

# Annual Report FY 2008 - 2009



Safeguarding South Africa For A Better Life For All



defence

Department:  
Defence  
REPUBLIC OF SOUTH AFRICA



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Inquiries about the Annual Report are to be forwarded to the Head of Communications, Mr S. Dlamini.

Tel: +27 12 355 5663  
Fax: +27 12 355 6134  
E-mail: [hoc@mil.za](mailto:hoc@mil.za)

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defence

Department:  
Defence  
REPUBLIC OF SOUTH AFRICA

## DEPARTMENT OF DEFENCE

### ANNUAL REPORT FY 2008 - 2009

Ms L. N. Sisulu, MP  
Minister of Defence

**The Department of Defence Annual Report on Strategic Business Plan 2008  
(FY 2008/09 to FY 2010/11)**

It is a great pleasure and honour for me to submit the Annual Report together with the audited financial statements and the Auditor-General's report to the executive authority for the Department of Defence (DOD) for the period 1 April 2008 to 31 March 2009, in terms of Section 40 (1) (d) read together with Treasury Regulation 18.3 of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999).

The DOD Annual Report was prepared in accordance with sections 40 (1) (e) of the PFMA, 1999 and the Government-wide Framework of the Managing Programme Performance. The requirements of the Public Service Regulations, 2001, Chapter 1 part 111 and the guidelines given by the National Treasury were also complied with.

The report fairly presents the state of affairs of the DOD, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of 2008/2009 financial year.

I hereby, formally submit these reports to the National Assembly as a statutory requirement for reporting to Parliament.

A handwritten signature in black ink, appearing to read 'T.E. Motumi'.

**T.E. MOTUMI**  
**ACTING SECRETARY FOR DEFENCE: DEPUTY DIRECTOR-GENERAL**

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*Foreword by the Honourable  
Minister of Defence and Military  
Veterans*



## Foreword by the Honourable Minister of Defence and Military Veterans, Lindiwe Sisulu, MP



The year under review marked the end of the Third Term of the democratic government, therefore the period – FY 2008/09 – was a period which saw the department engaged in assessing its success and challenges that still need to be addressed by this new administration. The alignment of our programmes with the South African foreign policy objectives, and the continued implementation and refinement of both the Military Strategy and the Human Resource Strategy 2010 to rejuvenate the South African National Defence Force (SANDF), remained the main objectives of the year under review.

In aligning to the Government's Programme of Action, the Department ensured that it delivered on its set objectives. Most significant for the period under review, was the work accomplished in terms of the APEX priorities. The Department, through the Defence Legal Services Division (DLSD), made remarkable progress in the fulfilment of APEX Priority 19, wherein the cases backlog was reduced by 28%, while the overall reduction of cases was pegged at 30%. Sound progress was made with regard to APEX Priority 24, where 7 357 Military Skills Development System (MSDS) members were brought into the ranks of the SANDF at the end of the financial year.

Owing to the MSDS programme, youth, skills and leadership development have continued to grow in support of the rejuvenation of the SANDF and the alleviation of the poverty objective. Furthermore, the revitalisation of the Reserves saw an increased number of forces deployed, both internally and externally. Gender issues continued to be a priority in the Department's agenda. The Gender Conference and workshops to determine progress in the implementation of the United Nations (UN) Resolution 1325, which focuses on representation of women at all decision-making levels, were successful.

The UN nominated South Africa as one of the countries to pilot the implementation of this resolution.

Government's intent captures the requirement to strengthen its own economic base, to the benefit of the African continent. The roles and tasks of the SANDF were thus focused on establishing those conditions, in a multilateral manner, of safety, peace and security.

During the period under review, Support for the Government's Commitment to Stability, Peace and Security in the Region and the Continent, dominated the Department's business. The Department continued to win respect for its role in enhancing regional, continental and global security, through peace-support operations and collaborations with the African Union (AU) and the UN. Throughout the year, our members served the region with pride and dignity in their areas of deployment.

Once more, the Department carried out many demanding tasks in support of other state departments and the people of South Africa. Humanitarian support was provided in various difficult instances, with particular attention to the xenophobic predicament, prevention in the spread of cholera, evacuation during floods and fires, and preparations for future international events. All internal deployments were executed with diligence and essential safety, reducing risk to lives and property.

The Military Veterans' Association was launched during the period under review. Subsequent to the launch, a workshop was held to advance the immense work that needs to be executed to ensure that there is progress in matters that have been deliberated on.

These achievements were not without challenges. My challenge for the Department in the year ahead is that all the work done in the period under review, should lay the basis for a fine performance in the coming year. May I express my gratitude to the entire Department and all our external stakeholders for the great effort that has been made in support of the business of our Government.



**MINISTER OF DEFENCE AND MILITARY  
VETERANS**  
LINDIWE SISULU, MP







*Strategic Overview by the  
Acting Secretary for Defence*



# Strategic Overview by the Acting Secretary for Defence, Deputy Director-General, Mr T.E. Motumi Defence



## INTRODUCTION

It is that time of the year again, that the Department of Defence (DOD) presents to the citizens of the Republic of South Africa, the contribution it has made towards the achievement of the Government's Programme of Action. In the year under review, the DOD attended to its mandate as contemplated in Section 200 (2) of the Constitution, with much vigour and purpose. The vision, mission and strategic focus of the DOD fortified the execution of the DOD's mandate and the fulfilment of the Government's intent. The DOD's value system, comprising of both individual and organisational values, underpinned the upholding of ethical standards and conduct in the DOD.

As a government organ responsible for the defence function in South Africa, the DOD is subject to all government regulatory frameworks on good governance. In line with this requirement, the DOD has consolidated the institutionalisation of good corporate governance in all its business activities.

### Structure and Post-Establishment

In view of the dynamic nature of the DOD's business, efforts to ensure that the DOD is adequately structured, were part of the DOD's strategic management agenda for the reporting year. The International Defence Affairs Division, established in 2007, was effectively operational in FY 2008/09. The Defence Legal Services Division (DLSD) began to operate as the repository of the DOD defence legal advice and knowledge.

