal service capability and services	The quality and availability of the legal support provided	All required inputs are delivered on time and accurately	<p>General. Service rendering obligations far exceed current structure and capacity.</p> <p>Service, Support and Training. Representivity in the MLSD was constructively addressed. Fourteen internal and external Regular Force Military Legal Practitioners (MLPs) were recruited, trained, promoted and utilised. Representative Reserve Force MLPs and Support Staff were recruited, trained and utilised. The School for Military Justice was accredited by SAQA during 2005. 43 Military Skilled Development System learners attended the Black Lawyers Trial Advocacy course. Interpreter courses were organised and attended during this period. Lectures on the Law of Armed Conflict were conducted at various places.</p> <p>Judges. Attended to 1 442 cases over this period. Three Senior Military Judges were promoted and sworn in for the first military court session held in the Sudan.</p> <p>Reviews. The Registrar Court of Military Appeals was appointed. The MLS (Reviews) assisted the Director Personnel Management from Chief Human Resources by providing them with data that enable them to control the execution of sentences and court orders. This data will be made available on a monthly basis</p>

Table 3.17: Military Legal Services Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>Defence Counsel and Operations. Firearms Control Act (Act 60 of 2000) Info Bulletin drafted and distributed to DDC. Provided legal support to the National Prosecution team “Boeremag Trial” as well as to the DOD and the Singapore Armed Forces concerning Revenue (SARS). Rendered legal advice and support to nine SANDF exercises, 30 internal and external operations and 31 shorter deployments.</p> <p>Prosecution. Performance is negatively influenced as a result of an absence of an integrated database regulating the management of prosecution cases and lack of experience. Control regarding management information on a number of categories of cases and issues was tightened and resulted in concrete feedback to the DOD, internal and external clients</p>



RELIGIOUS SERVICES

OVERVIEW

The Chaplain General Division energetically supports the strategic objectives of the Government and the DOD. In the past year it focussed on a holistic religious approach to all members and their dependants. It concentrated on the moral regeneration and ethical conduct of the military community in support of the Moral Regeneration Movement programme of the Government. Relationships with religious bodies and faith groups were built on in order to improve support to all members of the DOD. These measures greatly enhance the spiritual morale and conduct of the manpower that maintains the comprehensive defence capabilities of the RSA.

In the wider African context special attention was given to the spiritual and moral support of the deployed members and their families. Fourteen chaplains were deployed in peace support operations in the DRC, Burundi and the Sudan. These chaplains initiated various support programmes with local churches and communi-

ties and built up good relationships with local pastors and community leaders. Nine successful support programmes for the benefit of orphanages and local children were initiated. For example in Bujumbura, Burundi, an orphanage for 150 children orphaned during the war, was established. At Kindu in the DRC, 170 Christmas hampers were distributed to three orphanages and a school building project was initiated. The first ever gospel concert was held in Kindu with 10 churches participating. The work of chaplains during external deployments played a significant role in promoting reconciliation and enhancing the peace process in those regions.

The successful chaplain’s HIV programme (Combating HIV/AIDS through Spiritual and Ethical conduct) was further extended to train 16 chaplains of the SADC countries as facilitators. Countries represented were Botswana (5), Lesotho (3), Namibia (4) and Zambia (4). More SADC chaplains will be trained in 2006. These SADC chaplains will now run the programme in their own defence forces. Through these measures the Chaplain Service plays an important role in promoting peace, security and stability on the African continent.

OUTPUT DETAIL

Table 3.18: Religious Services Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Religious Services	Religious policy advice and chaplain capability and service to the SANDF	The degree to which the SANDF Chaplain General's targets are achieved in terms of client satisfaction	Full compliance with expectations to the satisfaction of the entire DOD	<p>The Combating HIV and AIDS through Spiritual and Moral Conduct (CHATSEC) programme of the Religious Service is the single most far-reaching intervention in the HIV programme of the DOD. A significant percentage of the DOD was reached through 44 CHATSEC courses presented by chaplains in 2005. This programme was evaluated as the most successful HIV programme in the DOD.</p> <p>As part of the Religious Service's support to Moral Regeneration, a moral and ethical chaplain support programme was implemented throughout the SANDF. One of the key areas of the programme was a publication that supplied all chaplains with moral and ethical themes and chaplain period material for 2006/07.</p> <p>A comprehensive chaplain's resilience programme to support deployed members and their families was initiated by the Religious Service.</p> <p>Sixteen SADC chaplains were trained as facilitators in the chaplain's HIV/Aids value based programme. These SADC chaplains will now run the course in their own defence forces. The training plays an important role in promoting peace, security and stability on the African Continent</p> <p>The Chaplain Service conducted almost 20 visits to religious advisory boards, faith groups, and general assemblies of faith and individual church groups. During these visits relationships were strengthened and the work of the Division highlighted. These opportunities were also utilised to raise matters of mutual concern, such as religious policy and faith group agreements with the State</p>



Table 3.18: Religious Services Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>A delegation of chaplains visited Germany and informed NATO operational chaplains about the role of chaplains in African Peace Support Operations. A delegation of chaplains visited Uganda regarding HIV/AIDS and received valuable inputs for the chaplain's HIV/AIDS value based programme.</p> <p>A comprehensive training strategy was developed and courses were identified and developed to be presented during 2006.</p>

DEFENCE CORPORATE COMMUNICATION

OVERVIEW

Defence Corporate Communication achieved most of its outputs and objectives according to plan in the FY2005/06. It provided communication support for the Ministry of Defence, the Defence Secretariat and the SANDF. Corporate Communication succeeded in the integration of communication within the DOD and was aligned with the ministerial direction and Government strategic direction as determined by the Government Communication and Information System (GCIS) by means of pro-active and joint strategic planning. A concerted effort and progress was made to increase and improve corporate communication to ensure public awareness, understanding and support for Defence with its focus on support to operations in the region and on the African continent. This is borne out by the positive and extensive coverage received for military exercises (for example Exercise INDLOVU, the conventional capability joint exercise that featured the success of the MSD recruitment system and the role of women in the SANDF) and Peace Support Operations.

The favourable media coverage received by the Peace Support Operations and successes with reference to the SANDF's role in bringing about peace and stability in certain conflict areas on the continent of Africa provided an ideal opportunity to profile the DOD/SANDF as an instrument of Government in its commitment to peace, human security and improving the lives of the people of the continent.



The Division achieved its set objectives over the past year in providing communication direction and strategy to the DOD, which was well aligned and integrated with the DOD's corporate strategy and in support of the priorities set by Government for the reporting year. Particular successes have been achieved with programmes such as Izimbizo, the HIV and Aids campaigns and profiling the progress made with the Strategic Defence Packages programme.

The Head of Communication and the Directorate Defence Corporate Communication continue to facilitate the management of stakeholder relationships between the DOD and its key stakeholders according to Resolution Six of the Parys Resolutions. The success of corporate internal communication in the DOD, however, depends on the partnership between the command and management cadre at all levels and their corporate communication staffs. The challenge for Defence Corporate Communication is to strengthen the partnership between commanders/managers and corporate communication functionaries to ensure effective internal communication.

The establishment of the new Defence Corporate Communication structures as determined by the Head of Communication is still in process in accordance with the restructuring process of the broader department.

OUTPUT DETAIL

Table 3.19: Defence Corporate Communication Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Corporate Communication	Strategic direction in respect of corporate communication to the DOD to provide defence communication advice, policy, strategy and plans in accordance with DOD policy and Government Communication Information Systems (GCIS) policy	The degree to which the DOD's Corporate Communication policy, strategy and plans are aligned with and support DOD and national (GCIS) communication plans and policies	Full compliance with DOD expectations and planned targets	<p>The DOD participated in Cluster Communication activities and provided regular inputs to Cluster Communication Strategies. The DOD Communication Strategy and subsequent plans are aligned and integrated with the National Communication Strategy and Plan.</p> <p>The first Training Seminar on Communication for Operations was developed and is scheduled for May 2006. The need to establish a deployable communication capability and creation of a pool of professional and skilled communicators will be addressed during 2006.</p> <p>The Service Level Agreement with the GCIS on the tracker research (Project NATION) – quarterly surveys was renewed.</p> <p>The implementation of the new Defence Corporate Communication structure in 2006 will contribute to the filling of posts to address the current understaffing situation</p>
	Corporate communication capability, products and services	The degree to which the defence communication needs of the DOD and its stakeholders are met	<p>Full 24 hour media support service with a high degree of credibility</p> <p>High standard in reaching 90% of the targeted population</p>	<p>The service ranged from daily news clippings to media support for Regional Defence conferences, such as the ISDSC conference in July 2005. The commissioning of the SAS Amatola in February 2006 was a major event supported by Defence Corporate Communication, which also coordinated and facilitated eight media visits and held 24 media conferences and briefings</p> <p>The growing demand for communication services and products was met. Various communication mediums ranging from visits, publications, the Internet, and participation in shows and exhibitions were used to reach stakeholders as planned.</p> <p>The Office of the Deputy Minister of Defence was supported with three very successful Imbizo visits that focussed on Military Veterans. A total of 144 DOD Information Bulletins were compiled and distributed inter-</p>

Table 3.19: Defence Corporate Communication Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>nally to the DOD. There are 11 SA Soldier editions and one calendar copy distributed to a readership of approximately 50 000 over the reporting period. Participated in 26 shows and exhibitions.</p> <p>The new DOD website was formally launched in 2005. The DOD is taking the lead in this regard and it conforms to the inclusion of the new Government Corporate Identity on the DOD portal. The "SA Soldier" the official DOD publication, won two top Government Communicators awards, namely the Government Communicator of the Year Award and the National Ubungcweti Award. The DOD participated in the Pretoria Show in August 2005.</p> <p>A contract was formalised with Johannesburg Military Museum for a museum service at Delville Wood, France, until March 2008. Artefacts representing the pre-1994 struggle will be included in a new display.</p> <p>Defence Corporate Communication is a member of the Reputation Institute. The DOD attended workshops presented by the Institute and drew on their specialised skills on reputation management and relationship management. The challenge of strengthening the partnership between commanders/managers and corporate communication functionaries to ensue effective internal communication was addressed. Understaffing remains a challenge. No industrial theatre productions were made during the FY2005/06</p>



SERVICES SCALED DOWN, SUSPENDED OR ABOLISHED DURING THE FY2005/06

Upkeep of the Delville Wood Museum. The migration of the full responsibility for the upkeep of the Delville Wood Museum from Defence Corporate Communication to the Human Resources Division will take effect from 1 April 2006.

RESERVE FORCE OFFICE

OVERVIEW

The FY2005/06 has been the Reserve Force Office's most active year yet in terms of providing advice and input on Reserve Force matters to DOD staffs. The core objective of providing strategic direction to the development and maintenance of the Reserve Force system is focussed on the five Human Resources Strategy 2010 objectives and the implementation of the Reserve Force Strategy. The core objective of promoting the Reserves to employers, labour and the community was also successfully executed and will be strengthened next year.

The Reserve Force Office has played a prominent role in the planning of the phasing out of the Army Territorial Reserve (Commandos) and as it is a member of the SANDF

Exit/SAPS Entry Steering Committee it also participates in the Rural Safety, Human Resources and Communication work groups appointed by that Committee, thus ensuring a comprehensive perspective in the management of the Reserve Force.

The phasing out of the Army Territorial Reserve has led to the refocusing of the core objective of promoting the Reserves and the Reserve Force System to employers and the broad South African community. The focus was shifted towards the Conventional Reserve and this trend will be strengthened and ultimately concentrate on this component as a key success factor for the one force concept - to enhance and maintain comprehensive defence capabilities.

The promulgation of the new Defence Act has also resulted in the Reserve Force Division being approached to serve on work groups engaged in the writing of General Regulations and other policy affecting the Reserves. During the year under review Chapter 4 of the General Regulations was finalised and is currently in the process of promulgation. In addition the delegation of call-up authority from the Secretary for Defence and the Chief of the SANDF to Service Chiefs and Division Heads was finalised. By means of the mechanisms of the Defence Reserve Board and the Reserve Force Workshop the Reserve Force Division, continued to manage Project PHOENIX, the project for the renewal and transformation of the conventional component of the Reserve Force.

OUTPUT DETAIL

Table 3.20: Reserve Force Office Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Reserve Force Office	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	The degree to which the Chief of Defence Reserves' targets are achieved.	Full utilisation and promotion of Reserves in compliance with expectations to the satisfaction of the Chief of the SANDF	The implementation of the Reserve Force Strategy has led to increased focus on reserves in the Services and Divisions. The Reserve Force Office participated in all DOD processes to ensure that Reserve Force matters were addressed and the outputs are visible within the DOD Business Plan. The transformation and revitalisation of the Reserves is entrenched within the draft Defence Review update and Army Vision 2020 processes. The delegation of call-up authority from the Secretary for Defence and the Chief of the SANDF to Service and Divisional Chiefs was published. Chapter 4 of the General Regulations was finalised and is currently in the process of promulgation. A submission on the call-up of

Table 3.20: Reserve Force Office Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>Reserves in times other than war, presented to the Plenary Defence Staff Council, was approved in principle.</p> <p>Activities to promote the Reserves to employers, labour and the community took place by means of a multi-medium campaign. The SA Volunteer was published in February 2006. The Reserve Force website was completed and is on-line. Various shows, exhibitions and employer events were hosted nationally.</p> <p>The Council for the Support of National Defence under the chairmanship of Mr Tokyo Sexwale was inactive during much of the year. Efforts are being made to revitalise this body.</p>



SERVICES THAT WERE SCALED DOWN, SUSPENDED OR ABOLISHED DURING FY2005/06

No service within the Reserve Force Division were scaled down, suspended or abolished during the FY2005/06. The focus has, however, shifted from the Army Territorial Reserve to the Army Conventional Reserve.

DEFENCE FOREIGN RELATIONS

OVERVIEW

During the year Major General D.M. Mofokeng was appointed as the Chief of Defence Foreign Relations. The DOD structural development was not finalised and hence the Defence Foreign Relations structure was not aligned to meet all its commitments efficiently. However, there were significant achievements in certain key areas.

The placement of a Defence Attaché at the South African Permanent Mission to the United Nations in New York is a milestone in the quest for alignment with the ministerial guideline, viz to have representation at multilateral organisations.

A Defence Attaché Conference was held in July 2005 to update SANDF attachés on the latest government foreign policy and Department of Defence policy as well as to review DOD policy and developments and to evaluate business plans. The workshop also made a deliberate effort to reprioritise the representation of the DOD abroad in a conscious effort to align the DOD with government's foreign policy and initiatives. The result of this workshop was the identification of new offices (Defence Attachés at Missions) and a highlight was the allocation of funds through DOD reprioritisation to implement the opening of these offices over the medium-term framework.

The subdivision was constructively involved in the arrangements of binational and multinational meetings and the continental and regional multilateral organisations, their defence and security structures. Particular engagement took place in terms of the activities of the SADC Organ and the Interstate Defence and Security Committee (ISDSC). The highlight was the DOD presenting the ISDSC meeting over the period 12-15 July 2005 in Boksburg. The meeting was conducted at ministerial and senior official level and matters were dealt with in the domain of Defence, State Security and Public Security.

OUTPUT DETAIL

Table 3.21: Defence Foreign Relations Outputs for FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Defence Foreign Relations	Defence Foreign Relations capability and services as directed by the Chief of the SANDF	The degree to which DOD foreign relations targets are achieved	Full compliance with the expectations of all members of the DOD and a professional image perceived by all foreign visitors, Military Attachés and the Advisor Corps	<p>DFR managed 27 officials in 24 offices abroad. The 24th office was opened in New York in February 2006. Details of SANDF Defence Attaché representation in the world is shown in Appendix A.</p> <p>DFR was successfully involved in the arrangements of bilateral and multinational meetings as well as meetings of regional multilateral organisations' defence and security structures, specifically the activities of the SADC Organ and the Interstate Defence and Security Committee (ISDSC). Details in Appendix A. Cooperation plans were established for all countries with which the DOD has bilateral relations, to ensure professional advice to top structure stakeholders. These plans will be implemented in 2006.</p> <p>The Standing Operations Procedure for the Management of Defence Attaché Offices was updated to ensure uniform and sound management and to assist the inspector General of the DOD when auditing these offices.</p> <p>95% of all consular and other defence diplomacy services were delivered. Services provided were for the processing of 3 566 official and diplomatic passports. Over 35 visit services were coordinated and serviced for the Minister and Deputy Minister of Defence, Secretary for Defence and Chief of the SANDF.</p> <p>Arrangements and interaction with the Military Attaché and Advisor Corps and Defence Foreign Relations were revised to ensure satisfactory management and effective service delivery.</p>



CHAPTER 4 PROGRAMME 8 FORCE EMPLOYMENT (JOINT OPERATIONS)

OVERVIEW



Lieutenant General
S.Z. Binda, MMS

The SANDF is primarily structured, equipped and trained to defend South Africa against military aggression. However, in times of peace, as at present, the SANDF performs many secondary tasks in support of the Government's objectives. Many of these tasks were performed in support of, or in conjunction with other Government departments, especially those in the field of international relations, peace, security and stability. With the increasing diplomatic role of South Africa in continental conflict prevention and peace building resolution, there was a corresponding increase in the need for the involvement of the SANDF in Peace Support Operations. The past year has hence seen the SANDF increase its role in supporting peace initiatives, particularly in the Sudan.

The Joint Operations Division is the nodal point for the planning and execution of force employment commitments and activities for all military involvement. It was therefore the task of the Joint Operations Division to plan, conduct, control, monitor and coordinate sustainment of all force employment commitments and activities. These force employment activities were guided by the Military Strategy, short and medium-term Force Employment requirements and the strategic guidance given by the Minister of Defence, Secretary for Defence and the Chief of the SANDF.

During the past year, the various tasks and activities of the force employment programme as directed by the Joint Operations Division were directed at achieving the military strategic objectives of Defence. A brief overview of the achievements is described below and detailed achievements are described in Table 4.1.

- To enhance and maintain comprehensive Defence capabilities. The SANDF ensured the capability to defend the sovereignty of the RSA against an external threat through conventional force preparation activity. A well-executed force preparation plan, allowing for a cycle of training and retraining in support of all missions was implemented. Various force preparation exercises were undertaken, which culminated in a joint conventional exercise, Exercise INDLOVU, which entailed a command

post exercise followed by field training exercises.

- To support the people of South Africa. Various missions in co-operation with the SA Police Services were conducted with the emphasis on borderline control and rural safeguarding operations. The disengagement from internal operations (borderline control and rural safeguarding) in support of the Department of Safety and Security continued according to a phased disengagement plan. The force levels to conduct borderline control and rural safeguarding operations have remained as planned. The Army Territorial Reserves will, in part, continue to support the rural safety plan during the period of transfer to the SAPS. Operations to safeguard the borders of South Africa were conducted on an ongoing basis and internally deployed forces had many successes in the arrest of undocumented migrants entering through Zimbabwe, Mozambique, Swaziland, Lesotho, and to a lesser extent from Botswana. The SANDF has assisted in repatriating many undocumented migrants in co-operation with the SA Police Services and the Department of Home Affairs. The SANDF also supported the Department of Agriculture with the prevention of a possible classical swine fever outbreak.

● To Promote Peace, Security and Stability in the Region and the Continent.

The SANDF continued to provide forces for peace missions mandated by the United Nations and to the African Union. SANDF forces were deployed in the Democratic Republic of the Congo, Burundi, Ethiopia, Eritrea, Sudan, the Ivory Coast and in the Comoros as peacekeepers and military observers. In the DRC, SANDF members continued to be deployed as staff officers at MONUC Headquarters in Kinshasa as well as at the Eastern Division Headquarters at Kisangani, where Brigadier General D.D. Mdutyana remains the Deputy Force Commander. The SANDF staff officers of the Eastern Division Headquarters are highly respected by their force commander in view of their contribution to the effectiveness of the MONUC Eastern Division. The SANDF also supplied an infantry battalion which was designated the operational reserve and is situated in the north-east where the situation remains volatile. The expertise of the SANDF forces was prevalent in March 2006 when MONUC forces, including SANDF members, successfully countered an offence by rebel forces and successfully concluded the skirmish. The expertise of the SANDF was specifically commended by MONUC Headquarters. In Burundi, SANDF members continue to support the

peace process under ONUB. Major General D.M. Mgwebi, the UN Force Commander, continues to head a multinational force that ensures the maintenance of peace. Elements of the South African forces have returned home after the successful conclusion of national elections in that country. In Ethiopia and Eritrea a small contingent of SANDF military observers are deployed along the zone between the two countries. Despite the tension in the region, the UN and AU mission continue to ensure stability. In the Sudan the SANDF has deployed over four hundred and fifty soldiers as military observers, staff officers and a protection company as part of the AU Mission in the conflict torn province of Darfur.

PURPOSE

The Joint Operations Division conducts operations and joint and multinational military exercises, and manages defence capabilities.

OUTPUT DETAIL

The Force Employment Programme activities for the defence of the RSA and in support of Government initiatives in the areas covered by its 6 sub-programmes, namely

- Strategic Direction.
- Operational direction.
- Special Operations.
- Regional Security.
- Support to the people.
- Defence capability management.

Table 4.1: Force Employment Programme Outputs for FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Strategic Direction	Force Employment and joint force preparation strategy	The degree to which the DOD's policies, strategies and plans are implemented in respect of force employment matters	All policies, strategies and plans are implemented as specified	<p>Force Employment Military capabilities were deployed in achievement of missions as discussed in the Military Strategy. All primary force employment ordered commitments could be met with combat and mission ready forces. Problems were, however, experienced at units in sustaining long-term Peace Support Operations as a result of the non-availability of qualified personnel. Planning for PSO in Comoros, Operation TRITON, was conducted.</p> <p>Joint Force Preparation Joint and multinational exercises were conducted in accordance with the FY2005/06 schedule. A number of exercises did not take place. Refer to Table 4.5 for detail.</p>
	Operational policy and doctrine	The degree to which policy and doctrine guide and improve the conduct of operations and exercises	Continuous	Detail reflected under policy developments

Table 4.1: Force Employment Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	Defence capabilities in support of Government initiatives	The degree to which defence capabilities are aligned with Government	Support provided as required	The approach to determining a capability development process was approved by Military Council. The "Joint Force Employment Concepts" was drafted and the document will be presented to Military Council in April 06
	Allocation and management of defence resources	The degree to which the allocated budget has been expended as planned	Allocated funds expended as planned and plans are executed within budget	Funds were expended as planned.
Operational direction	Operational direction for ordered force employment activities	The degree to which force employment activities are successfully conducted	Joint and multinational exercises as reflected in Table 4.5.	Joint and multinational exercises were conducted as scheduled, with the exception of Exercise WATC. Detail in Table 4.5. Command and control of operations was conducted successfully. Bilateral sessions were held with participating countries.
			External operations	The Joint Operational Headquarters met the requirements for external operations as instructed All missions are continuing except for the withdrawal of the VIP Protectors from Burundi. All external operations were conducted according to Memoranda of Understanding and agreements. Detail in Table 4.2 All required posts could not always be staffed because of the unavailability of suitable personnel. Disciplinary actions had to be taken against certain members because of substandard discipline, resulting in the repatriation of 175 members to the RSA.
			Internal operations	The Joint Operational Headquarters met the requirements for internal operations and ad hoc tasks as instructed. The nine Tactical Headquarters executed their main functions and ordered operations. Operational bases were maintained, enhancing operations especially in Operation INTEXO. Refer to Table 4.2 for detail.
Special Operations	Combat-ready and supported special forces	The degree to which the required combat-readiness states are achieved	As specified in the readiness schedules	Special Forces maintained its capability to react rapidly with flexibility

Table 4.1: Force Employment Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Regional Security	Compliance with Government initiatives and requirements Combat-ready and supported forces	The degree to which ordered operations are successfully executed	Deployment and sustainment of forces in operations as required	<p>Detail of External Ordered Operations: Promoting peace, stability and security in the region and the continent are reflected in Table 4.2</p> <p>The net effect of the change in ordered commitments in Regional security regarding Peace Support Operations were Rm100. It consists of the following</p> <p style="padding-left: 40px;">A new operation in the Sudan (Operation CORDITE) of R7 895 151.</p> <p style="padding-left: 40px;">An increase in the operation in the DRC (Operation MISTRAL) OF R50 594 435.</p> <p style="padding-left: 40px;">A decrease in the operation in Burundi (Operation FIBRE) R22 714 363.</p>
Support to the people	Military support to the SA Police Services Support to other Government departments	<p>The degree of satisfaction with services provided</p> <p>The degree to which ordered operations are successfully executed Implementation of the Exit strategy in accordance with approved time frames</p>	Regular Force companies and Reserve Force platoons deployed as per requirement	<p>Details of internal operational deployments: Support to the people of South Africa reflected in Table 4.3.</p> <p>Detail of ad hoc internal operational deployments reflected in Table 4.4</p> <p>Force levels are being scaled down according to Entry and Exit strategy. However, until such time as the SAPS are in a position to accept an increased responsibility, present force levels will be maintained and will consist of 11 Regular Force companies, 23 Army Territorial Reserve platoons and an engineering squadron. In the short to medium term, forces will primarily be committed to borderline control and rural safeguarding.</p> <p>The effectiveness of these deployments is covered in the media and has, according to the SAPS, greatly contributed to the containment of crime in the rural areas</p> <p>Missions in co-operation with the SAPS, Borderline Control, Rural Safeguarding and support to other Government Departments were based on intelligence.</p>
Defence capability management	<p>Joint and multinational exercises</p> <p>Exercises to verify SANDF capabilities</p>	<p>Bilateral agreements, exercise agreements and MOUs</p> <p>Readiness of user systems</p>	<p>Force levels must be provided according to readiness schedule in order to conduct joint exercises</p> <p>To provide available resources to conduct multinational exercises as planned</p>	Joint and multinational exercises as reflected in Table

Table 4.2: Ordered Operations: External (Promoting Peace, Stability and Security in the Region and the Continent)

Operation name, Aim and Objectives	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
<p>MISTRAL Aim: RSA Peace support operations to stabilise the political situation in the Democratic Republic of the Congo in accordance with the bilateral agreements between the RSA and the DRC and the applicable MOU under the auspices of the UN</p>	<p>Continuous since April 2002</p>	<p>DRC</p>	<p>Infantry battalion minus 1 company - 950, including 39 SA Military Health Service members</p> <p>Engineer company -203, including 17 SA Military Health Service members</p> <p>SANDF Specialised Contingent - 99, including 10 SA Military Health Service members</p> <p>Military Police – 48</p> <p>MONUC Headquarters and Divisional Headquarters Staff Officers - 21</p> <p>Military Legal Practitioners - 5 (2 at UN)</p>	<p>Contributed to creation of stable environment for the referendum</p> <p>Construction tasks, ferry service across the Congo River and well drilling successfully completed</p> <p>Logistic support to MONUC at various locations successfully completed</p> <p>Policing function, including criminal investigations for MONUC</p> <p>Staff Officer functions at MONUC successfully completed</p> <p>Total man-days 482 165</p>
<p>FIBRE Aim: RSA peace support operations to stabilise the political situation in Burundi in accordance with the bilateral agreements between the RSA and the Burundi governments and the applicable MOU under the auspices of the UN</p>	<p>Continuous since November 2001</p>	<p>Burundi</p>	<p>Infantry battalion - 850, including SA Military Health Service members and support elements</p> <p>Aviation Unit - 25 with 2 x Oryx helicopters</p> <p>Maritime unit - 42</p> <p>5 x harbour patrol boats</p> <p>ONUB Force Commander and Staff Officers in ONUB Headquarters - 17</p> <p>Military Observers – 5</p> <p>Military Legal Practitioners – 3 (1 at UN)</p>	<p>Deployment according to operational concept. Protection tasks in Bujumbura and Bujumbura Rural Province successfully completed</p> <p>Air transportation as part of the ONUB Aviation Unit successfully completed.</p> <p>Patrols and monitoring tasks on Lake Tanganyika successfully completed.</p> <p>The continuous co-ordination and command and control of deployed SANDF Forces was completed successfully for the reporting period</p> <p>Observe, monitor, report and investigate incidents</p> <p>Total man-days 342 735</p>

Table 4.2: Ordered Operations: External (Promoting Peace, Stability and Security in the Region and the Continent) (continued)

Operation name, Aim and Objectives	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
ESPRESSO Aim: RSA Military Observers in Africa according to bilateral agreements	Continuous since July 2000	Eritrea and Ethiopia	UNMEE (Eritrea) Military Observers - 5 OLMEE (Ethiopia) Capital Liaison Officer - 1	Observe, monitor, report and investigate incidents in Eritrea Total man-days 1 825 Deployed as the AU Capital Liaison Officer in Addis Ababa Total man-days 365
MONTEGO Aim: The deployment of an observation team in Liberia for the purpose of monitoring the transitional period in accordance with the bilateral agreement	Since 13 October 2003 to 21 April 2005	Liberia, Sudan	Staff Officers detached to the UN Mission in Liberia (UNMIL) Headquarters Military Legal Practitioners 1 Medical Officer –1 Geographic Information System Operator – 1	Mission conducted successfully and completed on 21 April 2005 Total man-days 84
CORDITE Aim: Peace support operations to stabilise the Political situation in the Sudan according to MOU under auspices of the African Union	Continuous since 14 July 2004	Sudan (Darfur)	Infantry protection company of 5 platoons 241, including SA Military Health Service and other support elements Engineer Platoon - 38 Explosive Ordnance Device Section - 6 Military Observers - 39 Staff Officers – 10 Military Legal Practitioners -1	Protect military observers and movement of personnel in Sector 6 (Kutum area). Conduct minor tasks, for example show of force and engineer tasks as requested. Destroy unexploded ordnance and devices. Monitor, report, and investigate incidents in AMIS mission area Staff Officer duties at AMIS Force Headquarters in El Fasher and Sector 6 HQ (Kutum) Total man-days 121 910
TEUTONIC I Aim: RSA assistance to the democratisation processes. Objectives: The registration and integration of the armed forces and teambuilding	Continuous since April 2004	DRC	Staff officers (including SA Air Force crew members) -56 CASA 212 aircraft	128 630 combatants identified and registered by end of March 06 as part of identification and registration process Presented 6 cycles of teambuilding training at 4 integration sites Identification and registration of the Presidential Guard. To date 7 205 members have completed the process Total man-days 20 440

Table 4.2: Ordered Operations: External (Promoting Peace, Stability and Security in the Region and the Continent) (continued)

Operation name, Aim and Objectives	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
<p>TEUTONIC II Aim: RSA assistance to the democratisation processes with donor funds from the Netherlands</p> <p>Objectives: Reconstruction of intermixing and training facilities</p>	Continuous since April 2005	East DRC	70 personnel deployed (mainly Engineer supported by all services)	<p>All work progressed well in establishment of 2 integration sites</p> <p>Security situation and rainy season negatively influenced completion dates</p> <p>Deployment of CASA 212 aircraft improved the ability of the deployed personnel and equipment to be moved between Goma and the building sites</p> <p>Total man-days 25 550</p>
<p>PROJECT OFFICE (DDD) Aim: The establishment of a senior liaison office to improve the liaison between the FARDC and the SANDF</p>	Continuous since 18 January 2006	DRC	Project officer and personal staff officer	<p>Liaison established with FARDC Command Cadre determine assistance required by the FARDC from the SANDF</p> <p>The project officer is in the process of arranging a military to military study tour by the FARDC to the SANDF</p> <p>Total man-days 144</p>
<p>PRISTINE Aim: Peace support operations to stabilise the political situation in Ivory Coast according to MOU</p>	Continuous since July 2005	Ivory Coast	Average of 45 members	<p>Assist with the disarming, demobilisation and reintegration process</p> <p>Delayed due to the current stalemate in the peace process</p> <p>Deployment in accordance with the Pretoria Peace Agreement facilitated by the RSA President between the Ivory Coast Government and rebels</p> <p>Total man-days 16425</p>
<p>TRITON IV Aim: Peace support operations to assist and monitor the election process in the Comoros under the auspices of the African Union</p>	Continuous since 13 March 2006	Comoros	<p>Headquarters staff - 26</p> <p>Planning officers Moroni - 4</p> <p>Military observers - 4</p> <p>Infantry company - 252</p> <p>Air element -24 Mission Support – 61</p> <p>Military Legal Practitioners - 1</p>	<p>Established bases on all islands by 5 April 2006 to oversee elections on Anjouan island on 16 April 2006 and Presidential elections on all islands until mid June 2006</p> <p>Created secure environment conducive to elections, protection within capacity, reaction, monitor, observe, report and investigate, and transportation of personnel between the islands.</p> <p>318 of 371 deployed by 31 Mar 06</p> <p>South Africa appointed by AU as lead nation</p> <p>Total man-days 5 475</p>

Table 4.3: Internal Operational Deployments: (Support to the People of South Africa)

Operation name, Aim and Objectives	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
INTEXO Borderline Control	Continuous	RSA borders with Zimbabwe, Mozambique, Swaziland and Lesotho	SA Army Companies - 11	Weapons found - 129 Marijuana (dagga) – 42 179 kg Copper – 2 038 kg Livestock recovered - 530 Undocumented migrants apprehended – 71 012 Criminals arrested –1 184 Stolen vehicles recovered - 195 3 monthly rotation of forces Total man-days 602 250
STIPPER Rural safeguarding in support of SAPS	Continuous	9 provinces	Army Territorial Reserve - 23 platoons	Weapons found - 421 Dagga – 13146 kg Copper – 640 kg Livestock recovered –1 162 Undocumented migrants apprehended – 6 204 Criminals arrested – 3 990 Stolen vehicles recovered – 198 Total man-days 143 810
WARBLE SANDF with Marine Coastal Management conducted a maritime borderline integrity, fishery patrol and force preparation training for interoperability between the SA Navy Special Forces and Marine Coastal Management with the main priority to deliver essential equipment required on Gough Island	16 May to 29 May 2005	Gough Island	SA Navy SAS DRAKENSBERG SA Air Force Oryx aircraft - 2 Mobile air operational team-1 Special Forces Boat teams - 2 Boarding party – 1 SA Military Health Service Medical Officer –1 Operational Emergency Care Practitioners - 2 Command and Management Information Systems Division Components as required Marine Coastal Management SARAH BAARTMAN (Department of Environmental Affairs and Tourism vessel)	All operational objectives met and processes establish 14 Flying Hours 144 Sea Hours Total man-days 117



Table 4.4: Ad Hoc Deployments: (Support to the people of South Africa)

Operation	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
<p>MALIBU Support to the Department of Foreign Affairs to host Inter-State Defence and Security Committee Conference</p>	7 to 9 April 2005	Cape Town	Ministry of Defence/Policy and Planning Division - 9 Joint Operations Division - 10 Command and Management Information Systems Division (Signallers) - 4 SAMHS -10 Tactical Headquarters - 2 Defence Foreign Relations - 7 Military Liaison Officers - 102 Drivers - 80 VIP Protectors- 13 General Support Base – 3	The conference successfully completed with no recorded incidents man-days 480
<p>NEPTUNE/ORCA Support to the SA Police Service and the Marine Coastal Management with coastal patrols to curb Abalone poaching</p>	Continuous with intensified operations from 7 to 16 March 2005 6 to 12 February 2006 19 January to 30 March 2006	Western Cape area Eastern Cape	Inshore patrol vessel - 1 Operational Diving Team - 1 Supervisor - 1 Divers - 3 Dog Handler - 1 Marine Coastal Management Official - 1	Operation was conducted successfully. 40 poachers were arrested. Abalone and all applicable equipment confiscated. Total man-days 630
<p>WESTWARD Assist the SAPS and Independent electoral Commission during the registration period in order to ensure a safe and secure environment. Deployment of SANDF elements in support of the SAPS for the Local Municipal Elections</p>	19 to 20 November 2005 28 February to 4 March 2006	9 provinces	<p>SA ARMY 1 x Section per Army Territorial Reserve unit as part of their general deployments in the applicable areas 2 x Infantry battalions minus KwaZulu-Natal 2 x Air mobile companies minus Air mobile company - 1 Parachute Battalion –</p> <p>SA Air Force 1 x Oryx at home units on 2 hour standby – 5 C130 aircraft – 1</p>	All forces were placed on standby for the duration of the elections, and all forces were deployed except for 3 x Oryx helicopters that were involved in the transportation of ballot boxes. Forces were on standby during registration process Forces only deployed during elections Total man-days 180

Table 4.4: Ad Hoc Deployments: (Support to the people of South Africa) (continued)

Operation	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
Army Territorial Reserve Units and Tactical Headquarters to provide a reaction force capability in the event that the SAPS cannot control the security situation			MBK7 Helicopter - 1 SAMHS Area Military Health units as per requirements by Provincial JOINTS Army Territorial Reserve deployments per province as per allocated man-days	
INTER OP WEST To conduct a courtesy visit and show the RSA flag in the ports of the African continent	5 July to 1 August 2005	Nigeria and Angola	SA Navy SAS DRAKENSBERG SAS ISAAC DYOBHA SAS MAKANDA SA Air Force Oryx helicopter - 1 SAMHS Medical team Military Legal Practitioners - 1	Port visit to Lagos and Luanda were incident free Sea Hours 720 Flying Hours 10
EUCALYPTUS Support to the Department of Foreign Affairs for the Inter-State Defence and Security Committee meeting in Gauteng	12 to 14 July 2005	Gauteng	Liaison Officers - 54	Deployment of liaison officers as per instruction Total man-days 162
HUMAN Classical Swine Fever Prevention of classical swine fever in support of the Department of Agriculture (Veterinary Service)	(Continuous) from 4 October 2005	Eastern Cape	Joint Operations Division Tactical Headquarters - KwaZulu-Natal, Free State and Eastern Cape SA Army Army Territorial Reserve members - KwaZulu-Natal - 109 Free State - 51 Eastern Cape - 51	263 523 pigs have been culled Total man-days 38 520

Table 4.4: Ad Hoc Deployments: (Support to the people of South Africa) (continued)

Operation	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
HUMAN Assistance to the Department of Environmental Affairs and Tourism, including the Maritime Coastal Management to conduct routine fishery patrols along Alexander Bay and Mossel Bay	22 to 28 October 2005	Alexander Bay and Mossel Bay	Operational Commander - 1 SAS ISAAC DYOBHA Operational Emergency Care Practitioner - 1 Maritime Coastal Management officials - 3	Patrols conducted as instructed; no incidents or infringements. Sea Hours 21
VIP Protection VIP protection for the Sudanese Peoples Liberation Movement/ SA Army delegation	1 to 9 April 2005	Gauteng, Free State and Western Cape	VIP protectors - 4	Task completed successfully Total man-days 36
VIP Protection VIP protection for the Chief of the Ethiopian Armed Forces/ SA Army delegation	4 to 8 April 2005	Gauteng	VIP Protector - 1	Task completed successfully Total man-days 4
VIP Protection VIP protection for visit of Deputy Commander of United States European Command and delegates	12 to 14 April 2005	Gauteng	VIP Protector - 3	Task completed successfully Total man-days 6
VIP Protection VIP protection for students of Pakistan National Defence College Course	15 to 23 April 2005	Gauteng Bloemfontein	VIP Protector - 6	Task completed successfully Total man-days 48
VIP Protection Protection of VIPs for the Defence Intelligence Standing Committee (DISC) Conference	11 to 16 September 2005	Durban	VIP Protector - 18	Task completed successfully Total man-days 98

Table 4.4: Ad Hoc Deployments: (Support to the people of South Africa) (continued)

Operation	Duration/Dates	Geographic area	Participating Forces	Actual Achievement
Escort Task Escort of Swaziland and Lesotho Defence Force Personnel in their movement to Botswana for Exercise THOKGAMO	5 Jun to 3 July 2005	Mpumalanga and Free State	Swaziland Escort – 26 members and 6 vehicles. Lesotho Escort – 2 Senior Officers and 4 Military Police Agency	Task completed successfully Total man-days 896

Joint and Multinational Exercises

The SANDF held Joint and Multinational Exercises to ensure that it remains capable of defending the sovereignty of the RSA against an external threat and to ensure effective functioning when deployed externally in multinational peace support operations. The stable force commitment is to ensure a well executed force preparation plan allowing for a cycle of training and retraining for the missions in support of other Government departments, peace support operations and maintaining the SANDF's

conventional war fighting capability. Force preparation culminated in a joint conventional exercise for those units (especially the SA Army which deploys full units) in the conventional 'cycle'. Various Command Post Exercises preceded the Field Training Exercises in order to prepare for the joint conventional exercise. The conduct of military exercises is an integral requisite for determining the standards of preparedness, jointness and interoperability.

Table 4.5: Joint and Multinational Exercises

Exercise Name, Aim and Objectives	Duration/Date	Geographic	Participating Force	Actual Achievement
JOINT EXERCISES				
SA Special Forces Exercises Exercise BAOBAB	29 March to 14 April 2005	Johannesburg Madimbo	RSA Special Forces Brigade Botswana Defence Force Special Forces	Objectives of exercise were achieved
Exercise PUMPER-NICKEL	1 to 16 June 2005	Phalaborwa Madimbo	RSA Special Forces Brigade French Special Forces	Objectives of exercise were achieved
Exercise VANTAGE Command Post Exercises Planning stage	18 to 27 July 2005	RSA West Coast Upington De Brug	Joint Operations Headquarters - Campaign Headquarters	75% achievement of objectives i to Command and Control, level of force preparation and readiness. 25% not achieved owing to the unavailability or unserviceability of aircraft and bad weather during parachute drop
Exercise INDLOVU	Execution of the exercise 3 October to 7		SA Navy Task Force Combat supply ship –1 Mine hunters - 2 Strike craft - 2	Total man-days 148240 Sea hours 908

Table 4.5: Joint and Multinational Exercises (continued)

Exercise Name, Aim and Objectives	Duration/Date	Geographic	Participating Force	Actual Achievement
<p>Aim:</p> <p>To exercise jointly all SANDF conventional capabilities</p> <p>Objectives Evaluating of operational capabilities of the SANDF in terms of: SANDF joint exercise SA Army exercise SA Military Health Service exercise Electronic Warfare exercise</p>	<p>November 2005</p> <p>SA Army EX SEBOKA: 3 to 27 October 2005 (Force Preparation Stage)</p> <p>SA Military Health Service EX LANCET: 3 to 27 October 2005 (Force prep stage)</p> <p>SA Navy EX SEA DOG: 10 to 21 October 2005 (Force prep stage)</p> <p>SA Air Force EX GOLDEN EAGLE: 17 October - 7 November 2005 (Force prep stage)</p>		<p>Beach landing craft - 2 Harbour patrol boats - 2</p> <p>SA Army Brigade Headquarters, Mechanised infantry battalion, Motorised Infantry battalion, Light Infantry battalion, Artillery battery, Air Defence artillery battery, Armour squadron, Intelligence squadron, Engineer squadron, Maintenance unit, Field Workshop, Parachute Platoon, Military Police section</p> <p>15 M, 1 x OBT</p> <p>Military Police Military Police Section - 1</p> <p>SA Air Force Mobile air operational team - 1 Cheetahs -4 Impala -4 Oryx helicopters - 2 C130 aircraft - 1 C212 Turboprop Dakota -1 C185 aircraft -1</p>	<p>Flying hours 6 976</p>
MULTI NATIONAL EXERCISES				
<p>Exercise BELL-BUOY Naval Coordinating and Control Shipping Exercise</p>	<p>18 to 30 April 2005</p>	<p>Chile</p>	<p>Naval elements</p>	<p>Naval members attended as observers.</p>

Table 4.5: Joint and Multinational Exercises (continued)

Exercise Name, Aim and Objectives	Duration/Date	Geographic	Participating Force	Actual Achievement
Exercise GREYSAND				Exercise cancelled by the UK
Exercise TRANSOCEANIC Military (Naval) control of shipping in times of war/crisis in collaboration with South American countries	August 2005			Exercise cancelled
Exercise WATC				Exercise cancelled by USA
Exercise DESEX Aim: Defence Capability Exercise between SA Navy, SA Air Force and German Navy and Air Force Objective: Combined force training exercise	26 February to 10 March 2006	Southern Cape Atlantic Ocean, Bredasdorp	RSA Joint Operations Headquarters Air Force Cheetah aircraft - 4 Dakota transport aircraft - 1 Caravan aircraft - 1 Oryx helicopters - 2 SA Navy Corvette - 1 Strike Craft - 1 Germany Tornado aircraft - 6 Supply Ship - 1 Frigate - 1 Missile Ship - 1 Support Ship - 1	Exercise successfully completed. Flying hours 207 hours Sea hours 1 240 hours Total man-days 24

Table 4.5: Joint and Multinational Exercises (continued)



Exercise Name, Aim and Objectives	Duration/Date	Geographic	Participating Force	Actual Achievement
REGIONAL SECURITY				
Exercise COM-BINED ENDEAVOUR Partnership for Peace (PFP) Communications and Information System (CIS) technical demonstration	7 to 26 May 2005	Baum Holden, Germany	CMIS - 27 members 43 participating nations from NATO and PFP	Communications interoperability between nations successfully tested.
Exercise ATLASUR Maritime planning and sea training exercise between the RSA and South American countries	May 2005	Argentina		Exercise cancelled as the RSA frigates and submarines were not yet operational
Exercise THOKG-AMO Aim: AU Peace Enforcement exercise to determine SADC preparedness with reference to regional stability Objectives Develop SADC peacekeeping capability assisted by the French Military interoperability Peace Support Operations Upgrade Peace Support Operations means and method	5 to 24 June 2005	Maun, Botswana	 Joint Operations Headquarters Planners SADC Nations - 14 RSA Contingent Headquarters (14 members) SA Army Parachute Company - 1 156 members Air Support Unit Officers - 14 Technical recovery teams (4 members) – 2 Light technical repair teams (8 members) - 2 Mobile Geospatial capability team (2 members) - 1 Military observers - 2 Military Police Agency Military Police sections - 2 Military Legal Services 1 x Military Legal Practitioner Command and Management Information Services Division CMI Section - 1 (4 members)	90% objectives achieved in terms of military interoperability, Peace Support Operations, Upgrade Peace Support Operations means and method, Enhance SANDF combat readiness and compatibility of existing organisational structures 10% of objectives not achieved owing to unserviceability of C130 aircraft for parachute jump. No parachute jumps took place. Participating countries: RSA, France Flying hours 196 Total man-days 4 693

Table 4.5: Joint and Multinational Exercises (continued)

Exercise Name, Aim and Objectives	Duration/Date	Geographic	Participating Force	Actual Achievement
<p>Enhance SANDF combat readiness</p> <p>Compatibility of existing organisational structures</p>			<p>SAAF C212 Casa aircraft - 1 C208 Caravan aircraft - 1 C185 Cessna aircraft - 1 MBK7 helicopter - 2 C130 aircraft – 1 Mobile air observation team - 1</p> <p>SA Military Health Service Medical Task Team (3 members) - 1 Medical Officer - 1</p>	
SUPPORT TO THE PEOPLE				
<p>Exercise OXIDE</p> <p>Aim: To exercise multinational search and rescue with the Department of Transport. SANDF and France</p> <p>Objective: To confirm Search and Rescue policy and procedures in support of Department of Transport with reference to sea rescue</p>	<p>13 to 25 May 2005</p>	<p>Training – Durban Force training exercise - Richards Bay Command post exercise - Cape Town</p>	<p>Joint Operations Division Headquarters Planners - 3</p> <p>SA Navy Strike craft - 2</p> <p>SA Air Force King Air aircraft -1 C130 aircraft - 1 C47 transport aircraft - 1</p> <p>Department of Transport Maritime Search and Rescue Institute</p>	<p>Interdepartmental Search and Rescue cooperation and procedures confirmed. Exercise and objectives successfully completed International interoperability with the French was confirmed</p> <p>Sea hours 296 hours</p> <p>Flying hour 35 hours</p> <p>man-days 36</p>

Table 4.6: Training Support to Foreign Forces

Exercise Name and Type	Date and Area	Service and Division Force Levels	Actual Achievement
<p>Exercise DORSAY Parachute Training by Singapore Armed Forces at 44 Para Regt</p>	<p>11 April to 11 May 05 Bloemfontein</p>	<p>Joint Operations Division Joint Operations Divisional Headquarters Joint Operations Headquarters SA Army 44 Para Regt Support SA Air Force AFB Bloemspruit SA Military Health Service 1 st line medical support - Resuscitation post</p>	<p>The support provided ensured that the objectives set by the Foreign Force where achieved.</p>
<p>Exercise ACE 05 Parachute training by United Kingdom Armed Forces</p>	<p>October to November 2005 Oudtshoorn</p>	<p>Joint Operations Division Joint Operations Divisional Headquarters Joint Operations Headquarters SA Army Army Support Formation Army Support Base Oudtshoorn SA Military Health Service 1 st line medical support (Resuscitation post)</p> 	<p>The support provided ensured that the objectives set by the Foreign Force where achieved.</p>

SERVICE DELIVERY IMPROVEMENT

Table 4.7: Performance and Service Delivery Improvement: FY2005/06

Subprogramme	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Strategic direction	Management of operational capabilities	Completion of operational doctrine	Assuring appropriate operational capabilities	Ongoing	5 new policies were completed and implemented. 3 policies were promulgated
	Provide force employment strategic guidance by means of the Force Employment and Force Preparation Strategy	Refinement of short and medium-term force employment guidelines			A successful work session was held with all Services to guide force preparation after Directive 113 of 2005 was issued as force employment guidelines Positive feedback was received from services and divisions. This document improved command and control wrt all force employment activities
Operational direction	Revisiting of structure – confirming and amendment of slight changes with assistance from Directorate Integrated Management Services	Special assistance	Streamlining of capability and capacity	Not yet formalised	Restructuring commenced – not completed. Currently busy with strategic analyses, task analyses and stakeholder analyses. Awaiting formal guidelines. Process cannot be completed in isolation
	Operations room refinement and exercising of deployable headquarters	Capacity to ensure professional operating capability to address the Operational Headquarters' responsibilities	Enhanced efficiency	Ongoing	Re-appreciation completed, rectification plan implemented and deployable headquarters tested and operational
Support to the people	Continuation of support to other Government departments Continuation of support to the SAPS in terms of the Exit Strategy Programme	Operations in support of the SAPS must be intelligence driven Handing over of operational facilities in terms of the approved Exit Strategy Programme	Will reduce pressure on the budget, force levels and facilities, while correctly locating the function within the SAPS	Ongoing	Target dates for the closure of the Army Territorial Reserve Forces and Operational Bases are in accordance with the flow of the Entry/Exit strategy.

Table 4.7: Performance and Service Delivery Improvement: FY2005/06 (continued)

Subprogramme	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Defence capability management	To ensure sustainment and development of DOD capabilities by means of joint and multinational exercises	Allocate funds for joint and multinational exercises under the Force Employment programme	Efficiency and effective budget control	Ongoing	All Joint and Multinational exercises were executed successfully with minor objectives not reached owing to serviceability of prime mission equipment (aircraft)
		Review the alignment of all acquisitions projects with the relevant strategies and guidelines			Draft prioritisation model developed and authorised for trial. Sequencing of projects and funding completed in draft form. Special Defence Packages require inclusion in ongoing programme within Services/Divisions/Acquisition
		Review the alignment of all the appropriate technology projects with the relevant strategies and guidelines			Conducted in association with project prioritisation. Draft model produced Developments in revision of White Paper on Defence Related Industries and Black Economic Empowerment (charter for Defence Related Industries will influence technology investment).
		Investigation into the relevance of current technology spending			First order assessment completed. Annual technology budget workshop attended. This is an ongoing initiative within Chief Directorate Acquisition and Director Technology Development
		Determining the implications and risks created by phasing out pre-Strategic Defence capabilities			Not conducted by Joint Operations Divisions. Services/Divisions developed phase-out plans based on Force Employment requirements for the medium term. Phase-out plans presented to the Operational Staff Council and authorised by the Military Council before implementation



POLICY DEVELOPMENTS

New Policies. Five new policies were completed and implemented during the reporting period:

- “Joint Warfare Publication 106 Part 1 – Peace Support Operations”.
- “Joint Warfare Publication 101 – Operational Art”.
- “Joint Warfare Publication 139 – African Battlespace”.
- “Joint Warfare Publication 401 – Battle Handling of the Rooivalk Attack Helicopter”.
- “Joint Operations Joint Terminology List”.

Policies Promulgated. The following policies were promulgated during FY2005/06:

- “DODD/OPS NO/00001/2004 (Edition 1): Development, Promulgation and Maintenance of Military Tactical Symbols in the DOD”.
- “DODI/OPS NO/00001/2004 (Edition 1): Development, Promulgation and Maintenance of Military Tactical Symbols in the DOD”.
- “JDP/OPS NO/00001/2004 (Edition 1): Development, Promulgation and Maintenance of Military Tactical Symbols in the DOD”.

SERVICES SCALED DOWN, SUSPENDED OR ABOLISHED DURING FY2005/06

Table 4.8: Services Scaled Down, Suspended or Abolished during FY2005/06

Subprogramme	Reduction in Output (Quantity and Quality)	Reason for Scaling down/Suspension/abolishment	Implications	Actual Achievement
Operational Direction	Disengagement from the internal security environment	Entry and Exit strategy Disengage from ordered commitments in support of the Department of Safety and Security	Savings in the mediumterm	Regular Forces can be redirected according to force employment strategy
Regional Security	Decrease of force levels in Burundi	UN Mission in Burundi were conducted successfully and is currently reaching conclusion.	To be determined	VIP protectors withdrawn and the Air element redirected to the DRC. The closing down Headquarters in the process of being established

CHAPTER 5 PROGRAMME 2 LANDWARD DEFENCE

OVERVIEW

The SA Army fully supported the Military Strategy as guided by the military strategic objectives and met the Short-term Force Employment requirements during the year under review. Landward forces were prepared and provided for all activities as required for operations and exercises towards the three military strategic objectives: to 'Enhance and Maintain Comprehensive Defence Capabilities', 'Promote Peace, Security and Stability in the Region and on the Continent' and 'Support to the People of the RSA'. The SA Army can take comfort in terms of progress made in steering the "Big Ship" through the stormy waters of transformation. The past year saw the confluence of major events and strategic initiatives to address the needs and new requirements of the SA Army. Organisational developments guided by the Chief of the SA Army, Lt Gen S.Z. Shoke, have continued to offer good reasons for optimism. The growth path was maintained, administration became more effective, and overall governance in the SA Army improved. The SA Army finalised the investigation into the modernisation of landward systems, which will be presented in the next year to the Military Council for approval.

In the past year therefore, gigantic strides were taken to redirect and realign the force capabilities and force preparation of the SA Army to ensure it meets the challenges of modern armies, whether deployed in Africa or elsewhere, immediately or in the future as guided by its vision "The SA Army is a professional and dynamic force". As we journey into this second decade of defence in a democracy, new demands arising from the terrain in which the SA Army operates, the South African and African battlespace is growing, – placing even more pressure on a constrained resource base. This situation is compounded by growing expectations and increased commitments placed on the SA Army to provide forces to the conflict areas of sub-Saharan Africa. The project team has already determined the posture of the SA Army, its strategic profile and the strategic effects desired in African battle space as well as generic landward and support capabilities required to achieve those effects. Hence, the year 2005 saw the firm resolve and determination of the SA Army command cadre and project team to address and finalise the SA Army Strategic Profile 2020 and the SA Army Strategy 2020. The two strategic documents are indeed milestones in view of the critical direc-



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tion they will provide to the SA Army and the landward modernisation programme. The FY2005/06 saw a continuation of high levels of operational activity by the SA Army forces. Operationally, the SA Army contributed the majority of the forces for peace operations in Burundi, the DRC, the Ivory Coast and Sudan. In the DRC the SA Army is also engaged in post-reconstruction operations (Operation TEUTONIC). A noteworthy feat achieved by the SA Army was the successful deployment of a first Reserve Force company comprising 141 members together with 7 SA Infantry Battalion that deployed in the DRC from May to October 2005. Currently, a second Reserve Force company, comprising members of Regiment De la Rey and Regiment Northern Transvaal, is deployed in the DRC, together with 2 SA Infantry Battalion. The "One-force Concept" has now become a reality in the SA Army. The SA Army also deployed soldiers internally in the RSA. As part of Operation INTEXO, 11 companies were deployed daily on the South African borders while 23 Army Territorial Reserve platoons supported the SAPS (Operation STIPPER). SA Army soldiers were also provided to support the containment of foot-and-mouth disease, avian flu and swine fever while two companies supported the local elections.

With force preparation being the bedrock of successful operations, the SA Army successfully conducted Exercise SEBOKA, a conventional brigade-level exercise at the SA Army's Combat Training Centre. The exercise took place over the period 3 – 27 October 2005 and included the Military Skills Development contingent of the SA Army. The SA Army participated in three multinational exercises, namely Exercises AIRBORNE AFRICA, MEDFLAG, and ACE VI. In August and November 2005 Exercise YOUNG EAGLE was conducted at Wallmannsthal and De Brug respectively, by 43 SA Brigade and 44 Parachute Regiment. This exercise was the first airborne exercise of this magnitude ever executed in the Republic of South Africa. The exercises indicated the standard of training of the SA Army and the success of the MSD system.

The FY2005/06 was not without its challenges. Major challenges faced in the support environment and included, inter alia, the state of facilities and inadequate bed space; the state of prime mission equipment, the revitalisation of the Army's Technical Support Corps capability ammunition and general commodities. These challenges mainly originate from an operating budget that has been shrinking over the year in order to redirect funds to increasing responsibilities. The affordability of the SA Army has also reached a stage where strategic decisions will have to be made which include either increasing budget allocation or reducing objectives. The ends are not sustainable with the current allocation, although some relief was provided when additional funds were made available to maintain some of the operational vehicles for FY2006/07. In this regard, the SA Army will soon table a paper on how the con-

strained budget is impacting on the SA Army's readiness, and the way forward arising from the Defence Update 2005 process and SA Army Strategic Profile and SA Army Vision 2020.

With regard to Human Resources, the SA Army continued to manage its exit mechanism with the necessary sensitivity and responsibility. The SA Army is committed to rejuvenating its Human Resources to meet the future requirements of a young, healthy, modern, disciplined and well-trained Army. The recruitment through the MSD System has greatly contributed to this objective. However, the outflow of skilled personnel in all spheres, particularly in the SA Army Engineer Corps, remains a critical challenge. This is being addressed by the Human Resources Division.

PURPOSE

Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

OUTPUT DETAIL

The Landward Programme provides landward defence capabilities for South Africa in the areas covered by its ten sub-programmes, namely



- Strategic Direction directs, orchestrates and controls the SA Army in the achievement of its mission.
- Infantry Capability provides the infantry capability of the programme.
- Armour Capability provides the armour capability of the programme.
- Artillery Capability provides the artillery capability of the programme.
- Air Defence Artillery Capability provides the air defence artillery capability of the programme.
- Engineer Capability provides the engineer capability of the programme.
- Operational Intelligence Capability provides the operational intelligence capability of the programme.
- Support Capability provides operational level command and control for the support capability of the programme.
- General Training Capability provides operational level command and control for the general training capability of the programme.
- Command and Control Capability provides a Tactical command and control capability for higher order user systems force preparation and employment for the programme.