In order to assist the Chief of the South African National Defence Force (C SANDF) with the management and accounting on financial resources allocated to the SANDF, a Finance Management Office was established in the office of the C

SANDF. This Finance Management Office remains under the functional control of the Chief Financial Officer of the DOD.

### Minister of Defence's Priorities for FY 2008/09

In the year under review, the DOD remained under the direction of the Minister of Defence (MOD) who had identified specific priorities to be pursued by the DOD in FY 2008/09. To that end, the DOD has carried out those priorities.

**Rejuvenation and Upgrade of the Landward Programme:** The Landward Programme is one of the important elements of the SANDF Structure. This is more so if viewed against the background of demand for peacekeeping operations placed on the SANDF. In order to keep up with the government's ordered commitments; the DOD has sought to properly align the rejuvenation of the Landward Programme. This has been done through aligning Army Vision 2020 with the DOD's Medium-Term Expenditure Framework (MTEF) priorities.

**Infrastructure and DOD Works Regiment:** Reasonable progress has been made towards the improvement of the DOD's infrastructure by creating capacity within the DOD to handle the maintenance of its facilities. To that end, the Devolution Plan was approved and submitted to the National Department of Public Works (NDPW). The Defence Works Regiment, which focuses on basic maintenance, has been successfully established, and training of members commenced during the reporting period. Benefits from the Defence Works Regiment will be more visible in the years ahead.

**Revitalisation of the Reserves:** The Reserves Strategy was finalised and is being implemented as part of the "Core Growth-One Force" concept.

Information Technology: The DOD has actively participated in the Government's endeavours to establish an Integrated Financial Management System.

### Participation in Clusters and Forums for Director-Generals of South Africa

The DOD has actively participated in all the activities of the following government clusters: Joint Crime-Prevention and Security Cluster, International Relations, Peace and Security, and Governance and Administration. Further to this, the DOD has implemented and reported on all its obligations arising out of these clusters.

### Department of Defence Balanced Scorecard

The rollout of the Balanced Scorecard as a performance management tool advanced during the period under review. At the close of the financial year, the scorecards for the various Services and Divisions had been completed. These scorecards have played a pivotal role in the strategic planning process. The implementation of the Balanced Scorecard will bear positive results for the DOD in respect of planning and reporting on performance.

### Human Resources

Progress has been made towards ensuring that the DOD's human resources is of an appropriate profile. The DOD remains committed to the recruitment and retention of appropriately qualified and skilled personnel. In order to improve the SANDF's readiness levels, the rejuvenation of Regulars and Reserves remains an important aspect for the DOD. To respond to this, the DOD grants development and empowerment opportunities to young South Africans to enlist with the DOD under the MSDS programme. By the end of the financial year, there were 7 357 MSDS members of which 4 334 were recruited during the period under review. The challenges encountered in this period, such as the recruitment and retention of scarce, skills will be tackled through the revised Human Resources (HR) Strategy 2010, which specifically seeks to address challenges highlighted in the Services and Divisions reports.

### Force Employment

The SANDF successfully deployed 2 900 members, including 255 Reserves in six deployment areas, which include the Democratic Republic of Congo

(DRC); Burundi; Ethiopia and Eritrea; Sudan; Uganda, Southern Sudan and Nepal. Three general military assistance operations were successfully executed in the DRC, Central Africa Republic (CAR) and Burundi.

### Internal Deployments

The SANDF significantly supported the South African Police Service (SAPS) in the execution of Operations PROSPER, HUMAN and INTEXO. Detailed reporting on these operations is provided under the Landward Defence and Force Employment Programmes. During the election registration process, the SANDF successfully supported the Independent Electoral Commission on matters of security. In addition, support was provided to various communities to alleviate drought conditions and improvement of water purification systems, in the fight against cholera. Further support was provided to the SAPS to diffuse the xenophobic crisis.

In the Western Cape, the SANDF provided humanitarian assistance through fire-fighting operations, search-and-rescue flights, and flood relief.

In line with Cabinet's decision, the DOD gradually reduced the number of SANDF members in internal deployments, but retained sufficient internal deployment capability to support international events such as the 2009 Confederations Cup, and the 2010 Fédération Internationale de Football Association (FIFA) Soccer World Cup.

### Maritime Defence

In the area of Maritime Defence, the year under review saw the delivery of the last of the Type 209 submarines, *SAS QUEEN MODJADJI 1*, in May 2008. The SA Navy hosted 10 visiting ships, which enhanced naval relations and provided ideal opportunities for multi-national exercises and maintaining international co-operation. The deployment of the frigate, *SAS SPIOENKOP* to China (Operation CARAWAY), in support of the Department of Foreign Affairs during the celebration of 10 years of diplomatic relations between the Republic of South Africa (RSA) and the People's Republic of China, was another SANDF highlight. Furthermore, the SA Navy successfully executed the Presidential Fleet Review in Simon's Town to honour the South African Commander. This occasion appealed to the DOD's stakeholders



and positively demonstrated the state of readiness of the SA Navy.

### **Logistics**

Efforts to streamline the DOD's logistics function to a single point of responsibility have been undertaken through the Logistics Intervention Realignment Programme. To this end, a preferred Supply-Chain Management model has been defined, and the required service provider has been identified. The year ahead will see development of the structures to support supply-chain management at corporate and unit levels.

### **Finance**

The DOD has made reasonable progress in its financial management and accountability. This was marked by the reduction of the audit qualifications from 16 to seven. During the latter part of the financial year under review, the DOD enlisted the services of a reputable consortium as part of "Project Clean Audit". This was done for the purposes of augmenting the DOD's limited capacity in that area. It is anticipated that these efforts will improve the DOD's accountability, financial management, risk-management and state of internal controls.

### **Strategic Capital Acquisition**

Among the highlights of the period under review, five additional Augusta A109 Light Utility Helicopters were delivered to the South African Air Force. This brings the total number of aircraft delivered to the contracted 28 aircraft. The last of the Hawk Lead-In Fighter Trainer aircraft was delivered, completing the contractual amount of 24 aircraft. Five dual-seat Gripen Advanced Light Fighter Aircraft were also delivered to the South African Air Force. The system implementation at Air Force Base Makhado is currently ongoing. The Lynx maritime helicopter, Occupational Testing and Evaluation (OT&E), is ongoing and the first deployment of a Lynx helicopter onboard a naval frigate took place successfully in October 2008.

### **Defence Diplomacy**

The DOD continued to enhance its regional and bilateral commitments in pursuit of the

Government's Diplomatic Initiatives and Defence Diplomacy. A new Defence Mission was opened in Tunis. Currently, the DOD is represented in 53 countries and two international organisations.

The Africa Aerospace and Defence Exhibition hosted in September 2008, was visited by 24 countries and hailed a great success.

### **Conclusion**

The DOD's performance in the period under review was marked by significant progress in critical performance areas. Although there were some challenges in some performance areas, reasons therefore have been fully considered, and corrective actions will be implemented in the year ahead. The great spirit and unfailing commitment of our key stakeholders is highly appreciated.



**ACTING SECRETARY FOR DEFENCE:  
DEPUTY DIRECTOR-GENERAL  
T.E. MOTUMI**



*Information on the Ministry*



## Information on the Ministry

### Institutions Reporting to the Executive Authority

The following institutions report to the Minister of Defence:

- Department of Defence (DOD)
- Armaments Corporation of South Africa (ARMSCOR)
- Castle Control Board
- South African National Defence Force Fund

### Bills Submitted to the Legislature and Finalised during the Financial Year

- National Conventional Arms Control Amendment Bill
- Prohibition or Restriction on Certain Conventional Weapons Bill

### Ministerial Visits Abroad for FY 2008/09

The Minister of Defence and Deputy Minister of Defence were engaged in a number of defence-related diplomatic activities. Visits by the Minister are shown in Table 1.1, while those made by the Deputy Minister are shown in Table 1.2 below.

**Table 1.1 Visits by the Minister of Defence in FY 2008/09**

| Minister Lekota's Visits |                                                 |                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date                     | Country                                         | Purpose                                                                                                                                                                                                                                                                                                                                            |
| 9 – 11 April 2008        | Angola                                          | Inbound: Minister of Defence receive Angola Minister of Defence Goodwill visit                                                                                                                                                                                                                                                                     |
| 13 – 16 April 2008       | Congo, Brazzaville                              | Inbound: signing ceremony of the Memorandum of Understanding (MOU) on Defence                                                                                                                                                                                                                                                                      |
| 2 – 7 April 2008         | Hashemaite, Kingdom of Jordan<br>State of Qatar | To attend the Special Operations Forces Exhibition (SPFEX 2008)<br>To confer with his counterpart, the Minister of Defence of the State of Qatar                                                                                                                                                                                                   |
| 17 April 2008            | Democratic Republic of Congo (DRC)              | To discuss the Security Sector Reform (SSR) process and the process of reconstruction of certain military bases in the DRC                                                                                                                                                                                                                         |
| 19 – 23 April 2008       | Malaysia                                        | To attend the Defence Services Asia (DSA) exhibition and Conference                                                                                                                                                                                                                                                                                |
| 5 – 8 May 2008           | State of Qatar                                  | State visit initiated by the Presidency, and the DOD was invited because of its relationship with Qatar                                                                                                                                                                                                                                            |
| 19 May 2008              | Republic of Uganda                              | Participate in a ceremony at OR Tambo School of Leadership to: <ul style="list-style-type: none"> <li>• Lay Foundation Stone;</li> <li>• Carry out ground-breaking ceremony for the Monument in memory of fallen ANC members; and</li> <li>• Discuss Defence Co-operation arrangements and inaugurate the Joint Defence Committee (JDC)</li> </ul> |
| 19 – 21 May 2008         | United States of America (USA)                  | To attend the Special Session of the United Nations Security Council (UNSC)                                                                                                                                                                                                                                                                        |
| 4 –6 June 2008           | Angola                                          | To attend the meeting of the Inter-State Defence and Security Committee of the Southern African Development Community (SADC)                                                                                                                                                                                                                       |

| Minister Lekota's Visits  |                                                                  |                                                                                                                                                                  |
|---------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date                      | Country                                                          | Purpose                                                                                                                                                          |
| 15 – 21 June 2008         | West Africa: Senegal, Guinea Bissau, Mauritania and Sierra Leone | To undertake a fact-finding mission to those countries, which have signed a co-operation agreement with South Africa, or wish to do so in due course             |
| 14 – 17 July 2008         | Tunisia                                                          | Bilateral Meeting on Defence Co-operation matters                                                                                                                |
| 24 – 27 July 2008         | Mozambique                                                       | To attend the 33 <sup>rd</sup> Anniversary of the Independence of Mozambique and to hold bilateral discussions on Defence co-operation between the two countries |
| 6 –7 August 2008          | DRC                                                              | Bi-national meeting to promote relations between the two Armed Forces                                                                                            |
| 6 September 2008          | Swaziland                                                        | Promote relations between the two countries                                                                                                                      |
| 9 – 12 September 2008     | Namibia                                                          | Bilateral Meeting on Defence Co-operation matters                                                                                                                |
| Minister Nqakula's Visits |                                                                  |                                                                                                                                                                  |
| 2 – 3 October 2008        | DRC                                                              | Handing over of the military base to the Minister of Defence of the Democratic Republic of Congo                                                                 |
| 28 – 30 October 2008      | DRC                                                              | Bi-national meeting                                                                                                                                              |
| 6 – 7 November 2008       | Kenya                                                            | Attend the International Conference on the Great Lakes                                                                                                           |
| 1 – 4 December 2008       | Norway                                                           | Attend the signing ceremony of the Convention on Cluster Munitions                                                                                               |
| 8 – 13 December 2008      | New York                                                         | UN Security Council Meeting on Burundi                                                                                                                           |
| 6 – 8 January 2009        | Ghana                                                            | Accompanying the President to the inauguration of Ghana's president                                                                                              |
| 14 January 2009           | Mozambique                                                       | Bilateral Meeting on Defence Co-operation matters                                                                                                                |
| 15 – 17 January 2009      | Burundi                                                          | Facilitation for Burundi Peace process                                                                                                                           |
| 23 – 25 January 2009      | Mali                                                             | Attend the Inauguration of the Library of Timbuktu                                                                                                               |
| 12 – 13 February 2009     | Ethiopia                                                         | Signing of RSA/Ethiopia Bilateral agreement                                                                                                                      |
| 20 – 23 February 2009     | United Arab Emirates                                             | Attending of Exhibition in Abu Dhabi, UAE                                                                                                                        |
| 11 – 13 March 2009        | Burundi                                                          | Facilitation for Burundi Peace process                                                                                                                           |