Table 5.1. Landward Defence Programme Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Strategic Direction	Strategic Direction to the Landward Defence Programme	The degree to which the DOD's policies, strategies and plans are implemented in respect of landward defence matters	<p>All policies, strategies and plans are implemented as specified</p> <p>Plans are executed within the budget and funds are utilised as allocated</p>	<p>A project team has been established to strategise and formulate the SA Army's long-term vision, the SA Army Vision 2020 and Strategic Profile 2020. The investigation into the modernisation of landward systems will be presented to the Military Council during 2006</p> <p>The fund allocated to Strategic Direction was unbundled and shifted to the appropriate budget holders to enhance budget control. Additional funds received for MSDS training were planned for. Mid-year intervention that resulted in additional funds for the sustainment of operational B-vehicle will be implemented in FY2006/07</p>

Table 5.1. Landward Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Landward defence advice to the DOD	The degree to which all required inputs to DOD policies, Cabinet memoranda, strategies and plans are submitted	All required inputs submitted on time and in accordance with requirements	All required inputs submitted on time and in accordance with requirements
	Landward defence capabilities in support of Government initiatives	The degree to which required support to Government initiatives are met	Support provided as required	Support provided as required (see details in Chapter 4: Force Employment, Table 4.2)
	Allocation and management of landward defence resources	The degree to which the allocated budget has been expended as planned	Allocated funds expended as planned and plans are executed within budget	104% expenditure was achieved. The SA Army over-expended on fuel, rations and telephone cost. Additional MSDS Operating Funding. As the MSDS intakes grew in strength from the initial pilot group of 496 candidate in January 2003 to the current 3 000 candidate per intake the allocation of the required operating funding to sustain the increased intakes was and is still not being met. An additional MSDS operating fund allocation of R120 000 000 was made to provide for force training and continuation training of ACR and ATR. Additional Operating funding for the ACR: Additional funds to the amount of Rm36 were received. Ammunition R15 million was utilised for rework and procurement of critical ammunition
Infantry capability	2 x Regular Force Mechanised Infantry Battalions	The degree to which the required combat readiness state is achieved	As specified in the readiness schedules and Short-term Force Employment Plan (STFEP)	1 SA Infantry Battalion. Continuation training took place within the unit lines to prepare the Battalion for course support and force employment. The Battalion participated in Exercise SEBOKA and provided course support. 61 Mechanised Infantry Battalion. Provided course support and participated in Exercise SEBOKA The Battalion situated at the Army Combat Training Centre is to be amalgamated with 8 SA Infantry Battalion and will be relocated to Upington. The process will be finalised during the next financial year.
	6 x Reserve Force Mechanised Infantry Battalions	The degree to which operational commitments are satisfied		
	1x Regular Force Parachute Battalion			



Table 5.1. Landward Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				Development members and other Parachute components such as Parachute Artillery participated in the regiment size exercise
	2 x Reserve Force parachute battalion			A small numbers of the Reserve Force members were placed in staff posts in the Headquarters environment. C Army issued an instruction for the closure of one battalion. For the short and medium-term members of 2 Reserve Force Parachute Battalion were transferred to 3 Reserve Force Parachute Battalion. Renewed effort was launched to attract more members. 3 Parachute Battalion presented pre-parachute training in Cape Town to prepare 30 members for the jump course that will take place in FY06/07. Reserve Force training will run concurrently with the Regular Force training
	1 x parachute packing wing			Parachutes were packed as required for force preparation and force employment
	1 x pathfinder platoon			Pathfinder platoon training forms an integral part of 44 Parachute Regiment's training. The lack of funds and prime mission equipment influenced the achievement
	5 x light infantry battalions 10 x light infantry battalions (Reserve Force)			Planning for and administrative preparation for 8 SA Infantry Battalion to amalgamate with 61 Mechanised Infantry Battalion commenced. Closing-down actions and amalgamation to be completed by 1 April 2007. The Unit is not operational and administrative preparation is in process for the closing down. Reserve Force members recruited as funds allowed. Thus first Reserve Force companies were deployed in Peace Support Operations in the Democratic Republic of Congo
	Specialised infantry capability			12 SAI Battalion is in the process of closing-down. Final audit in process and awaiting outcome by October 2006
	20 group headquarters 166 commando units (Reserve Force). Planned reduction of 55 units in FY2005/06			Good progress was made in the closing-down of the Group Headquarters as planned for FY04/05 to FY05/06. Most of the Headquarters are not active and the administrative processes for closing down are under way awaiting the final audits. The MOD approved the closure of 5 Group Headquarters and 45 Army Territorial Reserve Units



Table 5.1. Landward Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	8 Regular Force motorised infantry battalions 8 Reserve Force motorised infantry battalions			The eight motorised infantry battalions are currently used as the primary providers of troops for external deployments. The units are continuously doing combat ready training, mission ready training, administrative tasks, rest and recreation activities. The conversion of 14 SAI Battalion and 15 SAI Battalion to motorised infantry battalions must be completed by FY2007/08. 9 SAI Battalion, a motorised infantry capability will convert to a sea borne capability
	Infantry training capability	The degree to which infantry training targets are achieved (All Infantry Corps training)	100 courses 5 020 learners	186 courses conducted 3 040 Regular Force learners 560 x Army Territorial Reserve learners. Army Territorial Reserve conversion training to conventional trained ensured more troops for peacekeeping operations deployment in Democratic Republic of the Congo 193 x Military Skills Development Systems learners TOTAL 5 793
Armour capability	1 x Regular Force tank regiment 3 x Reserve Force tank regiments	The degree to which the required combat-readiness states are achieved	As specified in the readiness schedules and STFEP	Throughout the Armour Corps funds are being spent on maintaining the core growth capability. No conventional continuation training was done as a result of a lack of funds in prime mission equipment environment. Prioritisation of funds for the reserves was done in terms of Project PHOENIX Guidelines. Limited success in terms of continuation training as only one Reserve Force sub-unit was trained. Provided course support for Exercise DIBETSA (1 x sub-unit) conducted at the Combat Training Centre during November 2005. The Armour capability also participated in Exercise NDLOVU/SEBOKA
	1 x Regular Force armoured car regiment 3 x Reserve Force armoured car regiments			Limited success in terms of continuation training as only one Reserve Force sub-unit was trained. Provided course support for Exercise DIBETSA (1 x sub-unit) conducted at the SA Army Combat Training Centre in November 2005
	1 x Reserve Force armoured reconnaissance regiment			Elements of the Regimental Headquarters leader group were used in continuation training and Exercise SEBOKA

Table 5.1. Landward Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Armour training capability	Degree to which armour training targets are achieved	103 courses 3 090 learners	101 courses 2 408 learners Fewer courses were presented owing to lack of funds. Simulators were installed and will be used as part of all prime mission equipment training during 2006. The focus in training was on the Military Skills Development System members. This resulted in the provision of a regimental headquarters, one tank regiment sub-unit and one armoured car regiment sub-unit for force training, such as at Exercise SEBOKA A highly successful Armour Symposium was held in Bloemfontein in 2005 attended by 12 regional and international participants
Artillery Capability	1 x artillery regiment	The degree to which the required combat-readiness states are achieved	As specified in the readiness schedules and STFEP	The Artillery Formation allocated funds to enhance the establishment of their Core Growth Capabilities. Conversion training was done. The Reserve members were multi-skilled and utilised as peacekeepers (infantry men) in the DRC and internally to conduct borderline patrols. Maintenance of artillery main equipment ancillary equipment and vehicles was executed as planned. The Warehouse Concept within the SA Army must still be investigated and implemented
	1X 120mm M5/light regiment (minus) (Reserve Force) 1 x artillery mobilisation regiment 3 X 155mm SP GV6 gun regiments (Reserve Force) 2 X 155mm towed gun regiments (Reserve Force) 1 X 127 multiple rocket launcher regiment (Reserve Force)			
	Artillery training capability	The degree to which artillery training targets are achieved	56 courses 1 450 learners	56 courses 1 450 learners

Table 5.1. Landward Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Air Defence Artillery Capability	1 composite air defence artillery regiment	The degree to which the required combat-readiness states are achieved	As specified in the readiness schedules and STFEP	Throughout the Air Defence Artillery Corps funds are being spent on maintaining the core growth capability. The composite regiment was deployed internally. The emphasis during the past year was on conversion training to enable the ADA members to enhance multi-skilling for deployment in operations other than conventional operations. As part of the modernisation of the SA Army's equipment, the first batch of Starstreak portable short-range air defence systems was commissioned
	1 x Reserve Force mobile air defence artillery regiment 1 x Reserve Force towed air defence artillery regiment 1 x Reserve Force parachute air defence artillery regiment			The emphasis during the past year was on conversion training to enable the ADA members to enhance multi-skilling for deployment in operations other than conventional operations
	Air Defence Artillery Training Capability	The degree to which artillery training targets are achieved	32 formal level 1 courses with a pass rate of 80% of all students, totalling a maximum number of 620 members	31 learning opportunities were presented to 588 learners. The courses focussed on MSDS members and the enhancement of the Formation's Core Growth Capability. A total number of 547 learners on the formal courses were found competent with a pass rate of 93%. Planned targets were reduced owing to budget constraints
Engineer Capability	1 x Regular Force field engineer regiment	The degree to which the required combat-readiness states are achieved	As specified in the readiness schedules and STFEP	The SA Engineer Corps was the hardest hit by the outflow of skilled employees. An investigation is under way to address the loss of expertise. The SA Engineer Corps provided for Peace Support Operations despite the shortage of experienced personnel by means of increased rotation cycles. This is not sustainable in respect of constant strain placed on existing members of the Corps. The Survey and Mapping Regiment delivered a 100% correct common base mapping service to all clients. MOGS Squadron supported static installations. 1 Military Printing Regiment sustained and delivered a 100% correct common base mapping service to all clients of the Formation
	3 x Reserve Force field engineer regiment			
	1 engineer support regiments (Regular and Reserve Force)			
	1 x Survey and Mapping Regiment (Reg and Res F)			

Table 5.1. Landward Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	1 Military Printing Regiment (Regular Force)			Increasing shortages of personnel (Regular and Reserve Force) resulted in more strain on the remaining people because the rotation cycles for deployments decrease
	1 x construction regiment (Regular and Reserve Force)			
	1 x Reserve Force parachute engineer regiment			
	Engineering training capability	The degree to which artillery training targets are achieved	39 courses 1 314 learners	39 courses 1 314 learners were found competent with a 90% pass rate. Military Skills Development System members were trained on special courses for Reserve Force
Operational Intelligence Capability	1 tactical intelligence regiment (Regular and Reserve Force)	The degree to which the required combat-readiness states are achieved	As specified in the readiness schedules and STFEP	The recruitment and staffing of Reserve Force leader group was limited.
	Operational intelligence training capability	The degree to which artillery training targets are achieved	23 courses 1 150 learners	23 courses 1 150 learners with a 100% pass rate in all courses
Command and control capability	2 x brigade headquarters	The degree to which the required combat-readiness states are achieved Degree to which ordered commitments are met	Full compliance with combat readiness states and requirements specified in the readiness schedules and STFEP	43 SA Brigade. 43 SA Brigade Headquarters commanded Exercise YOUNG EAGLE in 2005 and provided the tactical headquarters 46 SA Brigade. 46 SA Brigade Headquarters commanded Exercise SEBOKA in 2005. Both Brigade Headquarters continuously provided elements and headquarters personnel for the UN Missions in Burundi and the DRC. Provided four task group headquarters for deployment; two task group headquarters on standby and two task group headquarters in training
Support capability	14 general support bases	Degree of achievement during internal evaluation	Performance according to plan	Army Support Bases at the Combat Training Centre and Bloemfontein successfully supported Exercise SEBOKA and Exercise YOUNG EAGLE. Army General Support Base Oudtshoorn provided support during Exercise ACE 05

Table 5.1. Landward Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	2 maintenance units 2 field workshops 1 sub-directorate Product-systems Support	Degree to which the required combat-readiness states are achieved The quality and timeliness of service to clients	As specified in the readiness schedules and STFEP High quality and timely service to clients	
	Ceremonial services capability: 1 national ceremonial guard	Degree of achievement during internal evaluation	Performance according to plan	The National Ceremonial Guard supported as in the past major events such as the Opening of Parliament, Freedom Day and Heritage Day Celebrations, as well as support to funerals, like that of the late Mr Ray Mahlaba in Port Elizabeth, as well as support to the Accreditation and De-accreditation ceremonies of Foreign Military Attachés
General training capability	Trained SA Army personnel: 1 Army College	Degree to which training targets are achieved	2 x courses (140 x learners)	2 courses for 140 learners were presented
	1 Combat Training Centre		8 x courses (360 x learners)	8 courses presented as planned with 360 learners. Foreign Military visit groups from the United Kingdom and Singapore visited the Combat Training Centre in FY2005/06 for explorative talks on the utilisation of training area and to do combined training with South African Forces on home soil.
	Junior leader Training unit (SA Army Gymnasium)		1 x junior leader officers and non-commissioned course 1 x Officers formative 4 x Warrant officers development courses 5 x Non-commissioned formative course	11 courses (Junior leaders, officers, warrant officers and NCO) presented as planned with 1 300 learners
	1 Training Depot (3 SA Infantry Battalion)		1 500 x MSDS – Jan 05 1 500 x MSDS – Jan 06 300 Senior Regimental Non-commissioned officers	A total of 3 500 Military Skills Development System members from the January 2005 and January 2006 intakes were trained

SA ARMY SPECIFIC EXERCISES CONDUCTED DURING FY2005/06

Table 5.2: SA Army Specific Exercises conducted during FY2005/06

Exercise	Duration Dates	Geographic Area	Participating Forces	Results Achieved
Exercise SEBOKA	3 – 27 October 2005	Army Combat Training Centre Lohatlha	(Details in of Chapter 4: Force Employment, Table 4.5)	The objective was achieved as planned
Exercise YOUNG EAGLE Brigade size exercise with the focus on Peace Support Operations Joint annual Exercise to test the SA Army's Parachute capability's Combat Readiness		Bloemfontein	43 SA Brigade 44 Parachute Regiment Headquarters 1 Parachute Battalion Reserve Force elements	The objective was achieved as planned

SERVICE DELIVERY IMPROVEMENT

Table 5.3: Performance and Service Delivery Improvement: FY2005/06

Output	Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
Strategic Capability	Phasing out of commandos and closing of Group HQ	Establishment of Proj MOUNTING (IG DOD). Centrally driven from Level 2 (F Struc) with guidance to Level 3 and Level 4. Regular visits to monitor and assess the progress	Closure of FSEs according to prescribed time lines. Funds to be saved and personnel and equipment to come available for further utilisation where gaps exists	Current	Establishment of Project MOUNTING (staffed and trained). The measures should ensure that the backlog in FSEs to be closed will be eliminated
	Plan and Control the implementation of the SA Army Force Structure End State and Migration Path	A centralised budget for transfer of personnel to transfer personnel from redundant FSEs to enable the re-utilisation of posts where required	Adherence to the SA Army Force Struc Migration Plan time lines	Current Approved on 30 Nov 05	A centralised budget for the transfer of personnel in FSEs to be closed

Table 5.3: Performance and Service Delivery Improvement: FY2005/06 (continued)


Output	Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
	Integrated management - Preparedness Planning and Preparedness Schedule	Establish Integrated Resource Management and decision-making support tool	Aligned and reliable cost basis. Accurate 0 based costing of the SA Army Force Design	Current	Phase 1 successfully completed. User System Requirement defined
Infantry Capability	Force Training – All training activities	Planning in terms of timings and logistics must be done in order to reduce the costs of deprivation allowance	Reduction in terms of deprivation allowance by R500 000	Current	Savings of R500 000. Trg not to the required standard. More time must be spent
	S & T – All medical appointments and general movements	Planning to give food parcels and keeping travelling to a minimum	Reduction in terms of allowances and a saving of R600 000	Current	Savings of R500 000. Reason for not saving as anticipated is because of greater expenditure as a result of decreases in health status of members and increase in numbers
	Command and Control – All command and control over funds, late spending and wastage of funds through all the series	Proper control over funds and regular inspections	Better control and an estimated saving of R1 000 000	Current	Savings of only R400 000
	Day-to-day maintenance – Maintenance of units	Do own minor maintenance	Saving of R1 500 000	Current	Savings of R750 000. Less maintenance was done than planned for
	Telephone costs	Cut on telephone calls by forced down on the FSEs to have a telephone savings plan and to control it	Saving of R2 000 000	Current	Savings of R1 000 000. Over anticipation to cut costs
Artillery Capability	Command and control	Institutionalise Leadership, Command and Management Principles (LCAMPS) as a way of life	Officers Commanding of units will be assisted to improve their practices to the extent where the SA Artillery is performing at optimum effectiveness	In process	Achieving the ongoing objective as to improve leadership in the Fmn
Air Defence Artillery (ADA) Capability	ADA Reserve Force Capability – Selective Intervention	Full implementation of the SA Excellence Model	Rejuvenated Res F	In process	To some extent achieve this objective Funds is the hampering factor to fully implement the SAEM

Table 5.3: Performance and Service Delivery Improvement: FY2005/06 (continued)

Output	Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
Armour Capability	Command and Control – Refinement of structures	Structure investigations, project PHOENIX FY2005/06	Increase efficiency and service Res F	In process	Command & Control improve, but too little. More need to be done insufficient funds holding back progress, because funds are rather being spent on maintaining the Core Growth Capability
	Training Capability – Refine training structures and review the PSM Support	Structure investigations, Prioritise fund allocation, continuously	Increased efficiency and increased productivity	Continuous process	Simulators installed and used for first time during EX KUTLWANO in Sep 05. Will be used as part of all PME training during 2006. Success into formal training. Course support exercise EX DIBETSA was presented at the CTC during Nov 05
	Tank Capability (including Tank Transport, Anti-Tank Missile and Reconnaissance) – Refine training structures and review the PSM Support	Structure, investigations, Project PHOENIX FY 05/06 and prioritisation of fund allocation	Increased efficiency and increased productivity	Continuous process	Limited Success into Cont Trg – only 1 x sub-unit trained. Course support exercise EX DIBETSA was presented at the CTC during Nov 05
Engineer Capability	Training Capability – Develop Electronic learning (E-learning)	Capabilities to allow students complete E-learning prior to commencing residential phases of courses	This will allow for time savings on revision and introductory training, thereby reducing the overall costs of courses	In process	Limited success in establishing the E-learning capability. Insufficient funds and loss of expertise/knowledge contributed to not improve this capacity
		Textbooks and manuals available on CD and Intranet, thereby saving costs on issued hard copies of study materials			
Operational Intelligence	Command and Control – Staffing of Res F personnel	Recruitment and staffing of leader group to be completed during FY2005/06	An established Res F Structure, which will contribute numbers to the Int Fmn and enhance the SA Army's Res F capability	In process	Limited success



Table 5.3: Performance and Service Delivery Improvement: FY2005/06 (continued)

Output	Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
	Formal Training – All instructors to be Education, Training and Development Practitioners qualified. All senior members to be trained in the SAEM	Empowerment of leader group, instructors and members to be course qualified	Knowledgeable leader group. ETD Practitioners to produce effective training	In process	Good progress has been made. 21 Instructors qualified as ETD practitioners, resulting in a 100% course pass rate
Command and Control 43 SA Bde	Combat Readiness Empowerment of newly appointed Personnel in terms of Brigade procedures and systems	Interim assessment by the end of FY2005/06	Achievement of control and oversight in terms of the integration, realignment and standards of newly composed Tact HQs for Peace Support Operations	Current	Interim assessments was conducted and the Brigade achieved 92% for Headquarters procedures due to training
	Functional training within the staff compartments to align members in terms of Brigade HQs role tasks and functions	GOC evaluation to coincide with 3rd rotation to DRC Mission Ready Training (Apr 2005, thereafter according to deployment schedule)	Enhance CR and MR of Bde HQ 	Current	GOCs evaluation has taken place

POLICY DEVELOPMENTS

The SA Army has completed the investigation into the modernisation of landward systems. The products of this investigation, SA Army Strategic Profile 2020 and SA Army Vision 2020, are being finalised and will be presented to the Military Council during 2006.

SERVICES SCALED DOWN, SUSPENDED OR ABOLISHED DURING FY2005/06

The closing down of the specialist infantry capability, 12 SA Infantry Battalion will be completed in October 2006 once the final audit has been completed. The phasing out of the Group Headquarters and Army Territorial Units is making progress. The closing down procedure in terms of logistics, personnel and financial audits is impeded by the lack of skilled personnel to complete the audit task.

CHAPTER 6 PROGRAMME 3 AIR DEFENCE



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OVERVIEW

During the past year the South African Air Force proved itself to be a valuable national asset and contributor to the NEPAD initiatives of Government in relation to national and international communities. The Air Force contributed manpower and other elements of air power to contingents of the SANDF that were deployed in the Democratic Republic of the Congo, Burundi, and the Sudan.

Enhancement and Maintenance of Comprehensive Defence Capabilities

The integration of the SDP aircraft into the South African Air Force and their commissioning in the Air Force form an important element of the SA Air Force's ability to conduct and sustain extended air operations. During the year under review this process was hampered by delays in the delivery of the Agusta A109 light utility helicopter and the temporary withdrawal of the Hawk jet trainer. The delays led to major disruptions of the planned training and conversion schedules.

The delivery of the Agusta A109 light utility helicopter is now almost two years behind schedule. This placed extreme pressure on the outgoing Alouette III aircraft, which did not have the capacity to sustain operations of the kind required in terms of the force employment objectives. The situation was alleviated slightly by use of the BK-117 light utility helicopters to bridge the shortfall, but the late delivery of the A109 caused major disruptions to the planned training schedules of the new aircraft. The withdrawal of the Hawk jet trainer, caused by inadequacies in the qualification of the flight software, similarly caused major disruptions to the planned training and conversion schedules. The overriding concern in the fighter line, however, remains underfunding, which forces the SA Air Force to operate its fighter fleet at suboptimal levels. Present indications are that the underfunding of the operating budget will force the Combat System Group to operate the aircraft of the strategic defence packages at levels far below their optimum level of utilisation.

The same situation prevails among all other air systems, and it can be reported that,

despite major efforts on the part of the Air Force's senior leadership, as well as vast efforts by many talented individuals, almost all the SA Air Force's main air systems are on the decline in as regards their ability to conduct conventional operations. The decline in air system integrity was exacerbated by a massive loss of specialised technical expertise during the reporting year. More than 240 highly skilled aircraft technicians resigned during 2005. This limited the ability of the air systems to conduct and sustain extended air operations.

Promotion of Peace, Security and Stability in the Region and on the Continent

More than 1 700 hours were flown in support of deployments in the Sudan, the Democratic Republic of the Congo and Burundi. These included regular logistic supply flights, change-over missions, and tactical mobility exercise within the areas of operation. In this respect, the general condition of the Boeing 707 fleet is cause for concern. Although these aircraft played an invaluable role during the year under review in the transportation of personnel and freight to the deployed forces, their reliability and mission dependability have deteriorated on account of prolonged under-maintenance as a result of underfunding. In spite of suffering a serious setback in the area of C130 availability on account of a mandatory wing inspection prescribed by the manufacturer (Lockheed Martin), the Air Force is gradually recovering. Against the background of deteriorating aircraft systems, critical skills shortages and significant levels of underfunding, there is cause for concern about the ability of the SA Air Force to provide the required components of air power to support the SADC Brigade and fulfil other African Union operational needs. Despite the stated shortcomings, however, a significant degree of assistance was provided in support of this strategic objective. SA Air Force aircraft played an important part in executing national security policy, and cooperation in the region ranged from assistance with general elections in the Comores to multinational exercises with regional air forces. During FY2005/06 the Air Force flew a total of 35 790 hours, of which 11 484 were for force employment in direct support of joint operations. It should be noted, however, that these operations and the force preparation activities that preceded them, were funded at the cost of other, longer term needs, such as air base maintenance, aircraft spares purchases, vehicle renewal, and infrastructure maintenance.

Support to the People of South Africa

A total of 1 040 hours were flown in support of the SA Army, SA Navy and the SA Police Service during border control operations. A further 1 134 flying hours were flown in direct support of crime prevention operations in rural areas and 660 flying

hours were flown to assist with the provision of humanitarian assistance. During maritime reconnaissance operations 303 flying hours were flown in support of the SA Navy.

Support of Government Objectives

The Air Force contributed substantial elements of air power to the contingents of the SANDF that are currently deployed in the Democratic Republic of Congo, Burundi and the Sudan. A total of 1 237 fixed-wing flying hours and a total of 512 helicopter flying hours were flown in direct support of operations in these countries.

During the year the Air Force provided the Comores with support during their elections. Various air assets and personnel were deployed in the Comores and a total of 59 flying hours were generated to assist with the elections.

An operational exercise in Botswana saw a variety of SA Air Force aircraft participating. A total of 116 helicopter flying hours and a total 82 fixed-wing flying hours were flown during this multinational exercise. The Air Force also participated in the silver anniversary celebrations of the Zimbabwean Air Force.

The funding of air mobility for diplomatic missions was once again a high priority for the Air Force during 2005. Various aircraft flew a total of 1 507 hours in support of VIP dignitaries. A further 1 428 flying hours were flown as IP (important persons) transport.

Measures Taken To Remain Within Budget

All operating risks experienced during the year under review are associated in one way or another with the considerable levels of underfunding of the operating budget. In some cases, such as the loss of technical expertise, underfunding was not the sole source of the problem. Factors such as the enormous disparities between salaries paid in the Air Force and those paid in the private sector, a lack of career prospects and inadequate career management contributed significantly to the high resignation rate. In other cases, such as the deterioration of main air systems and operational infrastructure, the solution is almost entirely dependent on the availability of funds, and, without at least minimum levels of funding, few, if any, options are available to arrest the continuing decline.

Nevertheless, the SA Air Force has introduced certain processes in an attempt to further optimise its logistic support, streamline its structures, reduce its footprint where-

ever possible, and reduce the cost of ownership of large fixed assets - such as air bases, training units, and support units - to the minimum possible. The savings that were realised by some of these efforts were channelled back to those areas where operational output could be improved, and thus, the SA Air Force managed to achieve higher levels of efficiency than would otherwise have been the case. Alternatives to reduce costs during 2006 included reconsidering the Air Force's structure and outsourcing basic helicopter training. Yet, despite these efforts by talented, loyal and committed personnel, it should be pointed out that the general operational condition of the SA Air Force continues to decline as a direct result of extraordinary levels of underfunding.

PURPOSE

To provide prepared and supported air defence capabilities for the defence and protection of South Africa.

OUTPUT DETAIL

The Air Defence Programme provides air defence capabilities for South Africa in the areas covered by its 11 subprogrammes, namely -

- Strategic Direction;
- Operational Direction;
- Helicopter Capability;
- Air Transport and Maritime Capability;
- Air Combat Capability;
- Operational Support and Intelligence Capability;
- Command and Control Capability;
- Command Post;
- Base Support Capability;
- Education, Training and Development Capability; and

Table 6.1: Air Defence Programme Outputs for the FY2005/06

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
Strategic direction			
Strategic direction for the air defence programme	Degree to which the DOD's policies, strategies and plans are implemented in respect of air matters	All policies, strategies and plans are implemented as specified	All policies, strategies and plans were implemented as specified. Outputs were adjusted where necessary, on account of resource constraints. Meaningful and measurable progress was made towards achieving the objectives of the "SA Air Force Strategic Transformation Plan Towards Vision 2015". Refer to capability area outputs for details
Air defence advice for the DOD	Degree to which all required inputs to DOD policies, cabinet memoranda, strategies and plans are submitted	All required inputs submitted on time and in accordance with requirements	All required inputs were submitted on time and in accordance with requirements
Air defence capabilities in support of Government initiatives	Degree to which support required for Government initiatives is provided	Support provided as required	Support was provided as required
Allocation and management of air defence resources	Degree to which the allocated budget has been expended as planned	Allocated funds expended as planned and plans are executed within budget	100% expenditure was achieved. All DOD policies and prescripts were complied with. Some adjustments were made to some of the business plans late in the financial year, mainly on account of the receipt of funds from the DOD obtained from internal savings, which were applied in areas of critical underfunding
Operational Direction			
Operational direction for the Air Defence programme	Degree to which allocated funds have been expended. Degree of compliance with DOD policies and prescripts	Allocated funds expended as planned. Full compliance with DOD policies and prescripts	100% expenditure was achieved. Some business plans were adjusted for reasons such as the supplier's inability to deliver products and services within the financial year and also to make use of additional funds received from DOD level. All DOD policies and prescripts were complied with
Combat ready air capabilities as specified for achieving a readiness state for joint operations	Readiness state for joint operations	Readiness state	The majority of the readiness state requirements were complied with. Details are provided in the state of readiness report
Flight safety management	Number of accident-free flights per hours flown	No major aircraft accidents	Three major accidents with one fatality occurred. An extensive aviation safety programme was conducted during the year. This included formal training, awareness programmes and an aviation safety seminar which was presented at executive level. A significant decrease in

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
			the total number of accidents resulted, compared with previous years, and it is expected that the programme should lead to a further reduction in the number of major accidents
	Number of transgressions of civil or military aviation regulations	No transgressions of civil or military aviation regulations	Three minor transgressions of regulations, which had no significant or lasting effect on safety
Helicopter Capability			
Four mixed (medium and light) squadrons One combat support squadron One helicopter training school	Degree to which planned daily aircraft availability is achieved	Serviceable medium helicopters available daily. Classified details reflected in confidential annual report	The average number of, serviceable helicopters available on a daily basis decreased during the year on account of a loss of experienced aircraft technicians, underfunding and a maintenance-licensing dispute between the suppliers. This affected the SAAF's ability to respond to requests to increase its external commitments
		Serviceable light helicopters daily (phasing in of Agusta 109). Classified details in confidential annual report	The average serviceability decreased during the year. The delay in the commissioning of the A109 helicopters meant that phased-out Alouette IIIs could not be replaced by A109s. This had a negative effect on force preparation activities and the SAAF's ability to meet force employment commitments
		Serviceable combat support helicopters daily. Classified details in confidential annual report	Fewer helicopters than planned were serviceable on a daily basis. Following a serious accident in mid- 2005 fewer aircraft were deployed at the unit. The remaining aircraft are at Denel undergoing retrofits to achieve deployment status by July 07. The result was a lower flying rate than that envisaged and deployment status could not be achieved
	Degree to which planned daily aircrew availability is achieved	Qualified medium helicopter crews daily. Classified details contained in confidential annual report	The number of crew members available was sufficient to satisfy internal and external commitments, but was insufficient to accommodate an increased number of external commitments. A number of Alouette III crew members were moved to the Oryx helicopters to compensate for the lack of available light helicopters on account of the delay in the commissioning of the A109. The result was a low flying rate for aircrew members, as the availability

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
		Qualified light helicopter crew members are available daily. Classified details in confidential annual report	A sufficient number of members crew were available but a lack of available aircraft seriously hampered the effective utilisation of available crew members. The aircrew flying rate decreased because of the limited availability of airframes
		Qualified combat support helicopter crew members are available daily. Classified details are provided in the confidential annual report	A number of crew members were available as planned. On account of the limited number of aircraft available, it was not cost effective to increase the number of aircrew members at that stage
		Flying instructors are available at the helicopter training school. Classified details are provided in the confidential annual report	Fewer instructors were available than planned. It was not possible to increase this capacity as the inflow from the training system was matched by the outflow to the civilian sector. The current overload situation cannot be sustained and the SAAF is currently seeking relief by making use of the alternative service delivery route
	Degree to which planned output of flying hours is achieved	The total planned output of flying hours is achieved. Classified details are provided in the confidential annual report	Fewer flying hours were achieved than planned. The implication was that not all commitments could be met. The non-availability of aircraft was the main reason for not achieving the full output
	Degree to which ordered commitments are met	In Burundi and the DRC 9 855 personnel days' and 2 190 aircraft days' service is rendered	Only 4 380 personnel days and 730 aircraft days service was rendered. The need delined, because the Alouette IIIs were withdrawn from Burundi during the year
Air Transport and Maritime Capability			
Three transport squadrons (one VIP) One maritime squadron One transport and training squadron Nine Air Force Reserve squadrons	Degree to which planned daily aircraft availability is achieved	Serviceable aircraft are available daily. Classified details are provided in the confidential annual report	Fewer aircraft were made available than planned. The shortfall was made up by reducing the output, using Reserve Force aircraft and chartering aircraft. Unforeseen and unavoidable inspections and repairs led to the unavailability of some aircraft
	Degree to which planned daily aircrew availability is achieved	Qualified aircrew members are available daily. Classified details are provided in the confidential annual report	Fewer crew members were available than planned. This shortfall was less of a limiting factor in meeting the requirements related to joint operations than the shortage of mission-ready aircraft
	Degree to which planned output of flying hours is achieved	The total planned output of flying hours is achieved. Classified details in confidential annual report	Fewer hours were flown than planned. Most of the requirements related to joint operations were met, but this necessitated resorting to chartering aircraft. In order to fund aircraft maintenance events, the output objectives were adjusted by reducing the flying hours.

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
		Regular Force flying hours. Classified details in confidential annual report	Fewer hours were flown than planned. The initial number of hours allocated was adjusted again in January on account of a lack of funding
		Reserve Force flying hours. Classified details in confidential annual report	Fewer hours were flown than planned. The force preparation and force employment hours were adjusted on account of different aircraft requirements than those planned for. The measurable objective in the case of the Reserve Force aircraft was funding spent, rather than number of flying hours, as the costs related to different aircraft types differed substantially. Initially, planning was done on the basis of an average cost per flying hour
Air Combat Capability			
One combat squadron One long-range transport, electronic warfare and in-flight refuelling squadron One combat training squadron	Degree to which planned daily aircraft availability is achieved	Serviceable aircraft daily. Classified details in confidential annual report	Fewer aircraft were serviceable per day than planned. This was due to the phasing out of the Impala system and an ageing Cheetah system and reduced technical support and expertise. As the Boeing system was not fully funded, sufficient spares could not be acquired, and this resulted in 50% serviceability. During the Impala phasing-out period, the system still managed to generate a high flying rate. The Boeing system managed to provide for most of the needs related to joint operations. The balance was made up by means of C130s and chartered aircraft
	Degree to which planned daily aircrew availability is achieved	Qualified aircrew daily. Classified details in confidential annual report	Fewer qualified aircrew members were available per day. The planned hours were therefore not flown and all aircrew members were not able to achieve and maintain multirole status. Aircrews migrated from the Impala and Cheetah system to the Hawk system, with the result that Cheetah aircrew numbers decreased to 50%
	Degree to which the planned output of flying hours is achieved	The total planned output of flying hours is achieved. Classified details in confidential annual report	Fewer hours were flown than planned. All aircrew members were not able to achieve and maintain multirole status. Reduced aircrew numbers combined with ageing aircraft systems and poor sustainability resulted in a lower-than-target performance

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
Operational Support and Intelligence Capability			
13 protection service squadrons	Degree to which ordered commitments are met	During external deployments 54 750 personnel days' service is rendered	Only 40 150 personnel days' service was rendered. On account of the remustering of protection members, fewer members were available for deployment. All deployment needs could, however, still be satisfied because there was a reduction in the demand for the deployment of protection members
	Degree to which ground protection, entrance control and VIP protection targets are achieved	12 months' incident-free ground protection is provided	Two shooting incidents and a number of thefts were reported. A number of initiatives are underway to improve the safeguarding of property. This involves training, the use of technology and improved adherence to procedures
		No successful entrance control violations are committed	Target achieved, mainly on account of the fact that stricter entrance control was enforced during the year
		No successful attacks are made on VIPs	Trained and dedicated Air Force VIP protectors deployed in Burundi, as well as locally, were successful in carrying out their mandate
		Training is provided for 80 entrance controllers, 20 regimental instructors and two protection officers	Altogether 96 entrance controllers were trained on account of an increasing demand for improved entrance control. Altogether 20 regimental instructors were trained and the target was met. One protection officer was trained because only one was required
One joint air reconnaissance information centre (Jaric)	Degree to which the exploitation and supply of image intelligence to SANDF and other clients meet with requirements	Full client satisfaction is achieved	Most of the client requirements were met. The Joint Air Reconnaissance Information Centre is at present in the process of restructuring to enhance its capability.
A training centre for the Joint Air Reconnaissance Information Centre	Degree to which the training objectives and the syllabus requirements are met	One air photography learning programme - 6 learners trained	The planned course was not presented on account of the requirement to accredit the course at the South African Qualification Authority (SAQA). The free capacity was used to present a course on the Curis System and a C-level intelligence course. The failure to present the air photography course had no impact on the SAAF's operational capability as the backlog was made up during the course held in April 2006

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
Counter-intelligence and safeguarding	Degree to which counter-intelligence and safeguarding requirements are met	A continual reduction is achieved in security breaches and crime statistics	Efforts to reduce security breaches did not meet expectations, mainly on account of non-adherence to policy in the SA Air Force. Currently security awareness programmes are being implemented
		A 24 hour-per-day counter-intelligence support capability is achieved	Partially achieved, on account of a shortage of personnel and vehicles. The result was that the reduction in security breaches and crime was smaller than expected
Command and Control Capability			
Air Defence Management Sound management of air defence personnel, static and mobile control centres, mobile deployment units and sensors	Extent to which the planned number of qualified mission controllers is made available	The planned number of qualified mission controllers is made available. Classified details are provided in the confidential annual report	Fewer qualified mission controllers than planned were made available. This had no lasting effect on output. The members currently under training and the planned courses will resolve the shortages. 11 candidate officers are under training
	Degree to which the static control centres achieve the planned requirements.	An 8 hour-per-day control service is provided at two static control centres	Target exceeded, thanks to participation by both airspace control sectors in borderline control operations after hours.
	Extent to which planned deployments are carried out	All planned deployments are carried out	All planned deployments were executed
	Degree of availability of long-range radar sensors	Continuous semi-static deployments.	Continuous semi-static deployments were carried as planned.
		Deployment weeks for one transportable system	Target exceeded. Three force preparation exercises were held in FY2005/06.
	Operational reserves are available	One system is in the process of being upgraded. The expected completion date is December 2007.	
Degree to which tactical mobile radar sensors are available for deployments	A number of deployment weeks are kept as an operational reserve. Classified detail are provided in the confidential annual report	The target was exceeded on account of the additional need for both systems to participate in borderline control operations.	
Air Traffic Management Sound management of air traffic control personnel, air traffic service units and navigation aids	Degree to which the planned number of air traffic controllers and air traffic service assistants is made available	73 qualified air traffic controllers	Only 71 qualified air traffic controllers were available. The target achieved was sufficient to meet requirements.
		17 qualified air traffic service assistants	3 members are employed in official air traffic service assistants' posts. The shortfall was managed by using military skills development (MSD) members to carry out these functions as part of their training and development.

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
	Degree of availability of Air Traffic Service units (equipped with airfield radars and approach aids)	6 mission-ready Air Traffic Service Units	6 mission-ready Air Traffic Service units were available
	Degree of availability of navigation aids.	24-hour availability	A 24-hour availability achieved, as required
Information Communication Technology Management Sound management of telecommunications personnel and equipment	Degree to which the planned number of telecommunication officers and operators is made available	24 qualified telecommunication officers and 127 qualified telecommunication operators	Target achieved
	Degree of availability of SA Air Force telecommunication equipment.	A 24-hour availability of equipment	A 24-hour availability was achieved, as required
Ground Command and Control Management Sound management of command post personnel, the ground command and control system, the current intelligence system (CURIS) and ordered commitments	Degree to which the planned number of command post officers and command post assistants is made available	49 command post officers	Target achieved. All posts were filled as required
		178 command post assistants	9 command post assistants resigned during the year. These posts could not be filled by means of the military skills development programme and the problem needs to be addressed in 2006. 169 command post assistants were made available
	Degree of availability of the ground command and control system and the current intelligence system	A 24-hour availability	A 24-hour availability was achieved, as required
	Degree to which ordered commitments are met	External Deployments 1 460 personnel days	Achieved. The deployment requirements were met
Training Training at Airspace Control School	Degree to which the planned training objectives and syllabus requirements are met	14 airspace control courses - 98 learners	Target partially achieved. 7 courses completed – 44 learners trained. This was due to the unavailability of a sufficient number of nominees
		4 telecommunication courses – 55 learners	4 telecommunication courses – 55 learners successfully trained.
		1 mobile air operations team course - 10 learners	1 mobile air operations team course - 10 learners successfully trained.
		1 command and control instructors' course - 10 learners	1 command and control instructors' course - 10 learners successfully trained

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
		2 military skills development courses – 50 learners	2 military skills development courses were developed and 50 learners were successfully trained.
		3 ops courses – 30 learners	Only one course was presented. No impact on output since the required modules were presented as part of one of the military skills development courses.
Deployment Support Management of deployment support	Degree to which deployment support requirements are met	A 200-man tactical air base deployment for 12 weeks (24-hour operations)	The target was exceeded. During Exercise Thokgama, a combined exercise with the SADC countries in Botswana, a 350-man tactical air base was established. The SANDF served as a benchmark for other SADC countries. During Exercise Indlovu a tactical air base was established at Upington. A total of 415 people were accommodated
		2 x 20-man simultaneous tactical air base deployments for eight weeks	2 x 20-man simultaneous tactical air base deployments took place, as planned
		Logistic support for 180 days of SA Air Force deployments.	The targets were achieved. 18 Deployment Support Unit supported Exercise New Horizon VII by providing camping equipment and transporting equipment from the deployment area
Command Post Capability			
Air Force Command Post	Degree to which planned flying hours are utilised	Effective command and control of all planned flying hours.	Effective command and control of all planned flying hours was achieved.
Air Operations Training Centre	Degree to which SA Air Force training needs for command post personnel are met	Full compliance.	All SA Air Force training needs for command post personnel were met
Base Support Capability			
Support services for eight Air Force bases and one Air Force station (Support services include fire-fighting, aerodrome services, passenger handling, aircraft fuelling and apron services.)	Degree to which aviation regulatory requirements and support requirements for all aircraft movements are complied with	Full compliance.	Airfield Facilities: Aircraft arresting systems were inoperative at some bases. The 5-yearly major overhaul needed to be done. Only limited maintenance was performed on all the runways and taxiways, mainly because of underfunding. This situation will have a serious impact on operational infrastructure availability if not addressed

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
			<p>Ground Power Units: Satisfactory.</p> <p>Aviation Fuelling: Not fully compliant. The corrosion of the pipeline can cause fuel spillages, contamination of underground water sources and environmental problems. A contract is in place to investigate all bulk fuel installations for compliance with environmental legislation.</p> <p>Fire-fighting: A project for refurbishing fire vehicles was completed and the acquisition of new fire vehicles is in process. On account of underfunding only limited maintenance was done on fire equipment</p>
Transport services	Degree to which the needs for personnel and material transport are met	Full compliance	The vehicles in general are all very old and unreliable. Maintenance costs are very high. Budget constraints prevent replacement and maintenance of vehicles
Property management services	Degree to which the working environment at all SA Air Force facilities and installations complies with the national building regulations and the National Environmental Management Act	Full compliance	<p>The backlog in maintenance of the infrastructure has reached a point where non-compliance with either the national building standards or the Labour Law is unavoidable. The implications are that critical capabilities will become unavailable.</p> <p>Compliance with the Skills Development Act (Act 97 of 1998) and Defence Act 42 of 2002 was achieved. Environmental training for environmental managers was provided because funds were provided for skills training</p>
Supply Support Services	Degree to which supply support services are provided at all SA Air Force bases, units and squadrons	Full compliance	<p>Restructuring of the Supply Support Section of the SA Air Force is in progress.</p> <p>Uniforms are not fully compliant. Budget shortages are affecting the SA Air Force's ability to provide sufficient uniforms to satisfy the scale of issue. A major effort is underway to optimise SA Air Force uniform specifications and the SAAF's inventory</p>
Education Training and Development Capability			
Advanced training, skills training, and full-time technical training	Degree to which the planned training objectives and syllabus requirements are met	300 learners are trained in various part-time tertiary study fields	249 successful learners. The shortfall was due to poor academic progress, resignations and poor self-discipline

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
		2 500 learners on various development and training courses	The training targets in respect of the various courses were achieved as follows: 979 learners attended development courses 1262 learners attended skills training courses. 259 learners attended tertiary training
		N4-N6 full-time tertiary training - 60 learners	60 learners were trained, therefore the target was achieved.
		Apprentice recruitment target: 130	180 apprentices were trained and the target exceeded. The increase was necessitated by the shortage of technical personnel.
		Full-time engineering course - 60 learners	60 learners were put on a full-time engineering course
Flying training school	Degree to which the planned training objectives and syllabus requirements are met	34 aircraft serviceable daily	31 aircraft were made serviceable daily. The shortage was due to the need for corrective maintenance. This did not have a major effect on the achievement of objectives
		32 instructors made available for training	Only 22 instructors were available. On account of a shortage of pilots in the SA Air Force, only 22 could be released to serve at Central Flying School. One of the planned interventions is to make use of flying instructors from Zimbabwe
		9 000 flying hours	Only 8 925 flying hours were achieved. Smaller numbers of pupil pilots were selected than planned. Fewer hours were required to train the actual number of learners
		2 pilots' courses - 39 learners qualify as pilots	2 courses, 26 out of 42 learners qualified as pilots. Fewer pilots qualified than planned on account of a high dropout rate between selection and qualification. Eight of the learners failed groundschool training at the Military Academy. They subsequently qualified and have been rescheduled for flying training. Four candidates were unable to qualify at Central Flying School for medical reasons and on account of poor progress and a fatal accident. A further four candidates who were unsuccessful are still in the system, undergoing additional training and reassessment
		2 instructors' courses are presented and 10 learners qualify as instructors	2 courses were presented and 12 learners qualified as instructors. Although the target was exceeded, the total number of instructors is insufficient

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
Navigator training school	Degree to which the planned training objectives and syllabus requirements are met	10 qualified navigation instructors are made available for training	Only 6 navigation instructors were available. On account of a shortage of navigators in the SA Air Force, only 6 could be released to serve at 80 Air Navigation School
		3 navigators' courses - 21 learners qualify as navigators	2 courses were presented, 9 learners qualified as navigators. Fewer learners could be selected than planned
		1 instructors' course – 2 learners qualify as instructors	1 instructors' course – 1 learner qualified as an instructor. One learner withdrew to attend the pilots' course
		4 survival courses - 120 learners	A total of 47 learners attended two survival courses. Fewer nominations were received from the Flying System Groups, on account of operational commitments and personnel shortages. This had no short-term effect on the SAAF's capabilities
		1 aviation orientation course – 15 learners	1 aviation orientation course – 18 learners
		5 parasailing courses - 120 learners	2 parasailing courses, 202 learners. 80 Air Navigation School had the capacity to cope with the extra number of learners
Logistical training school	Degree to which the planned training objectives and syllabus requirements are met	450 apprentices	450 apprentices. Although the target was achieved, the huge loss of experienced technical personnel remains a cause for concern
		168 office automation courses – 1 680 learners	Courses were presented on account of a shortage of resource problems. This had an impact on productivity which needs to be addressed in 2006
		121 SA Air Force unique courses - 1 418 learners.	81 SA Air Force unique courses were presented and 860 learners trained. Not all courses were fully manned. 19 courses were cancelled on account of a lack of nominations and problems with infrastructure
		4 hospitality service courses – 83 learners	4 hospitality courses were presented and 70 learners, including 12 military skills development members were trained. An insufficient number of nominees met the entry requirements for the courses
		23 fire-training courses – 540 learners	13 fire-training courses were provided and 166 learners were trained. On account of the migration of the fire school to 68 Air School, only 13 courses were presented. The actual required number of members trained on each course was, however, achieved

Table 6.1: Air Defence Programme Outputs: FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
Personnel development at SA Air Force College	Degree to which the planned training objectives and syllabus requirements are met	19 development courses – 775 learners	14 development courses – 312 learners. Not all course slots were utilised, especially in the junior non-commissioned officers' category
		2 officers forming courses – 144 learners	Target exceeded on account of increased need. 3 officers' forming courses – 213 learners
		3 air power courses – 48 learners	Target exceeded on account of increased need. 3 air power courses – 50 learners
		1 Law of Armed Conflict course – 20 learners	No nominations. No impact on operational capabilities
Basic military training gymnasium	Degree to which the planned training objectives and syllabus requirements are met	7 basic courses – 318 learners	Target exceeded. 6 basic courses – 598 learners trained on account of increased need. The 6 basic courses fulfilled the need
		3 basic courses (Reserves) – 60 learners	1 basic course (Reserves) – 21 learners. The actual need was only 21 trained members
		6 orientation courses – 29 learners	1 orientation course – 2 learners. Although the courses were scheduled, less emphasis was placed on recruitment from other services or among former SA Air Force members, who would then have attend the reorientation courses
		23 protection courses – 305 learners	96 learners were trained as entrance controllers 16 learners were trained as instructors 1 learner was trained as an officer 40 learners were trained in advanced protection 35 learners were trained in VIP protection Although provision was made for more learners, the training needs in respect of the various courses were met
Technical Support Services Capability			
Six aircraft-servicing units	Degree to which the aircraft requirement of the flying units is achieved	To provide serviceable aircraft in accordance with the requirements of the System Group business plans	The aircraft-servicing units maintained a steady output of serviced aircraft as planned. The following issues, however, are a cause for concern: Lack of Personnel and Resignations. The lack of skilled technical personnel in all aircraft related trades hindered the achievement of objectives

Table 6.1: Air Defence Programme Outputs for the FY2005/06 (continued)

Output	Performance Measure	Actual Performance Against Target	
		Target	Actual Achievement
			<p>Supply Support Issues. A lack of spares and long lead times to acquire them slowed down turnaround times for aircraft servicing.</p> <p>Sinkholes. The appearance of sinkholes at units in Pretoria, caused concern</p>
Armament support	Degree of compliance with the requirements for armament support	Punctual delivery of the required quantities of armaments and life support systems for force preparation and employment	Force preparation and force employment supported as planned
Maintenance capability	Degree to which all common aircraft support equipment is maintained and available for use	To provide serviceable support equipment in accordance with the requirements of the System Group business plans	Increased unavailability as a result of a lack of maintenance mainly caused by underfunding
Engineering support	Degree of compliance with all System Group internal engineering requirements	Punctual delivery of engineering support to System Groups	The loss of engineers to the private sector increased. This outflow, if not arrested, will affect support delivery in future. The SA Air Force leadership is planning interventions to alleviate the problem
Operational support and information systems	Effectiveness of aircraft systems information management	Implementation and support of an information management system for the System Groups	Partially achieved at the System Groups and directorates. The balance is scheduled for 2006/2007
Support process integration	Effectiveness of policies and procedures for aircraft systems	Implementation of cost effective processes and procedures within the System Groups	Output objectives only partially achieved. The establishment of a section to give detailed and urgent attention to Air Force instructions is in progress

SERVICE DELIVERY IMPROVEMENT

Table 6.2. Performance and Service Delivery Improvement: FY2005/06

Subprogramme	Activities	Planned Management Interventions	Anticipated Benefit	Status	Actual Achievement
Strategic Direction	Human resources transformation	Monitoring Air Force Board focus areas to ensure that representivity is achieved in the core functions of the Air Force, and that enough representative members are prepared for careers on SDP aircraft	Meaningful and measurable progress is made towards achieving the objectives of the SA Air Force medium-term HR strategy and the SA Air Force Strategic Transformation Plan Towards Vision 2015	Ongoing	Intervention in the recruitment and selection of candidates produced results. The number of black candidates in these musterings earmarked for training during the 2006 to 2008 pilots' and navigators' wings courses increased from 55 to 127
Strategic Direction	Review of contracts	Annual review of contracts to ensure cost-effective logistic support	Optimised service delivery and support that reflect a cost-effective balance between the operational requirement, the contracted work and the cost to the SA Air Force, thus assisting in reducing the overall cost of support	Ongoing	Contract Review Committee functioning. A number of contracts were reviewed and cost savings were realised
Strategic Direction	Logistic restructuring	To implement the redesigned logistic support concept in the SA Air Force in accordance with the approved SA Air Force logistic support philosophy and the guidelines in the SA Air Force Strategic Transformation Plan Towards Vision 2015	An optimised logistic support system that reflects a cost-effective balance between organic SA Air Force logistic support and outsourced support, thus assisting in reducing the overall cost of support	Ongoing	Technical Restructuring. Good progress was made in restructuring in the areas of technical baseline capabilities per aircraft servicing unit, meeting Strategic Defence Package requirements and outsourcing technical work vs making commitments to industry Commercialisation of Messes. Implemented with good results at the selected messes
Strategic Direction	Using alternative service delivery routes including public-private partnerships	To establish alternative service delivery contracts at Air Force Base Ysterplaat, Air Force Base Hoedspruit and Mariepskop, in accordance with the guidelines provided in the SA Air Force Strategic Transformation Plan Towards Vision 2015	Long-term formal alternative service delivery contracts that effectively and substantially reduce the cost of ownership of the mandated air bases, stations and units	Ongoing	The SA Air Force submitted a request to the Chief of Acquisition and Procurement to register Air Force Base Ysterplaat at the National Treasury as a priority for public-private partnerships. Requests to register other bases at the National Treasury will follow in due course
Strategic Direction	Operational readiness	To establish a system for measuring the operational readiness of the SA Air Force to perform	A reliable measure of the SA Air Force's operational readiness, indicating the degree of	Ongoing	A process for measuring the operational readiness of the SA Air Force was established. Implementation and evaluation require a period of two years

Table 6.2. Performance and Service Delivery Improvement: FY2005/06 (continued)


Subprogramme	Activities	Planned Management Interventions	Anticipated Benefit	Status	Actual Achievement
		its assigned missions in support of the force employment requirements for air power.	compliance with, or deviation from, the set output objectives provided by the Air Force Office		
Strategic Direction	Establishment of a national aviation academy	To participate in the establishment of a national aviation academy in conjunction with suitable partners in the commercial aviation sector	Initial flight screening, basic ground and flying training for pilots, and basic technical training, in preparation for the commencement of military flying and system specific maintenance training in the SA Air Force. Involvement of SADC countries will ensure support of NEPAD 	Ongoing	The President appointed the Minister of Transport as the political champion of the project to investigate the establishment of a national aviation academy (NAA). A staff paper outlining the objectives of the NAA has been approved by the Air Force Board. This document will be used as the nucleus for all stakeholders to formulate a common need for an NAA at a work session to be convened by the Department of Transport. The SA Air Force, acting on behalf of the DOD and the Minister of Transport has launched an investigation into possible venues for the NAA. High-level discussions were held with the Premier and the Chief Director Transport of the North West Province in Mafikeng as well as the Mayoral Committee in Potchefstroom
Strategic Direction	Communication	Monitoring the Air Force Board focus areas to ensure that communication with both internal clients and external audiences occurs in a proactive manner	Focused, effective and regular communication with all SA Air Force personnel on the implementation of, and progress made in pursuing the objectives of Vision 2015. Positive results will create a corporate image of success, which in turn will motivate members to increase their own contribution towards Vision 2015	Ongoing	Extensive use was made of various media to communicate the progress that had been made in dealing with strategic issues to the wider SA Air Force
Strategic and Operational Direction	Reduction of uniformed and civilian personnel	Reduction of personnel numbers by approximately 1 000 during the next two years	Substantial reduction in personnel costs. Retention of optimised HR complement in support of allocated roles and responsibilities or functions	In progress	Attrition tendencies indicate that the SA Air Force's total human resource strength could decline by only 0.9% per year for the next two years. Furthermore, only a small proportion of the Air Force members identified for the Mobility Exit Mechanism during 2005/06 have accepted the offer to date. The SA Air Force has approved a higher recruitment target for FY2006/07. If this higher recruitment target is achieved, it

Table 6.2. Performance and Service Delivery Improvement: FY2005/06 (continued)

Subprogramme	Activities	Planned Management Interventions	Anticipated Benefit	Status	Actual Achievement
					might nullify the losses to a great extent, resulting in a much lower net attrition than envisaged
Operational Direction	Closure, consolidation and relocation of force structure elements	Migration of units in accordance with the requirements of the SA Air Force Strategic Transformation Plan. These activities will continue throughout the year	Personnel reductions resulting in an increase in funds available for variable costs in the operating budget	In progress	85 Combat Flying School was closed down at Air Force Base Hoedspruit and relocated to Air Force Base Makhado. The Impala aircraft operated by 85 Combat Flying School were phased out on 30 Nov 05. 7 Aircraft Servicing Unit, which provided technical support for 85 Combat Flying School, will close down
Operational Direction	Personnel acquisition for SA Air Force core functions	Identification, selection, and preparation of black school learners for a career in aviation	Increased representivity in SA Air Force core functions	In progress	The Directorate Human Resource Services established working relations with national and local departments of education. A memorandum of understanding with the Department of Education to make SA Air Force facilities and services available to black scholars over weekends and holidays to give them exposure to the aviation environment is in its final stages



POLICY DEVELOPMENTS

New Policies and Legislation

The Directorate Military Aviation Regulations and Policy situated in the Air Force Office is responsible for the provision of aviation policies for the South African Air Force. The policies that were developed and promulgated during FY2005/06 contributed to achieving the desired future state described in Vision 2015.

The Directorate Military Aviation Regulations and Policy established relationships with other Government departments. A representative from the directorate participated with the Civil Aviation Authority in the development of Civil Aviation Regulations Part 61, which deals with the licensing of pilots.

SERVICES SCALED DOWN, SUSPENDED OR ABOLISHED DURING FY2005/06

A number of aircraft and vehicles were phased out and flying hours were scaled down. To a certain extent this was due to the replacement of obsolete equipment. The overriding concern, however, remains underfunding, which forces the SA Air Force to operate its air systems at suboptimal levels. Present indications are that the underfunding of the operating budget will force the Combat System Group to operate the Strategic Defence Package aircraft at levels below their optimum level of utilisation. This is also the case with all other air systems, and, despite major efforts on the part of the Air Force's senior leadership, and many talented individuals, almost all the main air systems of the SA Air Force are on the decline as far as their ability to conduct and sustain extended air operations is concerned.

CHAPTER 7 PROGRAMME 4 MARITIME DEFENCE

OVERVIEW

The SA Navy once again made good progress by achieving its objectives as planned for the year under review. To enable the SA Navy to produce the desired outputs with current funding levels, and to ensure future sustainment, only those facilities that were required for force preparation were maintained. These force structure elements were concentrated in Simon's Town and support facilities were established outside the area. Outstanding accomplishments achieved by the SA Navy during the period under review are highlighted as follows:

Exercise GOOD-HOPE 2, a multinational joint exercise conducted in conjunction with the German Navy and Air Force provided the ideal opportunity for the development and establishment of SA Navy frigate doctrine, tactics and standing operational procedures. The exercise succeeded in testing interoperability with the German Navy and jointness with the SANDF.

The first Type 209 submarine, the SAS 'MANTHATISI', was launched by Dr Ruth Mompoti in Germany on 15 June 2004. The submarine was handed over to the SA Navy on 20 September 2005 and commissioned in Germany on 3 November 2005. The successful completion of her sea trials conducted off the coast of Norway before sailing for South Africa with a South African naval crew, is noteworthy. The submarine arrived in South Africa on 8 April 2006.

The first of the four frigates, SAS AMATOLA, was commissioned and handed over to the SA Navy on 16 February 2006. The SAS AMATOLA's combat suite was fitted and the ship is now an integrated element of the SA Navy's force structure to be utilised for force employment. The Royal Navy's and the German Navy's operational sea training teams visited South Africa to provide the SAS AMATOLA with basic operational sea training and evaluation tools. The expertise and knowledge imparted during these visits provided a sound baseline from which the SA Navy can advance the operational capability of its frigates.



Vice Admiral
J. Mudimu,
CLS, DMG, DM,
MMS, MMM, MMB

The Operational Boat Squadron was established and provided the Marine and Coastal Management and the SA Police Services with support in the protection of marine resources of the SA coast. An operational requirement has been registered for a naval reaction force as requested by the Chief of the SANDF. This naval reaction force will be grouped together with the Operational Boat Squadron and the resulting force will be known as the Naval Rapid Deployment Force. This capability will provide additional forces to support South African peace missions in Africa.

The Hydrographic Office successfully produced five new electronic navigational charts that are due to be launched through the United Kingdom Hydrographic Office in keeping with our international obligations in terms of the International Hydrographic Treaties.

The integration of the close range remote control gun design into the frigate build baseline was achieved by means of SA Navy technological research and development. Two mountings will be fitted to each frigate.

In support of the military strategic objective, "Support to the people of SA" the SA Navy provided the SAS DRAKENSBERG as a platform for Escom with which to deliver a rotor for the Koeberg Nuclear power station in March 2006.

The first-ever "Seapower for Africa" symposium was held in Cape Town over the period, 29 – 31 August 2005. A total of 24 African nations were represented at the symposium.

An international MEKO frigate conference was held in Cape Town during October 2005. Twelve countries came together to discuss the technical aspects of the MEKO frigate design.

Good progress was made with the rejuvenation of the human resources component of the SA Navy. This included the education, training and development of learners as part of the Military Skills Development System, with specific reference to representivity in race and gender. The commissioning of the Strategic Defence Package related frigates and submarines has been recognised as the critical human resources challenge for the SA Navy since integration in 1994. As indicated, human resources recruitment and training plans, which address representivity, are in place, to meet the need to sustain the supply of healthy, competent, representative and motivated young South Africans to the ships and submarines of the Navy's Maritime Defence Programme.

Progress is being made with the maintenance of suitable facilities in the Simon's Town area. Of note is the completion of the fleet headquarters building as well as the 18 accommodation units for married members, an important factor in maintaining high morale.

PURPOSE

The SA Navy provides combat-ready and supported maritime defence capabilities for

the defence and protection of the RSA.

OUTPUT DETAIL

The Maritime Defence Programme provides maritime defence capabilities for South Africa in the areas covered by its five subprogrammes, namely the Maritime Direction Capability, Maritime Combat Capability, Maritime Logistic Support Capability, Maritime Training Capability and Maritime Base Support Capability.

Table 7.1: Maritime Defence Programme Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Maritime Direction Capability	Strategic direction capability	The degree to which the stated outputs and targets in the SA Navy Strategic Level 2 Business Plan have been achieved	Compliance with the SA Navy Strategic Level 2 Business Plan is achieved	<p>The Accountability and Responsibility Model was implemented in 2005. The functional directors at the Navy Office were appointed as subprogramme accountability managers.</p> <p>The SA Navy has continued its participation as a pilot entity in the implementation of the Balanced Scorecard approach as a strategic management performance measurement system. The key focus has been on the realignment of the SA Navy Strategic Business Plan with the Medium-Term Expenditure Framework in order to facilitate effective utilisation of the Balanced Scorecard methodology.</p> <p>A total of 11 SA Navy policies were promulgated and implemented during the reporting period</p> <p>The first-ever "Sea Power for Africa" symposium hosted in August 2005 was attended by 24 African nations. A number of resolutions that will ensure that greater cooperation and support between navies of the continent become a reality, were adopted.</p> <p>A women's conference was held in Simon's Town in October 2005</p>
	Force preparation direction capability	The degree to which the stated outputs and targets in the Fleet Command Level 3 Business Plan have been achieved	Compliance with the Fleet Command Level 3 Business Plan is achieved	As part of the objectives of the Accountability and Responsibility Model, the Flag Officer Fleet was appointed and placed in command of the "Force Preparation" sub-subprogramme and was thus given the responsibility of coordinating and integrating the tasks and outputs of the designated subprogramme managers

Table 7.1: Maritime Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Maritime Combat Capability				A number of force preparation exercises were held during the year. The SA Navy took part in several international exercises and celebrations and assisted in operations in various commercial ports by giving maritime protection to selected passenger liners and United States government auxiliaries. The specialist capabilities of various vessels and the management of these capabilities resulted in the Fleet being able to undertake specific tasks and being available at specified readiness levels. The R26m in additional funds received for integration of the new frigates and submarines being acquired was expended as part of the contractual obligations. This ensured the qualification and acceptance of the SDPs. Payments were made for, inter alia, fuel, targets, test equipment, spares, quayside pontoons and a shore electricity capacity upgrade
	Surface combat capability (FACM)	Degree to which the desired force preparation and force employment hours are achieved Degree to which the stated readiness levels are achieved	Strike craft (FAC (M)) Force preparation: 1 856 hours Force employment: 2 812 hours Full compliance with combat readiness schedule is achieved	Force preparation hours achieved: 1 350 Force employment hours achieved: 1 429 The force preparation hours were sufficient to complete the required continued training and exercises. The target was not achieved because of delays in the maintenance cycles. The ships underutilised the force employment hours for the same reason; however, all deployments requested by Joint Operations were executed. Planned operations and Chief Joint Operations exercises prevented the ships from carrying out the number of patrols requested. Mechanical and/or electrical defects have prevented the achievement of the required readiness levels. A lack of spare parts and personnel shortages within the technical domain of Simon's Town Dockyard, as well as financial constraints, have contributed to delays in repairs

Table 7.1: Maritime Defence Programme Outputs for FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Surface combat capability	<p>Degree to which the desired force preparation hours are achieved</p> <p>Degree to which the stated readiness levels are achieved</p>	<p>Frigates (FSG)</p> <p>Force preparation: 2 115 hours</p> <p>Full compliance with combat readiness schedule is achieved</p>	<p>Force preparation hours achieved: 1 647</p> <p>Force employment hours achieved: 323</p> <p>With the frigates not yet equipped to form an integral part of the Fleet and several trials still outstanding, most of the requirements were satisfied by the remaining strike craft. One frigate, SAS AMATOLA, was commissioned in February 2006, after which it participated in an international exercise. However, the ship still has to complete the operational qualification phase before it can be completely integrated into the Fleet.</p> <p>The SA Navy was visited by both the Royal Navy's and the German Navy's operational sea training teams during 2005. These teams provided three of the frigates with basic operational sea training and evaluation tools. The expertise and knowledge imparted during these visits provided a sound baseline from which the SA Navy can further advance the operational capability of its frigates as well as other vessels</p>
	Submarine warfare capability	<p>Degree to which the desired force preparation hours are achieved</p> <p>Degree to which the stated readiness levels are achieved</p>	<p>Patrol submarine (SSK)</p> <p>Force preparation: 1 440 hours</p> <p>Full compliance with combat readiness schedule is achieved</p>	<p>Training took place during FY2005/06 and the first type 209 submarine, the SAS 'MANTHATISI', arrived in Simon's Town on 7 April 2006 after completing sea trials and sea inspection. The second type 209 submarine commenced sea trials in Kiel, Germany during March 2006 and delivery is expected in February 2007</p>
	Combat support and sealift capability	<p>Degree to which the desired force preparation and force employment hours are achieved</p> <p>Degree to which the stated readiness level is achieved</p>	<p>Replenishment vessel (AOR)</p> <p>Force preparation: 900 hours</p> <p>Force employment: 1 780 hours</p> <p>Full compliance with combat readiness schedule is achieved</p>	<p>Force preparation hours: 1 556</p> <p>Force employment hours: 1 436</p> <p>The SAS DRAKENSBERG has proved to be a valuable asset but has a limited sealift capacity. Surveillance and search and rescue roles continue to be played in accordance with the force preparation plans. The SAS DRAKENSBERG was deployed for escorting the S101 to the RSA. The ship was diverted to uplift the rotor for Escom. Because of the delay in the delivery of the submarine, the SAS DRAKENSBERG could not participate in exercise DESEX</p>



Table 7.1: Maritime Defence Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Mine warfare capability	Degree to which the desired force preparation and force employment hours are achieved Degree to which the stated readiness levels are achieved	Mine sweeper (MCMV (MS)) Force preparation: 560 hours Force employment: 160 hours Full compliance with combat readiness schedule is achieved	Force preparation hours achieved: 214 Force employment hours achieved: 260 The mine hunters continued being utilised as diving support vessels in addition to fulfilling other secondary roles. SAS KAPA, a City class mine sweeper, continued to fulfil the role of training vessel
		Degree to which the desired force preparation and force employment hours are achieved Degree to which the stated readiness levels are achieved	Mine hunter (MCMV (MH)) Force preparation: 1 120 hours Force employment: 320 hours Full compliance with combat readiness schedule is achieved	Force preparation hours achieved: 1 168 Force employment hours achieved: 454 The mine hunters were utilised in their secondary role and where possible for short patrols. In spite of mechanical and electrical problems, both ships achieved their targets and participated in Exercise INDLOVU
	Hydrographic services capability	Degree to which the desired force preparation hours are achieved Degree to which the stated readiness level is achieved	Hydrographic survey vessel (AGS) Force preparation: 372 hours Full compliance with combat readiness schedule is achieved	Force preparation hours achieved: 1 737 Force employment hours achieved: 76 The Hydrographic Office was successful in producing five new electronic navigational charts, which are due to be launched through the United Kingdom Hydrographic Office. Field surveys were conducted out of Durban and Richard's Bay harbours, the tidal gauges were calibrated and data was collected from all the RSA and Namibian gauges. SAS PROTEA was not able to complete her programme as it was interrupted by a prolonged maintenance and repair period towards the end of the year. SAS PROTEA was involved in only one force employment deployment during the year. She was used for the primary role of survey operations for most of the year

Table 7.1: Maritime Defence Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Operational diving capability	Degree to which the desired force preparation and force employment hours are achieved Degree to which the stated readiness levels are achieved	Operational diving team (ODT) Force preparation: 800 hours Force employment: 1 200 hours Full compliance with combat readiness schedule is achieved	Force preparation hours achieved: 850 Force employment hours achieved: 676 The operational diving team met all force employment requirements, under difficult conditions, as there was a critical shortage of divers since they are in great demand. Various ad hoc tasks, such as assistance rendered to the SA Police Service, were executed. Two teams were available, one in Simon's Town and one in Durban
	Combat research and support capability	Degree to which the stated outputs and targets in the Institute for Maritime Technology Multi-year Plan have been achieved	Institute for Maritime Technology Multi-year Plan	The Institute for Maritime Technology was involved in projects for the Fleet and in Exercise TRANSOCEANIC for force employment. After nearly eight years of development, the MEKORT deployable laboratory was delivered to CSIR Defence Tech under the management of the SA Navy. After its final commissioning and calibration, in the near future, the facility will be opened as a monopulse radar and electro-optical research laboratory for the SANDF as a whole. This facility will be used extensively in future for upgrades of the frigate tracker radar
	Inshore patrol capability: Operational boat squadron Inshore patrol vessels	Degree to which the desired force preparation and force employment hours are achieved Degree to which the stated readiness level is achieved	Operational boat squadron Force preparation: 1 600 hours Force employment: 100 hours Full compliance with combat readiness schedule is achieved Inshore patrol vessels Force preparation: 456 hours Force employment: 840 hours The stated readiness level is achieved	Force preparation hours achieved: 1 132 Force employment hours achieved: 1 943 Harbour patrol boats have been active in antipoaching patrols in both Cape and KwaZulu-Natal waters (Operation INTEXO). In addition, five harbour patrol boats have been deployed in Burundi as part of the South African support given to the United Nations Peace Keeping Force Force preparation hours achieved: 186 Force employment hours achieved: 40 Regular deployments in support of Marine and Coastal Management, both in the Western and Southern Cape, and in KwaZulu-Natal, together with the SA Police Service, assisted with policing and the enforcement of State authority over endangered shellfish. Routine patrols of coastal waters were also carried out



Table 7.1: Maritime Defence Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Maritime logistic support capability	Dockyard capability	Degree to which the stated outputs and targets in the SA Naval Dockyard Simon's Town Level 4 Business Plan are achieved	Provision of dockyard services in accordance with client requirements	<p>The SA Navy has launched Project METAMORPHOSIS to address the issue of an integrated ship support concept and agency.</p> <p>The Chief of the SA Navy has issued Administrative Instruction No 01/06 for the establishment of a Navy unique codification capability as an interim measure until the DOD codification capability is established.</p> <p>Critical staff shortages, inadequate material and spares flow, loss of skills and expertise through outsourcing and the external recommitment of vessels during planned maintenance periods is resulting in a degradation of service delivery and outputs in the Dockyard. Staffing in the Dockyard has become an obstacle to the Dockyard meeting its main objective of providing a 3rd line upkeep of naval vessels and equipment in accordance with the Maintenance and Upkeep Programme</p>
	Fleet maintenance capability	Degree to which the stated outputs and targets in the Fleet Maintenance Unit Simon's Town Level 4 Business Plan are achieved	Provision of fleet maintenance services in accordance with client requirements	Based on the decision taken by the SA Navy on 29 April 2005 regarding facilities to support the Class 209 submarines, various activities have been conducted to rejuvenate the existing battery
	Publications provision capability	Degree to which the stated outputs and targets in the SA Naval Publications Depot Level 4 Business Plan are achieved	Provision of printing services in accordance with client requirements	The target was not fully met on account of mechanical failures in the machinery and ventilation problems in the unit
	Logistics warehousing capability	Degree to which the stated outputs and targets in the Armaments Warehousing Depot Level 4 Business Plan are achieved	Provision of logistics warehousing services in accordance with client requirements	The percentage achieved was relatively low, as it included provision made for issue vouchers in transit from Naval Station Durban to Naval Station Wingfield.
	Armaments warehousing capability	Degree to which armaments warehousing services satisfy client requirements	Provision of armaments warehousing services in accordance with client requirements	The percentage achieved was on average 52.3%. The percentage achieved was relatively low as it included provision made for issue vouchers that were in transit from Naval Station Durban to Naval Station Wingfield. It will be finalised early in the new financial year

Table 7.1: Maritime Defence Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Command and logistic information systems capability	Degree to which command and logistic information services satisfy client requirements	Provision of command and logistic information services in accordance with client requirements	The implementation of the Operational Support Information System in the SA Naval Dockyard progressed to the point where the old unit inventory management system was phased out. The OSIS material module was successfully rolled out at Naval Station Port Elizabeth and the Operational Boat Squadron. The process of phasing out the depot information management systems is well advanced and engineering changes (ECs) to enhance OSIS for depot functionality are due to be tested
Maritime training capability				The five SA Navy training units, which have been provisionally accredited with the DIDTETA, had their full accreditation delayed on account of the transfer from the DIDTETA to the SASSETA. The registration of the Maritime Combat Standards Generating Board has been maintained and five learnerships have furthermore been registered. The SA Navy has acquired a "learner data management system" which is proving to be extremely helpful in the development of the "SA Navy Workplace Skills Plan" and thus its compliance with national pre-scripts. The greatest task lying ahead is the alignment of curricula with unit standards, which still need to be developed
	Formative training capability	Degree to which the planned training objectives are met and to which the syllabi comply with the requirements	4 courses providing 762 formative learning opportunities for reserve and full-time personnel are presented	3 learning opportunities were given to 661 learners. At the SAS SALDANHA Naval Gymnasium, the Military Skills Development System intake was smaller; only 512 learners completed the course. The Department of Public Works funded an enablement centre with 240 workstations, which was handed over on 30 November 2005. At SA Naval College, 86 cadets (32 women) completed the officers' forming course. The officers' course commenced during January 2006 with MSD members who arrived directly from the various recruiting centres
	Functional and warfare training capability	Degree to which the planned training objectives are met and to which the syllabi comply with the requirements	112 courses providing 5 292 military functional and warfare learning opportunities for reserve and full-time personnel are presented	85 learning opportunities were given to 3 057 learners. As fewer learning opportunities were offered, the number of learners was lower. The new equipment is realigning the training requirements of the various musterings. A diving exercise (DIVEX) was held in Durban over the period, 12 to 25 November 2005. The preparation phase for this exercise was from 8 to 12 November 2005 in Simon's Town and involved 70 divers proving their operational readiness during a series of exercises



Table 7.1: Maritime Defence Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
	Technical training capability	Degree to which the planned training objectives are met and to which the syllabi comply with the requirements	6 courses providing for 390 technical learning opportunities for reserve and full-time personnel are presented	9 learning opportunities were given to 891 learners. The number of learners nominated for tertiary studies exceeded the planned outputs and the learners seemed to take longer to finish their technical training. The "Design a Curriculum" (DACUM) processes for determining current "apprentice training deficiencies" in the six main technical branches were completed and confirmed by the role-players in the Fleet during January 2006. An action plan has been developed and the process of developing a new apprentice methodology or new curricula and supporting processes has commenced.
	Staff training capability	Degree to which the planned training objectives are met the syllabi comply with the requirements	2 courses providing for 48 staff learning opportunities for reserve and full-time personnel are presented	Staff training consisted of 6 programmes for officers and non-commissioned officers. A total of 774 learners were presented with learning opportunities. Extra learners had to be accommodated as a result of a backlog of available learning opportunities for non-commissioned officers. The Naval Staff College hosted women's work sessions, as well as four growth seminars for males in the rank groups of officers to the more junior ratings.
	Overseas training capability	Degree to which the planned overseas training schedule has been adhered to	The overseas training schedule is adhered to	104 members attended 24 learning opportunities abroad in 13 countries. Countries in which training was presented included India, Ghana, the USA, Tanzania, the UK, Kenya, Brazil, France, Nigeria, Singapore, Germany, China and Canada.
	Maritime reserves capability	Degree to which the planned training objectives are met and reservist utilisation targets are achieved	150 trained reservists are utilised for 35 000 man-days' service	35 reserves were trained. 86% of the man-days budgeted were expended. The majority of funds allocated were spent on calling up reservists to fill vacancies in the Fleet.
	Postconflict reconstruction training	Degree to which other State departments are trained for postconflict reconstruction operations	50 learners are engaged in the formative programme	50 learners, including National Department of Public Works trainees, were trained.
	Peacekeeping operations	Degree to which the objectives of planned peacekeeping operation training are met and to which the training syllabi comply with the requirements	2 companies are trained	180 members started training in February 2006. Training is progressing well and the first deployment is planned for June 2006.
Base support capability	Base support capability	The degree to which base support services in Simon's Town satisfied client requirements	Provision of base support services in Simon's Town in accordance with client requirements	The SAS SALDANHA successfully migrated to the OSIS system and in October 2005 OSIS was successfully implemented at Naval Station Port Elizabeth. Responses were made to 40 fire calls in the Simon's Town area. Assistance was provided for fire-fighting operations and various tasks carried out for VIPs.

Table 7.1: Maritime Defence Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>A number of facilities such as the new fleet headquarters, 18 married duplex units, the submarine simulator facility and the SA Naval AD missile facility were completed .</p> <p>The SA Navy Band performed at various events such as the opening of Parliament in February 2006.</p> <p>The Navy participated in the international coastal cleanup and Arbour Week in conjunction with the Department of Water Affairs and Forestry.</p> <p>Occupational health and safety procedures were implemented for the first time at several units.</p> <p>Operation RESILIENCE, which focuses on rendering support to the families of SA Navy members on deployment, experienced many victories with the increased number of SA Naval members on deployment either in Burundi or the Democratic Republic of Congo, or on extended ship deployments</p>
		Degree to which base support services in Durban satisfy client requirements	Provision of base support services in Durban in accordance with client requirements	Only 67% of approved posts at Naval Station Durban are staffed. However, the required support services were adequately rendered by this station. General Support Base Durban provided reasonable services. Naval Station Durban rendered support to the Fleet during the visit of an Indian Navy ship and the Chief of the Navy media luncheon in November 2005
		Degree to which base support services in Port Elizabeth satisfy client requirements	Provision of base support services in Port Elizabeth in accordance with client requirements	The Minister of Defence approved the organisational structure for Naval Station Port Elizabeth on 30 May 2005. Naval Station Port Elizabeth is under the command and control of Flag Officer Fleet

Disposal. Disposal is a top priority in the SA Navy. It is progressing according to plan in all areas except at Naval Ordnance, which is experiencing problems with the consolidation of the fourteen 76/62 mm compact mountings. The team began work on the consolidation in early August 2005 but have to date only completed one mounting. The problem is being discussed with the Dockyard.

SA NAVY SPECIFIC EXERCISES CONDUCTED DURING FY2005/06

Table 7.2: SA Navy Specific Exercises Conducted During FY2005/06

Exercise	Duration	Aim and Short Description	Geographic Area	Nature of Exercise	Participating Forces	Results Achieved	Man-days/Sea-hours
Naval review	17 May 2005	Mark of respect to General S. Nyanda, retiring Chief of the SANDF	Simon's Bay	Sailpast in review order	SAS DRAKENSBERG, SAS AMATOLA, SAS ISANDLWANA, SAS SPIOENKOP, SAS MENDI, SAS UMZIMKULU, SAS TOBIE	Salutes given and received at sea	Approximately 950 man-days
Missile firing	18 to 22 Apr 2005	First firing of an Exocet missile by a South African Navy vessel	80 miles south of Cape Point	Testing Corvette system	SAS AMATOLA, SAS SPIOENKOP, SAS MENDI, SAS ISAAC DYOBHA	Successful observed firing	1 760 man-days

PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 7.3: Performance and Service Delivery Improvement: FY2005/06

Subprogramme	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Maritime direction capability	Naval Order: Organisational Excellence through Improved Service Delivery	Institutionalisation of Naval Order on organisational excellence through improved service delivery. This task encompasses the full spectrum of organisational functioning	Improved service delivery and optimised interface management	In progress	Inculcation of a culture of selfless service delivery within the bounds of moral and ethical conduct and values, including good governance and accountability
	SA Navy Review	The implementation of the findings of the Navy Review will continue. For example, feasibility studies aimed at establishing a naval ship support agency and at reducing the SA Navy's footprint have commenced	A more affordable, effective and sustainable SA Navy for the future	In progress	An instruction for implementation of the findings of the Navy Review has recently been issued to Flag Officer Fleet. The planning phase has commenced. Plans will be implemented in 2006

Table 7.3: Performance and Service Delivery Improvement: FY2005/06 (continued)

Subprogramme	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
	Improvement of public relations	Increased emphasis on output and planning	Increased effectiveness of communication with the SA Navy and enhanced public image	In progress	The Intranet has resulted in greater exposure of internal and external sources to the SA Navy
	Implementation of the SA Navy's strategic direction process	Optimisation of the SA Navy's strategic direction process, with specific reference to the alignment of planning processes at different levels	The four subsidiary elements of the SA Navy's strategic direction process will be formalised, regulated and optimised. This will have concomitant effects on service delivery	In progress	
	Formalising the human resources delivery service	Developing the SA Navy's human resources philosophy and infrastructure policy and promulgating these	A uniform basis and general measures for the regulation of human resources practices within the SA Navy will be prescribed for both members and employees	In progress	
Maritime combat capability	Phasing out vessels that have reached the end of their economical operating life	The SAN will continue with its planned disposal of the SAS Outeniqua, strike craft, minesweepers, submarines and small craft	More capacity will be created to assist with the introduction of the new corvettes and submarines into the SA Navy	Ongoing	The SAS OUTENIQUA was disposed of and others will follow as indicated
	Introduction of new technologies into the SA Navy	The training plans for Strategic Defence Package equipment will ensure that personnel are skilled in 26 new technologies	More capabilities will be developed to perform primary and secondary tasks	Ongoing	See output table for details
	Maximising continued training	The SA Navy will use all available force preparation and force employment activities for continued training	Additional training will be done without additional costs, which will increase the combat competency of SA Navy personnel	In progress	See output table for details

Table 7.3: Performance and Service Delivery Improvement: FY2005/06 (continued)

Subprogramme	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
	Introduction of an environmental policy	Integrating force preparation and force employment activities with activities such as those of reporting the presence of whales and dolphins in patrol reports and sinking targets to create artificial reefs	An enhanced public image will be created, and continuous, reliable support will be given to other State departments	Ongoing	Media coverage and participation with other departments have improved during the year under review
Maritime logistics support capability	Disposal of weapons and equipment	The SA Navy will continue to dispose of obsolete weapons and equipment in accordance with the SA Navy Disposal Plan	More capacity will be created to assist with the introduction of the new Corvettes and Submarines into the SA Navy	Ongoing	Daphne platforms and spares P1561, P1562 and P1564 were disposed of. P1563 and P1566 are out of commission but are being used as spares for other strike craft. P1568 is awaiting disposal authority from the Chief of Logistics. As regards small boats, 99% of the FY05 target has been achieved. SKERPIOEN surface-to-ship missiles (SSMs) awaiting disposal schedules
	Closure and/or transfer of units	The closure and/or transfer of units will continue	Cost savings will be achieved, which will assist the SA Navy in becoming more affordable	In progress	The closure of Naval Base Durban has been almost fully completed and Naval Station Durban has been established. Naval Station Durban is supported by Naval Base Simon's Town. The gymnasium, SAS SALDANHA, will henceforth be supported by Naval Base Simon's Town and no longer by General Support Base Langebaanweg, which could not support SAS SALDANHA comprehensively
	Provision of an operational support information system	Work will continue to clean up data by means of the Bill of Materials project. Disposal of related surplus and obsolete equipment will take place. The unit information management system will be phased out A performance measurement model will be introduced. Personnel will be trained	OSIS will be implemented and established as the basis of the configuration management, maintenance planning and materiel accounting system of the SA Navy	In progress	The Bill of Materials project and the disposal of related surplus and obsolete equipment are progressing. The phasing out of unit information management system, DIMS, is well advanced. Management and administrative support for the implementation of OSIS is being provided by SITA. A training plan is in place. Continued discussions are being held with the Human Resources Division to establish an OSIS technical training programme at SAS WING-FIELD

Table 7.3: Performance and Service Delivery Improvement: FY2005/06 (continued)

Subprogramme	Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
	Environmental compliance	Steps to comply with the policies and prescripts related to phasing out or replacing ozone destructive substances, the control and reduction of noise, dust, and chemical pollution, the control and eradication of alien vegetation and the disposal of hazardous chemicals and material will continue. Thus, for example, the replacement of refrigerants in air conditioning systems will continue	Increased legal compliance and decreased legal liability as well as an improved image in the area of environmental impacts	Ongoing	Sections under D Fleet Logistics conform to the naval base requirements for environmental compliance
	Transformation of the Naval Dockyard service	Transformation of the Naval Dockyard Service into an efficient, effective and economic organisation functioning independently of the SA Navy	Improved service delivery and output	In progress	This process has been halted. The Dockyard will now remain a component of the SA Navy and will be organised as an integral component of the SA Navy within the maritime logistics support capability of the Fleet until further notice
Maritime training capability	Optimisation of training given to education, training and development practitioners	Establishment of a Fleet education, training and development centre, containing curriculum facilitation, evaluation and media facility sections. The centre will also train education, training and development instructors	Members returning from overseas and local project-related learning opportunities will receive assistance in translating newly acquired knowledge and skills into learning opportunities and be integrated at the appropriate level into existing learning opportunities	In progress	The Fleet education, training and education centre has not yet been established Project SITRON (Corvettes) Courses are being designed and curricula drawn up by the subject matter experts Project WILLIS (Submarines) Staff members are still undergoing training in Germany. Training will commence once the staff and submarines return to the RSA

POLICY DEVELOPMENTS

A total of 11 SA Navy policies were promulgated and implemented during the period under review.

SERVICES SCALED DOWN, SUSPENDED OR ABOLISHED DURING 2005/06

The closure of Naval Stores Depot Durban, SA Naval Armaments Depot Durban, and Fleet Maintenance Unit Durban is almost complete. The functions have been transferred to Flag Officer Fleet. The target date for the closure of Naval Base Durban is December 2006. The seven Naval Reserve units were decommissioned during FY04/05 with the integration of the Naval Reserve into the One Force concept. December 2006 has been selected to finalise the closure of these units, pending finalisation of the final audit process and final closing down certificate.



CHAPTER 8 PROGRAMME 5 MILITARY HEALTH SERVICE

OVERVIEW

The South African Military Health Service (SAMHS) is managed according to the Government guidelines as defined by the different governance indicators. Through these guidelines, a strong African posture was adopted to support the initiative of NEPAD, the African Union and the SADC. In the international arena, the SAMHS participated in several international health related bodies. It also serviced international agreements and memoranda of understanding in addition to the provision of health support to all SANDF contingents deployed in peace operations. During FY2005/06, the SAMHS supported joint operations in the Democratic Republic of the Congo, Burundi, the Sudan, the Ivory Coast and the Comoros.

The year saw a change of command in the SAMHS with Lieutenant General V.I. Ramlakan as the incoming Surgeon General. The Surgeon General introduced a new era in the SAMHS by formally presenting his Commander's Intent to establish a world-class health service. A landmark in the functioning of the Surgeon General's Office was the achievement of the ISO 9000 accreditation of the Inspector General of the SAMHS. Of note was the appointment of two provincial premiers as Honorary Colonels in the SAMHS. On 4 February 2006 Mr Sello Moloto, the Premier of the Limpopo Province was inaugurated as the Honorary Colonel Area Military Health Unit Limpopo and on 28 March 2006 Ms Nosimo Balindlela, the Premier of the Eastern Cape as the Honorary Colonel for Area Military Health Unit Eastern Cape. Warrant Officer class 1 M.M.T. Sebone was appointed as the new Sergeant Major of the SA Military Health Service in July 2005.

ENHANCE AND MAINTAIN COMPREHENSIVE DEFENCE CAPABILITIES

In 2005 the SAMHS conducted the highly successful exercise LANCET. Experienced members were placed in critical posts to guide newly trained members, as well as learners on military courses, in medical support during operations. The SAMHS also successfully participated in the joint Exercise INDLOVU, which mainly entailed medical support to the SA Army, SA Air Force and SA Navy. A joint annual chemical bio-



Lieutenant General
V.I. Ramlakan,
DMG, MMS, MMB, OStj

logical and radiation exercise was conducted during Exercise WAYSIDE from 22 August to 2 September 2005, in which fire and rescue services personnel from all the Services participated. Members of the SA Police Services Explosives Unit and Forensics Laboratory as well as firefighters from the Tshwane Emergency Management Services joined the exercise in the last week. The purpose of the exercise was to train for and practise the procedures and drills for the joint management of incidents involving hazardous materials. All defined objectives were achieved. A solid basis was established for future cooperation between departments in Tshwane.

A new Computerised Tomography scanner was installed at 1 Military Hospital to enhance patient support and to limit expenditure to outside instances in this highly specialised field. The building and re-equipping of 3 Military Hospital in Bloemfontein is nearing completion and will greatly enhance health services in the Bloemfontein area.

The recruitment of health care professionals on all levels will remain a high priority in the SAMHS, especially in the operational emergency care practitioner and medical environment. The enhancement of maritime medical support has received attention to ensure sufficient support for the new naval combat vessels and is addressing the new specialist needs for the new aircraft systems being acquired. In this regard additional funds are required to enhance the health equipment at the Institute for Aviation

PROMOTE PEACE, SECURITY AND STABILITY IN THE REGION AND THE CONTINENT

The SAMHS succeeded in providing combat ready Military Health Forces to the DRC, Burundi, the Sudan, the Ivory Coast and the Comoros. The development and presentation of Operational Readiness courses before each rotation are attributed to this achievement. Six of these courses were presented and a total of 402 SAMHS members were prepared for deployment in peace support operations, which increased the level of combat readiness of the SAMHS as a whole.

Defence diplomacy received a high priority, with the emphasis placed on the SADC region, both in an advisory capacity and as a referral entity. Several patients from SADC countries received care and treatment at 1 Military hospital.

The SAMHS is taking a leading role in the ISDSC Military Health Working Group in establishing a single ISDSC Military Health regional capability. The SAMHS, as custodian of sport in the DOD, through the Eastern and Southern African Liaison Office

of Council International Sport Militaire, contributed to the development of friendship through sport.

SUPPORT TO THE PEOPLE OF SOUTH AFRICA

The SAMHS continued to support the SA Army and SA Police Services during border control operations (Operation INTEXO). The SAMHS received and treated private- and state patients on an emergency basis throughout the year. The year 2005 saw the initialising of the planning for support of the 2010 World Cup Soccer tournament. Close cooperation between the SAMHS and the Department of Health culminated in the SAMHS being requested to provide training for emergency care orderlies from the Department of Health to alleviate national shortages.

The SAMHS demonstrated its collateral utility after the Blue Train accident near De Aar by going on immediate standby. The SAMHS subsequently received and provided temporary accommodation to survivors in its training deployment area. The SAMHS provided a command and control facilitation for the Northern Cape Province in managing the situation.

SUPPORT OF GOVERNMENT OBJECTIVES

The SAMHS provided the required health support elements to SANDF deployments in Peace Support Operations, eg a field hospital in Burundi with a level 2-core facility. 1 Military Hospital in Thaba Tshwane remained the specialist hospital outside the mission area for the UN in Africa, and treated several patients from other troop contributing countries.

The SAMHS continued to contribute to the alleviation of the national health skills shortage by providing training for nurses, doctors, specialists, emergency care orderlies and posts for health care professionals doing community service.

The SAMHS is busy with an extensive HIV and AIDS research project, Project PHIDISA, which aims at establishing the efficacy of treatment regimes. These results will greatly enhance government action in combating the virus and syndrome.

The Surgeon General has placed great emphasis on Africa and the unique challenges of health care provisioning on the Continent. This will receive priority attention in the immediate future.

Significant progress was made in rectifying the demographic profile of the Service,

particularly in terms of race. Currently the Service stands as an example of gender equality in the DOD.

MEASURES TAKEN TO REMAIN WITHIN THE BUDGET

The SAMHS improved its internal patient care and treatment and thereby reduced to the minimum the rate of referral of patients to outside private health care service providers. With medicines and drugs being the most costly item, the SAMHS continued with its own essential drug list which is known to provide the best treatment outcome. The SAMHS enhanced the requirement set by its expenditure control committee to ensure that spending took place within budget.

PURPOSE

To provide prepared and supported medical combat support elements and other services.

OUTPUT DETAIL

The Military Health Service Programme provides medical combat support and other medical services. It maintains military health and training facilities, including specialist facilities such as the Institutes for Maritime and Aviation Medicine. It also provides various support functions to, among others, the Departments of Health and Agriculture, when required.

There are seven sub-programmes:

- Strategic direction.
- Military health support.
- Area military health service
- Specialist/tertiary health service.
- Product support capability.
- Base support capability
- Military health training capability.

Table 8.1: Military Health Service Programme Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Target	Actual Achievement
Strategic Direction	<p>Strategic direction to the Military Health Service Programme</p> <p>Military health service advice to the DOD</p> <p>Military health service capabilities in support of Government initiatives</p> <p>Allocation and management of Military health service resources</p>	<p>The degree to which the DOD's policies, strategies and plans are implemented in respect of military health matters</p> <p>The degree to which all required inputs to DOD policies, Cabinet memoranda, strategies and plans are submitted.</p> <p>The degree to which required support to Government initiatives is met</p> <p>The degree to which the allocated budget has been expended as planned.</p>	<p>All policies, strategies and plans are implemented as specified</p> <p>All required inputs submitted on time and in accordance with requirements</p> <p>Support provided as required</p> <p>Allocated funds expended as planned and plans executed within budget</p>	<p>Surgeon General's intent promulgated in September 2005 describes major changes to the organisation to establish a world-class health service. All policies, strategies and plans were implemented as specified. Outputs were adjusted where necessary, owing to resource constraints. The SAMHS participated along with the public sector, non-governmental organisations and universities in the formulation of a well-being policy that will be enforced within the public sector. The Physical Training Policy for the DOD was implemented during this year and the first consolidated results were received during July 2005. An Occupational Health and Safety addendum was included in all DOD performance agreements and duty sheets. The Policy on Chemical Biological Radiation Defence is currently under revision. The drafting of Joint doctrine is in process. SAMHS doctrine has been completed.</p> <p>All required inputs were submitted on time and in accordance with requirements.</p> <p>Support was provided as required.</p> <p>100% expenditure was achieved. Some adjustments were made to Business Plans due to additional funds received from the DOD. All DOD policies and prescripts were complied with</p>
Military health support	<p>1 Regular Force medical battalion group</p> <p>1 Regular Force specialist medical battalion group</p> <p>3 Reserves medical battalion groups</p>	<p>The degree to which the requirements of the force preparedness schedule and the short-term force employment plan are met</p> <p>The degree of compliance with statutory norms and regulations</p>	<p>As specified in the readiness schedules. Compliance with statutory norms and regulations</p>	<p>Mobile Military Health Formation. The Formation Headquarters executed the operational military health planning for operations. SAMHS unique sustainment of the missions in the DRC, Burundi and the Sudan was done. A total of 402 SAMHS members were prepared and provided for external deployments. These members formed the medical task groups for Burundi (three rotations), DRC (two rotations) and the Sudan (one rotation). The Mobile Health Formation assisted Joint Operations with the mobilisation and demobilisation of three force rotations for Burundi, two for the DRC one for the Comoros and one for the Sudan</p> <p>8 Medical Battalion Group. The Battalion Group prepared two rotations for external deployment in the DRC, Burundi, the Sudan, the Ivory Coast and the Comoros. Trained Reserve Force members from 1, 3 and 6 Medical Battalion Groups were deployed during Exercise REALITY. The Battalion presented Exercise MED</p>

Table 8.1: Military Health Service Programme Outputs for the FY2005/06 (continued)


Subprogramme	Output	Performance Measure	Target	Actual Achievement
				<p>POST to evaluate the new scales for the medical post. It also presented an advanced driving and maintenance course for 30 members of 1, 3 and 6 Med Battalion Groups as well as the broader SAMHS. To overcome the understaffing of the Battalion Group's Headquarters staff from other SAMHS units were used</p> <p>7 Medical Battalion Group. The Battalion Group rendered 29 support tasks to Special Forces Brigade, 18 support tasks to Parachute Battalion and 8 Support tasks to SA Police Services. The shortage of medical officers and operational emergency care practitioners with relevant parachute skills strained the activities of the Battalion Group.</p> <p>All standby tasks were done utilising forces deployed in support of other requirements. In case of the activation of standby force manpower would have been withdrawn from other tasks.</p> <p>14 Chemical Biological Defence courses were successfully presented with a 100% pass rate</p> <p>1, 3 and 6 Medical Battalion Groups</p> <p>The three Reserve Force Battalions provided the Medical Battalion Headquarters for Exercise INDLOVU. Training was done as reflected in the report on 8 Medical Battalion Group. The Reserve Force Pipe Band of 1 Medical Battalion Group participated in four international competitions. Of note is the competition in Scotland where, with the Cape Town Highlander Band, they achieved an overall third place. The shortage of health professionals in the Reserve is due to the non-availability of employer leave and private practice while the Military Skills Development System is not funded to provide qualified professionals for the Reserve Force</p> <p>3 Medical Battalion Group assisted with the medical examinations of 2 600 Reserve Force members. The Battalion Group participated in both the opening of Parliament ceremonies in 2005 and 2006 with ninety members</p>
Area military health service	9 x area health units 28 x health centres 36 x sickbays 4 x base hospitals 42 x oral health clinics 42 x military medical clinics 5 x occupational health and safety centres	Health colour code status HIV conversion rate since last concurrent health assessment (CHA) Accessibility of a quality health service to SANDF serving and retired personnel and dependants	No deterioration in the Green status 1% HIV conversion rate. 80% of available military members present attend health promotion and preventive programmes. Health facilities within 30 km of 90% of patients	34 810 comprehensive health assessments were conducted. There is an increase of 20% of members with a Green Status resulting in 70% of the assessed members receiving a green status. Continuous monitoring and updating of HIV and AIDS Management Sub-programmes to address critical issues highlighted by annual Knowledge, Attitude and Practices (KAP) Studies led to a 2% HIV conversion rate. Preventative and promotive health care programmes presented to: 53 691 members

Table 8.1: Military Health Service Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Target	Actual Achievement
	Presidential medical team. A multi-disciplinary military health service for the SANDF and other patients as authorised			Medical and nursing consultations: 523 822 Psychosocial activities: 139 271 Life skills programmes were presented to 53 691 clients. The Area Military Health Formation provided health care officials for deployment during internal as well as external operations. The lack of health care professionals as well as the shortage of ambulances hampered service delivery in the provinces
Specialist/tertiary health service	A tertiary military health capability for serving and retired SANDF members and their dependants, Government VIPs, and other Government approved patients (including the United Nations and the Southern African Development Community (SADC) countries) through military hospitals in Cape Town, Bloemfontein and Pretoria. Tertiary military health services	Degree of operational readiness Hospital days In-patient days Items per script	Readiness states as stipulated by the Surgeon General. To provide services serving SANDF members, their dependants, Code 4 and Code 7 members, retired SANDF members and their dependants, Government VIPs, and other Government approved patients (including the United Nations and the Southern African Development Community countries)	1 Military Hospital remained the specialist hospital outside the mission area for the UN in Africa, and treated patients from other troop contributing counties. Additional funds received were used to upgrade the presidential health unit. A home based hospital service was provided In-patients: 37 098 Consultations: 313 425 Operating theatre procedures: 11 234 Biokinetics contacts: 27 331 Dietetics contacts: 9 383 Clinical technology contacts: 4 552 Medical technology procedures: 949 996 Orthoptics and prosthetic contacts: 4 488 Physiotherapy contacts: 20 995 Podiatry contacts: 1 986 Radiography contacts: 307 909 Speech Therapy & Audiology contacts: 7 468 Occupational Therapy: 25 012 Prescriptions dispensed: 431 100 Items dispensed: 1 309 533 Psychology contacts: 10 402 Social Work contacts: 7 142 Foreign patients: 50
	A comprehensive aviation health capability. An aviation health service for the SANDF conducting VIP medical assessments. Hyperbaric treatment and G-Tolerance training for aviators. Aviation medical assessments	Degree of performance as per service level agreements and contracts Degree of compliance with required number of aviation medical confirmations Degree of compliance with G-tolerance training requirements Degree of compliance with availability of air evacuation teams	Compliance with agreements and contracts. G-tolerance training in accordance with SA Air Force needs. Compliance with agreements and contracts. 24 hour availability of air evacuation teams. Response time of air evacuation teams less than 60 minutes during	Achieved planned Aviation Health Services. Specialist Aviation Training Courses presented Aviation Medical Examiner Course: 13 Aviation Medical Examiner Refresher: 36 learners Aviation Nursing Care: 72 Flight Medical Assistant: 21 learners VIP Medicals: 174 Hyperbaric treatments: 173 G-tolerance training: 8 Services required at Institute for Aviation Medicine were supported by 1 Military Hospital in order to achieve set targets Private medicals: 100

Table 8.1: Military Health Service Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Target	Actual Achievement
	Provision of air evacuation teams Aviation medical fitness verification service for the SA Air Force and South African Civil Aviation Authority (SACAA)		day and 120 minutes at night. 600 aviation medical confirmations for SA Air Force 22,000 aviation medical confirmations for South African Civil Aviation Authority	Attaché Medical: 27 Video Nystagmograms Completed: 134 Consultations conducted: 492 Comprehensive Health Assessments: 352 Altitude Chamber Exposures: 282 Colour Vision Testing: 36 Aviation Medical Panel Cases: 395 Audiograms: 1 790 Radiography: 1 679 Psychology Contacts: 425 Air Medical Evacuations performed: 16 The response times were met. Aviation medicals confirmed: 750 SA Air Force requirement more than planned, due to a change in demand for medical confirmations A & B Licence Confirmations: 14 457. The DOD has no control over civilian demands submitted Requirement from SA Civil Aviation Authority less than planned owing to a change in demand for licence confirmations
	Psychological assessments Registration and recording of military health related Research & Development (R&D) Provide technical R&D support in all health research matters Conduct and manage health related R&D as assigned to the unit	Project satisfaction according to SAMHS order Degree of conformance to Code of Good Research Practice and Ethical Conduct Technical support in relation to project contract and stipulations Timely delivery of contract as per specification Degree of compliance with Statutory guidelines and regulations	1 x Military Psychological Institute Client satisfaction 100% compliance with research protocols by target date 100% adherence to code of assessment and development practice by 100% adherence to Code of Good Research Practice and Ethical Conduct	Research and Development Projects: 162 Courses: 1 Consultations: 80 Assessment and Development Activities: Special Selections: 44 Pre-selections: 35 Job Analysis: 31 Training: 32 Organisational Development: 13 Career Counselling: 31 Group Forming: 25 Strategic Planning: 6 Validation & Design of Batteries: 20 Design of new functional courses presented: 2 Audits: Military Psychological Institute also had a follow-up performance audit according to the SA Excellence Model. The unit received a grading of 3, which is satisfactory

Table 8.1: Military Health Service Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Target	Actual Achievement
	A comprehensive maritime health capability A maritime health service for the SANDF conducting: Base Service Hyperbaric treatment Maritime medical assessments Diving medical fitness verification service for the SA Navy	Degree of performance as service agreements/ service level agreements Degree of availability of a medical officer at SA Navy decompression facility Degree of compliance with required number of health assessments	Compliance with agreements 24 hour availability of medical officer at SA Navy decompression facility 1 300 health assessments 600 diving and submarine medicals	Medical Boards: 109 Medical Consultations: 18 023 Prescriptions Dispensed: 35 926 Psychology Contacts: 4 699 Social Work Contacts: 5 729 Ancillary Health Contacts: 9 439 A 24-hour service was provided Hyperbaric Oxygen Treatments: 59 Maritime Medical Assessments: 3 163 Diving and Submarine Medicals: 250 Courses presented: Diving Emergency Care Assistance Course: 53 learners First Aid Supervisor: 5 learners Fleet Support: 24 learners
	A comprehensive veterinary health capability consisting of 11 x animal clinics and 2 x veterinary hospitals A veterinary health service for the DOD at 11 x animal clinics, 2 x veterinary hospitals and DOD game conservation areas Veterinary support to deployed SANDF forces and SA Police Service as required	Degree of performance as per service agreements/service level agreements	Compliance with agreements	Consultations and procedures for DOD: 4 095 Consultations and procedures for SAPS: 2 494 Consultations and procedures Department of Correctional Services: 245 Hospital days DOD: 268 Hospital days SAPS: 5 490 Hospital days Department of Correctional Services: 314 Courses presented: Veterinary Assistant Course –36 learners Dog Handler Refresher Course – 37 learners Dogs trained – 22
Product support capability	Pharmaceutical and sundries warehousing capability consisting of a SAMHS Military Health Depot in the Military Health Base Depot Pharmaceutical and sundries warehousing service for the SAMHS	Timeliness of printing and posting of receipt vouchers Timeliness despatching of issue vouchers Control of stock	90% of receipt vouchers posted in 7 working days 90% of issue vouchers of stock despatched by Depot finalised in 7 working days Stock differences less than 2% of stock turning or stock value	The additional funds received, viz Rm 20, were devoted to establish a Military Health Depot that meets the new legislative requirements. The planning for the upgrading of the present Military Health Depot and the new depot to meet health legislation requirements is on track. 90 per cent of Issue Vouchers of stock dispatched by the depot are finalised within the required seven-day period. Improved procedures were instituted for medical stock distribution to the deployed forces through the use of courier services. Issue vouchers were finalised as stocks were dispatched by the depot Stock differences fault 0.239%

Table 8.1: Military Health Service Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Target	Actual Achievement
	Mobilisation and unique stock warehousing capability consisting of a mobilisation depot in the Military Health Base Depot Mobilisation and unique warehousing service for the SAMHS	Timeliness of printing and posting of receipt vouchers Timeliness in despatching of stock (issue vouchers finalised) Control of stock	In 2 working days 90% of receipt vouchers posted in 1 month 90% of issue vouchers of stock despatched by Depot finalised in 1 month Stock differences less than 2% of stock value	Military Health Base Depot deals with all pharmaceuticals and sundries requirements for SANDF members deployed in external operations. Stock issued from this depot was dispatched from Air Force Base Waterkloof to the DRC, Burundi and the Sudan. The turnover of inventory of Military Health Depot was 5,93 times. 93.92% of printing and posting of receipt vouchers and 91.91% issue vouchers of stock despatched by the Depot were finalised in one month. Stock differences fault was 0.645%.
	SAMHS unique products, materials and services Procurement capability, consisting of a Military Health Procurement Unit SAMHS unique products, materials and services procurement service	Degree of availability of depot items Timeliness of order placement Timeliness of ad hoc tender completion	Non-availability of less than 20%, on depot items if finances are available in time Direct demands. Order in 5 working days, after finances are available Ad hoc tenders completed before October, if requests were in time	Funds made available during the third quarter of FY0205/06 ensured that depot items were made available in time. The non-performance of Black Economic Empowerment companies that were awarded contracts by National Treasury is being addressed at COMED meetings The total number of orders placed was 23 163
	Electro-medical equipment asset management service	Degree of integrity of electro-medical equipment asset management control system Degree of compliance with statutory medical equipment service requirements	Asset registers updated at least twice per year State of serviceability reports submitted within 30 days of inspections 10% compliance with statutory medical equipment service requirements	Asset registers of seven Area Military Health Units were updated and verified. Asset Registers for all the Area Military Health Units were compiled and the continuous updating of the data in these registers will assist the units in ensuring a high level of operability of these items and the timely planning for replacement of obsolete equipment. The scope of work of the Electro Medical Service Centre has expanded to include the compilation of the Asset Register for the Tertiary Military Health Formation. The Asset Register for 1 Military Hospital is in process and will be completed by end of June 2006. 14 300 Items are listed in the database
	Sustained SAMHS product systems (mobilisation stock, medical evacuation vehicles, B & D vehicles, common commodities)	Degree of client satisfaction Degree of compliance with performance standards as contained in service agreements with clients. Timeliness of order payment	100% client satisfaction Payment of 100% of orders two months before the end of the financial year	Client satisfaction achieved as planned Partially achieved through non-adherence to delivery dates by suppliers. The outputs of this core objective are the availability of a SAMHS Product System capability consisting of SAMHS Mobilisation, Medical Evacuation Vehicles and Common Logistics services. All these activities contribute directly to the combat readiness of SAMHS Product Systems. The outputs of this objective have been achieved as planned

Table 8.1: Military Health Service Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Target	Actual Achievement
Base support capability	A general base support capability for identified defence programmes	Degree of client satisfaction Degree of compliance with performance standards as contained in service agreements with clients	100% client satisfaction 100% conformance with all DOD policy, guidelines and agreements with respect to base support	The delivering of all the general logistic functions for the 23 SAMHS force structure elements in the Gauteng area was partly achieved. Outstanding are some processes and procedures that must be finalised.
Military health training capability	Trained SAMHS personnel	Degree of compliance with SAMHS training plan	Trained personnel as per SAMHS training plan	<p>5 869 learners reported for the various courses and 4 723 were assessed as competent: a 80.4% success rate. Measures have been introduced to improve course planning</p> <p>Military Health Training Formation Physical Training Sport and Recreation Wing. 53.24% achievement instead of the 80% that was the set target. Various physical activities, viz Lifeguard, Water Orientation, and Sport Administration, Instructor Courses in swimming and PT, qualified physical training instructors, sport administrators and Training support were successfully achieved</p> <p>School for Military Training. 1 788 learners reported for 1815 learning opportunities and 1 750 were found competent</p> <p>School for Military Health Training. 2 469 learners reported and 2 079 were found competent.</p> <p>Nursing College. 22 courses were allocated in the reporting period. 624 opportunities were available, to which 941 learners responded and 560 were found to be competent.</p> <p>SA Army combat Training Centre (CTC). 591 learners were found to be competent with a 97.52% actual achievement.</p> <p>SAMHS Band. Military music: 145 taskings executed; 120% achievement.</p>



SAMHS SPECIFIC EXERCISES CONDUCTED DURING FY2005/06

Table 8.2: SAMHS Specific Exercises conducted during the FY2005/06

Exercise	Duration Dates	Aim and Short Description	Geographic Area	Nature of Exercise	Participating Forces	Man-days/Sea Hours
Exercise LANCET	29 September to 23 November 2005	The establishment of Medical Task Force LANCET 05	Combat Training Centre, Northern Cape Port Nolloth Bloemfontein	Providing real time support to Exercise SEADOG, and Exercise YOUNG EAGLE, as well as Force structure elements grouped according to conventional doctrine to provide support and participate in Exercise SEBOKA	SA Army Land and Airborne Forces SA Air Force Air Elements SA Navy Vessels SAMHS elements from: Mobile Military Health Formation, Tertiary Military Health Formation, Area Military Health Formation, Military Health Training Formation, Military Health Support Formation General Support Base Thaba Tshwane	Joint planning with Services and Divisions Test of SAMHS evacuation procedures during conventional operations, successful handling of chemical incidents, medical sustainment during conventional exercises, testing of different medical support concepts in order to update the SAMHS doctrine 17 968 SAMHS members
Exercise WAY-SIDE	20 August to 2 September 2005	To exercise procedures to manage incidents involving hazardous materials	Piensaarsrivier Training Base	Chemical Biological Radiation Defence	SAMHS: 7 Medical Battalion Group SA Army: Fire and Rescue Services SA Air Force and SA Navy, the SA Police Service Explosives Unit and the Tshwane Emergency Service	Improved SAMHS internal command and control. Tested the interdepartmental communication and control systems in a hazardous emergency

PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 8.3: Performance and Service Delivery Improvement: FY2005/06

Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
Health care	Generic medicine Project MEDSAVE Article 38A nurses Medical orderlies Code lists	Reduction in health care cost	Ongoing	Expenditure was curbed and non-essentials were not acquired
Warehousing	Pre-packing of medicine	Reduction in health care cost	Ongoing	Bulk buying remains cheaper, but needs to be pre-packed to service points
Provision of services in under-serviced areas	Discounts on service delivery against prescribed benefit scales	Reduction in health care cost	Ongoing	Cost saving in not needing to carry facilities and extra running expenditure
Remuneration strategies	Commuted overtime Oral health scheme Project MEDSAVE Benefits for health professionals in rural areas	Reduction in health care cost Higher productivity Incentive to remain in SAMHS	Ongoing	Retention of health care workers partly achieved
Leadership principles	Full range Leadership, Command and Management Principles training	Democratic organisation	Ongoing	Awareness of members regarding remaining challenges in the DOD
Service delivery	Batho Pele Effect Analysis	Client satisfaction	Ongoing	Various new processes introduced, which included the use of courier services, improved availability of medicines and access to health care
Continuous learning and development	Continuous professional development programme	Client satisfaction Savings through better procedures	Ongoing	Increased exposure of members and health professionals to courses and seminar
Discipline	Training Batho Pele	Client satisfaction	Ongoing	Total human resource management and development being reviewed as part of the SG's intent
Human resources management	Inspector General's Audit Effect Analysis Human Resource Training	Client satisfaction	Ongoing	Implementation of rectification plans

Table 8.3. Performance and Service Delivery Improvement: FY2005/06 (continued)

Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
Equipping of Human Resources with uniforms	80% of SAMHS members to wear ABUNT	Savings on the cost of full uniform scale issue	To be implemented	Decision reversed by new Surgeon General. New costing to take place
Costing of health services	Health information programme	Reduction in health care cost through trend analysis and corrective action Recuperation of costs	In development (subject to funding)	Not in service as yet
Maintenance programme on all main medical equipment	Reactivation of biomedical system	Cost saving on replacements	Reactivated (subject to funding)	Cost saving on service of equipment and the increasing force readiness by being able to perform service
Health information system	Health informatics programme	Client satisfaction Sound management information	In development (subject to funding)	Upgrade programme not rolled out



OCCUPATIONAL HEALTH AND SAFETY

The Surgeon General is the delegated authority to direct and monitor occupational health and safety in the Defence Force. 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 are monitored to ensure that it is reasonably practical to eliminate or mitigate the hazards and risks before resorting to personal protective equipment.

Daily 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. The shortages of specialised resources,

including occupational hygiene, are constantly being addressed.

Current challenges are occupational health and safety awareness training at all levels of command, the resources to manage the work environment, risks and quality related governance and the restricted management of the 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 Occupational Health and Safety Act is being supported by Government to correct the funding constraints experienced within Defence and at the Department of Public Works.

A complete occupational health and safety practitioner's information database will be loaded on the DOD Intranet during 2006 to enable all Officers Commanding and DOD personnel to be empowered with occupational health and safety related management tools.

CHAPTER 9: PROGRAMME 6 DEFENCE INTELLIGENCE

OVERVIEW

INTRODUCTION

During FY2005/06 Defence Intelligence performed its intelligence task in the DOD by supporting strategic planning and operations at various levels. Defence Intelligence's streamlining of its processes further improved the conduct of intelligence on the strategic, operational and tactical levels. Positive feedback has been received from its major clients, including the National Intelligence Coordinating Committee (NICOC), the Department of Foreign Affairs and Ministry of Intelligence. During the reporting period Defence Intelligence succeeded in supporting national peace initiatives on the African continent. Support to SANDF operations and exercises improved and the development of new policies and doctrine for operational intelligence has enhanced this support. Staffing of vacant posts remains a major challenge in accomplishing objectives effectively and will be addressed urgently in the next financial year.

HIGHLIGHTS FOR THE PERIOD

Improvement of Continental Security. During the past year Defence Intelligence personnel supported the Government's peace initiatives in the DRC, Burundi, Sudan and the Ivory Coast by providing strategic early warning on various security developments that had an impact on South Africa. This support included intelligence products to keep decision-makers informed about developments, as well as sensitive negotiations to encourage stakeholders to plan and structure for stability and balance in support of peace efforts. Support was also rendered to SANDF teams that were deployed to these countries.

Intelligence Support to National Clients. Defence Intelligence continued to provide quality intelligence to departmental and national clients. Defence Intelligence was complimented on the level of its assessments, which is seen as the benchmark in the intelligence community. Defence Intelligence briefed the Joint Standing Committee for Intelligence every quarter on the state of its budget and compliance with its Strategic Business Plan. New members joined the Joint Standing Committee for

Intelligence continuously and clarification of various issues was requested at every briefing to the Joint Standing Committee for Intelligence.

Intelligence Support to the DOD. Defence Intelligence inputs contributed to decision-making in the strategic planning processes of services and divisions. Various clients confirmed the value of the intelligence products.

Involvement in Exercises. Defence Intelligence's involvement in joint exercises contributed to doctrinal development and training of intelligence staff on the operational and tactical levels. The role of intelligence during Exercises INDLOVU and MATHOLE emphasised the importance of coordination and cooperation between all stakeholders.

Improvement of Security. Additional measures were taken to improve security in the DOD. It is expected that some of these measures will bear success in the near future.

Performance Reports. Most requirements from clients were satisfied and the production schedule for the year was met. Specific comments of appreciation were received from the office of the Minister of Intelligence as well as National Intelligence Coordinating Committee personnel. Defence Intelligence succeeded in aligning itself with national security initiatives to provide defence-related intelligence as required. Intelligence support for SANDF operations on the continent improved.

Products. A major milestone was the publication of the Defence Intelligence Estimate which contributed significantly to both departmental and national clients' requirements. The focus remains on the production of longer-term assessments. Client satisfaction in terms of both quality and quantity remains a primary driving force for service delivery in Defence Intelligence.