Table 1.2 Visits by the Deputy Minister of Defence in FY 2008/09

| Deputy Minister George's Visits |                   |                                                                                                                     |
|---------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------|
| Date                            | Country           | Purpose                                                                                                             |
| 14 – 15 August 2008             | Congo, Brazaville | Attend the 48 <sup>th</sup> Independence Day Celebrations on behalf of the Minister of Defence                      |
| 9 – 12 September 2008           | Sudan             | To visit operational areas where the SANDF members are deployed                                                     |
| Deputy Minister Bhengu's Visits |                   |                                                                                                                     |
| 13 – 15 October 2008            | Uganda            | Conduct the last site visit inspection of the construction of the OR Tambo School of Leadership Project in Kaweweta |
| 17 – 22 November 2008           | Indonesia         | Attend the INDO Aerospace 2008 EXPO and Forum on behalf of the Minister                                             |

| Deputy Minister Bhengu's Visits  |                        |                                                                                                                                        |
|----------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Date                             | Country                | Purpose                                                                                                                                |
| 1 – 9 December 2008              | Burundi, Sudan and DRC | To conduct an on-site visit and to directly interact with the South African Soldiers deployed in those countries to raise their morale |
| 20 – 24 February 2009            | Uganda                 | Attend the exhumation and reburial of military veterans of uMkhonto weSizwe who died in Uganda                                         |
| 28 February 2009 – 15 March 2009 | USA                    | Attend the national Gender Machinery Meeting and 53 <sup>rd</sup> Commission on the Status of Women                                    |

### Appearances before Parliament Committees

The DOD appeared 42 times before Parliamentary Committees in the period under review.

### Parliamentary Questions

The Minister replied to 96 Parliamentary questions in the period under review.

### Council on Defence

The Council on Defence, the highest decision-making body in the DOD, met three times during the period under review.





*Strategic Profile and Defence Objectives*

## Part 1: Strategic Direction

# Chapter 1 Strategic Profile and Defence Objectives

### INTRODUCTION

This document is the Department of Defence's (DOD's) report on performance against measurable objectives as contained in the Estimate of National Expenditure and the DOD Strategic Business Plan 2008 (FY 2008/09 to FY 2010/11).

During the period under review, the DOD ensured that all ordered commitments as presented in the Strategic Business Plan, were successfully met. The DOD's active participation within the relevant clusters has strengthened its role in respect of policy matters pertaining to peace and security in the Region and on the Continent. The contribution to stability and security by all the forces deployed in peace support operations remained the enduring highlight of the current force employment of the South African National Defence Force (SANDF).

The Minister of Defence and the Accounting Officer have ensured that good corporate governance is consolidated and that effective management, administration and accounting are pursued in a manner consistent with the evolving regulatory framework and government policy.

### MANDATE OF THE DEPARTMENT OF DEFENCE

The DOD derives its constitutional mandate from Section 200(2) of the Constitution of the Republic of South Africa, 1996. The constitutional mandate is given substance in the Defence Act, 2002 (Act 42 of 2002), the White Paper on Defence, 1996, the Defence Review, 1998, and other national legislation that guides the execution of the defence strategy.

### VISION

Effective defence for a democratic South Africa.

### MISSION

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.

The above is achieved through sound management, provision, preparedness and employment of defence capabilities, in line with the domestic and global needs of South Africa.

### DEPARTMENT OF DEFENCE VALUE SYSTEM

The DOD has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. These values outline what the DOD has done to promote and strengthen stability, peace, security and economic diplomacy in South Africa and beyond the borders of the Republic of South Africa.

**Individual Values.** Individual values are based on patriotism, loyalty, human dignity, professionalism, integrity, leadership and accountability.

#### Organisational Values

In delivering the defence mission, the DOD has followed the principles set out below and expects to be judged on its performance against those principles:

- Service standards
- Excellence
- Ethical standards
- Openness and transparency
- Consultation rooted in effective and efficient partnership and collaboration
- People-centred
- Teamwork
- Accountability
- Discipline

The above values outline what the DOD has done in promoting and strengthening stability, peace, security and economic diplomacy in South Africa, and beyond.



## ALIGNMENT WITH CABINET AND CLUSTER PRIORITIES

The DOD, in collaboration with other organs of state, contributed substantially towards the national priorities, also known as Apex priorities. The DOD's significant contributions towards the achievement of the Government Programme of Action (POA) objectives during the year under review were:

- The DOD was strongly represented during the workshop of the Forum of South African Director-Generals (FOSAD) to prepare for the January 2009 Cabinet *Lekgotla*. During the FOSAD, all the DOD POA objectives for 2009 were approved by the Director-Generals.
- All progress reports on DOD obligations arising from Clusters, POA and Apexes were achieved on time and accordingly reported.
- The White Paper on South Africa's participation in International Peace Missions was updated and tabled to the International Relations, Peace and Security (IRPS) Cabinet Committee and approved in November 2008. The DOD contributed immensely to this process as a government organ that executes peace missions.
- In line with Cabinet and Presidential minutes, the SANDF successfully deployed forces in six peace mission areas and three general military assistance operations.
- Substantive progress was made on Presidential Project 19. The project entails reduction of the cases backlog by 30%, by August 2009. The DOD reduced its cases backlog by 28% in the year under review, which resulted in an optimum outcome.
- The National Conventional Arms Control (NCAC) Amendment Bill and the Prohibition or Restrictions on Certain Conventional Weapons Bill were processed through Clusters and Cabinet, and ultimately approved by Parliament.