Education, Training and Development

The main accomplishment with regard to training during FY2005/06 was the introduction of an Intelligence Learning Programme, consisting of five registered Unit Standards that address analysis, counter-intelligence and operational intelligence on National Qualifications Framework (NQF) level 5. The SA Defence Intelligence College is the first of the Statutory Intelligence Community's training institutions that succeeded in implementing Unit Standard-based programmes as developed by the Standards Generating Body on Statutory Intelligence since 2003.

Defence Intelligence has successfully implemented an adult basic education and training programme by enrolling 50 members on it. During the course of the year the figure dropped to 47. Forty members achieved the set standards on NQF level 1 by the end of 2005 (an achievement rate of 85%). Thirty members enrolled for 2006. Five members enrolled for NQF level 4 (Grade 12) in 2006 and will be assessed at the end of 2006.

The concept of Unit Standard-based training was also introduced to African countries, as the current foreign learning training programme at SA Defence Intelligence Colleges includes unit standards as developed by the Standards Generating Body on Statutory Intelligence. Learners will thus receive official credits as recognised by the South African Qualifications Authority (SAQA). This could provide impetus for the implementation of a similar system in the SADC region.

CHALLENGES TO THE ACHIEVEMENT OF OBJECTIVES

One of the main obstacles to fully achieve Defence Intelligence's goal remains the lack of enough personnel with the correct background and aptitude for the conduct of the intelligence function. Initiatives to address this need include internal recruitment as well as recruitment through the Military Skills Development system during FY2007/08.

Since Mid-2005, progress has been made in planning for new Defence Intelligence headquarters premises. The overall DOD facilities work group has initiated several processes to obtain specialist assistance from the Department of Public Works and its consultants in the fields of architecture, structure planning and overall option analysis to address the requirement.

PURPOSE

To provide a defence intelligence and counter-intelligence capability.

MEASURABLE OBJECTIVE

Defend and protect South Africa by the provision of defence intelligence and counter-intelligence products and services that meet the requirements of Government.

OUTPUT DETAIL

The Defence Intelligence Programme provides defence intelligence and counter-intelligence for operational security in support of the Department. It also provides for personnel vetting (ie the security clearance of DOD personnel).

Details of the Defence Intelligence Programme outputs are shown in Table 9.1.

Table 9.1: Defence Intelligence Programme Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Strategic direction	Provide intelligence policy and doctrine	The degree to which required Defence Intelligence policies are available	All required Defence Intelligence policies are approved and published	Continuous revisiting of Defence intelligence policies ensured that two DOD Instructions were revised during the report period and three DOD instructions were submitted to the Policy and Planning Division for processing.
	Policy advice	The degree to which policy advice is accepted	100% acceptance of policy advice	Full compliance resulting in the fact that the DOD and other clients could do planning on the policy as it was explained.

Table 9.1: Defence Intelligence Programme Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Defence intelligence operations	Provide intelligence and counter-intelligence service capabilities Intelligence services	The degree to which clients are satisfied with intelligence products and services	95% of products on the production schedule are disseminated timeously A 20% increase in client satisfaction with intelligence products and services	Defence Intelligence met its scheduled production targets for the period 1 April 2005 to 31 March 2006. In addition, Defence Intelligence also responded to specific intelligence requirements from various clients. Client satisfaction remains a primary driving force for service delivery in Defence Intelligence. The Defence Intelligence Estimate was drafted and disseminated during October 2005. It was met with positive feedback from both the DOD and the national client.
Defence intelligence support services	Support services to Defence Intelligence that include Human Resources Services, Education, Training and Development Services, Training Capability, Logistic Services, Information Support Services, Security Services, Planning Services and Chaplain Services	The degree of client satisfaction	Design and implement a measuring tool by 30 June 2005 to determine client satisfaction	A feedback system has been developed in respect of Education, Training and Development, also to comply with SAQA requirements. Other measuring tools are still to be developed.
		The degree of improvement in service delivery	Benchmark client satisfaction An increase of 5% in service delivery efficiency	A senior Logistics officer was appointed to improve logistic service delivery. An adult basic education and training programme was implemented with 50 members. Introduction of a Intelligence Learning Programme, consisting of five registered unit standards that address analysis, counter-intelligence and operational intelligence on National Qualifications Framework level 5.

PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Detail of performance and service delivery improvement reflected in Table 9.2.

Table 9.2: Performance and Service Delivery Improvement: FY2005/06

Output	Activities	Planned management Intervention	Anticipated Benefit	Status	Actual Achievement
Support Defence Intelligence	Conduct detailed post profiling in order to establish a proper recruitment and training profile	Focused recruitment and training with the intent to minimise personnel turnover and increase training efficiency.	Defence Intelligence members who produce quality intelligence products	In progress	A test battery was developed in conjunction with the Military Psychological Institute and is being developed further.
Support Defence Intelligence	Conduct transformational leadership training (leadership, command and management principles)	Present training to leaders at different levels.	Improved leadership quality in Defence Intelligence in accordance with the SA Excellence Model	On hold	Training temporarily on hold pending the future of the SA Excellence Foundation. Leadership development through scheduled courses nevertheless continues.



CHAPTER 10 PROGRAMME 7 JOINT SUPPORT

OVERVIEW

The Joint Support Office provides strategic direction to the following subprogrammes:

- DOD Joint Logistic Services.
- Command and Management Information Services.
- Human Resources Support Centre (funded within the Administration Programme).
- Joint Training.
- Military Police.
- Service Corps.
- British Peace Support Training Team (BPST)

The further three programmes as indicated hereunder are managed as a financial sub-programme. The performance is reflected in the Financial Statements.

- Acquisition Services.
- Assistance.
- Departmental Support.

PURPOSE

To provide joint support capabilities and services to the Department.

MEASURABLE OBJECTIVE

Support Departmental activities through the preparation, maintenance and provision of joint logistic, technological and military police capabilities, services and facilities that meet the requirements of Government.

OUTPUT DETAIL



The Joint Support programme provides common support capabilities, facilities and services to the Department. It establishes, provides training in, and maintains the following areas: joint logistics, Information Communication Technology, military police, vocational training, joint training and acquisition services. It assists organisations related to the Department, such as the Armaments Corporation of South Africa (Armcor), the Reserve Force Council¹, the South African First Aid League, St Johns Ambulance Brigade, the Medical Fund for Military members retired before 1964, and the Safety and Security Sector Education and Training Authority (SASSETA)².

JOINT SUPPORT OFFICE

Details of the Strategic Direction subprogramme outputs as executed by the Joint Support Office are shown in Table 10.1.

1 Formerly know as the Part-time Force Council

2 The Police, Private Security, Legal, Correctional and Justice Sector Education and Training Authority (SETA) and the Diplomacy, Intelligence Defence and Trade Education and Authority (DIDTETA) amalgamated and a new SETA called SASSETA was formed on 1 July 2005.

Table 10.1: Joint Support Office Subprogramme Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Strategic Direction	Joint support strategic direction. Strategic direction with regard to the Joint Support programme	The degree to which joint support policies, strategies and plans are implemented	Full implementation of policies, strategies and plans	Strategic direction was provided to the Human Resources function. The organisational review and alignment of all related services was conducted as part of the DODW restructuring initiative. The Joint Support Office was closed on 31 March 2006.

COMMAND AND MANAGEMENT INFORMATION SYSTEMS

Overview

The rapidly changing internal and external environment has placed increasing demands on the Command and Management Information Systems Division (CMIS) to provide comprehensive information and technology systems to support the DOD as a one-stop service meeting client satisfaction. This occurs at a time when the CMIS Division is facing serious challenges in terms of the retention and development of specialised skills, the affordability and continuous state of flux of the organisation and the requirement to transform successfully its human resource component. The solution to these challenges rests in a structured, clearly defined approach for effective and efficient information service delivery through unambiguous implementation plans and robust control mechanisms. Areas that need improvement were also identified. Many of these areas were found to have resulted from prolonged past budgetary constraints and a lack of adequate and skilled human resources, which will require several years to rectify. A serious impediment to the successful service delivery of the Command Management and Information Systems Division lies in the difficulty experienced regarding staffing in restructured posts. This problem was serious in the Registry environment as skilled staff left to take up other posts.

During this reporting period, the focus and highlights of the CMIS Division were as follows:

- The CMIS Operations Formation participated in an international interoperability exercise, Exercise COMBINED ENDEAVOUR, which enabled the DOD to align command management and information services capa-

bilities with international trends.

- The Division also managed to provide good products and satisfactory services in support of Government initiatives. 2 Signals Regiment was tasked to provide preventative maintenance on the High Frequency radio equipment installed in neighbouring states, ie Mozambique and Swaziland. These radios are used for cross-border liaison and crime prevention.
- Effective CMIS support was provided to a wide range of internal and external operations and force preparation events that contributed to the success of the DOD in both the internal and external environment. Successful support was also rendered to SADC/UN peacekeeping initiative. This initiative included electronic warfare products and services to the Defence Intelligence environment as well as cryptographic products and services to all state departments.
- The CMIS Division continued to participate in the ISDSC endeavours, through the ISDSC's Telecommunications and Information Systems Work Group and SADC Brigade Planning Element Workshops. Plans are also underway for the RSA to donate high frequency radios for the secondary hotline network. Delivery of these radios is planned to take place by September 2006.
- Reserve Force Offices were established in Port Elizabeth, Polokwane and Potchefstroom. These offices will serve as an extension to the current CMIS capability in those areas and will contribute to the optimisation of the CMI Systems and improved service delivery.
- The CMIS Division launched Project DOMINO with the purpose of

redesigning the organisation. The first stage is the design for completion by 1 April 2007 of the second stage; implementation must be completed by 1 April 2008. Rationalisation of CMI related systems and services is taking place in order to make funding available for certain renewal projects or the absorption of costs. Discrepancies are being aligned between the CMIS Division's Core Objectives, the Financial Management Systems and the Structural Management Control System.

- The CMIS Division is responsible for the development and sustainment of information system security capabilities within the entire Public Service. The organisation charged with this responsibility is the South African Cryptology and Security Agency (SACSA).
- The sustainment of the existing CMIS Command and Control capabilities, as large scale upgrades of current capabilities, is hampered by a lack of funding and support services to achieve the desired combat readiness status. The sustainment initiatives (Combat Readiness improvements) were mainly focused on the deployable capability by continuous upgrading and/or replacement of CMIS related equipment and other resources which affect the immediate utilisation of the capability.
- The critical challenges experienced within the Division can be summarised as the changing organisation and lack of funds to achieve the desired objectives to satisfy the needs of the DOD.
- The Division is confronted with the need to enhance and maintain the

DOD's Information and Communication Systems (ICS). However, the Division is challenged by an environment that is characterised by changing information communication technology, obsolescence and new legislation on the one hand and with inadequate funds to meet the challenges on the other.

- The CMIS Division would like to provide an improved service to the DOD by way of better access to information, both electronically or paper based. Although, the infrastructure (mainframe, data network and personal computers) is aging and personnel skills are lacking at present, most targets were achieved over the reporting period. The biggest concern remains a lack of funds to sustain the DOD's operational ICT capability into the future and replace obsolescent equipment.
- System managers have taken action to address the provisioning/retaining of qualified, knowledgeable and experienced human resources within the allocated funding baseline of the DOD and to encourage functional courses within the DOD. SITA was requested to focus on delivery of the required quality of services to maintain competent human resources.



Output Detail

Command and Management Information Systems provides a command and management information system and related services to the department.

Details of the Command and Management Information Systems output are shown in Table 10.2.

Table 10.2: Command and Management Information Systems Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Command and Management Information Systems Services	Centralised command and management information systems and services management information and related services in support of DOD objectives	The degree to which Information and Communication Technology solutions are provided and sustained in support of DOD Business	Information and Communication Technology solutions for the DOD as contracted	<p>The maintenance and support of the implemented ICT solutions and services for the DOD and collateral commitments in terms of the strategic ICT Business plan as formalised during 19 July 2004. The approved Strategic ICT Business plan as approved on 19 July 2004 was therefore implemented during the period under review.</p> <p>CMIS Division policies currently being finalised within the governance of the Regulatory Framework (also used to guide Project DOMINO) in liaison with the Office of the Government Information Technology Officer.</p>

Table 10.2: Command and Management Information Systems Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>The completion of the 1st baseline for Project Domino to ensure the finalisation of the migration of the CMIS Division is due by 1 April 2007. Maintenance and improvement of the process and commensurate structural arrangements were performed during the year under review as part of continuous improvement.</p>
		The degree to which the Information Warfare service satisfies client requirements	Information Warfare service provided in accordance with client requirements	<p>Information Warfare Committees were established in the Services and Divisions</p> <p>Current projects were approved on higher level and the statement of work has to be finalised before contracting. Existing technology has been used to the fullest capability. Technology growth and implementation of new systems were approved.</p> <p>New projects were developed in the static and tactical Electronic Warfare domains that will contribute towards ensuring 99% secured networks. Information security services including cryptographic products and services were provided to the DOD and other Government departments as part of the standing commitment of the DOD. In addition, negotiations for the migration of Government Information System Security to Comsec (Pty) Ltd commenced to facilitate the migration of the Information System Security function from the DOD as managed by SACSAs to Comsec (Pty) Ltd. All requirements for products and services of Defence Intelligence and State departments through SACSAs were met.</p>
		The degree to which static and tactical Information and Communication Technology products and systems support are provided to the DOD	Static and tactical Information and Communication Technology for the DOD	<p>A mainframe service with a 98% availability measured at the mainframe processing units was established on a continuous basis to ensure that an adequate statutory basis for any new use of personal data was available within the DOD.</p> <p>The CMIS Operations Formation participated in an international interoperability exercise, Exercise COMBINED ENDEAVOUR in 2005.</p> <p>Preventative maintenance was conducted on the High Frequency radio equipment installed in neighbouring states, such as Mozambique and Swaziland.</p> <p>Reserve Force offices were established in Port Elizabeth, Polokwane and Potchefstroom.</p> <p>The School of Signals presented 87 CMIS related courses to 1 332 learners.</p>



Performance and Service Delivery Improvement

The CMIS Division's performance and service delivery improvements for the FY2005/06 are shown in Table 10.3.

Table 10.3: Command and Management Information Systems Performance and Service Delivery Improvement for the FY2005/06

Objective	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
To provide direction for the maintenance, utilisation and support information in the DOD through the definition and maintenance of CMIS systems-related policy, in the DOD Information Strategy and the Departmental Enterprise Information System Plan	The development of a "Planning and Costing Tool"	Planning and Costing Methodology	Improved planning and costing methodology	In process	The pilot planning and costing tool was completed and used for planning and costing in the CMIS Division. Internal management arrangements and mechanisms were continuously improved to ensure a direct improvement of systems and service delivery within the allocated budget

DOD LOGISTIC AGENCY

Overview

The Joint Logistic Agency provided integrated logistic support to the DOD. Significant achievements and challenges experienced over the past year are described below.

Universal Logistic Information Systems. A decision was made to migrate all fragmented logistic information systems to one common logistics system OSIS as an interim step until the Integrated Financial Management System (IFMS)³ is in place. A project team has been appointed to manage the migration process. The team has started with pre-migration activities that are scheduled for completion by March 2007. These activities will improve the integrity of data warehousing in the systems for much better decision-making information. The process will also enable the transfer of skills to the DOD personnel and decrease the reliance on contractors.



Technical Training. Portfolios for the accreditation portfolios of DOD Technical Service Training Centre (TS Trg Cen) and DOD School of Ammunition were submitted to Chief Joint Training (CJ Trg). A work group as part of the Bomb Disposal and Explosives Control Standard Generating Body (SGB) was established to develop unit standards for the Ammunition Fitter qualification and the Firearms Maintenance qualification. The Military Skills Development training programmes resulted in major successes, eg 94 were trained.

Supply Support Training. Collectively 255 Military Skills Development Systems (MSDS) members were trained at the two Schools. However, if the numbers of MSDS members increase, the training backlog of Supply Support members in the DOD will escalate as the structure of the two training providers does not make provision for large intakes of MSDS members for training.

National Codification Bureau (NCB). National Codification Bureau (NCB) is in the process of implementing an automated system on the National Codification System (NCS) to receive international codification data from the NATO mailbox system

³ IFMS: The proposed Intergrated Financial Management System to be developed by the National Treasury and implemented across all state departments.

(NMBS). Connections will be made on the NATO Mailbox System during the new financial year. A decision was taken in 2004 following the expiry of the codification contract to re-establish the codification function within the DOD. Consequently five former LOG TEK codifier members have been redeployed. 32 DOD members were trained and redeployed to the function. Although codification is up to date, numerous tasks within the NCS System Support Environment, NCAGE and IDE have yet to be completed to ensure reliable data.

Facilities. The planned fixed asset capital, repair and maintenance programmes, and cash flow objectives were completed during the financial year. However, the funds available for these programmes were insufficient and therefore maintenance backlog remains a challenge. The Portfolio Committee on Defence visited DOD facilities in the Thaba Tshwane area in August 2005.

Land Reform and Restitution. The DOD has demonstrated its commitment towards land reform and restitution claims in particular by making available a further 400 hectares to the Wallmansthal claimants. The Boschhoek claimants were provided with alternative land. Their claim was finalised during the period. The establishment

of the Land Management Forum, together with Department of Land Affairs, Public Works and the Land Claims commissioner, was a significant step towards achieving productive utilisation of DOD land. The Land Management Forum simultaneously initiated the process of confirming the accuracy of the Facility Register System. The work group has already completed 25% of the task.

General Reporting and Accounting Practices (GRAP). The present asset accounting management system are not fully compliant with GRAP. Steps were taken to adapt these system to prescribed standards without making major changes. The Department will fully adapt to these standards once the implemented IFMS of National Treasury is implemented. The Division was also instrumental in assisting National Treasury with the formulation of the scope of the IFMS.

Output Detail

The DOD Logistic Agency provided integrated logistic support to the DOD. Details about the DOD Logistic Agency's output are shown in Table 10.4.

Table 10.4: DOD Logistic Agency's Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
DOD Logistic Agency	Integrated logistic support to DOD objectives	The degree to which integrated logistic support is provided	The provision of strategic direction and policy advice	<p>Stores Administration. The DOD is migrating all fragmented logistic information systems to one common logistics system (OSIS) currently used by the SA Navy and SA Air Force. A project team (including SITA) was appointed to manage the migration process. The team has started with pre-migration activities that are scheduled for completion by March 2008. Negotiations with Chief Command Management Information Systems are in process regarding the signing of a Service Agreement.</p> <p>Excessive Stock Plans. The DOD established a work group in August 2005 to manage disposal. The finalisation of disposal plans in accordance with set target dates is monitored through quarterly reports to the DOD Accountability Management Committee.</p> <p>The National Traffic Information System (NaTIS) policy is currently being drafted.</p>
			Integrated logistic management services	
			Integrated logistic resource management services	

Table 10.4: DOD Logistic Agency's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
			Integrated logistic resource management services (cont)	<p>DOD Technical Service Training Centre and the DOD School of Ammunition were submitted to Chief Joint Training in July 05. The Firearms Maintenance Qualification NQF Level 5 was submitted for approval to SAQA in November 2005 and the Level 4 qualifications were approved by SAQA in January 2006. A work group as part of the Bomb Disposal and Explosives Control Standard Generating Body was established to develop unit standards for the Ammunition Fitter qualification.</p> <p>Limited progress was made with the management of functional technical training. The post structures of the DOD technical training providers needs to be aligned according to SAQA prescripts. While the accreditation of training providers was delayed because of the closing of DIDTETA and establishment of SASSETA.</p> <p>The management of the functional Supply Support training was extremely difficult, as training presented did not meet the Services needs. Supply Support Service Agreements will be in jeopardy if the training needs are not met. The lack of competent facilitators/assessors, facilities and equipment, especially military vehicles, is restricting the training output.</p>
			Facility support services	<p>Facilities</p> <p>The compilation of a Facilities Strategy and Plan is in process. The strategy and plan will align the DOD with the National Spatial Development Framework, Government-wide Immovable Asset Act, as well as the devolvement of budget so that the unique facility requirements of the DOD are articulated.</p> <p>The planned fixed asset capital; repair and maintenance programmes and cash flow objectives were completed during the financial year. The shortfall of funds for these programmes created a maintenance backlog, which remains a challenge. The SANDF is preparing to manage the Devolution of the Budget of the National Department of Public Works with effect from 1 April 2006. Additional funds of Rm10 to address the maintenance backlog were used to set up and plan the process to call for tenders for maintenance to be done at 1 and 2 Military Hospitals, AFB Waterkloof and 4 SA Infantry Battalion.</p> <p>Land Reform and Restitution</p> <p>The DOD returned 400 hectares to the Wallmansthal claimants. The Boschhoek claimants were provided with alternative land and their claim was finalised. A Land Management Forum was established with the Department of Land Affairs, Public Works and the Land Claims commissioner to use DOD</p>

Table 10.4: DOD Logistic Agency's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
			Facility support services (cont)	<p>land productively The Land Management Forum simultaneously initiated the process of confirming the accuracy of the Facility Register System. The work group has completed 25% of the task. The SANDF briefed the Portfolio Committee on Defence regarding land distribution matters in 2005. Refer to Table 10.7 below for details on land restitution.</p> <p>Environmental Management</p> <p>Environmental considerations in the planning and execution of military exercises and operations were implemented in the SANDF. Environmental management staffs participated in Exercise INDLOVU as well as in the planning for Operation TRITON (peace support operations to the Comoros). A staff member was deployed to the Comoros. A guidebook on Environmental considerations in Operations (ECOps) was developed in cooperation with USA DOD counterparts and will form the basis for SA DOD policy and procedures on this matter.</p> <p>The DOD is developing an Environmental Management System [EMS] based on the principles of ISO 14 000. A draft EMS is currently being tested at several military bases to determine feasibility and applicability. An ISO 14 000 course was presented to 50 key members of these and other bases in order to build capacity. A lack of capacity and dedicated posts to manage environmental management at base level jeopardise the effective implementation of the DOD EMS.</p> <p>Operation Vuselela deals with the eradication of alien invasive plants on military properties utilising unemployed military veterans. This is a partnership programme funded by the Department of Water Affairs and Forestry. A formal agreement between the Minister of Water Affairs and Forestry and the Deputy Minister of Defence was signed during 2005. A National Coordinating Committee has been established to manage the implementation of this programme.</p> <p>A workshop on water efficiency was held between representatives of the DOD and the National Departments of Public Works and Water Affairs. The discussions at the workshop will form the basis for the development of a water efficiency programme for the DOD.</p>
			Engineering support services	<p>Ammunition</p> <p>The CALMIS Ammunition Corporate Management System was implemented in 2005 to ensure total control and management of the DOD inventory. Range-limit tests were carried out on the Vastrap Weapons Range to qualify the range as a mass demolition facility. During this test a total of 600 tons of</p>



Table 10.4: DOD Logistic Agency's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
			Engineering support services (cont)	<p>unserviceable and redundant ammunition were destroyed by means of mass detonation. After the submission of the final report, Vastrap will be a qualified range suitable for mass open detonation and mass open burning. Feedback on the status of ammunition was presented to the Minister of Defence and to the Portfolio Committee on Defence in September 2005.</p> <p>The DOD Explosives Manager assisted the SAPS with an ammunition theft case in Phalaborwa. Armscor was requested to issue a request for purchase to various companies to draft a standard for the clearance of unexploded ordnance from training areas. The DOD Instruction and Joint Defence Policy on Insensitive Munitions were submitted for final approval.</p> <p>Fire and Rescue. The investigation regarding the alignment of fire and rescue services in terms of national legislation and best practices is in process. Of note is the completion of the Regulatory Framework, Strategic Intent and Conceptual Business Process Architecture. Two work sessions were attended with the Engineering Council of SA (ECSA) for the development of unit standards for fire engineering practitioners. The "Selection Criteria and Profile of the DOD Fire-fighter" are being developed in conjunction with the SAMHS. Eight policy documents on Fire and Rescue were registered with the Policy and Planning Division during January 2006.</p>
			Supply support and services	<p>Accrual Accounting. The DOD is adapting current DOD systems to be compliant with the accrual accounting of assets principle. The requirements regarding life cycle management and Product System Management were addressed. Good progress was made in the computerising accounting units that were on manual systems, especially in the SA Army. Group Headquarters and Army Territorial units (commandos) were converted to the CALMIS system to bring their stores administration up to a good standard. The Department will fully adapt to the accrual accounting principles with the implementation of the IFMS.</p> <p>National Registration Act (NaTIS). The National Traffic Information System (NaTIS) policy is currently being drafted. The process to register vehicles on the NaTIS has been implemented. More than 500 vehicles have been registered. These vehicles have been disposed of. The second phase to identify new vehicles for registration was implemented.</p> <p>National Codification Bureau (NCB). The national Codification Bureau (NCB) is in the process of implementing an automated system on the National Codification System (NCS) to receive international codification data from the NATO mailbox system. Connections will be made on the NATO Mailbox System during the new financial year. Beta tests were finalised during November 2005.</p> <p>Tolcon assisted the DOD with a trial run for the possible implementation of a toll-card system for passage through toll plazas.</p>

Table 10.4: DOD Logistic Agency's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
			<p>The provision of integrated logistic support to the DOD:</p> <p>General logistic support to the DOD</p>	<p>The Logistic Staff Council has constituted the DOD Universal Product Systems Integrative Logistic Forum. The Forum's objectives are to give direction and advice, and to control and integrate mutual logistic matters related to the logistic capability.</p> <p>The full range of universal product systems was managed. Of note are the following:</p> <p>A process was put in place to manage the resources (equipment and infrastructure) regarding the SAPS entry/exit mechanism. The Central Weapon Control Office, in conjunction with the SAPS Logistic Division, conducted an exercise to recover SANDF firearms handed in for amnesty.</p> <p>A total of 461 commercial vehicles procured from Contract RT57 as well as and 158 A-scheme subsidised vehicles were procured. The discrepancies between Bid Evaluation Committee recommendations and Final Releases of the contract were brought to the attention of National Treasury.</p> <p>Material handling equipment was purchased. The 12 x 3-ton forklifts and two x 5-ton forklifts purchased for 93 Ammunition Depot were delivered in March 2006; two Flexi3 electric narrow aisle stackers were purchased for the DOD Maintenance Depot.</p> <p>Five projects to renew Logistic main equipment are in various stages of execution, namely from project study phase to the acquisition phase. The projects include equipment such as the replacement of the SAMIL 100 and 50 range of transport vehicles and the introduction of a mobile camping system.</p> <p>The DOD Logistic Support Formation together with Joint Operations were involved with the verification of the handing and taking over process between the old and new SA contingents in the DRC (Operation MONUC and Operation MISTRAL). The involvement of Joint Operations verification team contributed to the success of the logistic accounting process in the mission area. During a visit in June 2005 the self-accounting code of Operation Mistral in Kinshasa was cleared and transferred to Operation MONUC (Kindu), which will manage Operation Mistral as a distribution account.</p> <p>The originally identified 51 non-submission self-accounting codes were handed over to the Stores Control Specialists who physically visited all to determine the reasons for not submitting certificates. The Stocktaking Certificates consolidation stands now at a 98% submission. The Auditor General's office evaluated the consolidation process and submitted a positive report.</p> <p>The school cadet music instruments were transferred to SAMET for redistribution in the school music environment.</p>



Table 10.4: DOD Logistic Agency's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
			Joint logistical/supply support training of members of the DOD	<p>Supply Support Training. Supply support and hospitality courses were presented at the DOD School of Logistic Training and the DOD School of Catering, respectively, to 2 800 learners of whom 255 were MSDS members.</p> <p>The DOD School of Logistic Training lost its provisional accreditation with SAQA in August 2005. The training provider and Governing Body will have to be evaluated again against SAQA prescripts to obtain accreditation.</p> <p>Challenges include the capacity of the training facilities to accommodate increased numbers of learners as well as the deteriorating facilities.</p>
			Joint technical training of members of the DOD	<p>Technical Training. The DOD Technical Service Training Centre trained 800 members, including 94 MSDS members. The DOD Technical Service Training Centre is in the process of migrating to the SA Army.</p> <p>Challenges. Structures of the DOD TS Trg Cen and DOD School of Ammunition are not aligned according to SAQA prescripts. Learner accommodation is limited and ETD practitioners are not competent to present training.</p>
			Air supply services in support of the DOD	<p>The Air Supply Unit provided air supply support during Exercise YOUNG EAGLE. Air Supply equipment was managed according to plan with 100% serviceability.</p> <p>Joint Operations replenished air supply equipment that was issued in support of external operations.</p> <p>The requirements for an Air Supply capability were made visible under the project study associated with A400M.</p> <p>The DOD Air Supply Unit can execute its core function, but the facilities and equipment are in dire need of repair or maintenance. The restructuring of the unit structure is vital to enable the unit to function as a fully-fledged training Institution.</p>
			Mobilisation services in support of the DOD	<p>The product system managers, DOD Logistic Agency and Joint Operations currently manage mobilisation reserves at the Mobilisation Centre. A clear distinction must be made in respect of the different roles, functions and responsibilities. The realignment of the structure and functions of the Mobilisation Centre is under way in order to reposition the unit to respond effectively to new operational challenges.</p>

Table 10.4: DOD Logistic Agency's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
			Deeper level redundant logistic support to the DOD	The additional Rm5 was used to reduce the risk at 93 Ammunition Depot, Jan Kempdorp to purchase forklifts for handling of ammunition (condition-D) and the disposal of 600 tons of unserviceable ammunition. The ammunition was successfully demolished as part of a programme to establish an explosive unit at Vastrap Weapons Range. Redundant equipment and munitions were disposed of as per plan and within the stipulations of national and international legislation. The backlog in the disposal of redundant and unserviceable munitions is still a major concern. The lack of resources to break down (demilitarise) ammunition by means of a disposal plant is a major constraint.
			Ammunition Warehousing and Training function	All serviceable ammunition at 93 Ammunition Depot was moved to the other two ammunition depots. All ammunition items posing an immediate safety risk were disposed of according to the intervention plan. Additional funds were allocated to reduce the risk with regard to unserviceable ammunition for the next three financial years. The professional manner in which Armscor (Alkantpan) supports the execution of dynamic depot proofs resulted in accurate forecasting regarding shelf-life extension and acceptance.
			4th line Warehousing and Auction function.	Environmentally Controlled Warehousing. 40 x Environmentally Controlled Warehouses were maintained during the FY2005/06. Additionally a further three warehouses were converted to Environmentally Controlled Warehouses. Vehicle Auctions. No auctions can be executed in terms of D-Vehicles unless it is registered on NaTIS. Future auctions will only be executed if this requirement has been met.

Performance and Service Delivery Improvement

Details of the DOD Logistic Agency performance and service delivery improvement are shown in Table 10.5.

Table 10.5: Joint Logistic Agency Performance and Service Delivery Improvement for the FY2005/06

Objective	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
To provide strategic direction and logistic policy advice	Logistic policy advice to C SANDF and the Secretary for Defence	Implementation of the National Dept of Transport System	Alignment of the current vehicle registration system with the National Dept of Transport System	In process	A work group was established to address the matter. The NaTIS policy is currently being drafted.

Policy Developments

During the past year the Chief of Logistics was significantly involved in the DOD restructuring process under the DODW. Proposals emanating from the DODW, once approved, will see the creation of a Chief of Matériel with responsibility for materiel governance and acquisition, and a Chief of Staff Logistics under C SANDF with responsibility as functional authority for Life Cycle Management (excluding acquisition) and Supply Chain Management (including procurement). In the restructuring the chronic under-capacity of C Log, previously reported, has been addressed.

The following policies were developed or approved:

- **Firearm Control Act.** Policy is being drafted to guide the DOD in compliance with the Firearms Control Act.
- **Ammunition.** Draft policy with respect to licensing of ammunition workplaces and storage facilities was distributed to role players for their comments. The final draft documents DODI/Pol & Plan/00003/99 (Edition 2) and JDP/Pol & Plan/00027/2005(Edition 1) on Insensitive Munitions were received back from Services and Divisions. The DODI and JDP were submitted for final approval after all feedback was incorporated.
- **Disposal, Marketing Support and Material Aid.** The policies regarding

Disposal, Marketing Support and Material Aid was submitted for review by the Policy and Planning Division.

- **Environmental Policies.** Several policies on Environmental Working Groups, Emergency Grazing on DOD properties, Incinerators, Game Management, the DOD Environmental Award Programme, and the Management of Natural Vegetation on DOD properties were finalised and are ready for final approval and promulgation.
- **SANDF and the Reserve.** The General Regulations for the SANDF and the Reserve (Chapter IX Funds and Institutions) were revised and submitted to stakeholders for final comments.
- **National Traffic Information System (NaTIS).** National Traffic Information System (NaTIS) policy is currently being drafted.
- **Accrual Accounting.** The new Accrual Accounting policy is currently being drafted and will only be concluded after National Treasury provided the guidelines.
- **Hospitality Services.** Policy on the Management of Hospitality Services in the DOD was developed and is ready for submission into the policy approval process.

Table 10.6: Land Restitution by the Department of Defence: the FY2005/06

	Area (hectares)
Land restored	104 657
Land to be restored	53 578
Claimants who requested alternative compensation (financial)	413
Claimants who accepted alternative land	5 485
Court ruled that land should not be restored	158 000
Information on new claims	3 705

ASSET MANAGEMENT

Asset management within the DOD has been based on item management for many years. The emphasis is now changing to include financial and lifelong management of items. These changes are being implemented within Defence so that the Department comes in line with the requirements of National Treasury.

Progress with regard to Capturing of Assets in the Register

The DOD has progressed well in capturing all items on the asset register. More than 90% of all items are currently on charge and the remaining items, mainly consisting of Strategic Defence Packages items recently received, are at present being codified and catalogued in order to bring them on charge. This is being done both in conjunction with the Department and the suppliers. All the requirements of National Treasury in respect of the content of asset registers are still to be fully updated.

The Department is integrating its four major logistic accounting systems into one system, viz the Operating Support Information System (OSIS), to facilitate better control and management of inventory. This will also bring about a greater compliance with the future needs of reporting as stipulated by National Treasury. In the process the small number of units presently using manual accounting for logistics will also be converted to OSIS. The completion of this implementation programme is scheduled to be concluded by the end of 2008.

Establishment of Asset Management Units and Asset Management Teams

Defence has a large number of asset management units distributed throughout the country under the control and demand of the different Services and Divisions. These units either act as depots or distribution points for goods as well as administration centres that carry out the logistic accounting functions on behalf of units within their areas of responsibility.

The DOD established an asset management team to oversee a number of important functions:

- Firstly, to ensure a smooth transition of the different logistic accounting systems to a single system, thereby improving control and setting a higher standard of asset management.

- Secondly, to ensure that Defence becomes fully compliant with the requirements set by National Treasury in respect of accrual accounting by means of applications and training.
- Lastly, to ensure that logistic functions and systems are so managed that a seamless transition to the National Treasury's IFMS is ensured.

Indication of the Extent of Compliance with the Minimum Asset Management Requirements

The DOD continues to manage its inventory according to the North Atlantic Treaty Organisation (NATO) prescripts and not according to the Standard Chart of Accounts (SCOA) of National Treasury, as 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 the reporting period in the NATO format.

In order to be able to report in the SCOA format, the DOD created a conversion table to bridge the differences between the two formats. Great progress in regard to finality of the bridging code was achieved, but owing to the complexity of both formats, the updated version was found to be sound for budgeting purposes. However, it was found to be insufficiently accurate for logistical and reporting purposes. The DOD, however, continues to upgrade and update the bridging tool in order to meet the reporting requirements as soon as possible. As reported previously the vast inventory still makes it difficult to be able to report according to the SCOA before approximately 2007. The DOD will therefore have to continue to report in the NATO format.

- **Meeting Minimum Requirements for Asset Registers.** An investigation has been made to determine the gap between the present status of the Asset Register and the new requirement. Presently the Asset Register largely conforms to the requirements set. Measures are in place to enhance the present system to comply fully with the requirement. Finality in this regard will be slow because only after full migration to one logistic system is complete will Defence be fully compliant.
- **Basic Asset Policies in Place.** Basic asset policies are in place and are available throughout the Department. Although the policies in respect of accrual accounting have been formulated they are still in the approval stages, before promulgation and distribution can take place.

- **Drafting of Strategy and Life-cycle Plans.** These have been formulated and published for capital equipment only. The plans for all other items are presently still being formulated and will be managed by the Asset Management Task Team.

HUMAN RESOURCES SUPPORT CENTRE

Overview

The Human Resources function in the DOD is currently being restructured as an integrated function under a Chief of Human Resources. The office of the Chief of Joint Support has been transformed into the office of the Chief of Human Resources. Major structural planning took place during the past year. Hence, several planned objective outputs for the FY2005/06 had to be revised. As a background to the Human Resources challenges confronting the department, the following brief picture is presented.

Up to 1999 the Human Resources function was delegated down to unit level. This changed with the Organisation and Transformation objectives in 1999. The DOD endeavoured to reduce its support complement and therefore aimed to reduce support structures. The aim was to eradicate duplications by amalgamating structures responsible for the same function to ensure economy of scale. The Maintenance Directorates of the four services were amalgamated into a single Directorate and at regional level HR support satellites were created for the same reason. One of the most debilitating results of these developments has been disempowerment of commanders at all levels. An example is that unit commanders are not in command of support services, whilst the functions are critical to the effective discharge of their command responsibilities. In such circumstances, commanders cannot be held accountable if

they fail to achieve their outputs, as often the cause for failure lies in the support environment over which they have no control.

To address the shortfalls of the transformation concept, structural changes were directed by the Chief of the SANDF in Instruction CSANDF/R/501/1 dated 12 March 2004. However, the planned Force Structure and Force Design of an HR Support Centre and HR Support Formation with 10 HR Support Units/Regiments and a Training Institution at Personnel Services School did not take effect. The HR Support Centre continued to operate with the Human Resource Support Office, Human Resource Support Formation and 23 Human Resource Support Satellites that planned to eventually migrate to the Services and then close down. A closing down structure was created to administer the closing of the 23 Human Resource Support Satellites, which was planned to be finalised by 31 March 2006. The process was stopped in view of the broader macro-restructuring of the DOD under the DODW process. Provisional ministerial authority for the closing down process was obtained in Feb 06.

The current responsibility of the the Human Resource Support Centre in operations is to capture the correct information on all members deployed in order to determine the operational allowances to be paid. The Personnel Services School trained all Personnel Service Corps members regarding Human Resources support during operations as well in mission readiness to ensure that these members were trained and competent when deployed externally.

Output Detail

The Human Resources Support Centre provides Human Resources support services and educated, trained and developed individuals as per specifications to the DOD.

Details of the Human Resources Support Centre's output are shown in Table 10.7.

Table 10.7: Human Resources Support Centre's Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Human Resources Support Centre	Human resources support services and educated, trained and developed individuals as per specifications to the DOD	The degree to which Human Resources support services and specialist advice are co-ordinated in the DOD	The provision of 1 x human resource support formation 24 x human resource	The recruitment of 14,548 candidates for six Military Skills Development intakes as required by the Services was completed. Organisational equity requirements were adhered to. The administration to transfer 146 SANDF members to the SA Police Services was completed. The target was influenced by the availability of posts in the SA Police Services and the lack of SANDF adequate training facilities.

Table 10.7: Human Resources Support Centre's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
			support troop attachments 10 x human resource support regiment 1 x personnel services school	<p>The administration of 768 members who took the Military Exit Mechanism package was completed from August 2005 to March 2006.</p> <p>The Human Resources Formation regiments and troop attachments were not established in respect of macro-level structuring under the DODW. The new HR structure and the phasing out of the Human Resources Satellites will be completed in 2006/07.</p> <p>Non-statutory Force Projects. The administration of the Non-statutory Force Pension project team improved. An Implementation Plan was completed and implemented. Permanent personnel were appointed and a road show was conducted in all nine provinces. A total of 11 558 application forms were processed and forwarded to the Government Employees Pension Fund. The addresses of 1 065 could not be determined. The Directorate Language presented an English course to 15 military veterans from the Service Corps. The Veterans Bursary Fund was administered.</p> <p>Administration of Military Veterans. 5 000 names on the Military Veterans database were verified.</p> <p>A badge for voluntary Reserve Force service was implemented in June 2005. A DOD Work Group was established to complete the DOD Competency/Skills Management Framework.</p> <p>A career service for Public Service Act personnel ranged from administering learning opportunities to a maintenance and empowerment programme for selected groups. 256 members were nominated for foreign and DOD development courses. The contracts of 430 members were managed, as well as 136 new applications.</p> <p>1 488 learning opportunities were planned and 1 374 learners were successful. Training was presented at the Personnel Services School as well as at six Human Resources Satellites. The Personnel Services School trained all Personnel Service Corps members for Human Resources support during operations and in mission readiness training to ensure these members were trained and competent when deployed externally.</p> <p>The HR Support Centre had three planned management interventions for the FY2005/06 to improve service delivery, but owing to structural changes, two projects (the info kiosk and the call centre) were not achieved and the third one was partially achieved because of a change in targets set by the Services regarding MSDS intakes.</p>



Table 10.7: Human Resources Support Centre's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>Improvements. To ensure accuracy and completeness of financial management, the necessary prescripts were implemented within the HR Support Centre for compliance by all Directorates and Satellites. Guidelines were issued and an action plan implemented to improve internal control of the leave system. The HR Support Centre together with the General Support Base Ministry of Defence instituted the necessary action plans to correct internal control of assets</p>

JOINT TRAINING

Overview

It is with pride that it can be said that the Joint Training Subdivision performed according to plan. At headquarters level, Directorate Education Training and Development (ETD) Policy and Doctrine, is developing policies and doctrine on an ongoing basis. This is a lengthy, intensive process as each development has to go through intense scrutiny to gain stakeholder ownership. The reaction to proposals is indicative of the interest in progress in this matter. The Directorate ETD Systems Integrity helped the DOD to achieve accreditation for two units that are learning providers and had learning interventions registered with the South African Qualifications Authority (SAQA) on the National Qualification Framework (NQF). The Directorate Education Training and Development Systems Integrity has handled numerous liaison interventions covering a myriad of activities, including the providing of accompanying and liaison officers to co-ordinate incoming foreign training visits, attending Defence Committees, internal and external, and the critical liaison when the South African Safety and Security Sector Education and Training Authority (SASSETA) was established.

The Joint Training Formation exists to support the headquarters elements and the training units under command of the Chief of Joint Training. The outputs of the Headquarters and Units under command reflect the degree to which the support was given. In addition the Formation also supported and managed the successful learners of the Youth Foundation Training Programme, 243, as well as the implementation of the Batho Pele Frontline Training within the DOD. The development opportunities granted to Black youth via the DOD Youth Foundation Training Programme has reinforced the MSDS. As at 31 March 2006, a total of 1 089 learners have participated in

the Programme, with a total of 860 learners having been appointed in the DOD upon successful completion of the Programme. There were 250 learners enrolled for the 2005 academic year of which 200 were appointed in the DOD upon successfully completing the Programme. During January 2006, 250 new learners commenced with the DOD Youth Foundation Training Programme.

All the learning providers of the Joint Training Formation have achieved their output as planned. The SA National Defence College had 72 graduates, SA National War College 96 and the Military Academy 306. The Military Academy has empowered the second intake of Military Skills Development System (MSDS) members with a Certificate in Military Studies as well as maintained second and third year learner targets, while Postgraduate achievements were also maintained. The SA National War College has gained provisional accreditation as a learning provider by SAQA and has maintained its high output of SANDF and foreign officers. The SA National Defence College has maintained its throughput of two Executive National Security Programmes and is striving for accreditation as a learning provider at the level of a Masters Degree. Learning interventions offered by the SANDF College for Education Technology are run at full capacity. Civic Education has been revitalised and is being delivered in terms of its mandate to train trainers in civic education.

Output Detail

The Joint Training Formation provided the Department with professional developmental and non-combat/mission common functional learning opportunities.

Details of the Joint Training Formation's outputs are shown in Table 10.8.

Table 10.8: Joint Training Formation Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Joint Training Formation	Military professional developed members and employees of the DOD	Learners educated trained and developed to specifications prescribed in the relevant programme curricula.	113 formal joint training professional development programmes with a total of 2 942 learners 100% planned programmes presented 80% of learners qualified	<p>Six Standard Generating Bodies were registered with South African Qualifications Authority and four qualifications registered on the National Learners Record Database. This was achieved over and above the planned output of the Joint Training Formation.</p> <p>Chief Joint Training conducted a survey to ensure that the DOD complies with the Skills Development Act 97 of 1998. The results of the survey indicated that the DOD complied with the requirements.</p> <p>The DOD Youth Foundation Training Programme for 2005 commenced in February 2005 with 250 learners from the previously disadvantaged community. A total of 243 learners completed the programme in November 2006. The final pass rate was 98% at higher grade with 57 distinctions at higher grade being achieved. Of these, 10 learners achieved a mark of higher than 90% for mathematics and physical science. These achievements must be measured against the background of the learners selected for the programme who could not pass Grade 12 at standard grade on their previous attempts. A total of 238 learners were subsequently employed in the DOD.</p> <p>A total of 118 programmes were presented during the period in question. This is an increase of 5 programmes over the planned amount. This increase is as a result of the implementation of the Batho Pele Frontline Staff training within the DOD. On the other hand, the PSAP Core Competency Development Training Wing had to cancel four programmes due to learners not arriving for the programmes and five programmes due to budgetary constraints.</p> <p>A total of 2 276 learners received training, of whom 89% successfully completed the various programmes.</p>
				<p>National Defence College presented two Executive National Security Programmes per year with 72 officers and officials found competent. Research products were made available to the DOD and State departments.</p> <p>SA National War College. Joint Senior Command and Staff Programme 2005. Of the 100 learners, 96 were successful. Joint Senior Command and Staff Programme 2006 started in March 2006 with 100 learners, including international fellow learners from 10 European and African countries. Four courses related to Peace Mission training courses were presented during which 160 learners qualified as Military Observers for the United Nations and African Union approved peacekeeping operations. A total of 21 simulation exercises were presented for Joint Operations, SA Army and as support to the SA Police Services during the first Civil Police Course.</p>



Table 10.8: Joint Training Formation Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>Military Academy. A total of 3 academic programmes were presented with 306 of the 350 learners found competent. An increase of at least 150% in accredited publications has been achieved compared to the 1999 figures. A local community project was established in 2005 and provided services such as academic assistance to 200 secondary school learners.</p> <p>College for Educational Training. 186 Education, Trading and Development learning opportunities with a learner throughput of 945 learners were achieved. An Education, Training and Development quality review package was designed for implementation in the SA Navy in August 05.</p> <p>PSAP Core Competency Development Training Wing. Eleven of the planned 20 programmes were presented, with 300 learners successfully completing the respective programmes. A total of 9 programmes had to be cancelled owing to budgetary constraints and no learners arriving for programmes. 4 Batho Pele Frontline Staff Training programmes with 86 learners were presented. This is in excess of the planned output of the PSAP Core Competency Development Training Wing.</p>



Policy Developments

The overarching “Policy for Education, Training and Development” and the “Policy on Recognition of Prior Learning in the DOD” were promulgated.

MILITARY POLICE AGENCY

Overview

The Military Police Agency (MPA) experienced one of its best years for the past four years in respect of performance against plan and the expenditure of its funds during a financial year. The MPA also managed to achieve most of its objectives during the FY2005/06. Of note is the provost (Military Police) support to Peace Support Operations by 13 Provost Company. The MPA obtained authority to capacitate the

MPA with a structure for a Nodal Point on Anti-criminality aimed at the reduction of criminality in the DOD to acceptable managerial levels. The Nodal Point will in future guide the DOD in the management of asset protection within the DOD. The Secretary General Representative of the UN in the Congo has commended the RSA UN MPs for the good work.

The MPA experienced challenges regarding the procurement of main equipment. However, motorcycles were bought in February 2006. Light transport and sedan vehicles will be procured in the FY2006/07.

Output Detail

The Military Police Agency is responsible for providing a military policing capability.

Details of the Military Police Agency’s output details are shown in Table 10.9.

Table 10.9: Military Police Agency's outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Military Police Agency	Military policing capability to the DOD	The degree to which military policing services are provided to the DOD.	<p>The provision of:</p> <p>4 x Military Police regional headquarters</p> <p>23 x Military Police area offices</p> <p>19 x Military Police detachments</p>	<p>Through consistent strategic direction given to the Department a nodal point on anti-criminality for the DOD was approved and established. The function will become operational during 2006.</p> <p>The DOD Crime Prevention Plan was completed.</p> <p>The Crime Administration System was implemented throughout the Military Police Agency. The capturing of all dockets onto the database is progressing well. A task team of experienced investigators was established to investigate the large numbers of dockets on hand. Good progress has been achieved in reducing the backlog. The system will permit the integration of crime information amongst the civil courts, the Department of Correctional Services and the SA Police Services, and it will improve the access of information on stolen vehicles and DOD property as well as planning to combat crime. In comparison with the previous year the MPA retrieved more stolen equipment in monetary value during the period under review.</p> <p>The MPA provided two military correctional facilities as well as services for rehabilitated persons to the SANDF. The detaining of male as well as female uniformed members decreased over the past three years at the Southern Military Correctional Facility in Cape Town and Central Military Correctional Facility in Bloemfontein.</p>
			<p>1 x combat-ready Regular Provost company in support of the combat forces</p> <p>3 x combat-ready Reserve provost companies in support of the combat forces</p> <p>1 x Military Police School</p>	<p>The MPA provided 102 combat-ready Regular Force Military Police members to Joint Operations. All requirements for operations and exercises were met. An additional 30 members were deployed during the last rotation to act as VIP Protectors in Burundi. The MPA strengthened 13 Provost Company with members from other Military Police offices in order to comply with force employment requirements.</p> <p>The structural and capacity shortcomings of 13 Provost Company were brought to the attention of the C SANDF and will be addressed as part of the restructuring of the DOD. MSDS members will be integrated into posts.</p> <p>Although 13 Provost Company achieved its targets, the increasing requirement for the deployment of Military Police in Peace Support Operations and budget constraints that restricted the maintenance and replacement of mamba vehicles hampered the functioning of the MPA.</p> <p>The Reserve Provost Company only exists as a plan due to recruitment difficulties and financial constraints. At present the large number of unstaffed Regular Force Military Police members are utilised, as there is no pool of specialist MP Reserve Force members. Military Skills Development System</p>



Table 10.9: Military Police Agency's outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				members will be recruited in future to staff the Reserve Force Company. The MP School trained 1 165 Provost learners on 35 courses. The average pass rate was 90%.

Performance and Service Delivery Improvement

The performance and service delivery improvements of the Military Police Agency are shown in Table 10.10.

Table 10.10: Military Police Agency Performance and Service Delivery Improvement for the FY2005/06

Objective	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Improved Information on the circulation of stolen vehicles and DOD property	The implementation of the electronic Crime and Administration System	Crime administration System	Direct linkage to other State departments on crime issues. Improved circulation of stolen vehicles and DOD property. Will improve the planning against crime	In process	The System was implemented throughout the MPA and the process of capturing all dockets onto the CAS-databases is progressing well.

SERVICE CORPS

Overview

During the year FY2005/06 the Service Corps investigated the requirements of various stakeholders and objectives as derived by the Military Strategy and HR Strategy 2010 in order to redirect its strategic focus to address the redeployment needs of the DOD. The DOD confirmed that the capabilities managed by the Service Corps were crucial in assisting the Department to reach its rejuvenation objectives. Planning and continuous interventions are done to ensure the Service Corps' preparedness and alignment to address these requirements was undertaken.

Substantial progress was made in terms of migrating the Service Corps out of the DOD as directed in 2003. However, in May 2005 the Minister of Defence (MOD) ordered the end of migration. The Service Corps continues to provide reskilling services to members exiting the DOD and other categories of members. Current reality dictates that the Service Corps should be realigned and where necessary re-engineered in order to position it as the Departmental Redeployment Agency for uniformed and civilian personnel as approved by the Plenary Defence Staff Council. The Service Corps is awaiting the final comprehensive decision of the Minister of Defence on the mandate and future role of the organisation in the context of the Human Resources Division. The Service Corps is currently participating in the process of integrating into the Human Resources Division. The final conclusion and outcome of the HR Division integration process may have an impact on the future organisational structure and functions of the Service Corps.

In terms of services rendered, the final implementation of the Mobility Exit Mechanism (MEM) has improved on the number of members being reskilled through the Service Corps. The Service Corps registered over 600 DOD members by the end of March 2006 to exit through the MEM. Because of the delayed implementation of the mobility exit mechanism the throughput of serving members of the DOD as potential members did not meet expectations as was predicted in the last financial year. For the FY2006/07 it is anticipated that a large number of members will exit through the MEM. In view of the HR Strategy 2010 roll-out, it is anticipated that this trend will continue for some time, and a definite positive improvement in output in terms of requirements will be experienced within the Medium-term Expenditure Framework. Once the large numbers have been released, the Service Corps capabilities will be stretched to their maximum in terms of what it can deliver in support of the DOD's social responsibility towards exiting members.

The Service Corps provided significant assistance to Project Military Veterans. The training was funded by the National Skills Fund and managed by SASSETA in its endeavour to meet the needs of the military veterans. The Service Corps assisted at various Imbizo, conducted from the office of the Deputy Minister of Defence by providing information on economic opportunities such as military veterans projects, small business enterprise, and training in which military veterans could participate. All Service Corps' Regional Offices functioned as a central coordination point for the gathering of military veterans, personal records and thereby assisted in building and updating the military veterans database. Approximately 4 500 names have been collected and forwarded to Directorate Personnel Separation for population of the database.

The funding assistance provided to the Centre for Advanced Training by the Federal Republic of Germany was terminated in December 2005. A delegation from Germany visited the DOD in December 2005 to mark the conclusion of the German Assistance Agreement and the final withdrawal of German Advisory Group, which had been stationed at the Centre for Advanced Training since the signing of the agreement in April

2002. The Deputy Minister of Defence officially opened the Centre for Advanced Training's accommodation complex in April 2005, donated through German donor funding. The complex is now in full operation and accommodates up to 94 learners at a time.

The training process for serving DOD members who volunteer to be transferred to the South African Police Services (SAPS) continues. Approximately 865 members were assisted by Service Corps' Regional Offices with the provisioning of conversion training and driver training to prepare members for transfer to the SAPS.

The Service Corps Challenges. The conclusion of the German Assistance Agreement and the final withdrawal of the German Advisory Group from the Centre for Advance Training will have an impact on technical training. Budget reprioritisation might be done in FY2006/07 to enhance the training capability at the Centre for Advanced Training. Although the Centre for Advanced Training was provisionally accredited in September 2003 to SAQA, the Service Corps could forfeit the accreditation if it is not able to adhere to and sustain SAQA prescripts. The closing of the Mankwe Base and the final handing over to the SA Police Services brought challenges regarding the resettlement of serving staff members at the unit. However, different options in terms of future utilisation and placement of the members are being considered.

The business of the Service Corps is further challenged by inadequate information systems and an electronic database when capturing client and employer particulars. The requirement has been incorporated as part of the comprehensive DOD Enterprise Information System (DEIST) Plan, which is in turn prioritised in terms of funding.

Output Detail

The Service Corps provides a demilitarisation service to individual members of the department.

Details of the Service Corps's output are shown in Table 10.11.

Table 10.11: Service Corps Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Service Corps	A reskilling service for DOD personnel	The degree to which the reskilling of members is effectively organised and conducted	The provision of: 1 x basic training institute	A total of 427 learners received training at the training institutions of the Service Corps. Practical Business School Mankwe. The Practical Business School

Table 10.11: Service Corps Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
Service Corps (cont)	A reskilling service for DOD personnel (cont)		1 x advance training institute	<p>Mankwe trained 169 learners. The School has been active in the provision of driver training to DOD members transferring to the SAPS. As at January 2006 training activities at the Mankwe Base have been halted as the base is being prepared for transfer to the South African Police Services. The Service Corps is currently involved in the process of finalising the closing down of the Mankwe Base to the Chief of Logistics. The Base will be handed over to the SA Police Services during 2006.</p> <p>Centre for Advanced Training. The Centre trained 258 learners. A Memorandum of Understanding with the Tshwane University of Technology has provided additional reskilling training capacity to the Service Corps training institutions to enhance the current reskilling capability. The Centre for Advanced Training has maintained provisional accreditation with SAQA for some of the courses presented. The Centre provided training to 105 military veterans of the June 2005 intake. The intake and training of the members were jointly supported and financed by the National Skills Fund, SASSETA and German Donor Funding.</p> <p>The present DOD restructuring process will address the structural constraints of the division.</p>
		<p>The degree to which members are effectively organised and facilitated by education, training and development.</p> <p>The degrees to which the effective placement and post-release support of members are assisted</p>	<p>A reskilling facilitation capability rendered by 7 x regional offices</p> <p>An employment assistance and post-release support service rendered by 7 x regional offices</p>	<p>All Regional Offices are actively involved in facilitating the training of members being transferred to the SA Police Services, the reskilling of exiting DOD members as well as employment assistance and Military Veterans' projects. A total of 1 429 learners have been assisted with training through the regional offices. A total of 48 military veterans were assisted in securing employment.</p> <p>Regional Office Kimberley. The Regional Office has negotiated employment opportunities with building and steel construction companies with the aim of registering unskilled and unemployed Military Veterans for training and placement in the Northern Cape. The programme has been successful with the placement of more than 120 military veterans.</p> <p>Regional Office Port Elizabeth. The Eastern Cape Government has approved an ABET-Grade 12 programme for members with ABET Level 4. Currently more that 30 members are being trained in this programme.</p> <p>Regional Office Polokwane (Limpopo and Mpumalanga). Interaction with the premiers of Limpopo and Mpumalanga Provinces is in process to secure employment opportunities for members. This office actively facilitated the driving training for members being transferred to the SA Police Services.</p> <p>The Service Corps has recommended that a Regional Office in Potchefstroom</p>

Table 10.11: Service Corps Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement
				<p>in the North West Province be opened. With the closing down of Practical Business School Mankwe, the opening of this new office will enhance the Service Corps activities in this province.</p> <p>Regional Office Bloemfontein. A total of 248 communities were assisted in community projects and placements. 86 military veterans were registered and placed in learnership programmes.</p> <p>Regional Office Pretoria. More than 400 MEM candidates were registered for reskilling. The Office facilitated the training of 48 MEM candidates as well as conversion training of 357 members to be transferred to the SA Police Services.</p> <p>The training provided and facilitated by the Service Corps is based on labour market requirements. In its attempt to deliver against the desired outcome of placement versus training, the Service Corps is involved in various projects with employment opportunities for the members. Regional offices are involved in identifying projects that provide employment opportunities to Military Veterans; the Projects approved and registered with SASSETA are distributed to all the provinces.</p>



Performance and Service Delivery Improvement

The Service Corps performance and service delivery improvements are shown in Table 10.12.