Detailed information on contributions towards the achievement of Cabinet objectives are reported in the performance reports in Chapters 2 to 10.

## DEFENCE OUTCOME

The DOD delivers all output as specified in the DOD Strategic Business Plan for the FY 2008/09, to achieve the outcome: "Effective defence for a democratic South Africa".

## MINISTER OF DEFENCE'S PRIORITIES FOR FY 2008/09

The Minister of Defence's priorities for the FY 2008/09 to FY 2010/11 were issued together with the strategic priorities, and formed the strategies and plans of the DOD Services and Divisions for the MTEF. These were issued as follows:

### Rejuvenation and Upgrade of the Landward Programme

The main focus during the period under review was characterised by the alignment of the Army Vision 2020 with the DOD's Medium Expenditure Framework priorities. The landward forces of the SANDF are the backbone of South Africa's peace and stability initiatives on the Continent, and perform functions under hugely differing conditions of climate and terrain, and against a variety of complex challenges. The reality has necessitated that the landward forces become more flexible and more mobile through a concerted capital renewal process, until FY 2031/32.

### Infrastructure and DOD Works Regiment

The DOD has drawn up a master plan to deal with its facilities portfolio. This plan incorporates priorities, costs and the development of a phased approach. A DOD Works Regiment, to ensure an in-house capacity to attend to all our facilities, was established.

### Operationalisation of the Defence Review Update

On 7 August 2008, the DOD tabled the draft Defence Update to Cabinet for consideration. Cabinet decided that the consideration of the draft Defence Update be delayed until after the general elections in 2009.

### Revitalisation of the SANDF Reserves

Significant progress has been made in the revitalisation of Reserves. This is evidenced by the increased role played by Reserves in internal and external deployments. The Reserves' marketing plan was completed and implemented in the year under review. The staffing of Regional Offices and the establishment of the Business Liaison Forum will

be completed in 2009. These interventions have taken place to assist in rejuvenating the Reserves.

### Information Technology (IT)

The DOD is working with the National Treasury on an Integrated Financial Management System (IFMS). Where possible, the DOD has made enhancements to increase compliance with the regulatory framework, until the National Treasury's implementation of the Integrated Financial Management System takes place.

Sound progress made in achieving most of these guidelines is visible in the performance reports of the Services and Divisions contained in Chapters 2 to 9.

### STRATEGIC FOCUS

As directed by the Government's imperatives, the DOD in giving substance to its constitutional obligations focused on the following activities during the year under review:

- Enhancing and maintaining the capabilities of the SANDF.
- Promoting regional security through, among others, participation in peace missions and defence foreign relations.
- Supporting the Government's diplomatic drive through participation in multinational organisations.
- Systematically reducing the SANDF's routine internal deployments, to realise the complete withdrawal by April 2009. As per Cabinet instruction, the Minister has ensured that the SANDF's routine internal deployments are gradually reduced, but has maintained sufficient internal deployment capability to respond to the security requirements for international events like the 2009 Soccer Confederations Cup and the 2010 FIFA Soccer World Cup.

### DEFENCE STRATEGIC OBJECTIVES

The following strategic objectives, identified as being critical to the achievement of the DOD's mission, were incorporated into strategic business plans at all levels:

- 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, the continuous improvement of output quality and the reduction of the cost of DOD processes, as well as the accounting thereof.
- The assurance of the continuous quality improvement of people in the DOD.
- The assurance of quality command and management information in the DOD.
- The assurance of continuous quality improvement of the DOD's equipment and facilities.

Progress with these objectives is visible in the performance reports contained in Chapters 2 to 10.

### DEFENCE OUTPUT

The output provided by the DOD to Government are as follows:

- 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 unforeseen, for which no provision has been made; and
  - joint and multinational exercises required to prepare forces for operations.
- Landward defence capabilities
- Air defence capabilities
- Maritime defence capabilities
- Military health capabilities
- Defence diplomacy, which includes:
  - the deployment of defence attachés;
  - the servicing of defence-related Memoranda of Understanding (MOUs); and
  - participation in the defence structures of the UN, and the AU.
- The servicing of international agreements, which include:
  - search-and-rescue operations; and
  - hydrographical services
- The provision of defence-related policy advice and ministerial services
- Cryptographic security services for Government departments
- The National Codification Bureau

The DOD's performance in achieving these objectives is detailed in Chapters 2 to 10 of this

report. Appendices provide more detail on the Reserves and Defence Diplomacy.

### SERVICES RENDERED

The services rendered by the DOD are detailed in Chapter 2 to 9 of the Annual Report.

### DISCONTINUED SERVICES

The Accounting Officer's Report to the Executive Authority and Parliament of the Republic of South Africa describes discontinued activities in the Report, on the financial performance of the DOD.

### NEW SERVICES/OUTPUT TO BE SCALED UP

New Services/Output to be Scaled Up are described in Appendix E of the Annual Report.

### SERVICES SCALED DOWN OR SUSPENDED

Services Scaled Down or Suspended are described in Appendix E of the Annual Report.

### LOSSES AND DAMAGES

The Accounting Officer reports to the Executive Authority and Parliament of the Republic of South Africa on the nature, value of losses and damage to State assets benchmarked against FY 1998/99, in the Report on the financial performance of the DOD.

### EVENTS AFTER THE ACCOUNTING DATE

There were no events after the accounting date.



## Part 2: Programme Performance

### Chapter 1 Strategic Profile and Defence Objectives

#### AIM OF THE VOTE

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

#### Output of the Department of Defence

The performance of the DOD in terms of this plan has been measured quarterly as well as annually, using performance measures developed by the Services and Divisions. The output of individual Services and Divisions are described in their respective Strategic Business Plans, as indicated in Chapters 2 to 10.