Table 10.12: Service Corps Performance and Service Delivery Improvement for the FY2005/06

Objective	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
Migrating the Service Corps out of the DOD	Complete the alternative service delivery process in terms of migration to a national asset Develop fully costed migration plan Appoint a transaction advisor to provide options and costs for the alternative service delivery process	Migrating of the Service Corps out of the DOD Completion pending a Plenary Defence Staff Council decision and Cabinet approval	Optimised use of resources as a national asset	Not active	Progress was made in terms of migrating the Service Corps out of the DOD as directed. In May 2005 the Minister of Defence instructed that migration be halted. Current reality dictates that the Service Corps be realigned and re-engineered in order to position it as the Departmental Redeployment Agency for the Defence Act and Public Service Act. The Service Corps is mandated to await the final comprehensive decision of the Minister of Defence on the mandate and future role of the Division.

SERVICES SCALED DOWN, SUSPENDED OR ABOLISHED DURING THE FY2005/06

The closing down of the Practical Business School Mankwe is progressing according to plan. Since January 2006 no reskilling training other than the SA Police Services conversion training took place. The facility will be handed to the SA Police Services during 2006.

BRITISH PEACE SUPPORT TRAINING TEAM

The BPST Programme flows from the Memorandum of Understanding (MOU) on Defence Cooperation concluded with the United Kingdom on 12 November 1997.

Subsequently a MOU governing the activities of BPST was signed (with end date March 2006). The MOU governing the BPST was renewed on 22 May 2006 and provides for continuance of assistance by members of the UK military until 31 March 2009. Either party can cancel it provided that six months notice to do so is given.

The aim of the BPST (as stated in the MOU) is to provide advice to the DOD on aspects of democratic management of defence and peace support operations. In terms of Ministerial Directive MODD/0002/2005 dated August 2005 the activities of BPST shall be focussed on Education, Training and Development interventions and pre-deployment training. From the above, outputs of BPST were determined as indicate in table 10.13 below.

OUTPUT DETAIL

Table 10.13: Output detail for British Peace Support Training for the FY2005/06

Subprogramme	Output	Performance Measure	Target	Actual Performance
British Peace Support Training	Assistance to mission readiness training	Deploying forces subjected to mission based Command post exercise and field training exercise prior to deployments	All rotating forces subjected to mission ready training	All rotating forces were subjected to mission ready training at the Mobilisation Centre in Bloemfontein
	Development of an SANDF Peace Support Operations doctrine	SANDF Peace Support Operations doctrine developed and published	To be completed within the FY2005/06	Joint Warfare Publication 106 Part 2 was published in 2005
	Development of Mission Ready Training Centre	Adequate facilities exist for the conduct of mission ready training at the Bloemfontein Mobilisation Centre	Convert a large hanger into two classroom facilities capable of accommodating a battalion	The facility was taken into use at the end of 2005. However further improvements are still in process.
	Development of a Peace Mission Training Centre	The SANDF has a fully developed Peace Mission Training Centre where all peace mission theoretical training takes place	To have a fully developed Peace Mission Training Centre available for use by the end of 2006	The site was identified, plans submitted and quotes obtained. The fitting out to commence in the second half of 2006. The UK Government has donated significant funds for development of the Centre. They also made available an instructor to provide assistance with the development of curricula
	Development of SANDF Log for Operational doctrine	SANDF Log for Operational doctrine developed and published	To be completed by end 2006	Initial developmental work has commenced
	Assistance to the Research and Development Wing of the SA National War College (SANWC)	Proposal to improve the task settings and scenarios of the SANWC that result from Research and Development staff work	Updating of specific peace mission scenarios used in the Joint Senior Command and Staff Programme	Development work is in progress

CHAPTER 11 PROGRAMME 9 SPECIAL DEFENCE ACCOUNT (WEAPON SYSTEMS ACQUISITION)

OVERVIEW

Under the global Special Defence Account vote, an amount of Rb8 340 was allocated to the Departmental Acquisition and Procurement Division for the acquisition of Category 1 matériel (mainly weapon systems). This amount includes the Rm200 allocated for the Rooivalk helicopter programme, as well as the allocation of Rm221 054 for the Maritime helicopter programme. Of this Rb8 340, an amount of Rb6 909 was expended by the end of the financial year. The primary reason for this underexpenditure was the contractual non-performance by several main contractors. This instance of underperformance was addressed by contractual recourse, including the cessation of payments and levying of penalties. Substantial rate of exchange savings were also realised, especially under the ring-fenced Strategic Defence Package component, leading to a perceived deviation in payment obligations. The total Category

1 matériel allocation was committed contractually. This therefore precluded any utilisation of funds that could not be paid to offset shortfalls on authorised acquisition projects.

PURPOSE

To provide for special defence activities and purchases.

MEASURABLE OBJECTIVE

Meeting South Africa's needs through the acquisition and maintenance of appropriate Defence equipment and through activities that meet the requirements of Government.

OUTPUT DETAIL

See Tables 11.1 to 11.6 for Special Defence Account (Weapon Systems Acquisition) Outputs for FY2005/06.



Table 11.1: Landward Defence Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Landward Defence	Acquisition, procurement and provision of project management services for the SA Army	Degree to which the SA Army requirements are met	Full compliance with SA Army requirements is achieved	
Armour Systems	Reliability upgrade of the Rooikat armoured car system	Operational tests and evaluations completed and production baseline achieved	Production and finalisation of four systems to conduct operational tests and evaluations	Four Rooikat armoured car systems participated in an operational test and evaluation exercise at the De Brug training range and the Combat Training Centre during October-November 2005. The exercise was extremely successful and the end-user submitted a certificate of conformance in order to continue with the production of 80 systems. Comments. The project is still on schedule and within the approved financial budget. Production will continue and the logistics finalised for commissioning in the fourth quarter of 2006

Table 11.1: Landward Defence Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	Anti-tank missile system	Operational tests and evaluations completed and the production baseline achieved	The preparation and finalisation of four anti-tank missile systems are to be completed to conduct operational tests and evaluations	Four systems were delivered to the SA Armour Formation for operational tests and evaluations during September-October 2005. The exercise was successfully completed at De Brug. The production baseline was achieved and Denel was contracted for production of a total of 13 launcher systems and 80 missiles Comments. Commissioning of the system is scheduled for the third quarter of 2006. The main activities during the project will focus on production and finalising logistics
	Reliability upgrade of the Olifant Mk1B Main Battle Tank System	Operational tests and evaluations completed and the production baseline achieved	Production and finalisation of three Olifant Mk1B main battle tank systems to conduct operational tests and evaluations	Three upgraded Olifant Mk1B main battle tanks participated in the operational test and evaluation exercise that was conducted at De Brug training range and the Combat Training Centre over the period September-October 2005. The exercise was successful and the production baseline project was frozen Comments. The production of 26 main battle tanks and finalisation of the logistics are in progress. Commissioning is planned for the third quarter of 2006. The project is still within the time scales and approved budget
Artillery Systems	Artillery target engagement system	Operational tests and evaluations completed and the production baseline achieved	One composite regiment is handed over to the SA Artillery Formation for operational testing and evaluation	Operational tests and evaluations were successfully completed in June-July 2005, except for the unmanned aerial observation system (UAOS). The SA Army issued a certificate of conformance in order to continue with production of the second regiment Comments. The UAOS is now scheduled for operational testing and evaluation in May 2006. The UAOS related delay was due to flight failures experienced by the main contractor. The Artillery Formation started training on the UAOS in March 2006 to prepare for operational testing and evaluation in May 2006. Commissioning of the second regiment is planned for the third quarter of 2007
	Phased upgrade of GV6 and ammunition	Functional study completed and staff requirement (SR) proposal submitted for approval	The functional study is to be completed in August 2005	The functional study was completed in August 2005. The staff requirement proposal was completed and submitted in September 2005
	Light Artillery Capability	Functional study completed and staff requirement proposal submitted for approval	The functional study is to be completed in August 2005	The functional study was completed in August 2005. The staff requirement proposal was approved in September 2005
	Gyroscopic systems for artillery	Functional study completed and staff requirement proposal submitted for approval	The functional study is to be completed in August 2005	The functional study was completed in August 2005. The staff requirement proposal was completed and submitted in September 2005

Table 11.1: Landward Defence Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Infantry Systems	Indirect fire support system for SA Infantry Formation	Evaluation of proposed systems completed in order to finalise contracting baseline	One mortar system is to be made available and evaluated against set requirements	An evaluation was conducted against the specification at Alkantpan test range over the period October-November 2005. The evaluation was completed successfully and contract negotiations were completed during January 2006. The acquisition plan was submitted for consideration by the AASB in April 2006
	Upgrade of Casspir armoured personnel carrier vehicles	Production/upgrade of vehicles and development of logistics for Casspir vehicle system	167 vehicles are to be upgraded by February 2006	Only 85% of vehicles were upgraded in time. The logistics were finalised in February 2006 and the upgrade programme is continuing Comments. Delays were mainly attributable to the divergent baselines of the vehicles on inventory. This required substantial additional work by the main contractor, which was not attributable to any omission on his part
	New-generation infantry combat vehicle	Extent to which contracting baseline is achieved	The proposed system is successfully evaluated	The project study report was approved and a formal response to the request for a quotation was received. Subsequent to this, contracting negotiations were initiated to clarify the offer
	Upgrade of Mamba vehicle system	Completion of upgrade programme and development of logistics	The production/ upgrade of 220 vehicles and development of logistics are to be conducted as per requirement	The production of 220 vehicles and development of logistics were finalised in February 2006
	Anti-tank missile system	Completion of project study	The project study is to be completed in June 2005	The project study report was approved in July 2005. A request for proposals was released in December 2005. The tasks of evaluating submitted proposals and selecting preferred bidders are in progress
	Upgrade of SS77 light machine gun	Commissioning	Commissioning of system	The system was successfully commissioned
	Automatic grenade launcher system	Commissioning	Commissioning of system	The system was successfully commissioned
Air Defence Artillery Systems	Mobile battery fire control post system	Handing over of four systems to SA Army	Four systems are to be delivered for use by the Air Defence Artillery Formation and as a hardware baseline for the ground-based air defence system acquisition programme	Four systems were delivered, but the need for the systems in the current configuration is not valid anymore. The delivered systems are to be updated by means of projects GUARDIAN and PROTECTOR to meet the redefined functionality requirements and to address the issue of obsolescence. Project BIOSKOOP will be closed in 2006

Table 11.1: Landward Defence Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	Local Warning Segment (ground-based air defence system, phase 1)	Operational test and evaluation activities	The operational tests and evaluations are to be completed and the production baseline achieved by March 06	The system was not ready for operational testing and evaluation on time. The main contractor indicated a delay in delivery of 18 months
	Mobile air defence system (GBADS 2)	Completion of extended project study	Project study activities are to be carried out	Project study activities were carried out
Intelligence Systems	Tactical intelligence system	Acquisition study completed and acquisition plan submitted	All proposals are to be subjected to an evaluation process in order to finalise the acquisition study	A preferred bidder having been identified, the acquisition plan was approved on 8 December 2005 and contracting negotiations started in January 2006
Engineering Systems	Water provision system	Functional study completed	The functional study is to be completed in October 2005	The AACB approved the staff requirement proposal in November 2005
	Earth moving and construction system	Functional study completed	The functional study is to be completed in October 2005	The AACB approved the staff requirement proposal in November 2005
	Hand-held mine detecting system	Functional study completed	The functional study is to be completed in October 2005	The staffing requirement proposal has not been submitted for consideration as scheduled. A delay has occurred in the approval process as a result of the SA Army's decision to reconfirm the requirement. The SA Army will confirm the requirement during April 2006
General Landward Systems	New-generation maintenance, repair and recovery system	Functional study continued	Constant liaison with Services and Divisions is to take place in order to standardise the requirements of all the stakeholders	Liaison with the Services and Divisions regarding requirements took place
	Heavy recovery system	Logistic development continued	Logistics are to be developed in accordance with the SA Army's requirements for the final handing over of the project	The total requirement was confirmed and logistical development contracted to complete delivery in the second quarter of 2007

Table 11.1: Landward Defence Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	Mobile camping system	Functional study completed	The functional study is to be completed in June 2005	The staffing requirement proposal was approved by the AACB in July 2005 and approval to continue with the project study was obtained
	Mass field feeding system	Project study completed	The project study is to be completed in June 2005	The project study report was approved by the AASB in July 2005. The acquisition study is in progress and is to be completed by the third quarter of 2006
	Supply support system	Contracting baseline achieved	The project is to evaluate 6 proposals (12 vehicles) in terms of the approved value system	The contracting baseline was achieved and the acquisition plan submitted for approval. Specific audits are being conducted to ensure process integrity. The project will commence with superstructure development after approval of the acquisition plan
	Field fire-fighting system	Functional study continued	Constant liaison is to take place with the Services and Divisions on the requirements	Liaison with the Services and Divisions regarding the requirements was conducted
	Dismounted soldier comfort	Project study phase completed	The project study is to be completed in October 2005	The AASB approved the project study report in March 2006. The project will continue with development and acquisition studies as authorised
	Deeper level logistics system	Complete functional study	The functional study is to be completed in June 2005	The staffing requirement was approved in July 2005 and the project commenced with the project study, which is to be completed by the second quarter of 2007

Table 11.2: Special Defence Account: Air Defence's Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Air Defence	Acquisition, procurement and provision of project management services for the SA Air Force	Degree to which the SA Air Force's requirements are met	Full compliance with SA Air Force requirements is achieved	
	Modification of 11 x C47-TP aircraft	Project activities are in their closure phase	All aircraft in operation at 35 Squadron are in the final configuration stage	Project activities to bring the aircraft to the final configuration stage were completed in the last quarter. Comments: Final release by the Military Airworthiness Board is planned for September 2006 and the project closure report is due by October 2006
	Acquisition of a self-protection system for the Oryx helicopter	Project activities are in their closure phase	16 aircraft are modified for self-protection, 12 self-protection shipsets having been acquired	All 16 aircraft were modified for self-protection and 12 self-protection shipsets were acquired
	Development of a short-range air-to-air missile.	Initiation of the system development phase with a view to meeting the requirements defined in the user requirement statement	Approval of development plan and contracting of envisaged partners are to be achieved by September 2005	Agreement could not be reached owing to delays in obtaining authorisation for the financial contribution of other parties involved Comments: In order to mitigate the impact of these delays, and in order to proceed with the pursuit of authorised development milestones, specific technology funding was done
	Upgrading and replacement of airport fire-fighting vehicles	Completion of phase 1 Initiation of phase 2	Submission of closure report for phase 1 by April 2006. Approval of the SR for phase 2 by April 2006.	Phase 1 deliverables have been provided. Submission of SR for phase 2 is being awaited
	Acquisition of 8 x Airbus A400M aircraft.	Programme is in its acquisition phase	Airbus and OCCAR are contracted	Airbus Military was contracted on 28 April 2005. A service agreement with OCCAR was formalised on 1 September 2005. The contracted milestones have not been reached yet on account of unsubstantiated NATO equipment restrictions on non-NATO export clients
	Acquisition of Oryx stand-off radar jammers	Project activities are in their closure phase	Final military type release of the systems by the Military Airworthiness Board is to occur by June 2005 for final handover of three systems and modification of four aircraft	Target not achieved. A date for the Air Worthiness Board meeting is awaited from the Air Force

Table 11.2: Special Defence Account: Air Defence's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	V4 medium-range missile	Project activities are in their closure phase	Final hand-over to take place by March 2006. The project closure report is to be submitted by September 2006	The missile systems have been commissioned and all project activities have been completed
	Aircrew training simulator	Installation of aircrew training simulator at 80 Air Navigation School	Facilities are to be completed by December 2005. Commissioning of simulator of first module for the C47TP to take place in June 2006	The preparation of the C47-TP fuselage intended for the simulator was delayed, this resulting in a slip of six months
	Mid-life upgrade of the Oryx fleet	Acquisition phase for upgrade of engines and dynamic components has been initiated	Contracting of Denel Aviation and Turbomeca Africa to take place by December 2005	The contracting milestone has been achieved; delivery will take place according to schedule
	Upgrade of 9 x C130B aircraft	The programme is in its production phase	Delivery of Aircraft 7 and 8 is planned for 2005	Although the seventh and eighth aircraft were delivered by March 2006, the programme is seven months behind the contracted schedule. Comments: The global wing problem experienced on the C130B fleet had a fundamental impact on the project timescales
	Development of new-generation on-board communications	Completion of project	Submission of project closure report to take place by April 2006	The major development work has been completed, with few outstanding items remaining. A closure report is expected by July 2006
	Acquisition of new-generation bomb fusing system	Project activities are in their closure phase	Delivery into store of 108 fuses by March 2006	Delivery into store has been achieved
	Acquisition of 30 light utility helicopters	Delivery of aircraft from the production line	12 x aircraft are to be delivered by March 2006	7 x aircraft have been delivered to the Air Force Comments: The authorised contract variation order for the configuration change to allow for shipborne operations delayed the delivery of the aircraft
	Acquisition of 12 x Rooivalk combat support helicopters	Commissioning of phased configurations	5 x aircraft are to be delivered to the Air Force in Block 1F configuration by March 2006.	5 x aircraft are in operation in a lesser configuration. A block 1F configuration on 5 aircraft, with enhanced certification, is now planned for January 2007. Comments: The programme has been delayed owing to a lack of capacity at the Denel business units

Table 11.2: Special Defence Account: Air Defence's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	Acquisition of an inter-continental VIP aircraft	Project activities are in their closure phase	Procurement of ground support and test equipment is to take place by March 2006. Facility upgrades are to be finalised	Achieved
	Upgrade of 2 x Falcon 50s	Contracting of upgrade to avionics, interior refurbishment and exterior painting	Approval of the acquisition plan and contracting of the upgrade are to be achieved by June 2005	After approval of the acquisition plan in May 2005, Duncan Aviation was contracted for the upgrade in September 2005. Comments: Delivery of the first aircraft is planned for April 2006, and that of the second aircraft for June 2006. Project closure is to be achieved by December 2006
	Day/night reconnaissance system for the C208 Caravan light transport aircraft	Project definition phase completed	Translation of the user requirement statement to a request for proposal by December 2005	A request for a proposal was invited in March 2006
	Replacement of the radio-switching network (RSN)	Contracting of replacement equipment for radio switching nodes	Approval of the acquisition plan and contracting and delivery of the nodes	The programme is progressing according to the contracted milestones
	Acquisition of 4 x maritime helicopters.	Project continuing in the development phase	Development is to take place according to contracted project milestones	Development activities are on schedule. Comments: Aircraft delivery will commence in 2007
	Upgrade of 6 x AR3D radars	Fleet embodiment of upgraded M5 cabins. Contracting of S9 console replacement	Approval of M5 pre-production model. Approval of acquisition plan amendment and contracting and delivery of modified CRP	The programme is progressing according to the contracted milestones
	Acquisition of 26 x Gripen advanced light fighter aircraft	Project is in the development phase	Development takes place according to contracted project milestones	The development milestones have been achieved. The first aircraft destined for South Africa and fitted with flight test equipment, started its test flights in Sweden in November 2005 and is to be delivered to the RSA in June 2006 to complete the flight test phase Comments: Series production of remaining aircraft has commenced

Table 11.2: Special Defence Account: Air Defence's Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	Acquisition of 24 x Hawk lead-in fighter trainers.	Project activities continue in the commissioning phase.	Delivery of 19 x Hawks by end of March 2006.	Full avionics software certification was not achieved, this resulting in delay in the delivery of all aircraft Comments: A phased release of the aircraft was negotiated

Table 11.3: Special Defence Account: Maritime Defence Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Maritime Defence	Acquisition, procurement & provision project management services for the SA Navy	Degree to which SA Navy requirements are met	Full compliance with SA Navy requirements	SAS AMATOLA was handed over and commissioned in the SA Navy on 16 February 2006 Comments: The achievement of key contractual milestones had to be delayed by about 12 months on account of delays caused by defective cabling, non-performance by the Part C contractor and the late delivery of customer furnished equipment
Maritime Defence	Acquisition of four Meko 200A Corvettes	Project handover and operational testing and evaluation of the first two Corvettes	Finalisation of combat suite installation and integration, harbour and sea acceptance trials and initial operational testing and evaluation in preparation for contractual hand-over	The preparation for the handover of the remaining three platforms to the SA Navy is taking place according to the revised and approved schedule; ie SAS ISANDLWANA is to be handed over during August 06. SAS SPIOENKOP is to be handed over during November 06. SAS MENDI is to be handed over during June 07
	Acquisition of three type 209 Submarines	Ongoing industrialisation and acceptance of the three submarines to continue as per the revised project schedule. The crew training schedule is running in parallel with the approved cardinal date plan	Arrival of S101 in the RSA. Completion of the building work and factory acceptance trials and launch of S102. The building process of S103 continues	S101 was commissioned on 3 November 05 and departed for the RSA on 26 February 06. The vessel arrived in the RSA on 7 April 06. S102 was launched on 4 May 05 and commenced sea acceptance trials on 23 March 06. Comments: Dr R Mompoti named S101 SAS MANTHATISI on arrival in the RSA. Work on S102 is progressing in accordance with the cardinal date plan

Table 11.3: Special Defence Account: Maritime Defence Outputs for the FY2005/06 (continued)

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
	Acquisition of two multipurpose harbour tenders	Industrialisation is scheduled for the early part of FY05/06. Project handover will take place prior to the arrival of the first submarine	Delivery of 2 multipurpose tenders by end of November 05	Both multipurpose tenders were delivered to the South African Navy on 7 February 06 Comments: Handover to the Fleet will take place once the codification of spares has been completed
	Acquisition of an underwater signature measurement system	Project contracting is expected to take place during FY05/06	Contract placement for phases 1 and 2	Contracting did not take place. The project was placed on hold for FY05/06
	Half-life upgrade of SAS DRAKENSBERG	Project definition	Constant liaison with the SA Navy in order to facilitate effective decision-making	The SA Navy is currently preparing the staffing target proposal for submission in 2006
	Acquisition of mine counter-measure (MCM) equipment	Project definition	Constant liaison with the SA Navy in order to facilitate effective decision-making	The staffing target proposal is in the approval phase
	Ensuring the supportability of the DAPHNÉ class submarines pending the acquisition of new submarines	Project closure phase	Finalisation of all administration related to the project	The project was closed on 17 Oct 05
	Life extension of the WARRIOR class strike craft	Project closure phase	Finalisation of all administration related to the project	The project is in the final stages of project closure
	Acquisition of type 351 minesweepers	Project closure phase	Finalisation of all administration related to the project	The project is in the final stages of project closure
	Acquisition of mine counter-measure processing suites	Project closure phase	Finalisation of all administration related to the project	The project is in the final stages of project closure
	Acquisition of six general workboats	Project closure phase	Finalisation of all administration related to the project	The project was closed on 12 Jan 06

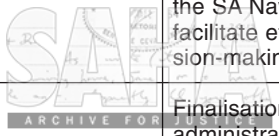


Table 11.4: Special Defence Account: Common Weapon System Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Common Weapon Systems	Acquisition, procurement and provision of project management services for CMIS, SF and SAMHS	Degree to which CMIS, SF and SAMHS requirements are met in cooperation with all role-players from the Services and Divisions	Full compliance with CMIS, SF and SAMHS requirements	The staff requirement proposal was submitted but not supported by the Joint Operations Staff Council. The staffing requirement proposal has to be redrafted
CMIS	Static/mobile telecommunications bearer system	Concept and definition of system completed	Approved staffing requirement	
	Joint tactical command and control system	System definition is complete and acquisition must commence	Approved project study report	The project study report has been approved
	Static electronic warfare system	Concept and definition of system completed	Approved staffing requirement	The staffing requirement was approved and the project study is in progress
	Mobile and transportable power supply equipment	Concept and definition of system completed	Approved staffing requirement	The staffing requirement was approved and the project study is in progress
	Tactical telecommunications system	System concept to be finalised	Project study report is to be approved by November 07	The project study was started as planned and is currently on schedule to meet the submission target date
	Cryptographic systems	Delivered cryptographic products	Delivery of various data and analogue encryption devices	All equipment was delivered according to the CMIS requirement
	South African unique identification friend or foe (IFF) system	Tested and qualified secure IFF System	Final delivery of the key management system to the SAAF, SA Navy and CMIS	The systems have been delivered and installed. Training was delayed owing to the unavailability of personnel. Comments: Training to be completed by May 2006
	Telecommunications harness equipment for combat vehicles	Fully equipped combat vehicles	130 vehicles are to be equipped over 3 years	Equipping of 20 vehicles is complete, while work on 60 is in progress
	Static telecommunications infrastructure	Static telecommunications infrastructure available for use by members of the DOD	Payment of final invoice for ROE changes in 2003	Target not achieved, as the contractor could not provide the correct documentation for the invoice to be paid

Table11.4: Special Defence Account: Common Weapon System Outputs for the FY2005/06 (continued)


Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Special Forces Systems	Long-range high-speed boats	Delivery of long-range highspeed boats to the Special Forces	1 boat for operational testing and evaluation	A boat has been delivered and the operational tests and evaluations have been completed. Functional changes to the design are being implemented on the last 4 boats, which will be delivered early in 2006
SAMHS Systems	Biochemical defence systems	Concept of system completed	Approved staffing target	The staffing target was approved and the functional study is in progress

Table11.5: Special Defence Account: Technology Development Outputs for the FY2005/06

Subprogramme	Output	Performance Measure	Actual Performance Against Target	
			Target	Actual Achievement Comment
Technology Development	Landward, maritime and air operations, special operations, electronics and support operations and support for scientific, engineering technology (SET)	Degree to which the defence-related industry and the Defence Evaluation and Research Institute (DERI) are capable of supporting SANDF acquisition projects and urgent operational deficiencies	Use of SET capability in acquisition projects	The DERIs allocated approximately 30% (250 000 project hours) of their capacity to the support of armament acquisition projects and the provision of scientific support for operational phase activities
	Maintenance of specialised facilities, test ranges and laboratories	Maintenance and use of facilities and test ranges. Replacement of capital laboratory equipment	Full compliance with client requirements	Varying work loading at the test ranges on account of changes to foreign contracts for use of the ranges, and local DOD and defence related industry requirements are addressed in the annual planning and year management programmes. The antenna test range and the blast range were supported during 2005/06 with a Rm2,0 allocation
	Creating greater collaboration between the DOD and universities and technikons	Involvement of students in focused post-graduate research	Increased involvement of previously disadvantaged students	<p>The involvement of universities and technikons in defence basic research was continued at a reduced level in 2005/06 because other DOD priorities required funding. More than 50% of the students are previously disadvantaged individuals (PDIs).</p> <p>The restructuring of the tertiary training institutes since 2004 presented an opportunity to exceed the involvement of institutions in defence basic research to five historically disadvantaged institutions.</p> <p>Some of the basic research such as the blast impact research done by the Blast Impact and Survivability Research Institute (BISRI) of UCT, has received international acclaim.</p> <p>Comments: The target is 60% PDIs in FY 2007/08</p>

PERFORMANCE AND SERVICE DELIVERY IMPROVEMENT

Table 11.6. Special Defence Account Performance and Service Delivery Improvement: FY2005/06

Objective	Activities	Planned Management Intervention	Anticipated Benefit	Status	Actual Achievement
To exercise greater control in the execution of acquisition	Improving the process involved in the authorisation of projects	Implementation of the newly promulgated Armaments Acquisition Policy and exercising control over the achievement of time & cost goals in the case of all projects	<p>Maximised operational capabilities with an extended technological life available to the defence industry</p> 	In progress	<p>All project milestone documentation was screened to confirm adherence to applicable acquisition and statutory policies.</p> <p>The promulgated acquisition policy is used as the basis for project officers' courses and in-service training programmes.</p> <p>The concept of integrated project team management has been introduced into on two major acquisition projects to address inefficiencies and contractual deviations in a proactive manner.</p> <p>Risk management programmes, clearly delineated at appropriate levels of management, have been implemented in conjunction with Armscor.</p> <p>The management of intellectual property rights (IPR) has been initiated in conjunction with Armscor as the regulated custodian of IPR for the Department of Defence.</p> <p>A process for reviewing the existing Armscor Service Level Agreement has been initiated to address changes to be implemented as a result of a change in the registration status of Armscor, as well as to investigate whether the contracted services to be provided under this agreement will give value for money.</p> <p>Comments: In line with policy prescripts, existing acquisition policies and directives are to be reviewed in 2006 to ensure a continual improvement in efficiency, effectiveness and economy in Defence acquisition and technology management</p>

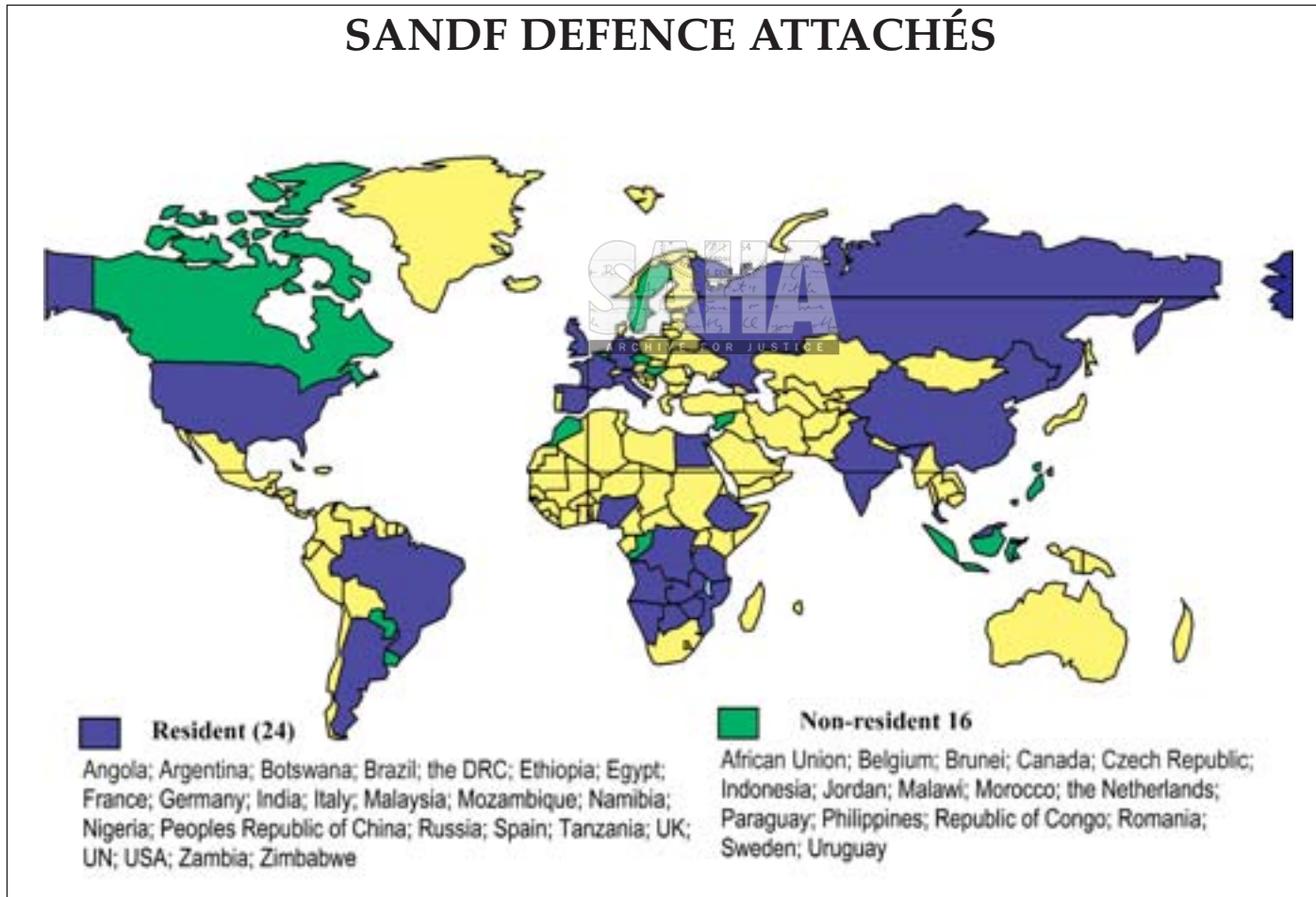
APPENDIX A

DEFENCE DIPLOMACY

DOD Representation with Defence Attachés. The SANDF has 27 Defence attachés deployed in 24 countries and organisations and they have further non-residential accreditation in 16 other countries/multinational organisations. These attachés are

the first line of the DOD's Defence Diplomacy efforts internationally. SANDF Defence attaché deployment is shown in Figure A.1.

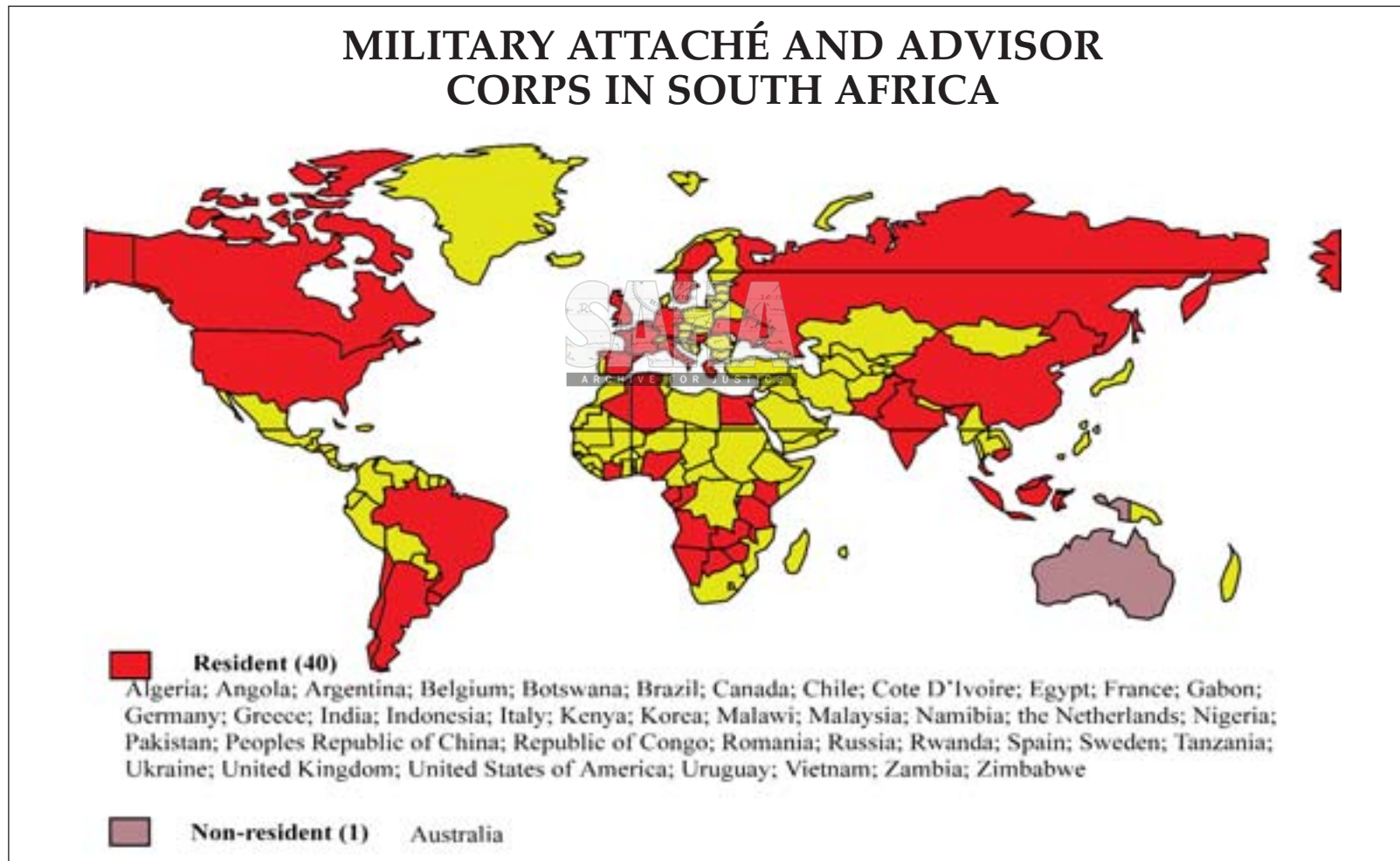
Figure A.1: Map of deployment of SANDF Defence Attachés



Military Attaché and Advisor Corps (MAAC) Representation in South Africa. There are 63 members from 40 countries accredited to the SANDF and one member

has non-residential accreditation. The MAAC representation in South Africa is shown in Figure A.2.

Figure A.2: Map of MAAC Representation in South Africa



An Overview of the Maintenance of Bilateral Relationships. Bilateral meetings that took place during the FY2005/06 are shown in Table A.1.

Table A.1: Bilateral meetings held in the FY2005/06

Country	Meeting Location	Date	Type of Bilateral
BILATERAL STRUCTURE MEETINGS			
Germany	RSA (Pretoria)	18-19 April 2005	Defence Committee meeting
Lesotho	RSA (Bloemfontein)	29 April 2005	Defence Committee meeting
Zambia	RSA (Pretoria)	5-6 May 2005	Defence Committee meeting
Democratic Republic of the Congo (DRC)	DRC (Kinshasa)	13-14 May 2005	Defence Committee meeting
Mali	Mali	14-16 May 2005	Defence Committee meeting
Tunisia	Tunisia (Tunis)	17-19 May 2005	Defence Committee meeting
Sudan	Sudan	8-14 June 2005	Inaugural Binational Commission meeting
People's Republic of China (PRC)	PRC	14-17 June 2005	Defence Committee meeting
Malaysia	Malaysia (Kuala Lumpur)	20-24 June 2005	Defence Committee meeting
Egypt	Egypt (Cairo)	7-12 August 2005	Defence Committee meeting
Namibia	RSA (Cape Town)	14-16 September 2005	Joint Permanent Commission of Defence and Security
Mozambique	RSA (Pretoria)	20-21 October 2005	Defence Committee
United States of America	RSA (Pretoria)	7-8 November 2005	Defence Committee: Mid-term assessment meeting
United States of America	RSA (Pretoria)	14-15 November 2005	Pre-defence Committee
Algeria	Algeria (Algiers)	13-23 November 2005	Joint Bilateral Commission on Cooperation
Zimbabwe	RSA (Cape Town)	15-17 November 2005	Defence Liaison Forum
Sweden	Sweden (Stockholm)	21-22 November 2005	Defence Committee
United Kingdom (UK)	UK (London)	24-25 November 2005	Defence Committee

Table A.1: Bilateral meetings held in the FY2005/06 (continued)

Country	Meeting Location	Date	Type of Bilateral
Sweden	RSA (Pretoria)	28-29 November 2005	Binational Commission
Botswana	Botswana (Kasane)	28 November – 2 December 2005	Joint Permanent Commission of Defence and Security
Italy	RSA (Cape Town)	31 January – 2 February 2006	Defence Committee meeting
Algeria	RSA (Pretoria)	27 February – 4 March 2006	Defence Committee meeting
Saudi Arabia	Saudi Arabia (Riyadh)	9-13 March 2006	Joint Bilateral Commission meeting
AIR FORCE-TO-AIR FORCE STAFF TALKS			
Germany	RSA (Pretoria)	26-28 October 2005	Staff talks
Sweden	RSA (Pretoria)	16-17 November 2005	Staff talks
NAVY-TO-NAVY STAFF TALKS			
Argentine Navy	RSA (Simon's Town)	25-27 July 2005	Biannual staff talks at Navy level
Federal German Navy	RSA (Pretoria)	25-28 October 2005	Annual Navy staff talks
COMMAND INFORMATION MANAGEMENT SYSTEMS			
United Nations	Switzerland (Geneva)	28 March – 02 April 2005	The group of governmental experts on information security
United Nations	United States of America (New York)	9 – 24 July 2005	The group of governmental experts on information security
OTHER BILATERAL AND TRILATERAL INTERACTION			
Germany	Germany	28 April 2005	Signing of the A 400 M Aircraft Agreement
United States of America	RSA (Pretoria)	May 2005	Signing of the Phidisa Research Agreement (research and treatment of HIV/AIDS)
Belgium & Democratic Republic of the Congo	Belgium (Brussels)	26-29 June 2005	Trilateral Work Group meeting on the DRC peace process
Romania	Romania	August 2005	Military-to-military discussions led by Joint Training
The Netherlands	RSA (Pretoria)	11 October 2005	Signing of Agreement between Minister of Defence and Minister of Foreign Affairs of the Netherlands

Table A.1: Bilateral meetings held in the FY2005/06 (continued)

Country	Meeting Location	Date	Type of Bilateral
Central African Republic (CAR)	CAR	24-27 January 2006	Fact-finding mission on possible areas of cooperation
Belgium	Belgium	2 February 2006	Minister of Defence signs a bilateral agreement with Belgium
USA	RSA (Pretoria)	13-16 February 2006	African Contingency Operations and Training Assistance (ACOTA) programme coordinating meeting

Interstate Defence and Security Committee (ISDSC) Activities and other Multinational Interaction. Defence Foreign Relations (DFR) has an advisory role and staff officer function for Chief of the SANDEF, Chief of Joint Operations and the

SANDEF for all ISDSC/SADC high-level activities. The DOD interaction in the ADC, ISDSC and African Standby Force activities are shown in Table A.2.

Table A.2: ISDSC/SADC and other multinational organisational activities

Committee	Date	Venue
		
ISDSC	12-15 July 2005	RSA (Boksburg)
Operations Sub-subcommittee	26-27 May 2005	RSA
Defence Intelligence Standing Committee	September 2005	RSA (Durban)
Standing Aviation Committee	08-10 June 2005	Namibia (Windhoek)
Standing Maritime Committee	22-26 August 2005	RSA (Simon's Town)
Logistic Work Group	12-14 April 2005	Botswana
Telecommunication and Information Work Group	28-30 March 2006	Malawi
Spiritual and Moral Affairs Work Group (biannual conference)	8-10 August 2005	Zambia
Spiritual and Moral Affairs Work Group (Executive Committee)	20 February 2006	RSA (Drakensville)
Military Health Work Group	28 November – 01 December 2005	Lesotho
Legal Work Group	5-8 April 2005	Namibia

Table A.2: ISDSC/SADC and other multinational organisational activities (continued)

Committee	Date	Venue
SADC		
SADC Organ on Politics Defence and Security Summit	14-18 August 2005	Botswana
Meeting in Support of the SADC Executive Secretariat	24-28 October 2005	Ethiopia (Addis Ababa)
Handing and Taking Over of Organ Chair meeting	13-15 November 2005	Namibia (Windhoek)
AFRICAN STANDBY FORCE (SADC)		
SADC Brigade (SADCBRIG) Military Planners meeting	26-27 May 2005	RSA (Pretoria)
SADCBRIG Planning Element meeting/sessions	3-5 July 2005	Botswana (Gaborone)
SADCBRIG Planning Element meetings/sessions	11-12 September 2005	Botswana (Gaborone)
SADCBRIG Permanent Planning Element meeting	18-22 October 2005	Zimbabwe (Harare)
SADCBRIG Permanent Planning Element meeting	31 January – 3 February 2006	Botswana (Gaborone)
AFRICAN UNION		
AU Standby Brigade progress assessment meeting	24-28 October 2005	Ethiopia (Addis Ababa)
AU technical meeting for regional economic communities	24-28 October 2005	Ethiopia (Addis Ababa)
AU operationalising the ASF Roadmap	November – 2 December 2005	Ethiopia (Addis Ababa)

Foreign Visits

DOD Visits Abroad. Conducting foreign visits is a way in which the DOD can build bilateral international relations and to obtain knowledge, especially in areas where such knowledge is required to perform tasks or investigate more economic, effective

and efficient ways to conduct business. The foreign visits undertaken by the members of the DOD are shown in Table A.3.

Table A.3: Foreign Visits undertaken by DOD Members

Programme	Number of Visits	Number of Members
Defence Administration Policy and Planning Division	57	63

Table A.3: Foreign Visits undertaken by DOD Members (continued)

Programme	Number of Visits	Number of Members
Departmental Acquisition and Procurement Division	21	43
Inspector General of the DOD	30	65
Equal Opportunities Chief Directorate	1	1
Corporate Staff Division	2	2
- Military Legal Service Division	5	5
- Defence Corporate Communication	2	5
- Religious Services	5	10
- Defence Foreign Relations	17	30
Employ Forces	19	38
Landward Defence	11	23
Air Defence	24	123
Maritime Defence	51	111
Military Health Service	60	96
Joint Support		
-DOD Logistic Agency	13	33
-Service Corps	3	4
-Command Information Management Systems	21	47
-Human Resources Support Centre	6	6
Total	395	856

Visits to the DOD. Receiving foreign defence visitors contributed to strengthen bilateral relations and it provided the opportunity for an exchange of information in areas

of common interest. Details of foreign visits to the DOD are shown in Table A.4.

Table A.4: Foreign Visits to the DOD

Programme	Number of Visits Received	Number of Members Visited RSA
Defence Administration		
Inspector General of the DOD	3	20

Table A.4: Foreign Visits to the DOD (continued)

Programme	Number of Visits	Number of Members
Corporate Staff Division - Military Legal Service Division - Chaplain General - Defence Foreign Relations	1 3 14	1 7 137
Landward Defence	6	20
Air Defence	8	33
Maritime Defence	26	269
Military Health Service	16	90
Joint Support Command Information Management Systems Joint Training	1 9	22 277
Total	87	876

Training Presented to Foreign Military Students. In offering training to foreign military students, bilateral relations are enhanced and it contributes to interoperability, which is of special importance for SADC countries. The training opportunities offered to foreign military students are shown in Table A.5.

Table A. 5: Training offered to foreign military students

Programme	Type of Course	Number of Students	Number of Students
Defence Administration Corporate Staff Division -Religious Services	Combat HIV/AIDS through Spiritual & Ethical Conduct	16	4
Landward Defence	Service related training	24	5
Air Defence	Service related training	28	4
Maritime Defence	Service related training	9	2
Military Health Service	Service related training	34	12

Table A. 5: Training offered to foreign military students (continued)

Programme	Type of Course	Number of Students	Number of Students
Joint Support Division DOD Logistic Agency	Logistical (Catering) training	2	1
Command Information Management Systems	Benchmarking Signals training	1	1
Joint Training	Executive National Security Programme (ENSP 11/05 [5], ENSP 12/05 [6], ENSP 13/06 [6])	17	17
SA National Defence College			
SA National War College	Joint Senior Command and Staff Programme (2005[7], and 2006 [10] respectively	17	16
Military Academy	Academic (degree) studies		
	-B Mil	2	1
	-B Mil (Hons)	1	1
	-Reading for French	3	1
	Army Masters Degree		
Total		174	65

DOD Members Utilising Foreign Learning Opportunities Abroad. Foreign learning opportunities offer the DOD additional skills and it is at the same time proof of good

bilateral relations. The training opportunities utilised by DOD students are shown in Table A.6.

Table A.6: DOD members studying abroad

Programme	Number of Students	Countries
Defence Administration Corporate Staff Division		
-Defence Corporate Communication	1	1
-Defence Foreign Relations	7	5
Employ Forces	5	4
Landward Defence	28	9
Air Defence	84	4
Maritime Defence	107	15

Table A.6: DOD members studying abroad (continued)

Programme	Number of Students	Countries
Military Health Service	6	5
Defence Intelligence	10	3
Joint Support		
DOD Logistic Agency	4	4
Human Resource Support Centre	4	4
Service Corps	2	1
Command Information Management Systems	2	2
Total	260	57

Equipment Transfer to Foreign Recipients. In the past year the DOD secured permission to transfer equipment to foreign recipients in the SADC countries. Details of

the transfer of equipment to foreign recipients are shown in Table A.7.

Table A.7: Equipment transfer to foreign recipients

Recipient	Equipment	Monetary Value	Remarks
Zimbabwe	Eight Dakota engines	Rm 9,5	Transferred on 12 September 2005
Mozambique	145 Samil vehicles	Rm 3,4	Transfer in progress; 101 vehicles have already been delivered, whilst the remaining 44 are still being refurbished
SADC countries	High Frequency Radio network	Rm 5,1	Transfer in process; delivery planned for June 2006
Namibia	Technical Equipment	Rm 0,2	Transfer in process; equipment in disposal phase
Zambia	Impala spares	Rm 1,93	Transfer in process; awaiting ministerial approval

African Standby Force. The DOD played a significant role in the development of the SADC Brigade and contributed to the progress of the organisation, as may be seen from the following:

- A progress report on the African Standby Force/SADC Brigade was drafted during the SADC Military Planners Meeting held in Centurion

from 26 to 27 May 2005.

- The SADC Brigade Operations Room was developed in cooperation with members of the SADC Military Experts Group. A system for the operationalisation of this activity was created at the Regional Peacekeeping Training Centre in Harare from 18 to 22 October 2005.

- In support to the SADC Executive Secretariat and in cooperation with members of the SADC member states, an AU meeting was attended in Addis Ababa from 24 to 28 October 2005 and again between 28 November 2005 and 2 December 2005 to discuss progress on the establishment of the Regional Standby Brigades.

- On account of the active involvement and participation in the matters of the African Union Standby Brigades and the SADC Brigades, support could be granted to the African Union Peace and Security Council by way of advice and inputs to the Chiefs of Defence Staff Meeting.



APPENDIX B STATE OF THE RESERVE FORCE FOR THE FY2005/06

OVERVIEW

During the FY2005/06 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 sub-units by the Army is a milestone, which has given impetus to the plans. The decision to employ Reserve Force elements in 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 seventeen units during 2005 and a further 45 in 2006 were issued. This programme will gain impetus in the ensuing year with 63 units planned for closure. The challenges of funding the renewal and transformation of the Conventional Reserves remained albeit to a lesser extent than in previous years.

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 in the FY2003/04 was mainly on developing short-term interventions aimed at halting the decline in the capabilities of the Reserve Force, the focus in the FY2004/05 was to develop a comprehensive strategy to effect the desired turnaround; while during the past year the focus was on the implementation of the strategy: The SANDF Strategy for the Development and Maintenance of a Transformed and Viable Reserve Force, approved on 27 September 2004. As a consequence, the Army tripled its budget for the revitalisation of its Conventional Reserves for the next year. Refer to Table 1 for details.

Table B.1. DOD Reserve Force Personnel Budget

Service/Division	Spent during the FY2005/06	Budgeted for the FY2006/07	% Change
SA Army	R141 087 592.00	R203 400,000.00	44.17

THE DEFENCE RESERVE BOARD (DRB)

The Reserve Force Division is charged with providing strategic direction to and specialist policy advice on the development and maintenance of a viable Reserve Force system. The Division coordinates the DRB, which was constituted by the C SANDF as the body that recommends and monitors all policy regarding the Reserves in all Services and Divisions.

The Division is now monitoring the implementation of the Strategy through the medium of the DRB and is thus, on a monthly basis, able to report on progress. The C SANDF has also directed that Project PHOENIX will remain the vehicle by which the renewal and transformation of the Reserve Force is effected.

THE RESERVE FORCE BUDGET

As previously stated, the availability of sufficient funding is the greatest challenge in rebuilding an employable Reserve Force. However, the focus on the Reserve Force, together with an increasing necessity to provide forces for external deployment, has resulted in an increased allocation to the Reserves for the FY 2006/07. The availability of two fully trained Reserve Force infantry companies, which were deployed in the DRC in 2005, together with increased leader group training in the SA Army and SAMHS, are proof of the progress made in rebuilding an employable Reserve Force. It is envisaged that up to four Reserve Force companies will be trained and utilised in Peace Support Operations in the FY2006/07.

It is anticipated that, as the implementation of HR 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, aided by the availability of additional funds. A summary of the personnel (Item 10) budget allocation to the Reserves for the year under review, as well as the FY2006/07, is shown in the Table B.1: Recruitment of ACR members via the MSDS

Table B.1. DOD Reserve Force Personnel Budget (continued)

Service/ Division	Spent during the FY2005/06	Budgeted for the FY2006/07	% Change
ACR	R40 647 429.00	R131 200 000.00	222.78
ATR	R100 440 163.00	R72 200 000.00	-28.12
SA Air Force	R12 045 445.00	R14 172 916.00	17.66
SA Navy	R6 603 691.00	R6 891 360.00	4.36
SAMHS	R7 283 117.00	R13 289 395.00	82.47
Service Corps	R417 042.00	R327,620.00	-21.44
HR Supp C	R126 947.00	R709 686.00	459.04
MLS Div	R2 970 189.00	R2 501 665.00	-15.77
J Trg Fmn	R47 984.00	R166 667.00	247.34
Corp Comm	R574 204.00	R0.00	-100.00
Def Res F Div	R763 560.00	R1 193 564.00	56.32
Def Foreign R	R0.00	R51 741.00	100.00
Strat & Plan	R917.00	R106 624.00	11,527.48
Equal Opp	R783.00	R99 427.00	12,598.21
Pol & Plan Div	R467 430.00	R301 949.00	-35.40
Fin Man Div	R46 753.00	R179 866.00	284.72
Sec for Def	R74 061.00	R110 026.00	48.56
Log Agency	R4 909 150.00	R7 667 589.00	56.19
CMIS	R3 505 685.00	R3 945 809.00	12.55
Mil Pol Agency	R473 175.00	R499 474.00	5.56
Joint Ops Div	R32 067 103.00	R55 422 113.00	72.83
Acq & Proc Div	R35 307.00	R88 701.00	151.23

Table B.1. DOD Reserve Force Personnel Budget (continued)

Service/ Division	Spent during the FY2005/06	Budgeted for the FY2006/07	% Change
Total	R213 500 135.00	R311 126 192.00	45.73

Note: Operating funds (item 15 - 60) are not reported because they are interwoven with the Regular Force budget in the total budget. FY comparisons and % changes are therefore based on Item 10 funds.

Reports on the Reserve Force elements of the various Services and Divisions are given separately hereunder.

THE SA ARMY RESERVE FORCE

PROJECT PHOENIX

Within the planning initiative by the Chief of the SA Army called Vision 2020, the SA Army has looked at a balanced force with both the Regular and Reserve Force components. Hence, the SA Army is currently investigating the appropriate ratio between these components, which will result in required capabilities of a sustainable nature.

ARMY CONVENTIONAL RESERVES

Two Reserve Force infantry companies have been successfully deployed in peace support operations in the DRC and it is planned to deploy up to a further four companies in 2006.

To date 1 435 members of the Army Territorial Reserve (commandos) have elected to be transferred to the Army Conventional Reserve. The majority of these volunteers will undergo thorough conversion training within the next twelve months.

JUNIOR LEADER TRAINING

The SA Army has made provision for the training in 2006 of additional junior leaders to be selected from existing Regular Force and Reserve Force members according to certain criteria. Two important aspects need to be highlighted:

Producing Additional Junior Officers. A clear plan to produce within one year (2006) operationally deployable junior officers for posts at platoon commander level, or equivalent in corps other than the Infantry Formation. To advance this plan, the Military Council temporarily set aside selection criteria according to which existing Regular Force and Reserve Force members are not required to have a tertiary qualification before being appointed as officers, thus allowing the SA Army to utilise this mechanism to alleviate its platoon commander shortage. This plan will be implemented over the next three years.

Producing Future Junior NCOs. In 2006 the new approach to select and train Reserve Force junior NCOs from existing troops and L Cpls was implemented. This approach implies centralised control over the selection of junior NCO candidates from existing Regular Force and Reserve Force members and secondly the fact that future junior NCOs will be taken from more experienced troops to be trained and from L Cpls that have served at unit level.

The above-mentioned programme for training the leader group was implemented in the ACR with 29 officers and 40 NCOs successfully completing their courses in 2005. A further 102 officers and 80 NCOs selected from ACR units throughout the country are currently undergoing training, thereby accelerating the rejuvenation process and improving representivity. These Junior Leaders (mainly African and Coloured) will to a large extent rectify representivity in the ACR in 5 – 8 years time, as they will feed the rank levels of the captains, majors and lieutenant colonels of the future.

Officers' Formative Course. A total of 102 Reserve Force members were selected during March 2006 for the Officers' Formative course at the Army Gymnasium in Heidelberg. The composition of the group is shown in Table B.2.

Table B.2: Composition of Officer's Formative Course

Formation	Race			Gender		Total
	African	White	Coloured	Male	Female	
Artillery	8			7	1	8
Armour	11		1	10	2	12
Infantry	65	3	7	62	13	75
ADA	2		1	3		3
Engineer	3		1	3	1	4
Total	89	3	10	85	17	102

RECRUITMENT OF ACR MEMBERS VIA THE MSDS

The SA Army plan is to staff the conventional Reserve Force with members from the MSDS system. Hence, in terms of future planning, the following numbers of MSDS members will exit to the Reserve Force over the next 5 years:



- January 2005 intake: 200 members to exit to the ACR in November 2006
- January 2006 intake: 500 members to exit to the ACR in November 2007
- January 2007 intake: 750 members to exit to the ACR in November 2008
- January 2008 intake: 1000 members to exit to the ACR in November 2009
- January 2009 intake: 1250 members to exit to the ACR in November 2010

During the past year planning was undertaken for the Reserve Force members to undergo the following training in the FY2006/07:

- The preparation of four Infantry rifle companies for possible deployment.

- Basic Military Training and Corps Individual Training for 150 members in the Engineer Formation.
- Conversion training for the majority of the 1 435 ATR members that have been transferred to the ACR.
- A variety of courses at the Corps Schools and training institutions.
- Continuation training in both the ACR and ATR.
- Junior Leader training for a total of 200 Reserve Force members.

RANKING AND STAFFING OF EX-NSF MEMBERS IN THE RESERVE FORCE.

Under Project PHOENIX, 17 ex-Non Statutory Force (NSF) members were ranked and staffed by C SANDF into senior positions. The Directorate Army Reserve currently has a requirement to rank and appoint additional ex-NSF members and C Army has given guidelines in this regard. During April 2006 a further 12 ex-NSF candidates were interviewed for possible ranking and staffing in the Reserve Force.

SA ARMY RESERVE FORCE PERSONNEL EXPENDITURE AND THE FY2006/07 PROJECTION

Summary of the total budget spent on the ACR and ATR from the FY2003/04 to the FY2005/06 is shown in Table B.3.
Financial spending: ATR: the FY2005/2006 (Item 10-60)

Table B.3: Budget expended on the ACR and ATR from the FY2003/04 to the FY2005/06

Fin Year	ACR	ATR	Total ACR & ATR	SA Army Item 10 Total	ACR as % of Total Item 10
2003/2004	Rm33 7	Rm113 7	Rm147 4	Rb2 517	1.34%
2004/2005	Rm41 6	Rm111 4	Rm153 0	Rb2 640	1.57%
2005/2006	Rm40 6	Rm100 4	Rm141 0	Rb2 825	1.44%
2006/2007	Rm131 2	Rm72 2	Rm203 4	Rb3 252	4.04%

The following must be noted regarding the above-mentioned totals:

- Within the expenditure of the ATR the internal defence commitments regarding the deployment of the 23 x platoons on a daily basis are included.



increase owing to the closure of ATR units.

FINANCIAL SPENDING: ACR AND ATR FOR THE FY05/06 (ITEM 10-60)

Total spending on the ACR for the FY2005/06 is shown in Table B.4

- With regard to the MTEF cycle, the ACR Item 10 budget will further

Table B.4: Total spending on the ACR for the FY2005/2006

Formation	Total	Number of units	Average Spending per unit
Artillery	R1 858 502	7	R364 784
Armour	R3 142 597	7	R448 942
Infantry	R31 182 737	25	R1 417 397
ADA	R2 320 703	4	R580 175
Engineer	R1 161 445	4	R546 361
Total	R40 647 429	47	

CLOSING DOWN PROCEDURE OF THE ARMY TERRITORIAL RESERVES - COMMANDOS

Chief Joint Operations, in cooperation with the South African Police Service (SAPS) under the National Joint Task Team (NJTT) annually considers the operational requirements for the upcoming financial year. Based on the SAPS capacity to close the gap after the specific closure of a particular ATR unit in a magisterial district, the Group HQs and Commandos are identified for closure. This process normally takes place in September/October of each year.

After the specific units have been identified by the NJTT, the names are made available to the SA Army. Then, after ministerial approval is obtained for the closing down of the identified units, this is done with effect from 1 April of each financial year.

On receipt of the ministerial authority the closing down process consists of two stages:

- Stage 1: The SA Army Infantry Formation, which controls the Army Territorial Reserve, commences preparations to close down those units.
- Stage 2: Once the preparation has been completed, these units are handed over to Project TSAKANI where a pre-audit is done. The unit is then handed over to the Inspector General at DOD level, where a request to DIMS to de-activate the Unit-code is made. A unit is then considered closed. This whole process can take in excess of a year.

Planned progress with the closing down process: During the year 2004 ministerial approval was received to close down 2 x Gp HQs and 17 commandos. In 2005 ministerial approval was received to close down 5 x Gp HQs and 45 commandos.

During the FY2006/07, the following four (4) Gp HQs and sixty-three (63) units will be phased out. These Gp HQs and commando units will then start the process of preparing for closure and final audit by no later than 31 March 2007:

- Group 1 – Cape Town.
- Group 9 – Pietermaritzburg.
- Group 15 – Thaba Tshwane.

- Sixty-three (63) commando units.

INTERNAL DEPLOYMENT OF ACR UNITS

Platoons from the ACR units are currently deployed in KwaZulu-Natal at the request of the Department of Agriculture to contain and control swine fever in the region.

CHALLENGES EXPERIENCED WRT THE AIMS OF PROJECT PHOENIX

Over the medium term the Defence Reserve Board will give attention to the following challenges regarding Project PHOENIX and the implementation of the SANDF Reserve Force Strategy in revitalising the Conventional Reserves:

- Implementation of the University Reserve Training Unit (URTU) system in the SA Army.
- Transfer of Technical Service Corps (TSC) and Ordnance Service Corps (OSC) Reserve Force units from Log Support Fmn to the SA Army.
- Fast tracking plan for Junior Leaders in the ACR.
- Creation of new ACR units and possible name changes for certain units.
- Recruitment and staffing of ex-NSF members in the ACR.
- Reskilling and civilian employment for ACR members.

CONCLUSION

A great deal of progress has been made by the SA Army in terms of its obligation towards the development of a viable, transformed and deployable Reserve Force. Although the Army is currently one year ahead in terms of target dates, a lot still remains to be done. To this end the SA Army has reaffirmed its commitment to addressing the representivity issues within the ACR leader group and, at the same time, is implementing programmes to rejuvenate the ACR.

THE SA AIR FORCE RESERVE

PROJECT PHOENIX

The Air Force Reserve (AFR) comprises nine AFR squadrons situated at Air Force bases throughout the Republic and an AFR pool of expertise managed by the Directorate Air Force Reserve (DAFR) and utilised at AF FSEs throughout the Air Force. A total of 40,913 man-days were utilised by members of the AFR.

The AFR is in the midst of rejuvenation and transformation in accordance with Project PHOENIX. A concerted effort to recruit young representative members has been suc-

cessfully instituted as is shown in the statistics of the accompanying report. The SAAF was successful in recruiting 37 African males and 30 African females into the Conventional Reserve Forces. The comparison of statistics between March 2005 and March 2006 is reflected below:

CONVENTIONAL RESERVE

The demographic representation of the Conventional Reserve is shown in Table B.5. **Provincial Representivity.** The AFR is currently made up of members from the provinces indicated in Table B.8. A concerted effort is under way to recruit AFR mem-

Table B.5: Demographic Representation of the Conventional Reserve

Demographic Representation	31 March 2005	31 March 2006
African Male	24	61
African Female	15	45
White Male	259	242
White Female	42	46
Coloured Male	1	3
Coloured Female	0	2
Asian Male	2	2
Asian Female	0	1

RESERVE FORCE SQUADRONS

Demographic representation of the Reserve Force Squadrons is shown in Table B.6.

Table B.6: Demographic Representation of the Reserve Force Squadrons

Demographic Representation	31 March 2005	31 March 2006
African Male	4	7

Table B.6: Demographic Representation of the Reserve Force Squadrons(continued)

Demographic Representation	31 March 2005	31 March 2006
African Female	0	0
White Male	86	87
White Female	4	7
Coloured Male	2	1
Coloured Female	0	0
Asian Male	1	1
Asian Female	0	0

Utilisation per Mustering. The following AFR members, reflected as a percentage of the total, were utilised in the musterings indicated during the period under review.

Table B.7: Percentage of AFR used

Mustering	Percentage utilised
Pilots:	33.83%
Test Pilots:	0.99%
Navigators:	1.23%
ATC:	1.48%
Engineers:	0.00%
Personnel:	27.16%
Supply Support:	15.80%
Ops/Int:	2.72%
MLO:	0.49%
Musicians:	0.99%

Table B.7: Percentage of AFR used (continued)

Mustering	Percentage utilised
Protection:	5.19%
Command & Control:	0.74%
Technical:	8.60%
MSC Technical:	0.74%
Load Masters:	0.00%

bers from all the other provinces with the emphasis on persons with tertiary qualifications and/or aviation related skills. To this end the principals of universities and technicons have been approached to arrange for briefing sessions for senior students

in engineering and aviation related fields.

Table B.8: Percentage of Total AFR

Province	Percentage of Total
Gauteng:	80%
Kwa-Zulu Natal:	3%
Eastern Cape:	2%
Western Cape:	4%
Limpopo:	5%
Free State:	6%

SUCCESSSES

SAAF Regular Force Exitees. The SAAF has approached Black pilots, who recently exited the Regular Force, about serving in the AFR. Nine members answered the call and volunteered for service in both the Conventional and Reserve Force Squadrons of the SAAF.

Recruitment. Specific shortages and the skills requirements within the Air Force were identified and targets were set to recruit the members with the necessary skills for the AFR. Vast numbers of candidates with the required qualifications were identified. More than 180 applications to join the AFR were received from members with the required skills, but they had no prior military experience. These applicants will be considered for specialized training.

Formative Training. Two Basic Military Training courses were presented and successes have been achieved by the allocation of additional training slots for Basic Military Training of AFR members in the future. One Officer's Orientation course was presented for 22 members at AF College and further courses have been scheduled for the future.

Senior Air Power Programme. Two senior AFR officers attended the Senior Air Power programme. This course is a prerequisite for the Joint Senior Command and Staff Course.

CHALLENGES

Transformation of the AFR did not progress at a satisfactory rate due mainly to the non-availability of training opportunities for AFR members. This matter has been addressed and the allocation of future training slots should improve. The AFR is not well known throughout all provinces but, with targeted marketing in the under-represented provinces and the innovation of briefing sessions for principals and students at tertiary institutions, a greater interest will be invoked and representivity will improve.

BUDGET

The annual budget allocation for the AFR has diminished. However, with careful planning of man-days such that fewer days are allocated to a greater number of AFR

personnel, the aim of bringing greater numbers of AFR personnel into service will be achieved.

THE SA NAVY RESERVE

PROJECT PHOENIX

The Navy gave effect to the implementation of the HR 2010 strategy by closing all seven Reserve units and integrating all the Reserve administration centrally under the Fleet Command in Simon's Town. This process was finalised with the decommissioning of SAS UNITIE in February 2005.

The emotional impact of the decommissioning of the Reserve units, some of which had been in existence for more than 100 years, initially led to a decline in morale and a loss of the number of available volunteers for service in the Navy Reserve. Despite this apparent negative facet, all 30 000 man-days allocated to Reserves were utilised in the FY2005/06 at a cost of R 7,8 million and this activity is due to increase further in the FY2006/07 to 35 000 man-days.

More specifically, the number of active Reserves decreased from approximately 1100 in December 2004 to, initially, 360-odd who volunteered for service under the new dispensation. These numbers have since grown to 542 (as at 31 March 2006) with 480 still being actively followed up for confirmation of their status. The present breakdown of the Reserves is shown in Table B.9.



Table B.9: Breakdown by Race and Gender

Race	Male	Female	Total
White	527	47	574
Black	159	54	213
Coloured	119	19	138
Asian	94	3	97
Total	899	123	1022

Table B.10: Breakdown by Rank and Race

Race	Male	Female	Female	Total
V Adm	3	0	0	0
R Adm	4	0	0	0
R Adm(JG)	10	1	0	0
Capt	43	0	0	0
Cdr	63	1	1	0
Lt Cdr	35	3	2	0
Lt	26	0	1	1
S Lt / Ens / Mid.	35	9	0	0
WO	104	0	8	11
CPO	48	0	27	15
PO	32	1	12	16
LS	49	60	41	53
AB / Sea	122	138	46	1
Total	574	213	138	97

SUCCESSSES

Through the formation and activation of a Reserve Management Centre (RMC) in Simon's Town, staffed by both Reserve and Regular Force personnel, contact with the Reserves has been established with free dial-in facilities, fax and e-mail communication systems installed. This centre has begun to operate as intended and acts as a conduit between Navy units requiring personnel and personnel making themselves available and furthermore fulfilling all the HR functions normally associated with exercising control over manpower that is spread over all nine provinces.

In late 2005 the appointment of Regional Representatives, (initially in only four

provinces, but soon to be located in all 9 provinces) as well as the creation of Reserve Career Managers, the appointees being Reserve officers themselves, further enhanced the smooth operation of a Reserve Force now fully allocated to ships and shore establishments according to requirement, training and experience.

As proof of the functionality of the RMC, there were 109 Reserves on active duty in January 2006, widely distributed in both sea-going posts and ashore.

The newly commissioned frigates and submarine have created further opportunities for Reserves to be employed in the Fleet, which in turn will boost the morale of the Reserves.

CHALLENGES

The initial shock of having Reserve units decommissioned and the interim lack of communication that followed resulted in a downturn in morale and scepticism about continued volunteer service in the Navy Reserve. The inevitable rumour-mongering that followed led to further suspicion and mistrust by Naval Reserves. These negative perceptions have, to a substantial extent, been reversed and the Reserves are again fully functional, although fewer in number than a year ago.

The highly successful Navy MSD system has begun to produce young entrants to the Reserve Force, and the gradual retirement of present members, coupled to the joining of former MSD trainees, will enhance the obtaining of the Navy's targets in regard to representivity in the Reserves.

BUDGET

With the nature of the Fleet's activities, where ships can be operationally tasked for short or long periods and with regular crew changes being effected, it is not possible to distinguish between Force Preparation and Force Utilisation for Reserves who spend limited time aboard ships carrying out a variety of tasks.

Operating budget items for the Navy Reserve are presently limited to the office of the Director Naval Reserves, as most Reserves' employment is provided for by the Regular Force units that employ such Reserves.

CONCLUSION

After a difficult transition from the 'old' unit system of administration to a new, fully integrated system, the Navy's Reserves are being tracked, used and trained via the Reserve Management Centre that is now functioning as intended, with the Fleet as its major client.

THE SA MILITARY HEALTH SERVICE RESERVE

PROJECT PHOENIX

During the year under review, several areas of activity have been either initiated or pursued with a view to achieving the aims of Project PHOENIX. Overall, several significant achievements have been realized, but some worrying challenges remain.

Achievements. Several prominent medical practitioners were identified for recruitment. A number of these individuals have enrolled in the SAMHS Reserve Force.

Challenges. Citizens are still hesitant to commit themselves for Reserve Force service as they do not always understand the volunteer concept. Utilisation has been restricted to 30 days per annum by SG.

IMPLEMENTATION OF THE MSD SYSTEM

Achievements. HR primarily does the recruitment of volunteers for the MSDS. SAMHS was fortunate that almost 30 % of the MSDS intake completing their training in December 2005 could be transferred to the Reserve Force and placed in Reserve Force posts at different units.

Challenges. A system where the Reserve Force Units can identify and recruit prospective MSD members to eventually become Reserve Force members at their units should be implemented. More MSDS members should be trained as a feeder system to the Reserve Force and not just to feed the Regular Force.

UNIVERSITY RESERVE TRAINING UNIT (URTU)

Achievements. The URTU pilot project has commenced with 25 third and fourth year students enrolled as officer cadets. Seven additional officer cadets may enrol once their medicals have been confirmed. Several prospective candidates are waiting for the next phase to commence. C Def Res is responsible for planning the URTU role for other Services and Divisions.

Challenges. There are several challenges that should be looked at to ensure the success of the project:

- **Promotion Activities.** The URTU must be promoted to the students to be accepted by them. Members enrolling in the Reserve Force for the URTU (DOD) will be an indication of the success.
- **Successful Selection.** The whole process of selection and appointment must run smoothly to ensure students are legally enrolled in the Reserve Force before they commence with training.
- **Implementation.** Successful implementation of the DOD project is of car-

dinal importance.

- A Service Level Agreement between SAMHS and the SA Army must be entered into.

TRAINING

Reserve Force units have made use of the opportunity to do military training in unit lines. Units still make use of normal facilities in nominating members for formal courses at the Medical Health Training Formation (MH Trg Fmn).

Challenges. Training should be extended to more units in close co-operation with the MH Trg Fmn. It should also be made available for members at HQs. The Reserve Force Units business plans for operational/combat ready training are not yet optimally utilised and will be developed as a priority.

BUDGET

Achievements. All SAMHS Directorates and force structure elements (FSEs) have budgeted for Reserve Force wages. The Reserve Force Med Bn Gps have their own business plans, including budgets, while Reserve Force Wings at other units have been included in those budgets and business plans. The SAMHS spent R10 995 355 for Reserve Force utilisation for the FY2005/06 and have allocated R13 289 395 for the FY2006/07.

THE DOD LOGISTIC SUPPORT FORMATION RESERVE PROJECT PHOENIX

The state of the Reserve Force Units under command of the DOD Logistic Agency as a whole is still a matter of concern, despite the intervention occasioned by Project PHOENIX. Units are still not combat support ready and deployable. Since 1999, recruitment, training and training opportunities have ceased and have not been addressed owing due to budgetary constraints. The standard, combat support readiness and morale of these units have declined.

The limited funds available continue to be the main inhibiting factor in the execution of comprehensive plans developed by Project PHOENIX. These are mainly due to the lack of trained personnel in these units and the limited training opportunities available. In summary the state of the Logistic Agency Reserves is still unsatisfactory.

CHALLENGES

The combat support units of the DOD Logistic Agency, consisting of maintenance units, field workshops and an air supply unit, are currently not at the optimal level of readiness. The inadequate funding and lack of a viable feeder system of trained personnel remain the greatest challenges in addressing rejuvenation and transformation from the poor state of readiness of the Logistic Agency Reserve Force units. This has resulted in the Reserves being ineffectual.

A dedicated and motivated core of volunteers keeps the units running at own cost without any consistent budgetary support from the Log Agency. Force employment of these units is not possible on account of a lack of training and training opportunities. The utilisation of these combat support units should be adequately funded, as this aspect is the only factor impeding the employment of these units.

The man-days budgeted and allocated for, but without a sufficient internal budgetary support, were utilised for Protection Services at various Force Structure elements and for augmenting the Air Cargo Handling Team at Waterkloof Air Force Base for external deployments. These units cannot cope with the normal day-to-day maintenance without sufficient internal budgetary support.

It is clear that capacity needs to be reinstated to support these Reserve Force activities. In summary the budget allocated for the FY2005/2006 was only for Item 10 man-days and amounted to R 4 909 150 that was used for the above-mentioned services. No budget was allocated for Items 15 to 35 for the year ended 31 March 2006.

ENVISAGED ACTIVITIES TO ACHIEVE THE AIMS OF PROJECT PHOENIX

Special efforts have been made to rejuvenate and transform these units through the implementation of the Reserve Force Strategy. Currently the Log Agency has started with the planning phase to start this project. Two knowledgeable Reserve Force members will be called up to embark on the project.

COMMAND MANAGEMENT AND INFORMATION SYSTEMS RESERVE

INTRODUCTION

CMIS Reserve Force Units. The CMIS Reserve consists of a Directorate at CMIS HQ

and the 6 Signal Regiment, a unit under command of the CMIS Operations Formation. The 6 Signal Regiment has nine sub-units under command, situated across the country.

OVERALL PERFORMANCE

During this financial year, CMIS Reserves only concentrated on force sustainment as insufficient funds were available for expansion. CMIS Reserves are only 11% staffed and representivity is 61%. Representivity in the senior leader group is still lacking but this is being addressed by a fast tracking programme and by the future a Reserve Officer Training system for CMIS in conjunction with the other services is being investigated.

RENEWAL

23 Signal Unit Transfer. 23 Sig Unit was transferred back to its original Regular Force unit 2 Sig Regt. This has made an impact in terms of the provision of telecommunication support for registries.

Force Preparation. Force preparation is the main activity of the Reserves to ensure an expansion capability to CMIS. A distance-training schedule for junior personnel was embarked on. Monthly exercises were hampered by a lack of equipment. A very successful national field exercise "Ex ADVENIMUS" was conducted over the period 8 to 11 December 2005. For the first time satellite video conferencing was deployed by the Reserves.

- **Exercise INDLOVO.** Forty members embarked on a training exercise with 1 Sig Regt at Lohatla.
- **Exercise DOUBLE BARREL.** The exercise was organised by 71 Sig Unit over the period 12 to 14 May 2005. The exercise was used as a benchmark and has had international exposure with a brief by the National Chairperson of the radio amateurs.

Recruitment. Recruitment was slowed down owing to financial restraints. A recruitment plan was developed during an October 2005 work session and is being implemented during the present coming year as financial restraints have been eased.

Geographical Expansion. CMIS Reserve Force offices were opened in Port Elizabeth for the Eastern Cape and Potchefstroom for Northwest.

FORCE EMPLOYMENT

Operational support. 11 Field Post Office (FPO) provides a full-time operational support to all SANDF forces deployed on missions. Four members were deployed externally and three are deployed at Waterkloof. The statistics of the operational support up to the end of Mar 2006 were:

- Mail to missions: 20 758 (all mission areas.)
- Mail from missions: 26 152
- Stamps: R469 522
- Parcels to: 101 100 kg
- Parcels from: 115 493 kg

STATE OF READINESS

The CMIS Reserve Force as an integrated system is not fully combat ready. However, support to CMIS is available when required. In this regard 40 members are fully trained and ready for deployment.

FINANCIAL

Item 10 Funds for the FY2005/2006. (R3 505,685) Only 90% of funds was spent on account of a saving plan having been initiated. The restrictions imposed on not recruiting and training new members, but only to sustain has been lifted. R588 220 was used for operational support by 11 FPO.

Item 10 Funds for the FY2006/2007. (R3 945 809) It is possible that during the coming financial year additional funds over and above the allocated funds will be required to ensure that the present 11% (430 members) staffing of the Reserves will be increased to at least 15 % (600 members). An additional R1 million will be required.

Operating Budget for the FY2005/2006 (Item 15 to 60). (R541 000) This budget was fully used.

Operating Budget for the FY2006/2007. (R570 000) This budget is totally inadequate to sustain 9 Reserve Force Units. An additional R1.2 million will be required.

CHALLENGES

Expansion. Expansion of the CMIS Reserves from 11% to 15% of the authorised posts and to obtain sufficient funds for this expansion programme.

Feeder System. The development of a feeder system through direct recruitment and a CMIS ROTS system. The ROTS system will also provide the required representivity in the leader group.

Career Management. Career management in the Reserves. Streamlining of distance learning in conjunction with the School of Signals and at the same time the career management policies for the Reserves need to be revised.

Logistical Requirements. Improvement in meeting the logistical requirements of units to enable them to conduct training and field exercises and to be able to assist in operational deployment requirements locally for emergencies.

CONCLUSION

When all the above factors regarding the Reserve Force are taken into consideration, the CMIS Reserve Force has performed reasonably well. There are still some major challenges, but this can only be achieved through the hard work of dedicated personnel and the continuous support of the Regular Force units and their personnel.

THE MILITARY POLICE AGENCY RESERVES

The MPA employed two Air Force Lt cols during the past financial year and they were utilised in the Protection and Safeguarding environment, where they were responsible for crime risk surveys at Services and Divisions throughout the DOD. The crime risk assessments were done at a number of facilities and units of the DOD and they provided the Chiefs and Officers Commanding of these organisations with specialist advice on what security plans to implement to address the identified shortcomings.

The MPA currently experiences major problems with its Reserve capability, since there are still large numbers of unstaffed Regular Force MP members in the MPA and no pool of specialist MP Reserve Force members available for utilisation. In future the MPA will, however, make use of MSD members to feed the MP Reserve Force capacity, but owing to the large numbers of unstaffed Regular Force MP members, the recruitment of MSD members will be very limited in numbers.

The personnel expenditure for the two Reserve Force Lt cols for the FY2005/06 was R473 175 and the operating costs amounted to R22 398. The amount budgeted for the Reserve Force members was R499 474.

THE MILITARY LEGAL SERVICE RESERVES

The Military Legal Services Division structure has a Reserve Force structure. The current strength of the Reserve Force component is 224 members. The Reserves comprise 190 Military Law Practitioners as well as 34 support personnel. Of the 190 Military Law Practitioners 76 have already successfully completed the Advanced Military Law Course, which is a prerequisite for their utilization as Military Law Practitioners. Of the 190 Military Law Practitioners, 157 (83%) are from the previously disadvantaged communities.

The establishment and implementation of the Reserve Force component of Military Law Practitioners is based on a threefold objective, namely to prepare Reserve Force Military Law Practitioners for future operational utilization, to supplement the Regular Force Military Law 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. During the FY2005/2006 FY 12 Reserve Force Military Law Practitioners were selected by a selection board and joined the Regular Force. The effective utilization of the Reserve Force has alleviated the pressure on the capacity of the Military Legal Services Division to render legal services in respect of peacekeeping operations/deployments.

The aim of Project PHOENIX, namely transformation and renewal, is fully adhered to by the Reserve Force component of the Military Legal Services. Of the 190 Military Law Practitioners 157 (83%) are from the previously disadvantaged community and the majority are under 40 years of age.

THE MILITARY CHAPLAIN 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 been appointed to look into improving representivity amongst, and to see to the needs of, Reserve Force chaplains.

UTILISATION OF RESERVE FORCE MEMBERS IN STAFF DIVISIONS

Reserve Force members were effectively utilized 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.

The Reserve Force Division 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 the FY2006/07 to promote the creation and filling of Reserve Force posts at the policy, planning and direction level of the SANDF at Level 2 and 3 headquarters where this has not yet been achieved.

RESERVE FORCE COUNCIL

The Reserve Force Council (RFC) is a statutory body in terms of the Defence Act, 2002. On 5 September 2005 the Minister of Defence ratified the appointment of the Council members under the Chairmanship of Col (Dr) John Job.

During the past year several interactions have taken place between the RFC and the leadership of the DOD and the SANDF. The RFC gave attention to legislative changes to ensure effective Reserve Force service in the future. The RFC was consulted and briefed by the Department. The RFC has been well represented on the DRB, the ATR Entry/Exit Committee and the corresponding HR Committee, the Heritage Committee, Shield Committee, Association RSA Shooting Committee, to name a few. Of note were the following achievements:

Parliamentary Activities. The RFC briefed the Joint Standing Committee on Defence as part of a DOD delegation on the Reserve Force in September 2005. RFC Council members also attended the opening of Parliament and the Minister's budget debate.

Legislative. The RFC has made significant inputs into the revision of the Def Act 2002,

General Regulations - Chapters I, II, III, IV, V and VI. In addition the RFC has had initial consultations on the Defence Update, which will determine the future of the Reserve Force as part of a revised SANDF.

Confederation Internallie des Officiers des Reserves (CIOR) / Confederation Internallie des Officiers Medicaux des Reserves (CIOMR). The RFC led the delegation to the international congress in Ghent, Belgium, during the first week of August 2005. Our Young Reserve Officers' Workshop delegates did well once again. The main topic of debate was "How can cooperation and coordination maximise lasting success in a post-conflict environment". The topic for 2006 is "Homeland Defence". It is envisaged that we will compete again in the Military Skills Competition in the near future.

Heritage. The initiative to create what is now the Closure Commemoration Medal, its name and all-important ribbon clasps was initiated at an RFC workshop on the closure of ATR convened in March 2004 and it was implemented by the SANDF.

Regional Management of the RFC. All 10 regions are now fully operational. More units are getting involved with better feedback. The regions are involved with monitoring the closure of ATR units and attend many of the closure parades. An initiative to assist these units with the safe storage of their private memorabilia has been launched in order to ensure that the history of these units can be preserved. The RFC has attended many parades of units that have been celebrating their anniversaries, eg Dukes 150th, 1st City 130th, RLI 100th, SA Irish 90th. Local government parades have also been attended, eg City of Johannesburg Remembrance Parade, Durban, Cape Town, Opening of Councils, 60th Anniversary of VE Day, Delville Wood, and Remembrance Parade in London to name but a few.

Communications. The RFC website has been updated and the printed news brief has been modernised. Newsflashes are sent out monthly to the newly created contact database. The RFC assisted the Reserve Force Division with the establishment of their website.



APPENDIX C

REPORTING ON FOREIGN AID ASSISTANCE TO THE SANDF FOR THE FY2005/06

Service/Division	Donor Country (Source)	Type of Aid (Funds or In-kind)	Rand Value	Intended Use of Assistance	Actual Performance on the Use of the Assistance	Reason for Deviation	Pending Applications for Assistance
Force Employment	The Netherlands	Funds – 5 Million	Rm 40	Assist DRC with the construction of integration sites for the identification and registration process	Rm 27 509 741 were spent	Process for construction dictated by political situation. Construction period was renegotiated with donor and remainder of donation will be spend in the FY2006/07	Ongoing
Air Defence	USA	Foreign Military Funding	Rm 4,08	C130 aircraft spares and technical support	Complied		Ongoing
	USA	Foreign Military Funding	Rm 1,8	C130 aircraft simulator/maintenance training	Complied		Ongoing
	USA	Foreign Military Funding	Rm 5,4	BK 117 helicopter engines	Complied		Completed
Maritime Defence	United Kingdom (two visits)	Operational Sea Training and evaluation (at cost to donor country)	Unknown	Evaluation of and assistance to the Fleet wrt training and on-board procedures on the new SAN corvettes	Valuable and constructive input wrt determining and measuring on-board operating procedures.		Completed
	Germany (two visits)	Operational Sea Training and evaluation (part of Project SITRON)	Unknown	Evaluation of and assistance to the Fleet wrt training and on-board procedures on the new SA Navy corvettes	Valuable and constructive input wrt determining and measuring on-board operating procedures		Completed
	Germany (possibly two visits)	Operational sea training and evaluation (part of Project SITRON)	Unknown	Evaluation of and assistance to the Fleet wrt training and on-board procedures on the new SA Navy corvettes			FY2006/07: Operational Sea Training and evaluation (part of Project SITRON)

Service/Division	Donor Country (Source)	Type of Aid (Funds or In-kind)	Rand Value	Intended Use of Assistance	Actual Performance on the Use of the Assistance	Reason for Deviation	Pending Applications for Assistance
Military Health Service	USA presidential	In kind	Rm 9 696	Anti-retroviral drugs and laboratory services	Complied	Period of DOD spending deviates from US FY, US Oct 05 to Sep 06	Ongoing
	Emergency programme for AIDS relief (PEPFAR)	In kind	Rm 5 945	DOD HIV and AIDS Programme (Project MASI-BAMBISANE)	Complied	Period of DOD spending deviates from US FY, US Oct 05 to Sep 06	Ongoing
	National Institute of Health USA	In kind	Rm 19 674	PHIDISA Project	Complied	Period of DOD spending deviates from US FY, US Oct 05 to Sep 06	
	United Kingdom Department of Foreign International Development	In kind	Rm 0 6	Capacity building of health care professional in anti-retroviral treatment	Complied	Period of DOD spending deviates from UK FY, US Jan 05 to Dec 05	Ongoing
Joint Support (Service Corps)	Germany	Donor funding	Rm 7 074	Operating Training Budget	Capacitating training directions at the Centre for Advanced Training. Provided technical training assistance to Military Veterans training at the Centre for Advanced Training	No deviation	None
			Rm 8 054	Building of a fixed accommodation structure for learners at the Centre for Advanced Training	Learners undergoing training at the CAT are accommodated at the complex. On campus complex accommodates up to 94 learners at a time and has reduced expenses set for travelling	No deviation	None

DEPARTMENT OF DEFENCE
VOTE 21

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2006

We are pleased to present our report for the financial year ended 31 March 2006.

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 were held.

Name of External Members	Number of Meetings Attended
Dr L Konar (Chairperson)	5
Ms J John (Resigned 25/07/2005)	2
Mr D S Molapo	4
Mr R K Pule (Contract expired 23/04/2005)	1
Mr K A Ross	5
Mr G R Witthöft (Appointed 07/07/2005)	2
Name of Internal Members	
Mr T E Motumi	1
Lt Gen T T Matanzima (Internal transfer in the DOD and replaced by Lt Gen Jansen van Rensburg with effect from 31/07/2005) .	1
Lt Gen J L Jansen van Rensburg (Appointed 01/08/2005)	2

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and the Treasury Regulations. 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 and the status in addressing the matters raised by SCOPA, that the internal accounting controls are operating. However, these controls need strengthening and improvement to ensure that the financial records may be relied upon for preparing the annual financial statements and that accountability for assets and liabilities is improved.

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.

However, it was noted that certain weaknesses were identified by the Internal Auditors and are being addressed by management.

The quality of in year management and monthly reports submitted in terms of the Act

The Audit 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.

Internal Audit

The Internal Audit Function is conducted internally by the Inspector General. The internal audits for the second year of the rolling three-year strategic internal audit plan have commenced, and many have been completed, with others in progress.

The Defence Inspectorate, inclusive of the Service Inspectors General, undertook a comprehensive risk assessment during the FY2005/06. 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.



REPORT OF THE AUDIT COMMITTEE for the year ended 31 March 2006 (continued)

Evaluation of Financial Statements

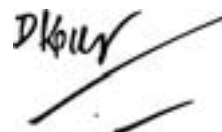
The Audit Committee has:

- 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 thereto;
- 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. However, the Audit Committee has noted that "non-financial" or "fixed assets" have been written-off in the "Statement of Financial Performance" or "Income Statement"

and therefore do not appear on the "Statement of Financial Position", or "Balance Sheet" as at 31 March 2006.

Currently one independent member is still being vetted for security clearance purposes, prior to appointment to the Audit Committee. Two additional vacancies are available through which the Department of Defence seeks to improve gender and race representivity within the Audit Committee.



(Dr Len Konar)

Chairperson of the Audit Committee

28 July 2006

DEPARTMENT OF DEFENCE VOTE 21

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General review of the state of financial affairs

1.1 Strategic decisions and issues

1.1.1 **Strategic decisions.** The Defence Strategy and Strategic Business Plan has been developed according to the policy contained in the Defence White Paper (1996) and Defence Review (1998). Defence planning, programming and budgeting has thus been based on the concept of a core force from which a force for war could be grown if required and the related force design and structure (option 1). The subsequent medium term budget allocations to Defence although increased for the growing deployment of forces for peace support operations in support of government initiatives as well as the replacement of cardinal force capabilities has proved inadequate to sustain the current force design and structure. Consequently strategic decisions were taken during 2004 to ensure alignment with emergent government policy in general and to deal with the issues of affordability and sustainability of the current force design and structure in particular. These decisions are described in Chapter 1 of the main report. The most important decision affecting the financial affairs of the Department was to update the Defence White Paper and Review and in the process establish a more manageable match between the required force design and structure and the medium term budget allocation. The updated White Paper and Review will be completed during 2006/2007.

1.1.2 **Strategic issues.** The mismatch between the force design and structure required in the Defence White Paper and Review and the subsequent medium term budget allocations has led to a number of strategic issues which must be attended to. The full set of strategic issues defined during 2005 is explained in

Chapter 1 of the main report. Those strategic issues that affect the financial affairs of the Department are as follows:

- Determining the force design and structure that is appropriate to the missions to be conducted by Defence and the medium term budget allocation.
- Rightsizing the manpower component through use of the mobility exit mechanism and the military skills development system thereby reducing the cost thereof.
- Establishing the economic and efficient mix of permanent and reserve force structure elements and manpower components.
- Implementing a Defence enterprise information system (including an integrated financial management system) that will facilitate management decision making particularly with respect to the economic, efficient and effective utilisation of resources.
- Reducing criminality and consequential losses of resources.
- Introducing matériel life cycle management to exact enhanced levels of serviceability of weapons systems.
- Reducing the extent of facilities (land and buildings) and ensuring the required maintenance and repair of facilities crucial to combat readiness.

These issues are being attended to on an ongoing basis and will only be resolved in the medium to long term.

1.1.3 **Significant events.** The significant events during the year of reporting were the response of the SANDF to Presidential Minutes for the deployment of forces in peace support missions and the receipt of cardinal weapon systems acquired through the strategic defence packages. These events are comprehensively reported on in the Command and Control (Programme 8) and Special Defence Account (Programme 9) in the main report. The rapid extension of resource management support to long-range force deployments and the maintenance of accounting systems have been particularly challenging. The taking into account of the newly delivered weapon systems and their logistic inventories have placed a severe burden on the supply chain management system. The commitment to acquire a strategic airlift capability introduced during the financial year was accommodated by re-prioritisation of the medium term budget but will cause severe budgetary pressures in the long term unless specifically funded as were the strategic defence packages.

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

1.2 Defence Vote: Rm 22 459,432 (Appropriation Act, 2005)

1.2.1 Defence's 2005/2006 budget was compiled on a cash basis per programme and amounted to Rm 22 459,432. The approved budget covered the period 1 April 2005 to 31 March 2006 and included all entities under control of the Minister of Defence. The original budget was approved through legislative action and specifically the Appropriation Act, 2005 (Act No 4 of 2005). The original budget objectives and policies per main division of the Vote were published in the 2005/2006 Strategic Business Plan and performance against objectives are reported on in the Annual Report.

1.2.2 The 2005/2006 Defence Vote increased with Rm 335,815 (1,52%) from the 2004 MTEF allocation for the same year and increased with Rm 3 047,613 (15,7%) from the previous financial year. The Defence Vote amounted to 1,47% of South Africa's gross domestic product or 5,38% of total government expenditure. These percentages largely corresponds with that of the 2004/2005 financial year. The relatively large year-on-year increase in the total Defence budget is mainly due to the nominal, year-on-year increase of Rm 2 069,603 (9,21%) in the provision for the Strategic Defence Procurement Programme.

1.2.3 The following additional allocations increased the 2005/2006 Defence Vote:

- Ammunition disposal - Rm 5,000.
- Maintenance of facilities - Rm 10,000.
- Acceptance and integration of the Strategic Defence Procurement Programme - Rm 26,000.
- Compliance with National Health Legislation - Rm 20,000.
- Peace Support Operations - Rm 300,000.
- Carry through cost of salary adjustments - Rm 430,000.

1.2.4 The Special Defence Account (40,13%) and Landward Defence (15,91%) are the two largest programmes within the Defence Vote. Changes to baseline allocations per programme were mostly of a technical nature due to the changes in the Government Employees Pension Fund dispensation. The continued strengthening of the SA Rand against other major currencies has resulted in a

further decrease of the cost of the total Strategic Defence Procurement Programme from Rb 52,944 (FY 2003/2004) to Rb 48,744 (FY 2004/2005) to an estimated Rb 45,615 for the reporting period.

1.2.5 Exploring the 2005/2006 budget from an economic classification perspective, transfers to departmental agencies and accounts (41,58%) and compensation of employees (38,31%) represents 79,89% of the Vote, leaving an available 20,11% for the operating of the department. Significant single budget items provided for are computer services (Rm 550), Armscor transfer payment (Rm 315), rations (Rm 226), fuel (Rm 214), special daily allowances for foreign deployments (Rm 184) and medical supplies (Rm 165).

1.2.6 Legislation passed that impacted on transfer payments in both the reporting period and in future years is the impact of the Value Added Tax on public entities which is now payable by public entities and the cessation of the Regional Service Council Levies that will no longer be payable from 2006/2007.

1.3 Defence Adjustment Vote: Rm 211,050 (Adjustment Appropriation Act, 2005)

1.3.1 The Defence Vote was increased by Rm 211,050 through the Adjustment Vote as a result of the following:

1.3.1.1 Unforeseen and unavoidable expenditure to the amount of Rm 21,439 to assist the Government of the Ivory Coast in terms of the demobilisation, disarmament and reintegration (DDR) of the Armed Forces. The South African Government is committed to the peace process in the Ivory Coast and to the facilitation of an agreement between the conflicting parties. Presidential Minute No 425 of 2005 dated 14 July 2005 and Cabinet Memorandum No 11 of 2005 dated 14 July 2005 authorised the deployment of 46 South African National Defence Force personnel to provide the required advice and support during the disarmament, demobilisation and reintegration process.

1.3.1.2 Expenditure to the amount of Rm 44,151 to provide for the payment of VAT on the transfer payment from Defence to Armscor in terms of the Revenue Laws

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

Amendment Act No 32 of 2001. Armscor (Schedule 2 Public Entity) is to be regarded as a VAT vendor and transfer payments to it are to be taxed at the standard rate. The enactment was too late for the required amount to be included in Defence's allocation.

1.3.1.3 Self-financing expenditure to the amount of Rm 145,460 resulting from the sale of equipment procured through the General Defence Account (Rm 23,684) and the Special Defence Account (Rm 121,776).

1.4 Adjusted Defence Vote: Rm 22 670,482

1.5 Expenditure

1.5.1 The total expenditure of the Vote amounted to Rm 22 664,846, again resulting in an insignificant under expenditure of Rm 5,636. Of the unspent funds, Rm 0,119 was in respect of unspent transfer payments and earmarked funds.

1.6 Spending trend

1.6.1 Defence has achieved, with the exception of the 2003/2004 financial year, an immaterial under expenditure for the last eight years. Similarly, for the reporting year, Defence under spent with an immaterial percentage of 0,01%. This trend is indicated below:

<i>Financial year</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2005/2006</i>
Vote Rm	19 800,004	19 411,819	22 670,482
Expenditure Rm	19 825,984	19 410,812	22 664,846
Amount surrendered (over spent) Rm	(25,980)	1,007	5,636
Amount surrendered/ (over spent) as a percentage of Vote	(0,13%)	0,01%	0,01%

2. Services rendered by Defence

2.1 The services rendered by Defence are detailed in Chapter 2 of the Annual Report.

2.2 Tariff policy

2.2.1 A formal tariff policy exists in Defence which is based on the following three principles:

- At tenders and auctions the sale is awarded to the highest bidder.
- Tariffs developed by other departments and approved by the National Treasury are used by Defence.
- Where no tariffs exist, the service provider in Defence is tasked with the development and maintenance of a tariff structure and the annual revision and update of these tariffs as prescribed in legislation.

2.3 Free services

The following free services were provided by Defence during the reporting period:

2.3.1 A transport service to ESCOM to the value (direct cost to Defence) of Rm 15,503 for the transport of spares for the Koeberg Nuclear Power Station from France to the RSA.

2.3.2 For harbour and transport services for visiting foreign ships provided by the SA Navy to the amount of Rm 0,122.

2.3.3 For mainly the combating of veld fires by the SA Air Force to the amount of Rm 0,003.

2.4 Inventory

2.4.1 Defence continues to manage its inventory according to the North Atlantic Treaty Organisation (NATO) prescripts and not according to the Standard

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

Chart of Accounts (SCOA) of National Treasury, due to the fact that commonality between other Defence Forces is required during the execution and support of joint operations. SCOA classifications of National Treasury are dissimilar to the classifications used by NATO. Defence was therefore only capable of submitting inventories on hand for the reporting period in the NATO format.

2.4.2 In order to be able to report in the SCOA format, Defence has created a conversion table to bridge the differences between the two formats. Great progress in this regard has been made to finalise the bridging codes, but due to the complexity of both formats, the updated version was found to be sound for budgeting purposes but was however not found to be sufficiently accurate for logistic reporting purposes. Defence however continues to upgrade and update the bridging tool in order to meet the reporting requirements as soon as possible. As reported previously the vast inventory continues to make it difficult to be able to report according to the SCOA format before approximately 2008. Defence will therefore have to continue to report in the NATO format.

2.4.3 Inventories on hand at year-end at latest purchase price were as follows:

• Equipment	Rm	10 950,739
• Specialised Military Equipment	Rm	4 289,296
• Total Inventory	Rm	15 240,036

2.4.4 Although the total inventory remains fairly constant, the differences in totals of equipment and specialised military equipment from the last period can be attributed to the clean-up work being done to the data on the logistic accounting systems as well as the refining of the bridging tool. Many items that were previously categorised as Special Military Equipment have been subsequently reclassified as ordinary equipment due to the fact that some of these items, although being used by Defence in its core business, were not specifically designed and developed exclusively for the military. An example of this can be found in certain vehicles and weapons. As this clean-up process continues, values are expected to change further while data becomes more accurate.

2.4.5 Defence is also integrating its four major logistic accounting systems into one

system, being the Operating Support Information System (OSIS) to facilitate better control and management of inventory. This will also bring about a greater compliance to the future needs of reporting as prescribed by National Treasury. In the process the small amount of units presently using manual accounting for logistics will also be converted to OSIS. The completion of this implementation programme is scheduled to be concluded by the end of 2008.

2.4.6 Added measures have been taken by Defence to ensure compliance with the prescribed format by constantly sending members on SCOA and SAIGA courses to broaden their knowledge base of the requirement. This has been a great success and has distributed the understanding of the new reporting requirements widely at top level. Additional to this, members of the DOD continue to serve on the Accounting Standards Board Asset Management Sub-committee, ensuring an understanding of the proposed accounting standards and reporting requirements.



3. Capacity constraints

3.1 The two major constraints that Defence currently faces are firstly its capacity to procure goods and services, to record their receipt and to pay suppliers timely and secondly to safeguard its assets. The number of hand-offs in the supply chain management process and the lack of an automated procurement information system integrated with the financial management system causes serious delays in the supply chain management system. This is aggravated by a limited capacity for codification particularly in view of the inbound inventories of the weapons systems currently being delivered. The structural arrangements to streamline the supply chain management process will be implemented during 2006. This includes the re-assignment of duties and powers to empower managers and commanders at levels three and four of the Department. The codification capacity is being re-established within the Department after the outsourcing contract was terminated as a consequence of contract mismanagement. The current measures to safeguard assets against the onslaught of fraud, crime and corruption are inadequate. Assessments are currently being performed to advise commanders and managers on what

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

investments to make to safeguard the assets entrusted to them. Other constraints are dealt with under the report per programme in the main report.

3.2 Impact on planned programmes

3.2.1 Delays in the supply chain management system have an adverse impact on the supply of goods and services of the force preparation and force employment programmes as well as cash flow management. The impact is most severe with respect to long-range force deployments when supply routes become extended. The impact on their respective force readiness is reported on the main report by service chiefs. Weaknesses in the safeguarding of assets affect the supply of goods and services to the force preparation and force employment programmes adversely affecting combat readiness and operational successes. Concerted efforts are being made to combat crime in the Department as explained in this report.

4. Utilisation of donor funding

4.1 During the reporting period Defence administered two donations received that are recognised in the financial statements of the Department.

4.1.1 The Government of the Kingdom of the Netherlands contributed R 31 250,000 for the improvement of the Democratic Republic of the Congo (DRC) integration centres. The Department of Defence is only responsible for the administration and execution of the expenditure in consultation with the Dutch and Congolese Governments. Expenditure against the contribution for the financial year 2005/2006 amounted to R 27 509,741. The remainder of the contribution will be expended in the 2006/2007 financial year. The negotiated agreement between the relevant parties requires intensive control measures, periodic reporting and a final audit report. As the operation has not been finalised yet, the agreement is in the process of being amended.

4.1.2 The Department of Foreign Affairs made Rm 7,5 from the African Renaissance Fund available to Defence for use in support of the electoral process in the Democratic Republic of the Congo. The project proposal has been accepted by

the Department of Foreign Affairs, however, no expenditure was incurred during the reporting period.

4.1.3 The Government of Islamic Republic of Pakistan contributed R 50,215 towards courses presented by the SA Air Force.

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 into the National Revenue Fund and are included in the amount recognised in Note 2 to the financial statements under Departmental Revenue (Transactions in Financial Assets and Liabilities).

Received from the United Nations the total amount of Rm 446,740 for:

• Peace mission in the Democratic Republic of the Congo	Rm 373,875
• Peace mission in Burundi	Rm 71,223
• Military Observer Missions	Rm 1,642

4.3 Defence received the under-mentioned foreign aid assistance in kind during the reporting period. (Details of assistance are disclosed in Annexure 1G to the financial statements).

4.3.1 From the Government of the United States of America to the value of Rm 46,595.

4.3.2 From the Government of the Federal Republic of Germany to the value of Rm 1,649.

4.3.3 From the Government of the United Kingdom of Great Britain to the value of Rm 0,914.

5. Public entities



DEPARTMENT OF DEFENCE, VOTE 21

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

The Castle Control Board and the Armaments 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 of this report) and no transfer payment was made to the Castle Control

Board. The transfer of the Castle of Good Hope to the Department of Arts and Culture has been postponed.

6. Organisations to which transfer payments have been made

6.1 Transfer payments were made to the following organisations:

<i>Transferee</i>	<i>Reason for Payment</i>	<i>Accountability Arrangements</i>	<i>Voted 2005/06 Rm</i>	<i>Expenditure 2005/06 Rm</i>
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 directed by a Board of Directors appointed by the Minister of Defence. Armcor annually submits a business plan and an estimate of expenditure, which are 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 2004/05 were submitted according to payment conditions.	359,515	359,515
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 2004/05 were submitted according to payment conditions.	0,040	0,039
Medical Fund	To subsidise the Medical Fund B for Force members who retired before 1964.	Audited financial statements for the financial year 2004/05 were submitted according to payment conditions.	0,275	0,157
Part Time Force Council	To subsidise the Part Time Force Council in their 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 2004/05 were submitted according to payment conditions.	2,596	2,596

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

<i>Transferee</i>	<i>Reason for Payment</i>	<i>Accountability Arrangements</i>	<i>Voted 2005/06 Rm</i>	<i>Expenditure 2005/06 Rm</i>
Safety and Security Sector Education and Training Authority (SASSETA) previously known as the Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA)	To subsidise the administrative expenditure of the SASSETA, 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 2004/05 were submitted according to payment conditions	7,101	7,101
Special Defence Account	The acquisition of armaments	Under control of the Accounting Officer. Financial statements attached to this report	9 258,839	9 258,839
Regional Services Councils	To honour the Department's obligation to Regional Services Councils in terms of the Regional Services Councils Act, 1985	None. Payment takes place in terms of the relevant tariffs laid down by each Regional Services Council	16,633	15,144
TOTAL			9 645,000	9 643,391

7. Public private partnerships (PPPs)

- 7.1 The South African Military Health Service is still in the process to create a public private partnership 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. The project has reached the phase where National Treasury Approval IIA must be obtained. The Transaction Advisor is in the process of finalising the bid documentation.
- 7.2 The South African Navy envisages entering into a public private partnership agreement with a private service provider for the establishment of a Sea Safety Training Centre. The project has been registered at the National Treasury and the SA Navy is currently in process to compile the terms of reference for the appointment of a Transaction Advisor.

8. Corporate governance arrangements (IFAS Standard)

8.1 Standard of behaviour

- 8.1.1 **Leadership.** Senior commanders and managers of the Department exercise their leadership in accordance with the constitutional principles of transparency, good governance and accountability. Confidentiality is preserved in certain circumstances when it is in the national interest to do so.
- 8.1.2 **Codes of conduct.** Codes of conduct have been formally adopted for military members and public employees. All officials subscribed to the standards contained in these codes by signature. Disciplinary procedures are applied for non-conformance.

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

8.1.3 **Conflict of interest.** Senior managers declare their economic interest annually. Members of management bodies dealing with procurement and acquisition are required to declare potential conflicts and withdraw before commencement of meetings. All officials are required to declare gifts in registers open to scrutiny.

8.2 Departmental structures and processes

8.2.1 **Compliance.** Applicable statutes and regulations are complied with by the promulgation of ministerial directives and departmental instructions/orders and publications that are legally enforceable.

8.2.2 **Statutory accountability.** The Secretary for Defence accounts to Parliament for the management of the implementation of the Defence Vote. All departmental budget authorities are held to account by the Secretary for the economic, efficient and effective utilisation of resource to achieve the objects of their respective programmes.

8.2.3 **Communication with stakeholders.** Defence officials appear regularly before relevant Parliamentary committees on instruction of the Minister to explain departmental plans, programmes and budgets (including resource management policies) as well as account for performance. All media queries are answered through a corporate communication service.

8.2.4 **Roles and responsibilities.** 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 implement ministerial directives through the Defence Staff Council. Top level budget authorities are members of the Defence Staff Council. Subordinate boards and committees serve this Council. A formal strategic direction and control process is followed that sets the agenda for these councils, boards and committees.

8.3 Control

8.3.1 **Risk management.** Defence's risks management strategy, compiled by the Chief Financial Officer on behalf of the Secretary in his capacity as the

Accounting Officer of the Department, is aimed at setting and formalising the Department's approach to risk management and also quantifies and describes Defence's risk appetite, taking into account the materiality framework and fraud prevention plan that supports this strategy. The strategy of Defence in terms of risk management is as follows:

- Risk management forms an integral part of the total management process and is the responsibility of each official in the Department.
- All pertinent risks are identified, prioritised and action plans are subsequently developed to mitigate or minimise the materiality of these risks to an acceptable level, in line with the risk management process, as indicated in the policy on risk management.
- Risks are identified as they relate to the strategic objectives of Defence or the control systems that exist for a particular resource. All identified risks are categorised in terms of the control system elements namely policy, capacity, information system and accountability and action plans developed are then aimed at addressing these elements.

All Services and Divisions must compile risk management plans as part of that Service/Division strategic plan, in line with the Accounting Officer's guidelines and quarterly reports must be submitted on the progress on the action plans developed to mitigate these risks.



8.3.2 **Fraud investigation and prevention.** The Anti-fraud Strategy of Defence is based on three main outcomes of the National Anti-corruption Summit of 1999, namely, preventing and combating corruption, building integrity as well as raising awareness. In order to achieve the desired result, it was important to introduce a strategy to advise, direct and guide members of Defence on the approach to the seriousness of fraud. A total of five "road shows" were staged throughout the country to create a culture of honesty, openness and assistance by eliminating opportunities in order to raise fraud awareness and to promote the detection of fraud. A number of 14 890 officials were addressed during the reporting period. Defence's fraud prevention plan fits into the context of global and national measures. The Directorate Anti-corruption and Anti-fraud is the main role player in combating fraud and corruption within Defence. To

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

combat fraud requires an effective fraud prevention plan. Although detection and investigation is a reactive process, there are pro-active spin-offs in the sense that investigations have a major deterrent effect on potential fraudsters. Recommendations regarding corrective measures, as well as preventative systems, processes and policies are the main product of investigations. Successful investigations result in legal action - whether criminal, civil or disciplinary. Defence has received 128 reported cases of fraud of which 45 cases were completed to the approximate known value of R 511,000. A total of 68 cases were internally referred to institutions and divisions for investigations.

8.3.3 **Internal audit.** Internal audit comprised of both compliance and performance audit, reviewing aspects of economy, efficiency and effectiveness. Defence followed a riskbased approach in accordance with the Rolling Three-year Strategy. The audit plan covered 44 risks, of which six were low risk exposures, 19 with medium risk exposures and 19 revealed high risk exposures. As the risks were spread over the entire spectrum of risks categories, adequate management information was provided indicating where the emphasis should be placed. Internal audit provides a supportive role to management and the Audit Committee to achieve their objectives by assisting in the management of risks within Defence.

8.3.4 **Audit committee.** During the reporting period, the Audit Committee of Defence was reconstituted in accordance with the PFMA. The Audit Committee fulfilled its responsibilities in accordance with section 38 (a) of the PFMA and Treasury Regulation 3.1.13. Four scheduled and one special meeting were held. Special in-committee meetings were held with the Accounting Officer, the Chief Audit Executive and the Auditor-General respectively. Activities of the Audit Committee are formally structured in a plan, allowing the coverage of the total spectrum of risk areas that needs to be assessed and monitored, in accordance with the PFMA and National Treasury Regulations. The terms of reference, which guide the activities of Defence's Audit Committee, were reviewed by the Audit Committee during the reporting period and was recommended for approval by the Accounting Officer.

8.3.5 **Internal control.** A framework of internal control has been implemented for financial management in the Department. The framework consists of the var-

ious resource sub-systems of control that have impact on the revenue, expenditure, assets and liabilities of the Department. Each sub-system is evaluated bi-annually for compliance with the regulatory framework taking risks and adverse audit findings into account. Certain control systems are inefficient but are being improved through corrective measures that are monitored through the related management council or board.

8.3.6 **Budgeting and financial management.** The departmental strategic business plan and related budget is tabled in Parliament and authorised by the related Appropriation Act. The plan, programme and budget is based on Government's Plan of Action and related guidelines by the Minister, Secretary for Defence and Chief of the National Defence Force. Budgeting is integrated with the accounting and cash management functions. The Minister, Secretary for Defence and budget authorities monitor execution of the budget monthly regarding expenditure, cash flow including improper expenditure and under-collection of revenue. The financial management system is still cash-based, therefore financial information for decision-making is fairly limited. The system is being developed to support revenue management on par with expenditure management.

8.4 External reporting

8.4.1 **Annual report.** The Minister tables the annual report including financial statements to provide an account of the Department's performance against the objectives set in the strategic business plan and of its financial position and performance against the appropriate budget.

8.4.2 **Accounting standards.** The financial statements are set out in accordance with generally recognised accounting practices (GRAP).

8.4.3 **Performance measures.** The performance measures for departmental outputs are set out in the strategic business plan as measurable outputs and targets. The actual performance against these measures is reported in the main portion of the annual report. The performance measures to ensure that resources are procured economically and utilised efficiently and effectively have not been established since the financial management information system is still cash-

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

based and the other resource management information systems are not integrated. The implementation of the integrated financial management system described below will enable the establishing of performance measures for resource utilisation.

- 8.4.4 **External audit.** An objective and professional relationship has been established with the Auditor-General. The Secretary for Defence chairs first and final audit steering committee meetings. Co-ordination meetings are held with the Secretary for Defence quarterly and with the Chief Financial Officer monthly. The Audit Committee co-ordinates the internal audit programme with that of the Auditor-General.

8.5 Occupational Health and Safety (OHS)

- 8.5.1 The Surgeon General is the delegated authority to 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.
- 8.5.2 Non-compliance with governance is vigorously investigated in conjunction with the inspectorate of the Department of Labour to enforce corrective actions. All corrective actions are monitored to ensure that it is reasonably practical to eliminate or mitigate the hazards and risks before resorting to personal protective equipment.
- 8.5.3 Daily 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. The shortages of specialised resources, including occupational hygiene, are constantly being addressed.
- 8.5.4 Current challenges include OHS restructuring delays, the OHS awareness training at all levels of command, the human resources to manage the work environment, risks and quality related governance and the restricted manage-

ment of the non-compliance with the Facilities Regulations and Ammunition and Explosives Regulations of the OHS Act, No 85 of 1993.

- 8.5.5 The suitable rehabilitation of Defence facilities in compliance with the OHS Act is being supported by the government to correct the funding constraints experienced within Defence and at the Department of Public Works.
- 8.5.6 Policy developments include the revised Defence instruction on OHS Management, the hearing conservation policy and an OHS Manual for commanding officers and supervisors in the SA National Defence Force. Under revision are the policies on the prevention of occupational stress fractures during military training, immunisation, tobacco control (smoking policy), occupational health monitoring and a joint defence publication on the OHS management system in Defence. A complete OHS practitioner's manual has been completed and will soon be available in the form of an information database loaded on the Defence Intranet. This will enable all commanding officers, supervisors and Defence personnel to be empowered with occupational health and safety management tools.

8.6 Environmental matters

- 8.6.1 **Green soldiering.** The aim of environmental management in Defence is to ensure the sustainable management of military activities and facilities. This applies not only to military training establishments but also to its activities outside those establishments, both inside and outside the borders of the RSA. Although military activities by nature tend to be destructive, the environmental footprint of its activities can be reduced or mitigated by careful planning and execution. The emphasis is on integrating environmental considerations in every process and activity of Defence. In order to achieve this aim, a variety of environmental programmes as mentioned below are being implemented.
- 8.6.2 **Environmental Management System.** Defence is in the process of developing an Environmental Management System based on principles of ISO 14000. The primary aim of the system is to ensure the integration of environmental con-

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

siderations in every core process of Defence. A draft Environmental Management System is currently being tested at several military bases to determine feasibility and applicability. This trial phase continued during the reporting period. An ISO 14000 course was presented to 50 key officials in order to build capacity, there a lack of present capacity and dedicated posts to perform environmental management at base level jeopardises the effective implementation of the Environmental Management System.

8.6.3 **Environmental considerations in operations (EC OPS).** Good progress was made with the integration of environmental considerations in the planning and execution of military exercises and operations to ensure that a minimal footprint is left during and after peace support and other operations. Environmental management was fully involved in the large joint Exercise Ndlavo. It was also involved in the planning of the peace support operation in the Comores and employs an environmental management staff member during the operation. A manual on EC OPS was developed in co-operation with the Defence Department of the United States of America which will form the basis for Defence's policies and procedures on this matter. A draft manual on EC OPS was finalised during the reporting period.

8.6.4 **Operation Vuselela.** As a sub programme of the Working for Water programme, Operation Vuselela deals with the eradication of alien invasive plants on military properties utilising unemployed military veterans, in order to comply with relevant legislation and ensure the sustainable availability of these properties for military purposes. This is a partnership programme with the Department of Water Affairs and Forestry. In this regard, a formal agreement between the Minister of Water Affairs and Forestry and the Deputy Minister of Defence was signed during the reporting period. A National co-ordinating committee has been established to manage the implementation of this programme. Steady progress is made while teething problems are being resolved.

8.6.5 **Water efficiency programme.** A start was made with the development of a water efficiency programme for Defence in co-operation with the Departments of Public Works and Water Affairs and Forestry in order to reduce water usage by Defence. This initiative will have financial benefit of cost reduction as well as an environmental benefit of reduced pressure on available water resources.

8.6.6 **International co-operation.** The joint RSA - USA Environmental Security Working Group, under the Defence Committee, continued to work on several projects. Two RSA Defence officials were invited to attend the Biennial European Command Environmental Impact Assessment Conference in Germany. A joint Manual on Environmental Impact assessment in the Military was finalised, printed and distributed.

8.6.7 **Environmental policies.** Several policies on Environmental Working Groups, emergency grazing on Defence properties, incinerators, game management, environmental awards programme and the management of natural vegetation on Defence properties were finalised during the reporting period and are ready for final approval and promulgation.