Eight programmes provide the output of the DOD as follows:

| Programme               | Purpose                                                                                                                                                                      |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administration          | Conducts the policy, development, management and administration of the DOD                                                                                                   |
| Force Employment        | Provides and employ defence capabilities, including an operational capability, to successfully conduct all operations, as well as joint and multinational military exercises |
| Landward Defence        | Provides prepared and supported landward defence capabilities for the defence and protection of South Africa                                                                 |
| Air Defence             | Provides prepared and supported Air defence capabilities for the defence and protection of South Africa                                                                      |
| Maritime Defence        | Provides prepared and supported maritime defence capabilities for the defence and protection of South Africa                                                                 |
| Military Health Support | Provides prepared and supported military health capabilities for the defence and protection of South Africa                                                                  |
| Defence Intelligence    | Provides a defence intelligence and counter-intelligence capability                                                                                                          |
| General Support         | Provides general support capabilities and services to the DOD                                                                                                                |

#### DEFENCE VOTE 19

Details of the final DOD Medium-Term Expenditure Framework (MTEF) Allocation are reflected in the Defence Vote for FY 2008/09, according to Table 1.3.

Table 1.3 Defence Vote for the 2008/09 MTEF

| Defence Vote                           | 2008/09   | 2009/10   | 2010/11   |
|----------------------------------------|-----------|-----------|-----------|
|                                        | R'000     | R'000     | R'000     |
| <b>Defence Vote per Main Programme</b> |           |           |           |
| Administration                         | 2 426 930 | 2 741 808 | 3 022 963 |
| Landward Defence                       | 6 792 237 | 7 729 488 | 8 503 142 |
| Air Defence                            | 9 006 514 | 8 349 125 | 8 912 754 |



| Defence Vote                                    | 2008/09               | 2009/10           | 2010/11           |
|-------------------------------------------------|-----------------------|-------------------|-------------------|
|                                                 | R'000                 | R'000             | R'000             |
| <b>Defence Vote per Main Programme</b>          |                       |                   |                   |
| Maritime Defence                                | 1 809 630             | 2 009 108         | 2 005 189         |
| Military Health Support                         | 2 119 145             | 2 446 585         | 2 609 049         |
| Defence Intelligence                            | 509 850               | 579 687           | 608 462           |
| General Support                                 | 3 933 746             | 4 237 268         | 4 687 027         |
| Force Employment                                | 1 635 103             | 1 767 498         | 1 851 887         |
| <b>Total Expenditure Estimates</b>              | <b>28 233 155</b>     | <b>29 860 567</b> | <b>32 200 473</b> |
| <b>Defence Vote per Economic Classification</b> |                       |                   |                   |
| Current Payments                                | 18 050 911            | 19 847 218        | 21 580 235        |
| Transfers and Subsidies                         | 9 760 579             | 9 393 221         | 9 953 916         |
| Payments for Capital Assets                     | 421 665               | 620 128           | 666 322           |
| <b>Total Expenditure Estimates</b>              | <b>28 233 155</b>     | <b>29 860 567</b> | <b>32 200 473</b> |
| Executive Authority                             | Minister of Defence   |                   |                   |
| Accounting Officer                              | Secretary for Defence |                   |                   |

## BUDGET ALLOCATION

The FY 2008/09 MTEF baseline for the DOD is reflected in Table 1.4.

Table 1.4 DOD MTEF Allocations for FY 2008/09 to FY 2010/11

| MTEF Allocations                             | 2008/09<br>R'000 | 2009/10<br>R'000 | 2010/11<br>R'000 |
|----------------------------------------------|------------------|------------------|------------------|
| Departmental Baseline (2007 MTEF allocation) | 28 233 155       | 29 860 567       | 32 200 473       |

During the course of FY 2008/09 MTEF process, the DOD submitted policy proposals for additional funding as reflected in Table 1.5.

Details of submitted policy proposals for additional funding for FY 2008/09 are reflected in Table 1.5.

Table 1.5 DOD Policy Proposals for Additional Funding

| Policy Proposal              | 2008/09   | 2009/10   | 2010/11   |
|------------------------------|-----------|-----------|-----------|
|                              | R'000     | R'000     | R'000     |
| General Modernisation        | 1 454 995 | 4 569 631 | 5 750 251 |
| Operational Vehicle Fleet    | 430 398   | 225 059   | 377 060   |
| Strategic Airlift Capability | 0         | 0         | 503 393   |
| Intelligence Capability      | 151 000   | 155 000   | 267 000   |
| DEIS Master Plan             | 0         | 17 000    | 85 000    |
| Strategic Ammunition         | 261 013   | 555 791   | 582 658   |
| Landward Defence Renewal     | 462 584   | 926 755   | 973 093   |
| Air Defence Renewal          | 50 000    | 765 000   | 750 000   |



| Policy Proposal                     | 2008/09          | 2009/10          | 2010/11          |
|-------------------------------------|------------------|------------------|------------------|
|                                     | R'000            | R'000            | R'000            |
| Maritime Defence Renewal            | 50 000           | 1 825 026        | 2 062 047        |
| DOD Works Regiment                  | 50 000           | 100 000          | 150 000          |
| Military Skills Development System  | 777 400          | 1 542 600        | 2 052 900        |
| New SANDF Remuneration Dispensation | 1 165 654        | 1 234 305        | 1 282 311        |
| <b>TOTAL</b>                        | <b>3 398 049</b> | <b>7 346 536</b> | <b>9 085 462</b> |

After FY 2008/09 MTEF process was completed, the DOD only received additional funding as reflected in Table 1.6.

**Table 1.6 Additional Funding Received by the DOD**

| Additional Funding Received                     | 2008/09           | 2009/10           | 2010/11           |
|-------------------------------------------------|-------------------|-------------------|-------------------|
|                                                 | R'000             | R'000             | R'000             |
| Departmental Baseline                           | 28 016 354        | 28 631 770        | 30 391 452        |
| General Modernisation Capacity                  | 0                 | 0                 | 500 000           |
| Military Skills Development System              | 100 000           | 200 000           | 400 000           |
| Defence Infrastructure                          | 0                 | 0                 | 200 000           |
| Compensation of Personnel, Resolution 1 of 2007 | 239 378           | 282 870           | 297 013           |
| Compensation of Personnel, Inflation Adjustment | 87 449            | 148 090           | 186 076           |
| Property Management, Accommodation Charges      | 80 620            | 120 919           | 164 889           |
| Non-Personnel Inflation Adjustment              | 125 427           | 133 454           | 160 143           |
| Baseline Efficiency Savings                     | -23 169           | -50 000           | -99 100           |
| Foreign Exchange Rate Adjustments               | -392 904          | 393 464           | 0                 |
| <b>Final DOD 2008/09 MTEF Allocation</b>        | <b>28 233 155</b> | <b>29 860 567</b> | <b>32 200 473</b> |

## DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

The DOD continued to enhance its revenue management system to the extent that detailed and meaningful management information is provided monthly to top-level budget holders. Supporting policies, revenue management and internal control systems have been developed, including focused training initiatives. The revenue management system will continue to be enhanced.