9. Discontinued activities/activities to be discontinued

9.1 Discontinued activities and activities to be discontinued are described in Chapter 1 of the Annual Report.

10. New and proposed activities

10.1 New and proposed activities are described in Chapter 1 of the Annual Report.

11. Asset management

11.1 Progress with Asset Management Reforms is described in Chapter 10 of the Annual Report.

12. Events after the reporting date

12.1 No significant events are reported.

13. Performance information

13.1 Performance information is comprehensively reported in Chapters 3 to 11 of the Annual Report.

14. SCOPA resolutions

14.1 The DOD received the SCOPA Resolutions on the 2002/2003 and 2003/2004 financial years on 16 September 2005. (There was no SCOPA Hearing in 2004,

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

<i>Financial year 2002/2003 and 2003/2004</i>	<i>SCOPA Resolutions dated 14 Sep 05</i>	<i>Recommendations by SCOPA</i>	<i>Progress on Action Plans</i>
Page 143, par 3.1	Par 2 - Contingent Liabilities and Leave	Implementation of a reliable system that generates accurate, detailed management information.	The amended PERSOL leave system was successfully implemented on 8 September 2005.
		Leave credits are disclosed in the financial statements as prescribed.	Accurate data on leave credits and the monetary value thereof is now retrieved from the system.
		Adherence to all relevant rules, regulations and instructions of the internal control system.	CSANDF has instituted numerous control measures to further strengthen internal controls over the administration of leave and compliance by all members. The Secretary for Defence has instructed that members responsible for non-compliance be disciplined.
		Proper management controls, including independent checking and reviewing of attendance and leave registers.	
Page 144, par 3.2	Par 3 - Physical and Intangible Asset Movement Schedules	Establish a single logistical system or upgrade the present logistical system to make provision for accrual accounting.	The DOD is busy migrating existing systems to the OSIS system. Enhancements needed to comply with accrual requirements are not feasible. Estimated completion date for migration is December 2008.
		Submit timeframes for implementation of a system that is integrated and able to report the financial information required.	The DOD is reliant on the National Treasury (NT) project regarding the implementation of an Integrated Financial Management System. The completion date for this project is possibly December 2010.
Page 144-146, par 5.1	Par 4 - Inventory, Machinery and Equipment	Internal control procedures be revised and improved where necessary.	CSANDF has instructed Services and Divisions to revise and improve their internal control procedures.
		Vacancies should be filled with skilled personnel, relevant training should be given and Portfolio Committee on Defence should monitor progress.	Posts are being identified and staffed. Training is done via the existing Command and Staff programs. The Portfolio Committee on Defence is briefed regularly regarding progress made.
		Disciplinary action is to be taken where non-compliance is detected.	Delegations are being revised and implemented to ensure accountability and compliance.

DEPARTMENT OF DEFENCE, VOTE 21

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

<i>Financial year 2002/2003 and 2003/2004</i>	<i>SCOPA Resolutions dated 14 Sep 05</i>	<i>Recommendations by SCOPA</i>	<i>Progress on Action Plans</i>
		Storage facilities are to be upgraded.	C Log is tasked to engage DPW to affect upgrades where needed.
		The reporting structure should be investigated to ensure that officers commanding are held responsible.	Some GSBs are being decommissioned and delegations are given back to Service Chiefs and their level 4 commanders to ensure a wider span of control.
		Logistic systems are to be integrated.	Implementation of the IFMS by NT will achieve this requirement.
		Disposal plans must be finalised on time and SCOPA must receive a progress report within 60 days of tabling this report.	Disposal plans are monitored via quarterly reports submitted to the Logistics Staff Council. A progress report was submitted to SCOPA on 26 October 2005.
Page 144, par 3.4	Par 5 - Purchases and Payables (Accruals)	An integrated system must be implemented to ensure compliance with accrual accounting principles or the current systems must be upgraded/replaced or National Treasury must revisit its requirements on disclosure.	The DOD is working with NT to implement a suitable IFMS. The DOD is currently busy migrating its Log systems to OSIS. NT granted the DOD approval to deviate from the prescribed accounting practices for 2004/2005 and 2005/2006 FYs in respect of accruals.
Page 144, par 3.3	Par 6 - Departmental Income	Steps to ensure that monies received are regularly reconciled and checked by senior personnel at unit level; and systems must be reconfigured to ensure that income can be managed and controlled at unit level.	The Revenue Management Policy was revised and promulgated. A Tariff Policy and Database are being developed whilst budget guidelines were enhanced to include revenue estimates. Performance agreements of Chiefs of Services and Divisions were amended to include the responsibility for revenue collection.
Page 144, par 3.5	Par 7 - Irregularities and Losses	Losses must be reported and the loss register must be updated, reviewed and reconciled regularly.	The policy was revised and is being promulgated to ensure compliance. Chiefs of Services and Divisions issued additional instructions to enhance internal controls.
		Training in financial management for senior personnel at unit level must be implemented.	E-learning and awareness programs are being implemented. Formal compulsory courses are being developed for implementation.

DEPARTMENT OF DEFENCE, VOTE 21

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

<i>Financial year 2002/2003 and 2003/2004</i>	<i>SCOPA Resolutions dated 14 Sep 05</i>	<i>Recommendations by SCOPA</i>	<i>Progress on Action Plans</i>
Page 146, par 5.2	Par 8 - Land and Buildings	A complete and accurate facility register is kept.	Monthly meetings are held and training is given to ensure compliance.
		Proper maintenance of buildings is carried out by the DPW, over and above maintaining buildings by the DOD itself.	A maintenance and repair plan was compiled and implemented, covering a ten year period. NT made additional funds available, it is however, not enough to eliminate the maintenance backlog.
		Timely decisions are made to either restore or demolish uninhabitable buildings to reduce third party liability.	The DOD and DPW are identifying uninhabitable buildings to be demolished. DPW must however authorises all decisions regarding buildings to be demolished.
		The current land and buildings register inventory must be submitted to SCOPA within 30 days of the tabling of this report.	The DOD's land and building register was submitted to SCOPA on 31 May 2005 in electronic format.
		Submit to SCOPA a plan of action on how the Department will minimise possible health and safety risk that could result in the DOD becoming liable to third parties due to the uninhabitable status of buildings.	Commanding Officers are provided with OHS practitioners who assist them to ensure compliance with OHS prescripts. A detailed plan was submitted to SCOPA on 26 October 2005.
		A completed and integrated land inventory must be established in consultation with the DPW and Department of Land Affairs.	A land management forum was established on 20 April 2005 with participation of the DOD, DPW and the Department of Land Affairs. The forum reports to the Director Generals on a bi-monthly basis.
		Report within 90 days on how the above problems are being addressed.	A detailed plan was submitted to SCOPA on 26 October 2005.
Page 146, par 5.3	Par 9 - Gifts, Donations and Sponsorships	Revision of internal control measures to ensure that all gifts, donations and sponsorships are reported and reflected correctly in the financial statements.	Two policies were promulgated in December 2005 a register and control measures are being implemented to enhance accurate registering and reporting of gifts, donations and sponsorships.
Page 146, par 5.4	Par 10 - Commuted Overtime	Implementation instructions and contracts for commuted overtime must be updated.	The SA Medical Health Services (SAMHS) instruction was updated and promulgated to enhance management and control of commuted overtime.

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

<i>Financial year 2002/2003 and 2003/2004</i>	<i>SCOPA Resolutions dated 14 Sep 05</i>	<i>Recommendations by SCOPA</i>	<i>Progress on Action Plans</i>
		Monitoring of commuted overtime to prevent over/underpayment.	SAMHS submitted an action plan on the improvement of internal controls, which is closely monitored by the Surgeon General.
Page 147, par 5.7	Par 11 - Information Systems	Improvement of CALMIS security management. A report must be submitted to SCOPA within 60 days of tabling this report.	SITA implemented a register on 11 March 2005 to log all Database Administrator activities. The DOD is monitoring these actions. Oracle logs were activated by SITA on 31 March 2005. A report was submitted to SCOPA on 26 October 2005.
Page 146, par 5.5	Par 12 - Revenue and Receivables (Foreign Aid in Kind)	The Committee recommends that a progress report be submitted to SCOPA within 30 days.	Two policies were promulgated and internal control measures were implemented on 1 April 2006 to enhance accurate registering and reporting of gifts, donations and sponsorships. A report was submitted to SCOPA on 26 October 2005.
Pages 49 & 89	Par 13 - Rooivalk Helicopter	The DOD must submit to SCOPA a <u>cost benefit analysis of the project</u> and how future operational cost will be funded.	A report on the operational requirement, acquisition costs and process as well as the life cycle operating costs was submitted to SCOPA on 26 October 2005.

thus both 02/03 and 03/04 financial years were covered during the SCOPA Hearing held on 9 March 2005). The DOD prepared answers to these Resolutions that were submitted to SCOPA on 31 May and 26 October 2005 respectively.

14.2 The DOD is still awaiting notification from SCOPA regarding a hearing date to discuss Defence's 2004/2005 annual report.

15. Progress with financial management improvement

15.1 Defence has entered the third phase of a long-term strategy reported on previously to improve the financial management of the Department substantially. 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, an integrated financial management information system supporting generally recognised accounting practices, building of departmental capacity and reinforcing accountability arrangements.

15.2 Departmental directives, instructions and publications are being reviewed and promulgated for all aspects of resource management having impact on the execution of defence programmes in general and its financial status in particular. These prescripts implement the public financial management regulatory framework, define processes and procedures for the efficient and effective management of resources and establish clear responsibilities, authorities and accountabilities for officials. Non-compliance with these prescripts constitutes financial misconduct that is investigated and dealt with according to the disciplinary arrangement applicable to the particular offence.

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

- 15.3 The principle constraint in the third phase has been the legacy resource management information systems that are unique to Defence and were developed independently from a cash-based transaction-processing origin. These systems are unable to support emergent generally recognised accounting practices including reporting requirements and are inadequate to detect and prevent non-compliance with financial management policies and instructions. The cost-effectiveness of developing and integrating these systems to support compliance with the emergent accounting standards and financial reporting requirements is questionable. Cabinet has decided that a common integrated financial management information system that supports recognised accounting practices be implemented in the next five years. Defence is thus obliged to continue with the legacy resource management information systems making only essential enhancements to accommodate policy changes and breach serious control weaknesses.
- 15.4 Defence is proceeding with its undertaking given to the Standing Committee on Public Accounts to immigrate its four logistic accounting systems with a single system with reliable data. This will improve Defence's ability to comply with the requirement to report the value of assets on the accrual basis as well as facilitate an expedient migration to the envisaged asset management module of the envisaged integrated financial management information system.
- 15.5 Defence is busy implementing new structures for resource management systems such as personnel, matériel (including supply chain) and information management. Structural components are being consolidated and streamlined to improve efficiency and accountability arrangements. Personnel are undergoing functional and skills training based on the duties and authorities defined in departmental prescripts. An in-house training programme for the statutory general financial management responsibilities contained in PFMA Section 45 has been designed and will be implemented during the financial year 2006/2007 as a medium term project to train all departmental officials.
- 15.6 The Accounting Officer chairs a monthly Accountability Management Committee through which all cases of non-compliances with financial management prescripts (identified by departmental detective measures as well as internal and external audit findings) are dealt with. The effectiveness of this committee has been improved by the compulsory attendance of top managers to personally account for non-compliance with departmental prescripts by officials within their respective areas of responsibility. It is foreseen that this committee will amalgamate with the Defence Staff Council by incorporating accountability into the strategic control aspects of the latter's agenda.
- 15.7 The migration from a cash basis of accounting to the accrual basis of accounting being imposed by the National Treasury poses a serious challenge to the Department to comply with the emergent practices and reporting requirements given the current state of the legacy resource management information systems and organisational capacity. Defence nevertheless remained committed to active participation in National Treasury financial management improvement initiatives during the reporting period by providing 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.
- 15.8 Defence will not be able to achieve unqualified financial statements, unless deviations from certain reporting requirements are authorised, until such time as the IFMS has been developed and implemented in the Department.
- 15.9 Deviation requested from the National Treasury for the financial year 2005/2006 were approved (dated 31 March 2006) with detail as below:
- Accounting policy on accruals has been adjusted to exclude goods and services, received but not invoiced, there this amount cannot be determined due to the non-integration of financial and logistic systems.
 - The Capital Tangible Asset Movement Schedule and the Software and Other Intangible Assets Movement Schedule have been omitted from the schedules to the financial statements, therefore the asset register cannot provide the required amounts.

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2006 (continued)

- Where comparative figures for new disclosure requirements are not disclosed, a note in this regard has been included.
- The disclosure note on Receivables for Departmental Revenue is omitted from the Financial Statements. This disclosure will only be provided in the 2006/2007 financial year after implementation of a manual system to record the required information.

Approval

The audited Annual Financial Statements set out in pages 245 to 261 have been approved by the Accounting Officer.

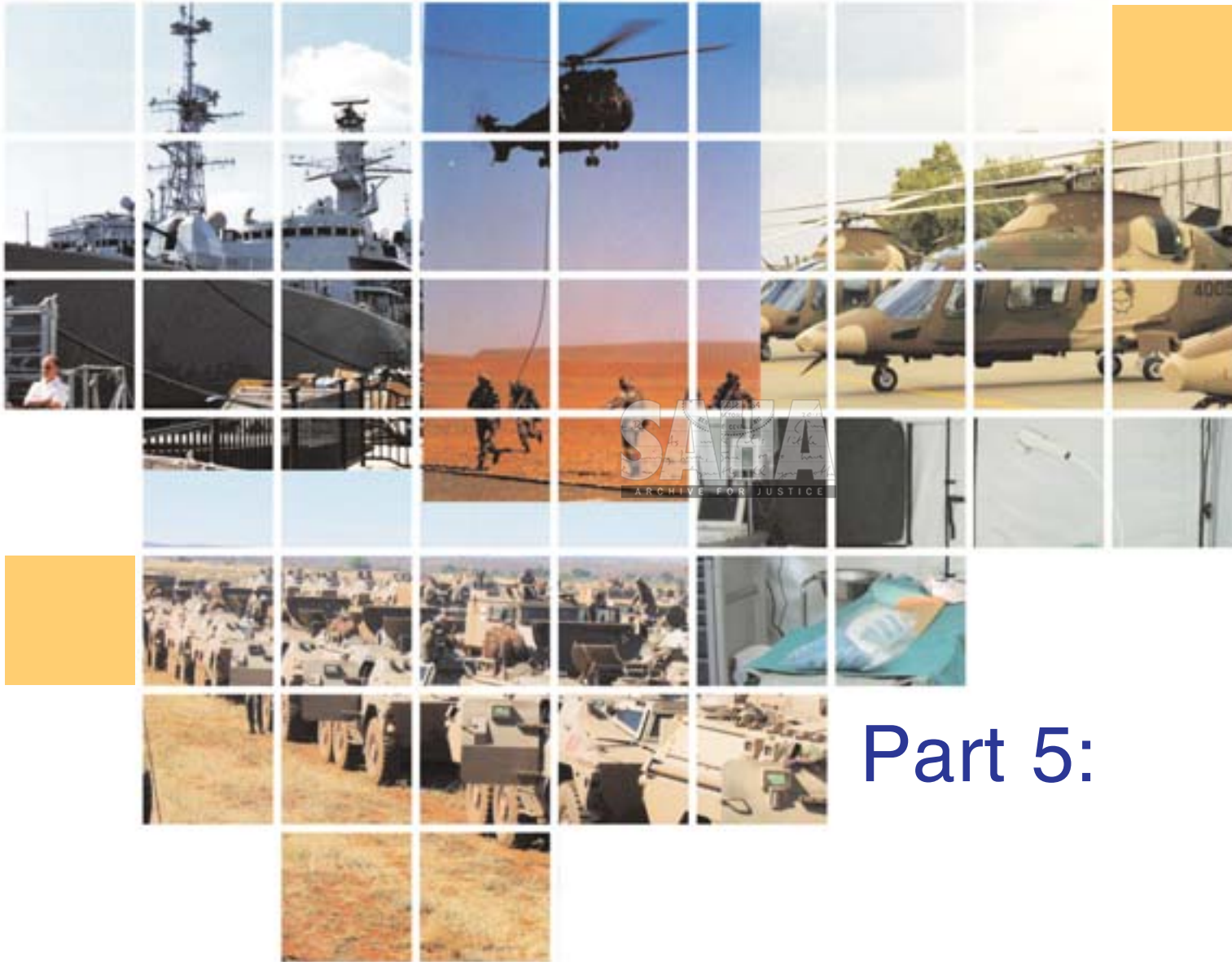


(JB Masilela)
Secretary for Defence: Director General

Pretoria

31 July 2006





Part 5:

AUDITOR-GENERAL'S REPORT ON DOD FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 21 - DEPARTMENT OF DEFENCE for the year ended 31 March 2006



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 278 to 352, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 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). This exclusion relates to the timing of guidance from National Treasury. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

Except for the matters disclosed in paragraphs 4.1 and 4.4, the audit was conducted in accordance with the International Standards on Auditing, read with *General Notice 544 of 2006*, issued in *Government Gazette* no. 28723 of 10 April 2006, and *General Notice 808 of 2006*, issued in *Government Gazette* no. 28954 of 23 June 2006. 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
- evaluating the overall financial statement presentation

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The department's policy is to prepare the financial statements on the entity's specific basis of accounting described in note 1.1 to the financial statements.

4. QUALIFICATIONS

4.1 Travel and subsistence: R567 669 000 (2004-05: R577 701 000)

The sample drawn from the Financial Management System (FMS) to test the validity of travelling and subsistence claims could not be traced back to the relevant documentation supporting the claims. This is attributed to a system deficiency in the FMS which resulted in a limitation of scope as only 28% of the identified sample could be tested for validity. No practicable alternative procedures could be performed.

4.2 Departmental revenue

Included in the amount of revenue disclosed in note 2 to the statement of financial performance, departmental revenue generated for the financial year by the department amounted to R160 555 000 (excluding R121 776 000 as Special Defence Account revenue and R446 805 000 as reimbursements received in respect of foreign operations) compared with R172 291 000 (excluding R121 392 000 as Special Defence Account revenue and R172 059 000 in respect of foreign operations reimbursements) of the previous year. As was the case in the previous year, sufficient appropriate audit evidence could not be obtained as to the completeness of revenue. This is mainly attributed to a lack of internal controls, specifically insufficient reconciliation, review procedures and non-compliance with policies and procedures.



4.3 Housing loan guarantees: R123 026 000 (2004/05: R124 386 000)

I could not reach a conclusion on the accuracy and validity of the housing loan guarantees as disclosed in note 21 and annexure 3A to the financial statements. The lack of independent management reconciliation and review contributed to the following:

- Guarantees that were closed/cancelled/released or do not exist at the financial institutions, still appear on Persol.
- The guarantees as reflected on Persol differ from the balance according to the financial institution.
- Annexure 3A contains guarantees in respect of a financial institution that no longer exists.
- Guarantees were approved and captured on Persol at an amount higher than the approved maximum loan amount.
- Not all files requested for audit purposes could be submitted.
- Guarantees were issued for employees who do not hold the title deeds on properties.
- Certain guarantee amounts did not correspond to the bond information obtained from the Deeds offices.

4.4 Rank review audit

With reference to paragraph 5.12 on page 178 of my previous report, the follow-up audit, performed on a test sample basis of the separate rank adjustment process of 384 non-statutory force members was finalised during the 2005/06 year. Sufficient and appropriate documentation in terms of the set criteria supporting the validity of each case could not be submitted for audit purposes. The total salary costs associated with those who benefited from this rank review process have accumulated over three financial years and the validity of these costs could not be confirmed. No reasonable alternative procedures could be performed to quantify the invalid expenditure. A certain portion of the salary costs associated with the rank review process becomes invalid as the re-ranking was granted without the predetermined criteria being met and therefore constitutes irregular expenditure in terms of section 45(c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999). This should be accounted for as such and dealt with accordingly.

5. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements have been prepared, in all material respects, in accordance with the basis of accounting described in note 1.1 to the financial statements.

6. EMPHASIS OF MATTER

Without further qualifying the audit opinion, attention is drawn to the following matters:

6.1 Comprehensive basis of accounting

The National Treasury (NT) granted the Department of Defence (DOD) approval to deviate from the prescribed comprehensive basis of accounting for the year ended 31 March 2006, as indicated in accounting policy 1.1 and paragraph 15.9 of the accounting officer's report in respect of the following notes to and requirements for the financial statements:

- Note 23: Accruals - Accruals only include goods and services received for which an invoice had been received but final authorisation for payment had not been effected on the system, and did not include goods and services received where an invoice had not been received. This resulted in an understatement of the accruals in terms of the amended accounting policy following the deviation approved by the National Treasury for the department. It is not possible to quantify the amount of this understatement.
- The physical asset movement schedule was not completed - Disclosure was limited to additions paid for or for which an invoice had been received at year-end as disclosed in note 8 and note 23. It did not include the opening balance, additions, disposals and closing balance not paid for or for which an invoice had not been received at year-end. It was not possible to quantify the effect of these omissions as the asset register in use is not adequate for these purposes;
- Software and other intangible asset movement schedule - The reasons for this are as stated in the foregoing bullet;
- The note - Receivables for departmental revenue has been omitted from the disclosure notes and is dealt with in the accounting officer's report.

Consequently, the accounting policy in respect of receivables will not address revenue receivables; and

- Note 8: Expenditure on capital assets - The prior year figure includes capital expenditure in respect of machinery and equipment. For the current year capital expenditure has been separated in the 2005-06 financial year. Due to the foregoing, the comparative figures for capital expenditure on machinery and equipment have not been disclosed in note 8.

6.2 Employee benefit provisions - Note 24: R1 523 881 000 (2004-05: R1 307 308 000)

The internal controls in respect of the leave administration system remain deficient. This can mainly be attributed to insufficient independent management reconciliation and review. The following findings, similar to those reported on in paragraph 5.5 on page 175 of my previous report, were brought to the attention of the department.

- Leave application forms were not timeously captured electronically, not filed regularly and not approved;
- Parade registers were not completed daily, nor approved and/or reconciled with the leave system;
- Leave files and attendance registers could not be submitted for audit purposes;
- Supporting documentation, such as medical certificates and leave cancellation requests, are not on members' files;
- Leave registers were not kept as prescribed and the leave days did not agree to the Persol system; and
- Leave printout forms are not attached to the application forms as proof of capturing.

The above deficiencies could result in leave entitlement as disclosed in note 24 to the annual financial statements being overstated.

6.3 Irregularities and losses

With reference to paragraph 3.3 on page 172 of my previous report, the quantum of other material losses of items expensed in previous periods is not disclosed this year (2004-05: R48 711 000). The lack of independent management reconciliation and review in respect of irregularities and losses resulted in the following internal control weaknesses:

- No evidence exists that cases of losses and damages are followed up on a regular basis. In certain instances, cases are not reported or actions taken to recover losses from members;
- Various files pertaining to losses could not be submitted for audit purposes;
- Loss and damage registers were not properly maintained and critical information was omitted and was not regularly checked by management to ensure accuracy and completeness.

6.4 Management of inventories, machinery and equipment

(a) With reference to paragraph 5.2 on page 172 of my previous report, the audit conducted on the management of inventories, machinery and equipment for the current year still revealed the same weaknesses in internal controls as reported in prior years. This matter could primarily be attributed to a lack of independent management reconciliation and review, and non-compliance with management policies and procedures at operational and unit level. The following are the key findings:

- Controls over the general administration of demands were found to be inadequate.
- Controls over the issue and receipt vouchers and the registers for receipt and issue vouchers were found to be deficient.
- Inventory and equipment recording was not always complete and accurate, resulting in discrepancies between physical stock on hand and the asset register.
- 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 state incurring material losses.
- Handing over and taking over certificates were not always completed during shift changes.
- Segregation of duties was compromised on a number of occasions.

(b) Management failed to monitor compliance with policies and procedures in respect of the personnel responsible for the management of stock and equipment.

(c) Stock takes were not performed at all units/General Support Bases (GSBs) during the year and certain units/GSBs failed to submit stocktaking certificates on or before 31 March 2006. An evaluation of a report drawn from SITA in respect of items frozen for stocktaking during the 2005-06 financial year for all units, indicated that many of the units that had submitted stocktaking certificates



failed to freeze all the ledger accounts at the time of the count. The certificates received from these units are therefore doubtful as to their accuracy, as a complete stocktaking, could not have been established.

- (d) In numerous instances discrepancy vouchers have still not been approved for the 2005-06 financial year.
- (e) Internal controls over the security and general administration of vehicles, weapons and ammunition were found to be deficient. This could mainly be attributed to a lack of independent management reconciliation and review, and policies and procedures not being adequately applied and/or adhered to.
- (f) Foreign operations

As reported in previous years, the shortcomings listed below can mainly be attributed to the absence of an appropriately documented and approved policy and procedure framework for asset management, specifically relating to foreign military operations. The following control weaknesses were identified:

- Controls over the raising of demands were lacking (goods and services);
- Insufficient segregation of duties on the authorisation, checking and approval level with regard to transactions. This exposes the DOD to an unacceptable level of risk;
- Registers for receipt and issue vouchers are not properly maintained;
- Inventory and equipment were not recorded completely and accurately, mainly due to a backlog of issue and receipt vouchers;
- 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 incorrect destinations or operations.

6.5 Regional Services Council levies R15 144 000 (2004-05: R14 855 000)

A test for completeness revealed that the amount paid in respect of Regional Services Council levies, as disclosed in note 7 and annexure 1A to the financial statements, is understated by an amount of approximately R10 000 000.

This is attributed to a lack of independent management reconciliation and review in ensuring the completeness thereof and all taxable remuneration not being included when the calculation was done.

6.6 Land and buildings

With reference to paragraph 5.3 on page 174 of my previous report, the audit conducted on land and buildings revealed the following:

- (a) Uncertainty still exists as to 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.
- (b) Some units do not have access to the FR system, whilst most of the other units audited during the period under review could not use the system since none of the members had training in operating the system.
- (c) At some of the units, the following deficiencies were found:
 - Unauthorised sub-leasing and rental of state property to private businesses.
 - Buildings could not be physically inspected due to the fact that the precise location could not be determined.
 - The schedule of unutilised space was not submitted to the Facility and Environmental Maintenance Manager on a monthly basis.
 - Documentation for renovations/structural changes could not be provided.
 - Certain buildings that are currently occupied were in a very poor condition and in certain instances even declared not suitable for human habitation. This posed a major health and safety risk, which could result in the DOD becoming liable to third parties.

The above can mainly be attributed to a lack of appropriate authorisations and insufficient independent reconciliation and review by management.

6.7 Gifts, donations and sponsorships

The completeness of gifts, donations and sponsorships made and received in kind, as disclosed in annexures 1F and 1H to the annual financial statements could again not be verified. Due to a lack of independent reconciliation and review by management, not all GSBs have submitted returns to Log Support Formation for consolidation, and material items disclosed could not be reconciled with the consolidated information.

6.8 Compensation of employees

- (a) The audit on the schedule name lists revealed certain weaknesses in the inter-

nal controls, which can be attributed to insufficient independent reconciliation and review. The following are the key audit findings:

- Some schedule name lists could not be submitted or were not signed by the responsible person.
- Schedule name lists were not always compared with attendance and leave registers to ensure the actual strength of the units nor did they reconcile.
- In some instances schedule name lists could not be audited because no schedule name lists were requested by management from Persol for the purpose of certification, as prescribed by the department's approved policies.

The above-mentioned inefficiencies surrounding the administration of schedule name lists impact on the correctness and validity of salary payments.

- (b) *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 White Paper and Review.

There has, however, been an increase in the number of approved posts from 95 088 in 2005 to 102 048 in the current year, of which 77 858 posts were filled. Based on these approved posts, the achievement of the 2010 goal of 70 000 approved posts does not appear to be realistic. Note should, however, be taken of the strategic initiatives set out in paragraph 1.1.2 of the report of the accounting officer.

The department has indicated that the process of establishing an approved structure in line with the 70 000 establishment target can only be achieved in the medium to long term.

6.9 Inspector General (IG)

For external audit purposes, no reliance could be placed on the audit work performed by the IG, due to the following factors:

- The main objective of the audits performed by the IG was to determine the level of compliance with internal policies and procedures. These audits did not focus on the financial controls necessary to substantiate

financial information as disclosed in the financial statements;

- The IG has not undertaken the full scope of internal audit work as required by the National Treasury and specified in Treasury Regulations 3.2.11(b) and 3.2.8.

6.10 Accruals - note 23: R155 100 000 (2004-05: R54 216 000)

Cut-off testing revealed that the accruals as recorded are incomplete. Accruals as disclosed in note 23 to the financial statements are therefore misstated by an unknown amount. In this regard the department refers to an error margin of approximately 29%. This is attributable mainly to a lack of independent review of accruals by management.

6.11 Operating lease commitments - note 25: R8 060 000 (2004-05: R17 499 000)

The completeness of the operating lease commitments as disclosed in the annual financial statements could not be confirmed. This can mainly be attributed to insufficient reconciliation between the number of items currently leased and recorded by the department and that indicated by the suppliers.

6.12 Prepayments and advances - note 12: R144 659 000 (2004-05: R29 714 000)

A lack of independent management reconciliation and review resulted in inadequate controls over the general administration of advances in that:

- Files could not always be submitted for audit purposes; and
- Files did not contain sufficient supporting documentation due to a substantial backlog in filing;

6.13 Local and foreign aid received

The completeness of local and foreign aid received in kind could not be confirmed due to a lack of record keeping as required by the policy and processes on Official Donations and Sponsorships to and by the Department of Defence.

6.14 Recoverable revenue - R62 461 000 (2004-05: R71 331 000)

The department did not have information supporting the movement of recoverable revenue, as disclosed in the statement of changes in net assets, readily

available for audit purposes. This could mainly be attributed to a lack of independent management reconciliation and review in ensuring the accuracy of the movement of recoverable revenue and compliance with the guide on preparation of annual reports issued by the National Treasury.

6.15 National Conventional Arms Control Committee (NCACC)

With reference to paragraph 5.8 on page 176 of my previous report, there is still uncertainty regarding my access to third-party information. As a result, I have not performed compliance procedures in the following areas of the NCACC responsibilities:

- 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.

The following matters brought to the accounting officer's attention also have an impact on the audit:

- No constitutions or any other formally approved policy and procedures are in place to regulate the functioning of the NCACC or the scrutiny committee and the administrative function of the Directorate Conventional Arms Control (DCAC).
- The inspectorate function for the NCACC, as required by section 9 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002) (NCAC Act), has been established but not yet staffed.
- The investigative report on the sale of small arms and ammunition has been submitted to the NCACC; however, I was still unable to obtain evidence as to what action would be taken against the parties responsible for the initial sale of military small arms ammunition and/or any other steps taken.
- The Director of the DCAC has been on suspension since late November 2004 pending the outcome of the forensic investigation. At the time of compiling this report I was still awaiting further information from the Secretary for Defence to assess the impact this incident may have on the audit of the NCACC.

As a result of the above and the unresolved matters referred to in the 2004-05 audit report, I am still unable to perform the compliance audit as required by sections 4, 12(2), 14 and 23 of the NCAC Act.

6.16 Service Corps

As the audit covers the period since the inception of the Service Corps (1995), a substantial portion of information/ documentation was not readily available and thus the audit could not be finalised. I shall report thereon in my next audit report.

6.17 Information systems audit

A follow-up information systems audit of the general controls surrounding the payroll, financial administration and inventory management systems as completed during September 2005 and the findings were reported to the accounting officer.

The follow-up audit indicated that little progress had been made in addressing the weaknesses previously identified, which are as follows:

- The information system security steering committee had not yet been formally established to provide direction and support in the management of information and communication system security at the department;
- A formal, updated and tested disaster recovery plan had not been established;
- Programmers had access to modify data in the production environment and their activities were not reviewed by an independent person;
- No formally documented user account management procedures were available for system maintenance and support personnel;
- Duties such as the critical functions of database and operating system administration were still not adequately segregated;
- Various weaknesses were identified in the security settings, i.e. users were not required to change their passwords regularly; and
- Physical access controls and fire-extinguishing measures at the Blenny and Loftus computer rooms were still inadequate.

At the time of compiling this report, the accounting officer's comments, dated 20 April 2006, referred to various corrective measures to be taken to address the weaknesses identified.

6.18 Intellectual property

With reference to paragraph 5.11 on page 177 of my previous report, the department has not yet implemented the approved policy and procedures. As a result of this, the completeness of intellectual property could not be confirmed, mainly due to the incompleteness of the register of defence intellectual properties.

6.19 SCOPA resolutions

The department has adopted a number of initiatives in response to the previous years' SCOPA resolutions, as indicated in paragraph 14 of the accounting officer's report. The impact of these initiatives on the above-mentioned matters will only become visible and be audited during the next financial year's audit.

7. APPRECIATION

The assistance rendered by the staff of the Department of Defence during the audit is sincerely appreciated.

Shaupol Fakie

Auditor-General

Pretoria

31 July 2006



DEPARTMENT OF DEFENCE VOTE 21

ACCOUNTING POLICIES for the year ended 31 March 2006

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), and the Treasury Regulations issued in terms of the Act.

1. Presentation of the Annual Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where the National Treasury approved departure thereto, which deviations are listed below. 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 or when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Deviation from the modified cash basis of accounting:

- 1.1.1 Disclosure on physical asset movement schedule.
- 1.1.2 Disclosure of software and other intangible assets schedule.
- 1.1.3 Note: Receivables for departmental revenue.
- 1.1.4 Note 8: Expenditure on capital assets.

- 1.1.5 Note 23: Accruals. The amended accounting policy for accruals is referred to in 5.3 hereunder.

The reasons for the deviations are inadequacy of legacy systems in use and the volumes of transactions which rule out prohibits manual efforts.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

ACCOUNTING POLICIES for the year ended 31 March 2006 (continued)

2.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2.1 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

2.2.2 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.2.3 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

2.2.4 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.2.5 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. Amounts receivable at

the reporting date are disclosed as part of the disclosure notes to the annual financial statements.

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.

2.2.6 Gifts, donations and sponsorships

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as revenue in the statement of financial performance when received.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the annual financial statements.

Local and foreign aid assistance

Local and foreign aid assistance are recognised in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance. Unutilised amounts are recognised in the statement of financial position.

ACCOUNTING POLICIES for the year ended 31 March 2006 (continued)

3. Expenditure**3.1 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 (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance¹.

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.

3.1.1 Short-term employee benefits

Short-term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

3.1.2 Long-term employee benefits**3.1.2.1 Termination benefits**

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authori-

sation for payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension 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 (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.2 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 (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

¹ This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects.

ACCOUNTING POLICIES for the year ended 31 March 2006 (continued)

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance. Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.9 Expenditure for capital assets

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 (by no later than 31 March of each year).

4. Assets**4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Investments

ACCOUNTING POLICIES for the year ended 31 March 2006 (continued)

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, for which an invoice has been received, but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Contingent liabilities

A contingent liability 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 contingent liability is 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 included in the disclosure notes.

5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

6. Net Assets



ACCOUNTING POLICIES for the year ended 31 March 2006 (continued)

6.1 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

7. Key management personnel



DEPARTMENT OF DEFENCE, VOTE 21

APPROPRIATION STATEMENT for the year ended 31 March 2006

Programme	Appropriation per Programme								
	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1. Administration									
Current payment	676 984	(7 448)	91 489	761 025	760 889	136	100,0%	706 782	706 782
Transfers and subsidies	968	-	8 037	9 005	9 005	-	100,0%	867	867
Payment for capital assets	7 111	7 448	-	14 559	14 559	-	100,0%	-	-
2. Landward Defence									
Current payment	3 497 823	(16 529)	(97 476)	3 383 818	3 378 437	5 381	99,8%	3 184 395	3 184 395
Transfers and subsidies	6 259	-	22 813	29 072	29 072	-	100,0%	6 012	6 012
Payment for capital assets	7 750	16 529	-	24 279	24 279	-	100,0%	-	-
3. Air Defence									
Current payment	2 360 107	(10 360)	81 918	2 431 665	2 431 665	-	100,0%	2 255 216	2 254 901
Transfers and subsidies	2 482	1	8 671	11 154	11 154	-	100,0%	2 277	2 277
Payment for capital assets	26 277	10 359	-	36 636	36 636	-	100,0%	-	-
4. Maritime Defence									
Current payment	1 193 242	(10 115)	(25 079)	1 158 048	1 158 048	-	100,0%	1 099 734	1 099 734
Transfers and subsidies	1 554	1	7 686	9 241	9 241	-	100,0%	1 088	1 088
Payment for capital assets	24 016	10 114	-	34 130	34 130	-	100,0%	-	-
5. Military Health Support									
Current payment	1 547 976	(23 557)	(34 734)	1 489 685	1 489 685	-	100,0%	1 339 075	1 339 075
Transfers and subsidies	1 997	-	7 773	9 770	9 770	-	100,0%	1 831	1 831
Payment for capital assets	33 894	23 557	-	57 451	57 451	-	100,0%	-	-
6. Defence Intelligence									
Current payment	140 434	(158)	(3 355)	136 921	136 921	-	100,0%	137 955	137 955
Transfers and subsidies	246	-	2 930	3 176	3 176	-	100,0%	207	207
Payment for capital assets	4 061	158	-	4 219	4 219	-	100,0%	-	-
7. Joint Support									
Current payment	2 022 407	(28 815)	(133 903)	1 859 689	1 859 689	-	100,0%	2 025 792	2 025 380
Transfers and subsidies	372 194	(2)	9 322	381 514	381 395	119	100,0%	295 275	294 995
Payment for capital assets	103 227	28 817	850	132 894	132 894	-	100,0%	79 638	79 638

APPROPRIATION STATEMENT for the year ended 31 March 2006 (continued)

Appropriation per Programme									
Programme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
8. Command and Control									
Current payment	1 321 641	(49 919)	49 322	1 321 044	1 321 044	-	100,0%	1 230 277	1 230 277
Transfers and subsidies	460	(1)	3 736	4 195	4 195	-	100,0%	398	398
Payment for capital assets	58 533	49 920	-	108 453	108 453	-	100,0%	-	-
9. Special Defence Account									
Transfers and subsidies	9 258 839	-	-	9 258 839	9 258 839	-	100,0%	7 045 000	7 045 000
Total	22 670 482	-	-	22 670 482	22 664 846	5 636	100,0%	19 411 819	19 410 812
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				729 136				465 742	
Local and foreign aid assistance				38 750				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				23 438 368				19 877 561	
Add: Local and foreign aid assistance					27 510				-
Actual amounts per Statement of Financial Performance Expenditure					22 692 356				19 410 812

DEPARTMENT OF DEFENCE, VOTE 21

APPROPRIATION STATEMENT for the year ended 31 March 2006 (continued)

<i>Appropriation per Economic Classification</i>									
	<i>2005/06</i>							<i>2004/05</i>	
	<i>Adjusted Appropriation R'000</i>	<i>Shifting of Funds R'000</i>	<i>Virement R'000</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>	<i>Variance R'000</i>	<i>Expenditure as % of final appropriation %</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>
Current payments									
Compensation to employees	8 442 882	(145 788)	(100 742)	8 196 352	8 196 352	-	100,0%	7 722 601	7 722 601
Goods and services	4 317 732	(101 221)	28 924	4 245 435	4 239 918	5 517	99,9%	4 221 783	4 221 056
Financial transactions in assets and liabilities	-	100 108	-	100 108	100 108	-	100,0%	34 842	34 842
Transfers and subsidies									
Provinces and municipalities	16 632	-	(1 488)	15 144	15 144	-	100,0%	14 855	14 855
Departmental agencies and accounts	9 625 456	(359 516)	-	9 265 940	9 265 940	-	100,0%	7 335 197	7 334 983
Public corporations and private enterprises	-	359 515	-	359 515	359 515	-	100,0%	-	-
Non-profit institutions	2 911	-	-	2 911	2 792	119	95,9%	2 811	2 745
Households	-	-	72 456	72 456	72 456	-	100,0%	92	92
Payments on capital assets									
Buildings and other fixed structures	70 203	2 831	850	73 884	73 884	-	100,0%	79 638	79 638
Machinery and equipment	193 019	143 154	-	336 173	336 173	-	100,0%	-	-
Software and other intangible assets	1 647	917	-	2 564	2 564	-	100,0%	-	-
Total	22 670 482	-	-	22 670 482	22 664 846	5 636	100,0%	19 411 819	19 410 812

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 1 - ADMINISTRATION for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.1 Minister									
Current payment	843	-	-	843	843	-	100,0%	791	791
1.2 Deputy Minister									
Current payment	685	-	-	685	685	-	100,0%	643	643
1.3 Political Direction									
Current payment	10 709	(88 317)	90 000	12 392	12 256	136	98,9%	12 474	12 474
Transfers and subsidies	14	(8 037)	8 037	14	14	-	100,0%	15	15
Payment for capital assets	181	405	-	586	586	-	100,0%	-	-
1.4 Departmental Direction									
Current payment	10 354	(302)		10 052	10 052	-	100,0%	4 848	4 848
Transfers and subsidies	7	(1)		6	6	-	100,0%	4	4
Payment for capital assets	65	312		377	377	-	100,0%	-	-
1.5 Policy and Planning									
Current payment	53 719	137	-	53 856	53 856	-	100,0%	45 718	45 718
Transfers and subsidies	89	1 237	-	1 326	1 326	-	100,0%	65	65
Payment for capital assets	373	560	-	933	933	-	100,0%	-	-
1.6 Financial Services									
Current payment	176 041	(24 433)	-	151 608	151 608	-	100,0%	155 532	155 532
Transfers and subsidies	305	778	-	1 083	1 083	-	100,0%	41	41
Payment for capital assets	1 082	2 058	-	3 140	3 140	-	100,0%	-	-
1.7 Human Resources Support Services									
Current payment	182 663	91 555	1 489	275 707	275 707	-	100,0%	258 285	258 285
Transfers and subsidies	190	1 900	-	2 090	2 090	-	100,0%	439	439
Payment for capital assets	1 495	443	-	1 938	1 938	-	100,0%	-	-
1.8 Legal Services									
Current payment	71 715	(590)	-	71 125	71 125	-	100,0%	69 351	69 351
Transfers and subsidies	135	612	-	747	747	-	100,0%	110	110
Payment for capital assets	897	796	-	1 693	1 693	-	100,0%	-	-
1.9 Inspection Services									
Current payment	39 308	(5 354)	-	33 954	33 954	-	100,0%	34 253	34 253
Transfers and subsidies	66	642	-	708	708	-	100,0%	70	70
Payment for capital assets	2 176	62	-	2 238	2 238	-	100,0%	-	-

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 1 - ADMINISTRATION for the year ended 31 March 2006 (continued)

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.10 Acquisition Services									
Current payment	37 325	(513)	-	36 812	36 812	-	100,0%	32 479	32 479
Transfers and subsidies	64	1 940	-	2 004	2 004	-	100,0%	52	52
Payment for capital assets	260	396	-	656	656	-	100,0%	-	-
1.11 Corporate Communications									
Current payment	21 191	(3 840)	-	17 351	17 351	-	100,0%	17 453	17 453
Transfers and subsidies	28	53	-	81	81	-	100,0%	16	16
Payment for capital assets	160	318	-	478	478	-	100,0%	-	-
1.12 SANDF Command and Control									
Current payment	6 252	(757)	-	5 495	5 495	-	100,0%	6 677	6 677
Transfers and subsidies	7	285	-	292	292	-	100,0%	9	9
Payment for capital assets	373	(35)	-	338	338	-	100,0%	-	-
1.13 Religious Services									
Current payment	4 344	86	-	4 430	4 430	-	100,0%	3 110	3 110
Transfers and subsidies	5	1	-	6	6	-	100,0%	5	5
Payment for capital assets	49	33	-	82	82	-	100,0%	-	-
1.14 Reserve Component									
Current payment	10 070	(1 739)	-	8 331	8 331	-	100,0%	8 495	8 495
Transfers and subsidies	14	599	-	613	613	-	100,0%	8	8
Payment for capital assets	-	13	-	13	13	-	100,0%	-	-
1.15 Defence Foreign Relations									
Current payment	51 765	11 625	-	63 390	63 390	-	100,0%	41 989	41 989
Transfers and subsidies	44	(9)	-	35	35	-	100,0%	33	33
Payment for capital assets	-	2 087	-	2 087	2 087	-	100,0%	-	-
1.16 Authorised Losses									
Current payment	-	16 505	-	16 505	16 505	-	100,0%	15 729	15 729
1.17 Income									
Current payment	-	(1 511)	-	(1 511)	(1 511)	-	100,0%	(1 045)	(1 045)
Total	685 063	-	99 526	784 589	784 453	136	100,0%	707 649	707 649

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 1 - ADMINISTRATION for the year ended 31 March 2006 (continued)

<i>Economic classification</i>	<i>2005/06</i>							<i>2004/05</i>	
	<i>Adjusted Appropriation R'000</i>	<i>Shifting of Funds R'000</i>	<i>Virement R'000</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>	<i>Variance R'000</i>	<i>Expenditure as % of final appropriation %</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>
Current payments									
Compensation of employees	497 669	-	82 931	580 600	580 600	-	100,0%	560 900	560 900
Goods and services	179 315	(23 953)	8 558	163 920	163 784	136	99,9%	130 153	130 153
Financial transactions in assets and liabilities	-	16 505	-	16 505	16 505	-	100,0%	15 729	15 729
Transfers and subsidies									
Provinces and municipalities	968	-	(91)	877	877	-	100,0%	825	825
Households	-	-	8 128	8 128	8 128	-	100,0%	42	42
Payments for capital assets									
Machinery and equipment	7 024	7 507	-	14 531	14 531	-	100,0%	-	-
Software and other intangible assets	87	(59)	-	28	28	-	100,0%	-	-
Total	685 063	-	99 526	784 589	784 453	136	100,0%	707 649	707 649

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.1 Strategic Direction									
Current payment	220 518	17 451	(120 476)	117 493	112 112	5 381	95,4%	96 012	96 012
Transfers and subsidies	158	(17 485)	22 813	5 486	5 486	-	100,0%	173	173
Payment for capital assets	-	13 856	-	13 856	13 856	-	100,0%	-	-
2.2 Infantry Capability									
Current payment	1 384 626	(9 387)	23 000	1 398 239	1 398 239	-	100,0%	1 377 162	1 377 162
Transfers and subsidies	2 863	4 856	-	7 719	7 719	-	100,0%	2 856	2 856
Payment for capital assets	1 167	438	-	1 605	1 605	-	100,0%	-	-
2.3 Armour Capability									
Current payment	124 003	1 571	-	125 574	125 574	-	100,0%	121 143	121 143
Transfers and subsidies	243	474	-	717	717	-	100,0%	238	238
Payment for capital assets	462	(337)	-	125	125	-	100,0%	-	-
2.4 Artillery Capability									
Current payment	97 525	8 117	-	105 642	105 642	-	100,0%	99 335	99 335
Transfers and subsidies	182	42	-	224	224	-	100,0%	162	162
Payment for capital assets	157	(79)	-	78	78	-	100,0%	-	-
2.5 Air Defence Artillery Capability									
Current payment	83 450	1 557	-	85 007	85 007	-	100,0%	77 507	77 507
Transfers and subsidies	161	301	-	462	462	-	100,0%	203	203
Payment for capital assets	481	(261)	-	220	220	-	100,0%	-	-
2.6 Engineering Capability									
Current payment	180 063	(1 509)	-	178 554	178 554	-	100,0%	166 612	166 612
Transfers and subsidies	363	1 358	-	1 721	1 721	-	100,0%	383	383
Payment for capital assets	-	246	-	246	246	-	100,0%	-	-
2.7 Operational Intelligence									
Current payment	64 903	(5 324)	-	59 579	59 579	-	100,0%	57 433	57 433
Transfers and subsidies	184	621	-	805	805	-	100,0%	105	105
Payment for capital assets	1 151	(1 114)	-	37	37	-	100,0%	-	-

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE for the year ended 31 March 2006 (continued)

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.8 Command and Control Capability									
Current payment	47 721	8 937	-	56 658	56 658	-	100,0%	50 944	50 944
Transfers and subsidies	97	119	-	216	216	-	100,0%	115	115
Payment for capital assets	-	107	-	107	107	-	100,0%	-	-
2.9 Support Capability									
Current payment	1 084 507	129 692	-	1 214 199	1 214 199	-	100,0%	1 172 979	1 172 979
Transfers and subsidies	1 819	8 989	-	10 808	10 808	-	100,0%	1 623	1 623
Payment for capital assets	1 748	4 707	-	6 455	6 455	-	100,0%	-	-
2.10 General Training Capability									
Current payment	210 507	(75 647)	-	134 860	134 860	-	100,0%	127 335	127 335
Transfers and subsidies	189	725	-	914	914	-	100,0%	154	154
Payment for capital assets	2 584	(1 050)	-	1 534	1 534	-	100,0%	-	-
2.11 Defence Commitments									
Current payment	-	11 195	-	11 195	11 195	-	100,0%	26	26
Payment for capital assets	-	16	-	16	16	-	100,0%	-	-
2.12 Authorised Losses									
Current payment	-	20 175	-	20 175	20 175	-	100,0%	11 810	11 810
2.13 Internal Services									
Current payment	-	(121 911)	-	(121 911)	(121 911)	-	100,0%	(171 463)	(171 463)
2.14 Income									
Current payment	-	(1 446)	-	(1 446)	(1 446)	-	100,0%	(2 440)	(2 440)
Total	3 511 832	-	(74 663)	3 437 169	3 431 788	5 381	99,8%	3 190 407	3 190 407

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE for the year ended 31 March 2006 (continued)

<i>Economic classification</i>	2005/06							2004/05	
	<i>Adjusted Appropriation R'000</i>	<i>Shifting of Funds R'000</i>	<i>Virement R'000</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>	<i>Variance R'000</i>	<i>Expenditure as % of final appropriation %</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>
Current payments									
Compensation of employees	2 971 548	(35 906)	(134 886)	2 800 756	2 800 756	-	100,0%	2 639 393	2 639 393
Goods and services	526 275	(798)	37 410	562 887	557 506	5 381	99,0%	533 192	533 192
Financial transactions in assets and liabilities	-	20 175	-	20 175	20 175	-	100,0%	11 810	11 810
Transfers and subsidies									
Provinces and municipalities	6 259	-	(378)	5 881	5 881	-	100,0%	5 962	5 962
Households	-	-	23 191	23 191	23 191	-	100,0%	50	50
Payment for capital assets									
Machinery and equipment	7 750	16 467	-	24 217	24 217	-	100,0%	-	-
Software and other intangible assets	-	62	-	62	62	-	100,0%	-	-
Total	3 511 832	-	(74 663)	3 437 169	3 431 788	5 381	99,8%	3 190 407	3 190 407

DETAIL PER PROGRAMME 3 - AIR DEFENCE for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 Strategic Direction									
Current payment	1 670	(59 190)	68 918	11 398	11 398	-	100,0%	8 219	8 219
Transfers and subsidies	1	(8 663)	8 671	9	9	-	100,0%	3	3
Payment for capital assets	418	361	-	779	779	-	100,0%	-	-
3.2 Operational Direction									
Current payment	34 167	121 032	-	155 199	155 199	-	100,0%	91 221	91 221
Payment for capital assets	375	1 551	-	1 926	1 926	-	100,0%	-	-
3.3 Helicopter Capability									
Current payment	267 895	35 178		303 073	303 073	-	100,0%	239 977	239 900
Transfers and subsidies	124	214		338	338	-	100,0%	189	189
Payment for capital assets	2 822	(442)		2 380	2 380	-	100,0%	-	-
3.4 Transport and Maritime Capability									
Current payment	212 210	(19 460)	-	192 750	192 750	-	100,0%	167 045	166 807
Transfers and subsidies	117	504	-	621	621	-	100,0%	115	115
Payment for capital assets	4 778	(3 734)	-	1 044	1 044	-	100,0%	-	-
3.5 Air Combat and Reconnaissance Capability									
Current payment	229 672	4 855	-	234 527	234 527	-	100,0%	227 357	227 357
Transfers and subsidies	46	164	-	210	210	-	100,0%	139	139
Payment for capital assets	774	3 498	-	4 272	4 272	-	100,0%	-	-
3.6 Operational Support and Intelligence Capability									
Current payment	109 833	(5 357)	-	104 476	104 476	-	100,0%	103 645	103 645
Transfers and subsidies	212	96	-	308	308	-	100,0%	209	209
Payment for capital assets	4 338	50	-	4 388	4 388	-	100,0%	-	-



DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 3 - AIR DEFENCE for the year ended 31 March 2006 (continued)

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.7 Command and Control Capability									
Current payment	142 526	741	-	143 267	143 267	-	100,0%	131 375	131 375
Transfers and subsidies	129	450	-	579	579	-	100,0%	119	119
Payment for capital assets	415	2 987	-	3 402	3 402	-	100,0%	-	-
3.8 Base Support Capability									
Current payment	688 614	11 382	-	699 996	699 996	-	100,0%	668 247	668 247
Transfers and subsidies	1 137	5 928	-	7 065	7 065	-	100,0%	1 020	1 020
Payment for capital assets	1 465	2 225	-	3 690	3 690	-	100,0%	-	-
3.9 Command Post									
Current payment	28 710	(2 037)	13 000	39 673	39 673	-	100,0%	32 789	32 789
Transfers and subsidies	52	(17)	-	35	35	-	100,0%	38	38
Payment for capital assets	302	513	-	815	815	-	100,0%	-	-
3.10 Training Capability									
Current payment	181 821	(15 348)	-	166 473	166 473	-	100,0%	160 406	160 406
Transfers and subsidies	231	1 056	-	1 287	1 287	-	100,0%	197	197
Payment for capital assets	2 620	(745)	-	1 875	1 875	-	100,0%	-	-
3.11 Technical Support Services									
Current payment	462 989	30 929	-	493 918	493 918	-	100,0%	505 285	505 285
Transfers and subsidies	433	269	-	702	702	-	100,0%	248	248
Payment for capital assets	7 970	4 095	-	12 065	12 065	-	100,0%	-	-
3.12 Authorised Losses									
Current payment	-	721	-	721	721	-	100,0%	2 723	2 723
3.13 Internal Services									
Current payment	-	(110 350)	-	(110 350)	(110 350)	-	100,0%	(74 922)	(74 922)
3.14 Income									
Current payment	-	(3 456)	-	(3 456)	(3 456)	-	100,0%	(8 151)	(8 151)
Total	2 388 866	-	90 589	2 479 455	2 479 455	-	100,0%	2 257 493	2 257 178

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 3 - AIR DEFENCE for the year ended 31 March 2006 (continued)

Economic classification	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	1 255 077	(12 098)	(2 913)	1 240 066	1 240 066	-	100,0%	1 173 847	1 173 847
Goods and services	1 105 030	1 018	84 831	1 190 879	1 190 879	-	100,0%	1 078 646	1 078 331
Financial transactions in assets and liabilities	-	721	-	721	721	-	100,0%	2 723	2 723
Transfers and subsidies									
Provinces and municipalities	2 482	-	(189)	2 293	2 293	-	100,0%	2 277	2 277
Households	-	-	8 860	8 860	8 860	-	100,0%	-	-
Payment for capital assets									
Machinery and equipment	26 277	8 654	-	34 931	34 931	-	100,0%	-	-
Software and other intangible assets	-	1 705	-	1 705	1 705	-	100,0%	-	-
Total	2 388 866	-	90 589	2 479 455	2 479 455	-	100,0%	2 257 493	2 257 178

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 4 - MARITIME DEFENCE for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
4.1 Maritime Direction									
Current payment	258 454	42 076	(24 229)	276 301	276 301	-	100,0%	262 666	262 666
Transfers and subsidies	397	(2 805)	7 686	5 278	5 278	-	100,0%	358	358
Payment for capital assets	2 441	4 942	-	7 383	7 383	-	100,0%	-	-
4.2 Maritime Combat Capability									
Current payment	332 586	(16 787)	-	315 799	315 799	-	100,0%	276 112	276 112
Transfers and subsidies	222	15	-	237	237	-	100,0%	185	185
Payment for capital assets	6 295	219	-	6 514	6 514	-	100,0%	-	-
4.3 Maritime Logistic Support Capability									
Current payment	184 137	(13 126)	(850)	170 161	170 161	-	100,0%	175 440	175 440
Transfers and subsidies	404	334	-	738	738	-	100,0%	182	182
Payment for capital assets	1 176	2 964	-	4 140	4 140	-	100,0%	-	-
4.4 Maritime Training Capability									
Current payment	113 332	(8 148)	-	105 184	105 184	-	100,0%	108 133	108 133
Transfers and subsidies	148	637	-	785	785	-	100,0%	100	100
Payment for capital assets	2 269	204	-	2 473	2 473	-	100,0%	-	-
4.5 Base Support Capability									
Current payment	304 733	(13 079)	-	291 654	291 654	-	100,0%	282 356	282 356
Transfers and subsidies	383	1 820	-	2 203	2 203	-	100,0%	263	263
Payment for capital assets	11 835	1 785	-	13 620	13 620	-	100,0%	-	-
4.6 Maritime Reserve Capability									
Current payment	-	-	-	-	-	-	0,0%	7	7
4.7 Authorised Losses									
Current payment	-	353	-	353	353	-	100,0%	1 029	1 029
4.8 Income									
Current	-	(1 404)	-	(1 404)	(1 404)	-	100,0%	(6 009)	(6 009)
Total	1 218 812	-	(17 393)	1 201 419	1 201 419	-	100,0%	1 100 822	1 100 822

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 4 - MARITIME DEFENCE for the year ended 31 March 2006 (continued)

<i>Economic classification</i>	2005/06							2004/05	
	<i>Adjusted Appropriation R'000</i>	<i>Shifting of Funds R'000</i>	<i>Virement R'000</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>	<i>Variance R'000</i>	<i>Expenditure as % of final appropriation %</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>
Current payments									
Compensation of employees	718 352	-	20 936	739 288	739 288	-	100,0%	685 998	685 998
Goods and services	474 890	(10 467)	(46 016)	418 407	418 407	-	100,0%	412 706	412 706
Financial transactions in assets and liabilities	-	353	-	353	353	-	100,0%	1 030	1 030
Transfers and subsidies									
Provinces and municipalities	1 554	-	(421)	1 133	1 133	-	100,0%	1 088	1 088
Households	-	-	8 108	8 108	8 108	-	100,0%	-	-
Payment for capital assets									
Machinery and equipment	23 436	10 022	-	33 458	33 458	-	100,0%	-	-
Software and other intangible assets	580	92	-	672	672	-	100,0%	-	-
Total	1 218 812	-	(17 393)	1 201 419	1 201 419	-	100,0%	1 100 822	1 100 822

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 5 - MILITARY HEALTH SUPPORT for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.1 Strategic Direction									
Current payment	110 309	(2 046)	(34 734)	73 529	73 529	-	100,0%	77 141	77 141
Transfers and subsidies	118	(6 547)	7 773	1 344	1 344	-	100,0%	101	101
Payment for capital assets	-	6 063	-	6 063	6 063	-	100,0%	-	-
5.2 Military Health Support									
Current payment	46 645	9 631	-	56 276	56 276	-	100,0%	45 729	45 729
Transfers and subsidies	91	(1)	-	90	90	-	100,0%	58	58
Payment for capital assets	593	(77)	-	516	516	-	100,0%	-	-
5.3 Area Military Health Service									
Current payment	518 159	48 290	-	566 449	566 449	-	100,0%	501 561	501 561
Transfers and subsidies	765	2 968	-	3 733	3 733	-	100,0%	717	717
Payment for capital assets	11 772	3 144	-	14 916	14 916	-	100,0%	-	-
5.4 Specialist/ Tertiary Health Service									
Current payment	590 291	(38 434)	-	551 857	551 857	-	100,0%	482 886	482 886
Transfers and subsidies	660	2 028	-	2 688	2 688	-	100,0%	633	633
Payment for capital assets	9 721	1 469	-	11 190	11 190	-	100,0%	-	-
5.5 Product Support Capability									
Current payment	95 323	(16 692)	-	78 631	78 631	-	100,0%	64 437	64 437
Transfers and subsidies	41	9	-	50	50	-	100,0%	33	33
Payment for capital assets	9 366	3 503	-	12 869	12 869	-	100,0%	-	-
5.6 Base Support Capability									
Current payment	90 733	(14 874)	-	75 859	75 859	-	100,0%	79 732	79 732
Transfers and subsidies	160	821	-	981	981	-	100,0%	142	142
Payment for capital assets	2 442	6 381	-	8 823	8 823	-	100,0%	-	-

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 5 - MILITARY HEALTH SUPPORT for the year ended 31 March 2006 (continued)

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.7 Military Health Training Capability									
Current payment	96 516	(5 548)	-	90 968	90 968	-	100,0%	89 669	89 669
Transfers and subsidies	162	722	-	884	884	-	100,0%	147	147
Payment for capital assets	-	3 074	-	3 074	3 074	-	100,0%	-	-
5.8 Authorised Losses									
Current payment	-	1 568	-	1 568	1 568	-	100,0%	3 463	3 463
5.9 Income									
Current payment	-	(5 452)	-	(5 452)	(5 452)	-	100,0%	(5 543)	(5 543)
Total	1 583 867	-	(26 961)	1 556 906	1 556 906	-	100,0%	1 340 906	1 340 906

Economic classification	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	1 116 356	(65 447)	(18 017)	1 032 892	1 032 892	-	100,0%	936 066	936 066
Goods and services	431 620	40 322	(16 717)	455 225	455 225	-	100,0%	399 546	399 546
Financial transactions in assets and liabilities	-	1 568	-	1 568	1 568	-	100,0%	3 463	3 463
Transfers and subsidies									
Provinces and municipalities	1 997	-	13	2 010	2 010	-	100,0%	1 831	1 831
Households	-	-	7 760	7 760	7 760	-	100,0%	-	-
Payment for capital assets									
Machinery and equipment	33 565	23 886	-	57 451	57 451	-	100,0%	-	-
Software and other intangible assets	329	(329)	-	-	-	-	0,0%	-	-
Total	1 583 867	-	(26 961)	1 556 906	1 556 906	-	100,0%	1 340 906	1 340 906

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 6 - DEFENCE INTELLIGENCE for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
6.1 Strategic Direction									
Current payment	(3 915)	8 476	(3 355)	1 206	1 206	-	100,0%	111 864	111 864
Transfers and subsidies	-	(2 852)	2 930	78	78	-	100,0%	207	207
6.2 Defence Counter Intelligence Services									
Current payment	7 101	(1 355)	-	5 746	5 746	-	100,0%	5 971	5 971
Payment for capital assets	864	(441)	-	423	423	-	100,0%	-	-
6.3 Defence Intelligence Support									
Current payment	137 248	(7 291)	-	129 957	129 957	-	100,0%	20 149	20 149
Transfers and subsidies	246	2 852	-	3 098	3 098	-	100,0%	-	-
Payment for capital assets	3 197	599	-	3 796	3 796	-	100,0%	-	-
6.4 Authorised Losses									
Current payment	-	12	-	12	12	-	100,0%	20	20
6.5 Income									
Current payment	-	-	-	-	-	-	0,0%	(49)	(49)
Total	144 741	-	(425)	144 316	144 316	-	100,0%	138 162	138 162

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 6 - DEFENCE INTELLIGENCE for the year ended 31 March 2006 (continued)

Economic classification	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	116 179	1	(621)	115 559	115 559	-	100,0%	109 553	109 553
Goods and services	24 255	(171)	(2 734)	21 350	21 350	-	100,0%	28 382	28 382
Financial transactions in assets and liabilities	-	12	-	12	12	-	100,0%	20	20
Transfers and subsidies									
Provinces and municipalities	246	-	(19)	227	227	-	100,0%	207	207
Households	-	-	2 949	2 949	2 949	-	100,0%	-	-
Payment for capital assets									
Machinery and equipment	4 061	158	-	4 219	4 219	-	100,0%	-	-
Total	144 741	-	(425)	144 316	144 316	-	100,0%	138 162	138 162

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 7 - JOINT SUPPORT for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
7.1 Strategic Direction									
Current payment	(27 118)	167 695	(137 022)	3 555	3 555	-	100,0%	114 845	114 433
Transfers and subsidies	9	(9 326)	9 322	5	5	-	100,0%	106	107
Payment for capital assets	-	16	-	16	16	-	100,0%	-	-
7.2 Joint Logistic Services									
Current payment	692 777	(92 386)	-	600 391	600 391	-	100,0%	425 346	425 346
Transfers and subsidies	1 146	3 454	-	4 600	4 600	-	100,0%	791	791
Payment for capital assets	75 382	4 573	850	80 805	80 805	-	100,0%	79 638	79 638
7.3 Command and Management Information Services									
Current payment	861 639	(25 479)	-	836 160	836 160	-	100,0%	897 516	897 516
Transfers and subsidies	849	1 463	-	2 312	2 312	-	100,0%	737	737
Payment for capital assets	21 484	21 411	-	42 895	42 895	-	100,0%	-	-
7.4 Military Police									
Current payment	234 032	(25 281)	-	208 751	208 751	-	100,0%	212 605	212 605
Transfers and subsidies	422	2 704	-	3 126	3 126	-	100,0%	382	382
Payment for capital assets	2 974	2 742	-	5 716	5 716	-	100,0%	-	-
7.5 Service Corps									
Current payment	52 803	(9 481)	715	44 037	44 037	-	100,0%	46 826	46 826
Transfers and subsidies	86	803	-	889	889	-	100,0%	66	66
Payment for capital assets	1 020	(204)	-	816	816	-	100,0%	-	-
7.6 Acquisition Services									
Current payment	272	442	-	714	714	-	100,0%	2 408	2 408
Payment for capital assets	-	20	-	20	20	-	100,0%	-	-
7.7 Joint Training									
Current payment	101 048	17 818	2 404	121 270	121 270	-	100,0%	149 440	149 440
Transfers and subsidies	7 256	901	-	8 157	8 157	-	100,0%	6 284	6 070
Payment for capital assets	2 367	259	-	2 626	2 626	-	100,0%	-	-

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 7 - JOINT SUPPORT for the year ended 31 March 2006 (continued)

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
7.8 Assistance									
Current payment	-	-	-	-	-	-	0,0%	350	283
Transfers and subsidies	315	(1)	-	314	195	119	62,1%	-	-
7.9 Departmental Support									
Current payment	100 496	(65 383)	-	35 113	35 113	-	100,0%	168 408	168 408
Transfers and subsidies	362 111	-	-	362 111	362 111	-	100,0%	286 559	286 559
7.10 British Military Advisory and Training									
Current payment	6 458	3 113		9 571	9 571	-	100,0%	8 830	8 830
7.11 Authorised Losses									
Current payment	-	127		127	127	-	100,0%	67	67
7.12 Income									
Current payment	-	-	-	-	-	-	0,0%	(499)	(499)
Total	2 497 828	-	(123 731)	2 374 097	2 373 978	119	100,0%	2 400 705	2 400 013

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DETAIL PER PROGRAMME 7 - JOINT SUPPORT for the year ended 31 March 2006 (continued)

Economic classification	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation to employees	1 250 344	(22 647)	(54 200)	1 173 497	1 173 497	-	100,0%	1 137 819	1 137 819
Goods and services	772 063	(6 296)	(79 702)	686 065	686 065	-	100,0%	887 906	887 494
Financial transactions in assets and liabilities	-	127	-	127	127	-	100,0%	67	67
Transfers and subsidies									
Provinces and municipalities	2 666	-	(353)	2 313	2 313	-	100,0%	2 267	2 267
Departmental agencies and accounts	366 617	(359 516)	-	7 101	7 101	-	100,0%	290 197	289 983
Public corporations and private enterprises	-	359 515	-	359 515	359 515	-	100,0%	-	-
Non-profit institutions	2 911	-	-	2 911	2 792	119	95,9%	2 811	2 745
Households	-	-	9 674	9 674	9 674	-	100,0%	-	-
Payment for capital assets									
Buildings and other fixed structures	70 203	2 831	850	73 884	73 884	-	100,0%	79 638	79 638
Machinery and equipment	32 373	26 574	-	58 947	58 947	-	100,0%	-	-
Software and other intangible assets	651	(588)	-	63	63	-	100,0%	-	-
Total	2 497 828	-	(123 731)	2 374 097	2 373 978	119	100,0%	2 400 705	2 400 013

DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
8.1 Command and Control									
Current payment	49 751	66 831	49 322	165 904	165 904	-	100,0%	148 416	148 416
Transfers and subsidies	242	(1 163)	3 736	2 815	2 815	-	100,0%	185	185
Payment for capital assets	1 018	2 291	-	3 309	3 309	-	100,0%	-	-
8.2 Operational Direction									
Current payment	81 735	(81 735)	-	-	-	-	0,0%	129 143	129 143
Transfers and subsidies	-	-	-	-	-	-	0,0%	213	213
8.3 Special Operations									
Current payment	153 434	(14 247)	-	139 187	139 187	-	100,0%	628 061	628 061
Transfers and subsidies	218	1 162	-	1 380	1 380	-	100,0%	-	-
Payment for capital assets	3 429	4 285	-	7 714	7 714	-	100,0%	-	-
8.4 Regional Security									
Current payment	-	60 867	-	60 867	60 867	-	100,0%	77 337	77 337
Payment for capital assets	-	4 250	-	4 250	4 250	-	100,0%	-	-
8.5 UN Peace Mission in DRC									
Current payment	399 219	(159 180)	-	240 039	240 039	-	0,0%	-	-
Payment for capital assets	5 352	60 265	-	65 617	65 617	-	0,0%	-	-
8.6 Protection Support Detachment in Burundi									
Current payment	321 956	(51 802)	-	270 154	270 154	-	100,0%	247 880	247 880
Payment for capital assets	25 544	(23 557)	-	1 987	1 987	-	100,0%	-	-
8.7 Military Observers									
Current payment	885	(162)	-	723	723	-	100,0%	(560)	(560)
8.8 African Mission in Sudan									
Current payment	69 144	(17 423)	-	51 721	51 721	-	100,0%	-	-
Payment for capital assets	-	2 722	-	2 722	2 722	-	100,0%	-	-

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DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL for the year ended 31 March 2006 (continued)

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
8.9 Support to the People									
Current payment	245 517	(144 057)	-	101 460	101 460	-	100,0%	-	-
Payment for capital assets	23 190	(336)	-	22 854	22 854	-	100,0%	-	-
8.10 Authorised Losses									
Current payment	-	60 647	-	60 647	60 647	-	100,0%	-	-
8.11 Internal Services									
Current payment	-	230 704	-	230 704	230 704	-	100,0%	-	-
8.12 Income									
Current	-	(362)	-	(362)	(362)	-	100,0%	-	-
Total	1 380 634	-	53 058	1 433 692	1 433 692	-	100,0%	1 230 675	1 230 675

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL for the year ended 31 March 2006 (continued)

<i>Economic classification</i>	2005/06							2004/05	
	<i>Adjusted Appropriation R'000</i>	<i>Shifting of Funds R'000</i>	<i>Virement R'000</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>	<i>Variance R'000</i>	<i>Expenditure as % of final appropriation %</i>	<i>Final Appropriation R'000</i>	<i>Actual Expenditure R'000</i>
Current payments									
Compensation to employees	517 357	(9 691)	6 028	513 694	513 694	-	100,0%	479 025	479 025
Goods and services	804 284	(100 876)	43 294	746 702	746 702	-	100,0%	751 252	751 252
Financial transactions in assets and liabilities	-	60 647	-	60 647	60 647	-	100,0%	-	-
Transfers and subsidies									
Provinces and municipalities	460	-	(50)	410	410	-	100,0%	398	398
Households	-	-	3 786	3 786	3 786	-	100,0%	-	-
Payment for capital assets									
Machinery and equipment	58 533	49 886	-	108 419	108 419	-	100,0%	-	-
Software and other intangible assets	-	34	-	34	34	-	100,0%	-	-
Total	1 380 634	-	53 058	1 433 692	1 433 692	-	100,0%	1 230 675	1 230 675

DEPARTMENT OF DEFENCE, VOTE 21

DETAIL PER PROGRAMME 9 - SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
9.1 Procurement Services Transfers and subsidies	1 914 709	240 000	-	2 154 709	2 154 709	-	100,0%	1 956 567	1 956 567
9.2 Strategic Defence Procurement Transfers and subsidies	6 669 469	(240 000)	-	6 429 469	6 429 469	-	100,0%	4 501 866	4 501 866
9.3 Operating Transfers and subsidies	599 285	-	-	599 285	599 285	-	100,0%	521 141	521 141
9.4 Intelligence Related Transfers and subsidies	75 376	-	-	75 376	75 376	-	100,0%	65 426	65 426
Total	9 258 839	-	-	9 258 839	9 258 839	-	100,0%	7 045 000	7 045 000

Economic classification	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies Departmental agencies and accounts	9 258 839	-	-	9 258 839	9 258 839	-	100,0%	7 045 000	7 045 000
Total	9 258 839	-	-	9 258 839	9 258 839	-	100,0%	7 045 000	7 045 000

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2006

1. Detail of transfers and subsidies as per Appropriation Act (after virement):

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1 (A-H) 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.



STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	22 670 482	19 411 819
Departmental revenue	2	729 136	465 742
Local and foreign aid assistance	3	38 750	-
TOTAL REVENUE		23 438 368	19 877 561
EXPENDITURE			
Current expenditure			
Compensation of employees	4	8 196 352	7 722 601
Goods and services	5	4 239 918	4 221 056
Financial transactions in assets and liabilities	6	100 108	34 842
Local and foreign aid assistance	3	27 510	-
Total current expenditure		12 563 888	11 978 499
Transfers and subsidies	7	9 715 847	7 352 675
Expenditure for capital assets			
Buildings and other fixed structures	8	73 884	79 638
Machinery and equipment	8	336 173	-
Software and other intangible assets	8	2 564	-
Total expenditure for capital assets		412 621	79 638
TOTAL EXPENDITURE		22 692 356	19 410 812



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STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2006 (continued)

	Note	2005/06 R'000	2004/05 R'000
NET SURPLUS		746 012	466 749
Add back fruitless and wasteful expenditure	10	17	30
NET SURPLUS FOR THE YEAR		746 029	466 779
Reconciliation of net surplus for the year			
Voted Funds to be surrendered to the Revenue Fund	15	5 653	1 037
Departmental revenue to be surrendered to the Revenue Fund	16	729 136	465 742
Local and foreign aid assistance	3	11 240	-
NET SURPLUS FOR THE YEAR		746 029	466 779



STATEMENT OF FINANCIAL POSITION as at 31 March 2006

	<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
ASSETS			
Current assets		808 233	759 093
Unauthorised expenditure	9	495 824	495 824
Fruitless and wasteful expenditure	10	472	469
Cash and cash equivalents	11	51 599	34 275
Loans	14	12 362	8 160
Prepayments and advances	12	144 659	29 714
Receivables	13	103 317	190 651
Non-current assets		-	4 202
Loans	14	-	4 202
TOTAL ASSETS		808 233	763 295
LIABILITIES			
Current liabilities		745 772	691 964
Voted funds to be surrendered to the Revenue Fund	15	5 653	1 037
Departmental revenue to be surrendered to the Revenue Fund	16	54 099	13 073
Bank overdraft	17	646 665	622 798
Payables	18	28 115	55 056
Local and foreign aid assistance unutilised	3	11 240	-
TOTAL LIABILITIES		745 772	691 964
NET ASSETS		62 461	71 331
Represented by:			
Recoverable revenue		62 461	71 331
TOTAL		62 461	71 331



STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
Recoverable revenue			
Opening balance		71 331	91 287
Transfers		(8 870)	(19 956)
Debts written off	6.6	(10 351)	(24 281)
Debts recovered (included in departmental receipts)		(28 035)	(23 453)
Debts raised		29 516	27 778
Balance at 31 March		62 461	71 331
TOTAL		62 461	71 331



DEPARTMENT OF DEFENCE, VOTE 21

CASH FLOW STATEMENT for the year ended 31 March 2006

	<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		23 438 368	19 877 561
Annual appropriated funds received	1	22 670 482	19 411 819
Departmental revenue received		729 136	465 742
Local and foreign aid assistance received	3	38 750	-
Net (increase)/decrease in working capital		(54 552)	50 215
Surrendered to Revenue Fund		(689 147)	(491 840)
Current payments		(12 563 871)	(11 978 469)
Transfers and subsidies paid		(9 715 847)	(7 352 675)
Net cash flows available from operating activities	19	414 951	104 792
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(412 621)	(79 638)
Proceeds from sale of investments		-	-
Net cash flows from investing activities		(412 621)	(79 638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in net assets		(8 870)	(19 956)
Net cash flows from financing activities		(8 870)	(19 956)
Net (decrease)/increase in cash and cash equivalents		(6 543)	5 198
Cash and cash equivalents at beginning of period		(588 523)	(593 721)
Cash and cash equivalents at end of period	20	(595 066)	(588 523)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

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>Funds not requested/ not received</i>	<i>Appropriation received 2004/05</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>
Administration	784 589	784 589	-	707 649
Landward Defence	3 437 169	3 437 169	-	3 190 407
Air Defence	2 479 455	2 479 455	-	2 257 493
Maritime Defence	1 201 419	1 201 419	-	1 100 822
Military Health Support	1 556 906	1 556 906	-	1 340 906
Defence Intelligence	144 316	144 316	-	138 162
Joint Support	2 374 097	2 374 097	-	2 400 705
Command and Control	1 433 692	1 433 692	-	1 230 675
Special Defence Account	9 258 839	9 258 839	-	7 045 000
Total	22 670 482	22 670 482	-	19 411 819



2. Departmental revenue to be surrendered to Revenue Fund

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
Sales of goods and services other than capital assets	2.1	232 844	239 804
Fines, penalties and forfeits		2 448	2 122
Interest, dividends and rent on land	2.2	337	-
Financial transactions in assets and liabilities	2.3	493 507	223 816
Total		729 136	465 742

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department			
Other sales		95 202	95 309
Sales of scrap, waste and other used current goods		137 642	144 495
Total		232 844	239 804
2.2 Interest, dividends and rent on land			
		337	-
2.3 Financial transactions in assets and liabilities			
Nature of loss recovered			
Receivables		43 329	499
Other receipts including recoverable revenue		450 178	223 317
Total		493 507	223 816
3. Local and foreign aid assistance			
3.1 Assistance received in cash from RDP			
Foreign			
Opening balance		-	-
Revenue		38 750	-
Expenditure			
Current		27 510	-
Closing balance		11 240	-
Analysis of balance			
Local and foreign aid unutilised		11 240	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
4. Compensation of employees			
4.1 Salaries and wages			
Basic salary		5 624 243	5 481 621
Performance award		70	83 896
Service based		27 512	227 594
Compensative/circumstantial		448 444	170 598
Periodic payments		509	-
Other non-pensionable allowances		1 178 041	906 083
Total		7 278 819	6 869 792
4.2 Social contributions			
4.2.1 Employer contributions			
Pension		872 191	807 942
Medical		44 908	44 867
Bargaining council		434	-
Total		917 533	852 809
Total compensation of employees		8 196 352	7 722 601
Average number of employees		77 136	76 133




NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
5. Goods and services			
Advertising		4 724	2 725
Airport services		23 957	-
Bank charges and card fees		4 321	4 020
Catering		72 709	-
Communication		94 244	97 234
Computer services		582 156	600 736
Consultants, contractors and special services		334 986	337 461
Copyright services		17	-
Courier and delivery services		2 212	1 881
Tracing agents and debt collections		19	5
Drivers licences and permits		-	38
Entertainment		3 028	910
External audit fees	5.1	27 034	26 048
Equipment less than R5000		134 199	363 159
Freight services		3 150	2 836
Harbour services		24 445	-
Inventory	5.2	977 659	913 401
Legal fees		8	20
Maintenance, repair and running cost		967 653	975 474
Medical services		147 248	127 004
Operating leases		139 099	58 562
Mint of decorations/medals		177	1 464
Plants, flowers and other decorations		31	-
Preservation/restoration services		5 399	-
Printing and publications		5 796	6 493
Professional bodies and membership fees		4 451	1 100



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
Resettlement cost		16 247	26 559
School and boarding fees		3 478	1 077
Subscriptions		47	448
Storage of furniture		16	-
Owned and leasehold property expenditure		17 683	15 740
Translations and transcriptions		155	3 507
Travel and subsistence	5.3	567 669	577 701
Venues and facilities		16 194	-
Protective, special clothing and uniforms		1 693	-
Training and staff development		57 934	75 453
Witness and related fees		80	-
Total		4 239 918	4 221 056



Note: Plants, flowers and other decorations, storage of furniture, venues and facilities and witness and related fees are new categories and comparative figures cannot be provided as they were not separately identified in previous years.

5.1 External audit fees

Regularity audits	26 070	26 048
Performance audits	518	-
Other audits	446	-
Total external audit fees	27 034	26 048

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	Note	2005/06 R'000	2004/05 R'000
5.2 Inventory			
Domestic consumables		100 885	70 541
Agricultural		1 080	3 516
Learning and teaching support material		5 401	358
Food and food supplies		223 732	208 357
Fuel, oil and gas		328 564	279 891
Laboratory consumables		1 351	8 688
Other consumables		33 886	28 931
Parts and other maintenance material		38 858	69 283
Stationery and printing		60 290	59 939
Veterinary supplies		228	627
Medical supplies		183 384	178 131
Weapons and armaments		-	5 139
Total inventory		977 659	913 401
5.3 Travel and subsistence			
Local		256 149	189 726
Foreign		311 520	387 975
Total travel and subsistence		567 669	577 701
6. Financial transactions in assets and liabilities			
Material losses through criminal conduct	6.1	392	-
Other material losses written off	6.2	32 090	11 401
Debts written off	6.3	67 292	22 278
Forex losses	6.4	334	1 163
Total		100 108	34 842



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

		<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
6.1	Material losses through criminal conduct			
Nature of losses				
Incident	Disciplinary steps taken/criminal proceedings			
Substance and travel fraud	Liability still to be determined		<u>392</u>	<u>-</u>
6.2	Other material losses written off in Statement of Financial Performance			
Nature of losses				
Compensation arising from a veld fire in Lohatla			9 552	-
Compensation arising from a shooting accident			5 036	-
Settlement agreement with the CSANDF			2 500	-
Other claims against the state			2 285	1 646
Legal fees State Attorney			8 207	3 823
Legal opinions			2 119	1 427
Legal representation			372	2 357
Legal fees			2	61
Motor vehicle losses			1 970	2 034
Spectacle losses			33	34
Interest claims			14	19
Total			<u>32 090</u>	<u>11 401</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
6.3 Debts written off			
Nature of debts written off			
Military assistance to the Kingdom of Lesotho during 1998/1999 (Operation BOLEAS)		54 936	-
Military assistance to the Kingdom of Lesotho during 1999/2000 (Operation MALUTI)		5 697	-
Cataloging service for National Treasury		3 514	10 000
No substantiating documentation		1 904	697
Salary related		779	6 949
State guarantees		196	2 671
Loss of state funds		141	64
Subsistence and travel		48	18
Loss of state property		33	15
Estates		24	524
Suppliers overpaid		12	302
Debts raised concerning fruitless and wasteful expenditure		7	207
Treatment of private patients		1	-
Motor vehicle accidents		-	678
Contractual liabilities		-	140
Medical costs		-	13
Total		67 292	22 278
6.4 Forex losses			
Nature of Forex losses			
Foreign exchange losses on foreign peace support operations		334	1 163



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
6.5 Details of theft and losses			
Administration		16 505	15 729
Landward Defence		20 175	11 810
Air Defence		721	2 723
Maritime Defence		353	1 030
Military Health Support		1 568	3 463
Defence Intelligence		12	20
Joint Support		127	67
Command and Control		60 647	-
Total		100 108	34 842
6.6 Recoverable revenue debts written off			
Operations		8 129	353
No substantiating documentation		752	583
Motor vehicle accidents		718	7 329
Contractual liabilities		413	2 705
State guarantees		97	475
Loss of state property		75	510
Salary related		63	607
Treatment of private patients		44	2 197
Other		28	8 197
Dockyard		18	113
Estates		14	97
Medical services rendered to other entities		-	665
Aviation fuel		-	450
Total		10 351	24 281



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
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7. Transfers and subsidies

Provinces and municipalities	Annexure 1A	15 144	14 855
Departmental agencies and accounts	Annexure 1B	9 265 940	7 334 983
Public corporations and private enterprises	Annexure 1C	359 515	-
Non-profit institutions	Annexure 1D	2 792	2 745
Households	Annexure 1E	72 456	92
Total		<u>9 715 847</u>	<u>7 352 675</u>

8. Expenditure for capital assets

Buildings and other fixed structures	73 884	79 638
Machinery and equipment	336 173	-
Software and other intangible assets	2 564	-
Total	<u>412 621</u>	<u>79 638</u>

9. Unauthorised expenditure**9.1 Reconciliation of unauthorised expenditure**

Opening balance	495 824	495 824
Unauthorised expenditure awaiting authorisation	495 824	495 824

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	2005/06 R'000	2004/05 R'000
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10. Fruitless and wasteful expenditure**10.1 Reconciliation of fruitless and wasteful expenditure**

Opening balance	469	644
Fruitless and wasteful expenditure - current year		
Current	17	30
Amounts condoned		
Current expenditure	(14)	(205)
Fruitless and wasteful expenditure awaiting condonement	472	469

Analysis of current fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2005/06 R
Interest paid as a result of supplier not registered on FMS	Amount to be written off as no liability could be determined	1 205
Interest on long outstanding medical accounts	Under investigation to determine liability	2 305
Interest on long outstanding medical accounts	To be recovered	140
Interest on long outstanding medical accounts	Under investigation to determine liability	22
Interest on long outstanding medical accounts	Under investigation to determine liability	50
Penalty paid as a result of late payment of a supplier	Under investigation to determine liability	896
Penalty in respect of late payment of official vehicle licences	Under investigation to determine liability	2 266
Penalty in respect of late payment of official vehicle licences	Under investigation to determine liability	2 532
Procurement of wreaths out of state funds instead of non-public funds	Under investigation to determine liability	1 845
Medical expenses exceed authorised amount	To be recovered	712

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

		<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
Incident	Disciplinary steps taken/criminal proceedings		2005/06 R	
Member was not entitled to military medical	Under investigation to determine liability		4 238	
Attorney costs on long outstanding medical account	Under investigation to determine liability		104	
Debt collector fees charged on long outstanding medical account	Under investigation to determine liability		579	
Attorney costs on long outstanding hospital account	Under investigation to determine liability		229	
Total			17 123	

11. Cash and cash equivalents

Cash on hand	32 961	12 084
Cash with commercial banks	18 638	22 191
Total	51 599	34 275

12. Prepayments and advances

Description		
Travel and subsistence	45 588	29 714
Prepayments	99 071	-
Total	144 659	29 714

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

13. Receivables

	Note	Less than one year R'000	One to three years R'000	Older than three years R'000	2005/06 Total R'000	2004/05 Total R'000
Staff debtors	13.1	22 375	6 238	10 776	39 389	60 736
Other debtors	13.2	17 287	17 576	23 075	57 938	46 518
Claims recoverable	Annex 4	2 790	1 153	2 047	5 990	83 397
Total		42 452	24 967	35 898	103 317	190 651

13.1 Staff debtors

Description		
Salary related	14 413	37 169
Students	9 302	9 309
Motor vehicle accidents	5 783	6 092
Deposits	4 347	4 168
State guarantees	2 163	2 287
Loss of state money	1 461	1 417
Private patients	222	120
Damage to state property	90	164
Estates	6	10
Discharge of members (2) not included in salary related	1 602	-
Total	39 389	60 736



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
13.2 Other debtors			
Description			
Contractual liabilities		23 942	20 438
Salary related		7 476	6 944
Medical claims		4 762	736
Loss of state money		4 122	4 387
Motor vehicle accidents		4 120	3 887
Aviation services		3 094	2 330
Suppliers		1 835	2 328
Estates		1 385	904
State guarantees		1 278	1 560
Operations		815	815
Humanitarian aid		450	632
Private patients		303	235
Institutions		290	283
Dockyard		72	188
Fruitless and wasteful expenditure		18	2
Miscellaneous		8	843
Damage to state property		1	6
Marketing support		1	-
Legal fees not included in suppliers		1 207	-
Loss of state funds not included in loss of state money		2 759	-
Total		57 938	46 518



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
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14. Loans

Public Corporations		<u>12 362</u>	<u>12 362</u>
Analysis of balance			
Opening balance		<u>12 362</u>	12 362
Closing balance		<u>12 362</u>	<u>12 362</u>
Current portion of loans		12 362	8 160
<p>Note: This represents a loan to the South African Forces Institute (SAFI) for the purpose of finance bridging. This loan is unsecured. The interest rate is fixed at 0% per annum and is payable by March 2007 in annual instalments.</p>			

15. Voted funds to be surrendered to the Revenue Fund

Opening balance		1 037	14 487
Transfer from Statement of Financial Performance		5 653	1 037
Paid during the year		<u>(1 037)</u>	<u>(14 487)</u>
Closing balance		<u>5 653</u>	<u>1 037</u>

16. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		13 073	24 684
Transfer from Statement of Financial Performance		729 136	465 742
Paid during the year		<u>(688 110)</u>	<u>(477 353)</u>
Closing balance		<u>54 099</u>	<u>13 073</u>

DEPARTMENT OF DEFENCE, VOTE 21

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
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17. Bank overdraft

Consolidated Paymaster General Account	<u>646 665</u>	<u>622 798</u>
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18. Payables - current

Description	Note	30 Days	30+ Days	Total	Total
Advances received	18.1	18	12	30	613
Clearing accounts	18.2	655	59	714	1 436
Other payables	18.3	14 073	13 298	27 371	53 007
Total		<u>14 746</u>	<u>13 369</u>	<u>28 115</u>	<u>55 056</u>

18.1 Advances received

Deposits received for use of Naval facilities	<u>30</u>	<u>613</u>
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18.2 Clearing accounts

Description		
Subsistence and Travel Cash Voucher Receipt	202	285
Pension suspense account	68	9
Suppliers	8	1 142
Foreign Subsistence and Travel and salaries not included in Subsistence and Travel Cash Voucher Receipt	436	-
Total	<u>714</u>	<u>1 436</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
18.3 Other payables			
Description			
State guarantees		6 196	6 186
Unclaimed salaries		5 041	4 310
Debtors in credit		7 767	23 169
Suppliers		552	1 388
Other payables		5 763	2 663
Suppliers not included in suppliers above		2 052	15 291
Total		27 371	53 007

19. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance	746 029	466 779
Decrease in receivables - current	87 334	17 059
Increase in prepayments and advances	(114 945)	(5 017)
(Increase)/decrease in other current assets	(3)	175
(Decrease)/increase in payables - current	(26 941)	37 998
Surrenders to Revenue Fund	(689 147)	(491 840)
Expenditure on capital assets	412 621	79 638
Other non-cash items	3	-
Net cash flow generated by operating activities	414 951	104 792

20. Cash and cash equivalents at end of period

Consolidated Paymaster General Account	(646 665)	(622 798)
Cash on hand	32 961	12 084
Cash with commercial banks	18 638	22 191
Total	(595 066)	(588 523)

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements.

		<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
21. Contingent liabilities				
Liable to	Nature			
Motor vehicle guarantees	Employees	Annexure 3A	246	446
Housing loan guarantees	Employees	Annexure 3A	123 026	124 386
Claims against the department		Annexure 3B	1 002 321	982 323
Other departments (interdepartmental unconfirmed balances)		Annexure 5	13 181	335
Environmental rehabilitation liability		Annexure 3B	7 100	21 081
Total			<u>1 145 874</u>	<u>1 128 571</u>

**22. Commitments**

Current expenditure			
Approved and contracted		927 776	807 513
Approved but not yet contracted		432 071	169 417
Total		<u>1 359 847</u>	<u>976 930</u>

23. Accruals

By economic classification	30 Days	30+ Days	Total	Total
Compensation of employees	43 514	-	43 514	-
Goods and services	76 248	29 498	105 746	54 216
Machinery and equipment	2 752	3 088	5 840	-
Total			<u>155 100</u>	<u>54 216</u>

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
Listed by programme level			
Administration		20 172	
Landward Defence		19 346	
Air Defence		30 449	
Maritime Defence		19 842	
Military Health Support		18 560	
Defence Intelligence		440	
Joint Support		31 907	
Command and Control		14 384	
Total		<u>155 100</u>	
Note: Accuracy checks have indicated that an error margin of approximately 29% may exist. Comparative figures could not be provided due to a lack of information.			

24. Employee benefit provisions

Leave entitlement	309 189	144
Thirteenth cheque	245 554	245 564
Performance awards	11	27
Capped leave commitments	969 127	1 061 573
Total	<u>1 523 881</u>	<u>1 307 308</u>
Note: Leave entitlement in previous year (comparative amount) was incorrectly included due to misinterpretation of guidance provided by the National Treasury.		

25. Lease Commitments

25.1 Operating leases	<i>Machinery and equipment</i> <i>R'000</i>	<i>Total</i> <i>R'000</i>	<i>Total</i> <i>R'000</i>
Not later than 1 year	6 103	6 103	9 405
Later than 1 year and not later than 5 years	1 957	1 957	8 094
Total present value of lease liabilities	<u>8 060</u>	<u>8 060</u>	<u>17 499</u>

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
26. Irregular expenditure			
26.1 Reconciliation of irregular expenditure			
Opening balance		624	709
Irregular expenditure - current year		331	468
Amounts condoned			
Current expenditure		-	(220)
Transfers to receivable for recovery (not condoned)	26.2	-	(333)
Irregular expenditure awaiting condonement		955	624
Analysis			
Current		331	115
Prior years		624	509
Total		955	624
26.2 Not condoned expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
Procurement of Plato licenses	Member has been reprimanded	-	333



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

<i>Note</i>	<i>2005/06 R'000</i>	<i>2004/05 R'000</i>
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27. Key management personnel

Description	No of individuals	Total	Total
Political Office Bearers	2	1 762	1 587
Officials			
Level 15 to 16	13	9 910	10 109
Level 14	12	4 467	5 292
Total		16 139	16 988

Note: The comparative figures have been restated to conform to the changes in the presentation in the current year.

**28. Provisions**

Potential irrecoverable debts	
Staff debtors	1 714
Other debtors	3 681
Claims recoverable	474
Total	5 869

Note: This is a new disclosure note and comparative figures cannot be provided.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	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
Amatola District Council			1	1	1	100.0%				2
Benede Oranje District Council			68	68	68	100.0%				105
Bloem-area District Council			1 233	1 233	1 233	100.0%				1 255
Bo-Karoo Divisional Council			30	30	30	100.0%				29
Boland District Municipality			10	10	10	100.0%				11
Bophirima District Council			1	1	1	100.0%				1
Bosveld District Council			36	36	36	100.0%				34
Central Transitional District Council			410	410	410	100.0%				428
City of Cape Town			1 548	1 548	1 548	100.0%				1 481
Diamantveld District Council			420	420	420	100.0%				455
Durban Corporation District Council			497	497	497	100.0%				579
Eastern Free State District Council			102	102	102	100.0%				125
Eastern Gauteng Services Council			270	270	270	100.0%				273
Greater Johannesburg Metropolitan Council			318	318	318	100.0%				321
Highveld District Council			241	241	241	100.0%				180
Indlove Regional Council			22	22	22	100.0%				25
Kalahari District Council			299	299	299	100.0%				288
Klein Karoo Divisional Council			85	85	85	100.0%				76

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1A (continued)

STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	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
Lowveld District Council			208	208	208	100.0%				212
Midland Divisional Council			1	1	1	100.0%				1
Namakwa District Municipality			1	1	1	100.0%				1
Northern District Council			1 051	1 051	1 051	100.0%				1 082
Northern Free State District Council					-	0.0%				95
OR Tambo District			175	175	175	100.0%				185
Oosvaal District Council			82	82	82	100.0%				86
Overberg District Council			79	79	79	100.0%				75
Pretoria Metro Council			6 235	6 235	6 235	100.0%				5 822
Rustenburg District Council			8	8	8	100.0%				6
Southern District Council			588	588	588	100.0%				598
Stormberg District Council			6	6	6	100.0%				7
Uthukela Regional Council			192	192	192	100.0%				214
Uthungule Regional Council			119	119	119	100.0%				124
West Coast Regional Services Council			146	146	146	100.0%				159
Various			1	1	1	100.0%				1
Fezile Dabi District Municipality			97	97	97	100.0%				-
Western Regional District Council			564	564	564	100.0%				519
Total			15 144	15 144	15 144					14 855

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTS/AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2004/05
	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 Appropria- tion Act R'000
Safety and Security Sector Education and Training Authority (SASSETA)	7 101	-	-	7 101	7 101	100.0%	5 885
Special Defence Account	9 258 839	-	-	9 258 839	9 258 839	100.0%	7 045 000
Total	9 265 940	-	-	9 265 940	9 265 940		7 050 885



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2004/05
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustment s R'000	Total Available R'000	Actual Transfer R'000	% of Available funds trans- ferred %	Capital R'000	Current R'000	Total Available R'000
Public Corporation									
Armaments Corporation of South Africa	359 515	-	-	359 515	359 515		-	-	284 098
Total	359 515	-	-	359 515	359 515	100.0%	-	-	284 098



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS

NON-PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	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
Transfers							
St Johns Ambulance Brigade	40	-	-	40	39	97.5%	40
SA First-Aid League	-	-	-	-	-	0.0%	35
Medical Fund	275	-	-	275	157	57.1%	275
Reserve Force Council	2 596	-	-	2 596	2 596	100.0%	2 461
Total	2 911	-	-	2 911	2 792		2 811

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1E

STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

NON-PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	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
Transfers							
DOD members	72 456	-	-	72 456	72 456	100.0%	92
Individuals	-	-	-	-	-	0.0%	-
Total	72 456	-	-	72 456	72 456		92
Severance packages paid out							
Ex Gratia payments							



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06 R'000	2004/05 R'000
Received in kind			
Mafikeng Airport	Fuel	462	-
Various institutions	Various gifts R1 000,00 and less	25	1
Liyana Game Lodge	Use of facilities	15	-
Crockery and cutlery	SA Navy Association	14	-
Distell	T-shirts (120) and caps (50)	8	-
Wiley X	Protective eyewear	8	-
Paint material	SAFOMAR	6	-
Eagle Tyres Makhado	Tyres	6	-
Round Table 66	Groceries	6	-
SA Disable Support Association	Caps and pens	6	-
Benevolent Fund	Sponsorship	6	-
Old Mutual	Sheep	6	-
RDL	Sponsorship	6	-
Wimpy	160 Meal vouchers	5	-
Sanlam	Satellite dish and decoder	4	-
Chipkins	Media covers	3	-
BAE Systems	End year function	3	-
Col P. Cooke	Donation	3	-
TMA	Sponsorship	3	-
Logtronics	Sponsorship	3	-
BAE - IFS	Sponsorship	3	-
DENEL Aviation	Sponsorship	3	-
Palm Haven	Donation	3	-
Coca Cola	Coke, caps and squeegees	3	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1F (continued)

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06 R'000	2004/05 R'000
Crime Prevention Board	Caps and T-shirts	3	-
AMG	T-shirts	2	-
Babcock Central	Aviation evening	2	-
DENEL	T-shirts	2	-
LTT Rotary	Donation	2	-
Leach Printers	Certificates and name tags	2	-
Distell	Assorted	2	-
Veecraft	2 Brass watches	2	-
Manex Marine	Wrist watch	2	-
Chubb Security	Satellite dish and decoder	2	-
Grintec Electrical	Theater system	2	-
DENEL Aviation	Painting hawk	2	-
Ms S. le Roux	Dining room chairs	1	-
Dinner Mates	Hamburger patties and bacon	1	-
SPAR	Groceries	1	-
Dr V. Govender	LG bar fridge	1	-
OBC Chicken	Russians and chickens	1	-
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
Total		640	27

Note: Totals do not form part of the totals as on the face of the Statement of Financial Performance.

DEPARTMENT OF DEFENCE, VOTE 21

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1G

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2006

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI- TURE R'000	CLOSING BALANCE R'000
Received in cash					
The Government of the Kingdom of the Netherlands	Improvement of the Democratic Republic of the Congo integration centres	-	31 250	27 510	3 740
The African Renaissance Fund	Support of the electoral process in the Democratic Republic of the Congo	-	7 500	-	7 500
Subtotal		-	38 750	27 510	11 240
Received in kind					
Government of the United Kingdom	Destruction of small arms, primarily in external peace support operations	-	314	-	314
Government of the United States of America	C130 Aircraft spares and technical support	-	4 080	-	4 080
Government of the United States of America	C130 Aircraft simulator and maintenance training	-	1 800	-	1 800
Government of the United States of America	BK117 Helicopter engines	-	5 400	-	5 400
Government of the United States of America	Aids awareness promotion	-	9 696	-	9 696
Government of the United States of America (Emergency Programme for AIDS relief)	Aids awareness promotion	-	5 945	-	5 945
Government of the United States of America (National Institute of Health)	Aids awareness promotion	-	19 674	-	19 674
Government of the United Kingdom (Department of Foreign International Development)	Aids awareness promotion	-	600	-	600
Government of the Federal Republic of Germany	Technical training assistance for the Service Corps	-	1 685	-	1 685
Subtotal		-	49 194	-	49 194
Total		-	87 944	27 510	60 434

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2006

<i>NATURE OF GIFT, DONATION OR SPONSORSHIP</i>	<i>2005/06 R'000</i>
Made in kind	
Dakota engines	9 500
Vehicles	7 920
Samil vehicles	2 368
Servicable equine equipment	1 286
Horses and trailers	754
Dogs	267
Power generators	120
Medds trailers	38
Medicine	22
Ferrier equipment	12
Various gifts R1 000,00 and less	12
Conference bags (50)	2
Total	22 301
Note: Totals do not form part of the totals as on the face of the Statement of Financial Performance	



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL PUBLIC ENTITIES AS AT 31 MARCH 2006

NAME OF PUBLIC ENTITY	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 04/05	% Held 05/06	Number of shares held		Cost of investment R'000		Net asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	Yes/No
National Public Entity												
Castle Control Board (under control of the Minister of Defence).	3A	0.0%	0.0%	-	-	-	-	-	-	1049	63	No
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.	2	0.0%	0.0%	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence).	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence).	75 000	75 000	75 000	75 000	14 800	(4 100)	No
Total						75 000	75 000	75 000	75 000	15 849	(4 037)	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO PUBLIC ENTITIES AS AT 31 MARCH 2006

NAME OF PUBLIC ENTITY	Nature of business	Cost of investment R'000		Net asset value of investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
		Non-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.	-	-	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-	-	-
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 material for the SANDF and the subsidy companies which directly support technology and acquisition strategies.	75 000	75 000	75 000	75 000	-	-	761	1264
Subtotal		75 000	75 000	75 000	75 000	-	-	761	1264
Total		75 000	75 000	75 000	75 000	-	-	761	1264

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 - LOCAL

Guarantor Institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance as at 1 April 2005	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest outstanding as at 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Motor Vehicles								
Stannic		922	446	-	200	-	246	-
Subtotal		922	446	-	200	-	246	-
Housing								
ABSA		-	33 256	1 235	2 033	-	32 458	84
African Bank		-	952	-	-	-	952	-
BOE Bank (Boland)		-	290	-	10	-	280	-
Business Partners		-	5	-	-	-	5	-
Cape of Good Hope Bank		-	126	-	14	-	112	-
Ciskei Peoples Development Bank		-	5	-	-	-	5	-
First National/First Rand Bank		-	23 157	382	1 124	-	22 415	79
Free State Development Corporation		-	847	371	-	-	1 218	-
Grahamstown Building Society		-	35	-	-	-	35	-
Greenstart Home Loans		-	1 412	226	-	-	1 638	-
Ithala Development Finance Corporation		-	618	82	-	-	700	-
Khayaletu Home Loans		-	27	-	-	-	27	-
Masikheni		-	261	151	-	-	412	-
National Building Society		-	1 011	-	111	-	900	16
Nedbank		-	11 385	1 140	469	-	12 056	-
Perm/Peoples Bank/Nedcor		-	24 008	22	693	-	23 337	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 3A (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 - LOCAL

Guarantor Institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance as at 1 April 2005	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest outstanding as at 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing								
Northern Province Development Corporation		-	9	-	-	-	9	-
Old Mutual Bank		-	11 065	-	484	-	10 581	-
Risima Housing Corporation		-	21	49	-	-	70	-
SA Development Corporation Ltd		-	18	-	-	-	18	-
SA Home Loans		-	98	-	37	-	61	-
South Fin		-	857	-	-	-	857	-
Standard Bank		-	14 136	400	489	-	14 047	10
Venda Building Society		-	775	46	-	-	821	-
Venda National Development Corporation		-	12	-	-	-	12	-
Fidelity Bank		-	-	-	-	-	-	6
Subtotal		-	124 386	4 104	5 464	-	123 026	195
Total		922	124 832	4 104	5 664	-	123 272	195

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006

<i>Nature of Liability</i>	<i>Opening Balance 1 April 2005</i>	<i>Liabilities incurred during the year</i>	<i>Liabilities paid/ cancelled/reduced during the year</i>	<i>Liabilities recoverable</i>	<i>Closing Balance 31 March 2006</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>
Claims against the department					
Civil claims	978 613	79 386	59 843	-	998 156
Motor vehicle accident claims	3 710	758	303	-	4 165
Subtotal	982 323	80 144	60 146	-	1 002 321
Environmental Liability	21 081	-	13 981	-	7 100
Subtotal	21 081	-	13 981	-	7 100
Total	1 003 404	80 144	74 127	-	1 009 421

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 4

INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance		Unconfirmed balance	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
Department				
Department of Foreign Affairs	27	-	4 042	72 188
Department of Public Works	-	-	14	1 822
National Treasury	-	3	351	3 924
Department of Education	-	6	6	-
Department of Health	3	-	321	34
Department of Social Development	-	-	-	1
Department of Correctional Services	7	25	2	56
Department of Safety and Security	3	-	345	42
Department of Agriculture	-	4 827	-	21
Department of Communication	7	-	-	-
Department of Environmental Affairs and Tourism	302	-	119	-
Department of Transport	-	-	423	423
National Director of Public Prosecution	-	-	4	-
Department of Water Affairs and Forestry	-	-	1	-
Gauteng Provincial Government	5	13	-	-
Limpopo Provincial Government	3	-	-	-
Subtotal	357	4 874	5 628	78 511
Other Government Entities				
The Public Protector	-	-	-	11
State Information Technology Agency	-	-	5	1
Subtotal	-	-	5	12
Total	357	4 874	5 633	78 523



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES - CURRENT

Government Entity	Confirmed balance		Unconfirmed balance	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
Department				
Amounts not included in Statement of Financial Position				
Department of Public Works	-	-	5	6
National Treasury	-	-	-	1
Statistics South Africa	-	-	-	13
Department of Education	-	-	28	18
Department of Health	-	-	74	139
Department of Labour	-	-	-	19
Department of Science and Technology	-	-	-	11
Department of Correctional Services	-	-	249	9
Department of Justice and Constitutional Development	-	-	12	5
Department of Safety and Security	-	-	961	31
Department of Agriculture	-	-	10	19
Department of Environmental Affairs and Tourism	-	-	-	16
Department of Water Affairs and Forestry	-	-	25	25
Department of Public Service and Administration	-	-	17	-
Department of Foreign Affairs	-	-	11 660	-
Government Garage Transport	-	-	115	-
Department of Housing	-	-	8	-
Free State Provincial Government	-	-	17	-
Limpopo Provincial Government	-	-	-	23
Total	-	-	13 181	335



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006



AUDITOR - GENERAL

1. AUDIT ASSIGNMENT

The financial statements as set out on pages to, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 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 are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2.1 SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 544 of 2006*, issued in *Government Gazette* no. 28723 of 10 April 2006 and *General Notice 808 of 2006*, issued in *Government Gazette* no. 28954 of 23 June 2006. 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
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

2.2 LEVEL OF AUDIT ASSURANCE

Owing to the sensitive nature of certain operational transactions and the 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 as a result of reliance on assurance provided by management.

3. BASIS OF ACCOUNTING

The Special Defence Account's (SDA) policy is to prepare the financial statements on the entity specific basis of accounting described in note 1 to the annual financial statements and as approved by the National Treasury on 31 March 2006.

4. AUDIT OPINION

In my opinion, except for the matter referred to in paragraph 2.2 above, the financial statements have been prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements.

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion, attention is drawn to the following matters:

5.1 Suspension of official

As reported in paragraph 5.3.2 of the previous year's report, a forensic report was outstanding. The final forensic report was received on 30 June 2006. As a

result of the recommendations emanating from the final forensic investigation report, the suspended official faced charges which have been instituted.

5.2 Classification of the SDA

Due to the lack of a policy framework regarding the SDA, the classification of the SDA is still unknown. Previously it was reported that the final amendment of the Public Finance Management Act (PFMA) regarding the classification of the SDA as a proposed schedule 4: Exclusion from Revenue Fund, is still awaited. Furthermore, the department and National Treasury will, during the next financial year, discuss the accounting treatment and disclosure of the SDA for future purposes.

5.3 Weaknesses in internal control

The following general weaknesses in controls were identified during the year under review:

- A lack of implemented controls regarding the policy framework for cash and bank management were identified. No policy and procedures were documented for cash and bank management to ensure that Treasury Regulation requirements are adhere to regarding cash and bank management. The department is in the process to compile a draft policy and procedure document, with a target date set as November 2006.
- As reported previously, the constitution for the Compliance Programme, namely The Arms Control and Non-Proliferation Fund Committee, was

approved by the National Conventional Arms Control Committee (NCACC). To date the signed approved constitution is still awaited.

- As previously reported, no proper controls exist to ensure that amendments to the supplier's master file are properly authorised on the "Kaysbank" system. This is due to a lack of proper delegation. The department has indicated that they are in the process of implementing a new system by 15 July 2006 and that a senior official will perform the verification.

6. APPRECIATION

The assistance rendered by the staff of the Department of Defence and Armscor during the audit is sincerely appreciated.

Shaupet Fakie
Auditor-General
man-HIVE FOR JUSTICE

Pretoria

21 July 2006



SPECIAL DEFENCE ACCOUNT

BALANCE SHEET as at 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		3 818 538	2 257 588
Advances	2	8 843	10 569
Trade and other receivables	3	87 392	100 179
Cash and cash equivalents	4	3 706 650	2 132 170
Investments	5	15 653	14 670
Total assets		3 818 538	2 257 588
EQUITY AND LIABILITIES			
Equity			
Reserves		2 763 146	1 171 673
Current liabilities			
Creditors	6	1 055 392	1 085 915
Total equity and liabilities		3 818 538	2 257 588



SPECIAL DEFENCE ACCOUNT

INCOME STATEMENT for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
Revenue		9 461 484	7 248 849
Transfer from Department of Defence		9 258 839	7 045 000
Other revenue	7	202 637	203 841
Interest received		8	8
Less: Expenditure	8	7 870 012	6 829 305
Net profit for the period		1 591 472	419 544



SPECIAL DEFENCE ACCOUNT

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
		Accumulated income	Accumulated income
Balance at the beginning of year		1 171 673	752 129
Net profit for the year		1 591 472	419 544
Balance at the end of year		2 763 145	1 171 673



SPECIAL DEFENCE ACCOUNT

CASH FLOW STATEMENT for the year ended 31 March 2006

	<i>Note</i>	<i>2005/06</i> <i>R'000</i>	<i>2004/05</i> <i>R'000</i>
Cash flow from operating activities			
Net profit		1 591 472	419 544
Adjustment for investment income		(8)	(8)
Operating profit before working capital changes		1 591 464	419 536
Working capital changes		(16 009)	225 338
Decrease in trade and other receivables		12 787	349 626
Decrease in advances		1 726	2 545
Decrease in creditors		(30 522)	(126 833)
Cash generated from operations		1 575 455	644 874
Interest received		8	8
Net cash flow from operating activities		1 575 463	644 882
Cash flow from investing activities			
Investment		(983)	(14 567)
Net cash outflow from investing activities		(983)	(14 567)
Net increase in cash and cash equivalents		1 574 480	630 315
Cash and cash equivalents at beginning of the year		2 132 170	1 501 855
Cash and cash equivalents at end of the year	4	3 706 650	2 132 170



SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006

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 and approved by the Accountant General.

1.1 Underlying assumption

The financial statements are prepared on the modified accrual basis.

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.

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

		2005/06 R'000	2004/05 R'000
2.	Advances	8 843	10 569
	National Defence Force projects	3 753	4 262
	Strategic Defence Procurement Programme (SDPP) subsistence & travel advances	5 090	6 307
3.	Trade and other receivables	87 392	100 179
	Trade debtors	51 546	62 304
	Intelligence division	26 612	15 271
	Special forces	7 994	8 567
	Clearing account	1 240	2 138
	Joint operations	-	11 899
4.	Cash and cash equivalents		
	Paymaster General Account	3 706 650	2 132 170
5.	Investments	15 653	14 670
	Corporation for Public Deposits	118	110
	Corporation for Public Deposits (Compliance Programme)	15 535	14 560



SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)


	2005/06 R'000	2004/05 R'000
6. Creditors	1 055 392	1 085 915
Compliance Programme as per agreement between the USA and SA Governments	15 535	14 561
Opening balance at beginning of year	14 560	14 052
Expenditure	(40)	-
Recovery of previous year expenditure	-	146
Interest earned on investment	1 015	363
Contract fines	13 810	4 666
Revenue payable to the National Revenue Fund	56 179	121 776
Trade creditors	104 927	48 819
Provision for Strategic Defence Procurement Programme	864 747	895 888
Other	194	-
Clearing account	-	205



6.1 Included in the provision of R864 747 004 is R859 801 331 for the foreign component of the Strategic Defence Procurement Programme consisting of EUR 27 740 227, GBP 17 604 832, USD 25 789 295 and SEK 355 804 482. This amount relates to invoices and goods received prior to 31 March 2006 in respect of Strategic Defence Procurement Programme. The amount is contractually payable in the 2006/2007 financial year and will be funded from the 2006/2007 Department of Defence transfer payment. No forward cover was utilised.

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	2005/06 R'000	2004/05 R'000
7. Other revenue	202 637	203 841
Other revenue	258 816	325 617
Sales of strategic equipment for the Department	53 482	114 382
Foreign exchange profit on sales of strategic equipment for the Department	703	-
Foreign exchange profit on SDPP	192 636	202 336
Marketing support	276	117
Sensitive projects	11 515	8 691
Interest received on replacement orders	12	-
Sundry	192	91
Less: Payable to National Revenue Fund	(56 179)	(121 776)
		
8. Expenditure	7 870 012	6 829 305
Major projects	6 727 245	5 808 193
Other projects	385 732	405 554
Landward Defence	69 325	106 185
Air Defence	77 787	99 029
Maritime Defence	69 803	54 747
Command and Control	15 879	1 620
Joint Support	152 938	143 973
Operating projects	656 936	546 627
Sensitive projects	74 951	55 463
Write-off	97	-
Foreign exchange rate adjustments	23 533	10 781
Provision for write down of foreign banks	1 518	2 687

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	2005/06 R'000	2004/05 R'000
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- 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 R143 277 (2004/2005: R132 267).
- 8.3 Included in major projects are legal fees of R113 731 (2004/2005: R590 000) relating to the contingent liability in note 10.
- 8.4 Included in expenditure for sensitive projects is a foreign exchange profit of R44 335 (2004/2005: foreign exchange loss of R475 943).

	18 686 150	14 655 357
9. Estimated future expenditure approved by Armscor		
Strategic Defence Procurement Programme capital commitment	6 900 818	9 487 648
Commitments	11 785 332	5 167 709
Commitments in respect of contracts entered into	5 739 465	3 836 007
Commitments approved, but contracts not yet entered into	6 045 867	1 331 702



- 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 R6 900 818 447 (2004/2005: R9 487 648 323) is a foreign component of EUR 64 140 709, USD 261 425 333, GBP 210 512 701 and SEK 2 630 885 362 (2004/2005: EUR 178 843 483, USD 165 933 455, GBP 274 416 591 and SEK 3 522 269 271). 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 2006 (continued)

	2005/06 R'000	2004/05 R'000
10. Contingent liability		
Claims against the state	<u>23 957</u>	<u>13 738</u>

A further case of litigation is in the process against the Special Defence Account relating to an administrative dispute on the tender process where the claimant seeks damages for an estimated amount of R149 000 000.

11. Defence Industrial Participation (DIP)

11.1 DIP credits awarded and planned for current year



DIP credits awarded	1 764 175	1 576 000
DIP credits awarded - SDPP	1 595 822	1 542 000
DIP credits awarded - Non-SDPP	168 353	34 000
DIP credits planned	1 331 057	1 450 000
DIP credits planned - SDPP	1 246 547	1 412 000
DIP credits planned - Non-SDPP	84 510	

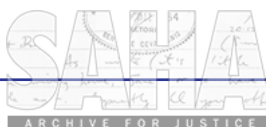
SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006 (continued)

	2005/06 R'000	2004/05 R'000
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11.2 Previous years DIP credits awarded and planned

Cumulative DIP credits awarded	14 747 561	12 492 000
Cumulative DIP credits awarded - SDPP	9 283 040	7 687 000
Cumulative DIP credits awarded - Non-SDPP	5 464 521	4 805 000
Cumulative DIP credits planned	13 822 810	12 389 000
Cumulative DIP credits planned - SDPP	8 933 765	7 580 000
Cumulative DIP credits planned - Non-SDPP	4 889 045	



11.3 Outstanding DIP obligations

Outstanding DIP obligations	6 557 758	8 200 000
Outstanding DIP obligations - SDPP	5 827 721	7 421 000
Outstanding DIP obligations - Non-SDPP	730 037	779 000

11.4 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.

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 2005/2006 financial year, as disclosed in note 7, will be refunded in the 2006/2007 financial year.

LIST OF ABBREVIATIONS, ACRONYMS AND REFERENCES

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

C⁴I²RS Command, Control, Computers, Communication, Information, Intelligence, Reconnaissance and Surveillance

CIOR *Confederation Internallie des Officiers des Reserves*

DIDTETA Diplomacy, Intelligence, Defence and Trade Education and Training Authority

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 and 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

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

PSAP Public Service Act Personnel (civilians)

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