The DOD managed to collect 125% of the estimated revenue due to a late reimbursement from the United Nations (UN).

### Sources of Revenue for the FY 2008/09

Details of sources of revenue for FY 2008/09 are reflected in Table 1.7.

**Table 1.7 Sources of Revenue for FY 2008/09**

| Economic Classification                               | 2005/06        | 2006/07        | 2007/2008      | 2008/2009      |                | % deviation from Target |
|-------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------|
|                                                       | Audited        | Audited        | Audited        | Target         | Actual         |                         |
|                                                       | R'000          | R'000          | R'000          | R'000          | R'000          |                         |
| Tax Revenue                                           | 0              | 0              | 0              | 0              | 0              |                         |
| Non-Tax revenue                                       | 0              | 0              | 0              | 0              | 0              |                         |
| Sales of Goods and Services other than Capital assets | 232 844        | 169 763        | 172 484        | 346 642        | 193 553        | -44.1%                  |
| Fines, penalties and forfeitures                      | 2 448          | 2 272          | 1 157          | 2 564          | 1 058          | -59%                    |
| Interest, dividends and rentals                       | 337            | 813            | 1 710          | 398            | 1 398          | 251%                    |
| Financial transactions in assets and liabilities      | 493 507        | 314 195        | 22 965         | 40 293         | 20 662         | 49%                     |
| Transfers Received                                    | 0              | 0              | 224 626        |                | 290 653        |                         |
| Sale of capital assets                                | 0              | 5 749          | 128 913        | 115 456        | 122 066        | 5.7%                    |
| <b>TOTAL</b>                                          | <b>729 136</b> | <b>492 792</b> | <b>551 855</b> | <b>505 353</b> | <b>629 390</b> | <b>25%</b>              |

### CONDITIONAL GRANTS AND EARMARKED FUNDS

Details of Conditional Grants and Earmarked Funds for FY 2008/09 are reflected in Table 1.8.

**Table 1.8 Earmarked Funds**

| Earmarked Funds                                                  | Adjustments Estimates (R'000) | Adjustment (R'000) | Total (R'000)    | Paid (R'000)     |
|------------------------------------------------------------------|-------------------------------|--------------------|------------------|------------------|
| Special Defence Account: Strategic Defence procurement programme | 2 658 000                     | 0                  | 2 658 000        | 2 658 000        |
| Devolution of funds from NDPW                                    | 1 237 117                     | (2 710 000)        | 1 234 407        | 1 234 406        |
| <b>Total</b>                                                     | <b>3 895 117</b>              | <b>(2 710 000)</b> | <b>3 892 407</b> | <b>3 892 406</b> |

**Note:** No conditional grants were reported.

**TRANSFER PAYMENTS FOR FY 2008/09**

Details of transfer payments for FY 2008/09 are reflected in Table 1.9 below.

**Table 1.9 Transfer Payments for FY 2008/09**

| Name of Institution                                                   | Estimated Expenditure | Amount Transferred |
|-----------------------------------------------------------------------|-----------------------|--------------------|
|                                                                       | R'000                 | R'000              |
| Special Defence Account                                               | 8 087 808             | 8 087 808          |
| Armaments Corporation of South Africa Ltd (Armscor)                   | 565 754               | 565 754            |
| Social Benefits                                                       | 152 754               | 152 754            |
| Safety and Security Sector Education and Training Authority (SASSETA) | 8 800                 | 8 800              |
| Regional Service Councils                                             | 13 806                | 13 806             |
| Reserve Force Council                                                 | 3 886                 | 3 886              |
| Regular Force Medical Continuation Fund                               | 220                   | 0                  |
| St John's Ambulance Brigade                                           | 360                   | 312                |
| <b>Total Transfer Payments</b>                                        | <b>8 833 388</b>      | <b>8 833 120</b>   |



**DEPARTMENTAL EXPENDITURE FOR FY 2008/09**

Details of departmental expenditure for FY 2008/09 are reflected in Table 1.10.

**Table 1.10 DOD Expenditure for FY 2008/09**

| Programme               | Vote (R'000)      | Total Additional Appropriation (R'000) | Adjusted Appropriation (R'000) | Function Shifts (R'000) | Virement (R'000) | Final Appropriation (R'000) | Actual Expenditure (R'000) | Variance (R'000) |
|-------------------------|-------------------|----------------------------------------|--------------------------------|-------------------------|------------------|-----------------------------|----------------------------|------------------|
| Administration          | 2 426 930         | 32 316                                 | 2 459 246                      | 0                       | 20 906           | 2 480 152                   | 2 480 151                  | 1                |
| Landward Defence        | 6 792 237         | 270 442                                | 7 062 679                      | 0                       | -103 978         | 6 958 701                   | 6 958 701                  | 0                |
| Air Defence             | 9 006 514         | -985 223                               | 8 021 291                      | 0                       | -2 512           | 8 018 779                   | 8 018 779                  | 0                |
| Maritime Defence        | 1 809 630         | 65 038                                 | 1 874 668                      | 0                       | -37 477          | 1 837 191                   | 1 837 191                  | 0                |
| Military Health Support | 2 119 145         | 29 034                                 | 2 148 179                      | 0                       | 29 029           | 2 177 208                   | 2 176 940                  | 268              |
| Defence Intelligence    | 509 850           | 3 014                                  | 512 864                        | 0                       | -6 112           | 506 752                     | 506 752                    | 0                |
| General Support         | 3 933 746         | 103 197                                | 4 036 943                      | 0                       | -30 609          | 4 006 334                   | 3 908 862                  | 97 472           |
| Force Employment        | 1 635 103         | 148 054                                | 1 783 157                      | 0                       | 130 753          | 1 913 910                   | 1 913 910                  | 0                |
| Special Defence Account | 0                 | 0                                      | 0                              | 0                       | 0                | 0                           | 0                          | 0                |
| <b>Total</b>            | <b>28 233 155</b> | <b>-334 128</b>                        | <b>27 899 027</b>              | <b>0</b>                | <b>0</b>         | <b>27 899 027</b>           | <b>27 801 286</b>          | <b>97 741</b>    |

## KEY MEASURABLE OBJECTIVES, PROGRAMMES AND ACHIEVEMENTS

The outputs of the DOD are achieved through long-term core objectives and funded through the following programmes:

**Programme 1: Administration** with the purpose of conducting policy development, management and administration of the Department;

**Programme 2: Landward Defence** with the purpose of providing, preparation and support landward defence capabilities for the defence and protection of South Africa;

### Measurable Objectives

Defend and protect South Africa and its territory by:

- providing three infantry battalions a year for external deployment, three companies for internal deployment, one air landed battalion, two multi-role battalions in reserve, and four battalions involved in exercises;
- exercising one tank regiment and one armoured car regiment a year;
- preparing one composite artillery regiment and one light artillery battery, and having one light artillery battery in reserve a year;
- exercising one air defence artillery regiment and one light air defence artillery battery and having one light air defence artillery battery in reserve a year; and
- providing three engineer squadrons for external deployment, one composite engineer squadron for internal deployment, and exercising one light (parachute) engineer squadron a year.

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

### Measurable Objectives

Defend and protect South Africa and its airspace by:

- providing four helicopter squadrons and one combat support squadron a year;
- providing three medium transport squadrons, one maritime and transport squadron, one light

transport squadron and nine reserve squadrons at the required readiness levels a year;

- preparing one air combat squadron a year; and
- providing a 24-hour air command and control capability.

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

### Measurable Objectives

Defend and protect South Africa and its maritime zones by:

- providing four frigates, one combat support vessel, three inshore patrol vessels and a maritime reaction squadron a year;
- patrolling and defending the South African maritime zones and providing maritime support during operations by providing one submarine a year; and
- ensuring safe access to South African harbours and where mine clearance may be required by providing two mine countermeasures systems a year.

**Programme 5: Military Health Support** with the purpose of providing prepared and supported medical combat support elements and other services;

### Measurable Objectives

- Provide medical support elements for deployed and contingency forces by providing five medical battalion groups, including one specialist medical battalion group, a year; and
- provide a comprehensive multidisciplinary military health service to a patient population of 230 000 a year.

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

### Measurable Objective

The detail of the output of Defence Intelligence is classified and not available to the public.

**Programme 7: General Support** with the purpose of providing joint-support capabilities and services to the Department; and



### Measurable Objectives

- Ensure 90% serviceability of deployed equipment by providing a joint logistics operational support group (this means that 90% of equipment deployed is in working condition);
- repair and maintain the department's facilities over the next three years to a projected total of 32 facilities (12 in FY 2008/09, 10 in FY 2009/10 and 10 in FY 2010/11);
- provide centralised command and management information capabilities by ensuring that the mainframe service is available 98% of the time and the wide area network 95% of the time' and
- reduce the number of new cases under investigation by the military police by 5% per year, by sustaining one provost company for deployment, and 22 area offices and 21 detachments for investigations and crime prevention.

**Programme 8: Force Employment** with the purpose of providing and managing Defence capabilities, including an operational capability to conduct all operations and joint-and- multinational military exercises successfully.

### Measurable Objectives

- Contribute to national regional security by initiating, planning, commanding and co-ordinating support for all operations and joint-and-multinational military exercises, as directed, while meeting government's requirements;
- promote peace and security by conducting and participating in an average of nine external peace missions a year; and
- manage defence capability by conducting 27 joint, interdepartmental and multinational military force preparation exercises over the next three years.

## OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR FY 2008/09

### ADDITIONS TO MAIN APPROPRIATION

The Defence Vote was decreased by R334 128 million to R27 899 billion through the Adjustments Vote for the following:

- **Rollover** amounting to R240 000 million;
- **Programme 5: Military Health Support** R12 800 million has been rolled over to settle outstanding invoices for vehicles and to convert panel vans into ambulances;

- **Programme 7: General Support** R66 084 million has been rolled over for repairing and maintaining facilities; R124 593 million for upgrading and constructing buildings as well as R6 800 million to settle outstanding invoices for buses;
- **Programme 8: Force Employment** R29 723 million has been rolled over to settle outstanding invoices for spare parts and 60mm and 81mm mortar bombs;
- **Unforeseeable and unavoidable expenditure** R100 000 million has been allocated to the SANDF for the Peace Support Operation (PSO) in Burundi;
- **Other Adjustments** Other adjustments amounting to (R674 128 million);

### ADJUSTMENTS DUE TO SIGNIFICANT AND UNFORESEEABLE ECONOMIC AND FINANCIAL EVENTS

- R202 680 million has been allocated to cover costs related to the higher than budgeted for wage increases by the Minister for Public Service and Administration.

- R131 563 million has been allocated as an **inflation adjustment** for fuel costs.

### SELF-FINANCING EXPENDITURE AMOUNTING TO: R120 480 MILLION.

- **Programme 2: Landward Defence** R51 836 million has been realised from the sale of equipment and spares procured through the Special Defence Account. The funds have been surrendered into the National Revenue Fund.
- **Programme 3: Air Defence** R64 327 million has been realised from the sale of equipment and spares procured through the Special Defence Account. The funds have been surrendered into the National Revenue Fund.
- **Programme 4: Maritime Defence** R4 317 million has been realised from the sale of equipment and spares procured through the Special Defence Account. The funds have been surrendered to the National Revenue Fund.
- **Declared savings.** Because of delays in the delivery of strategic defence equipment, the

allocation of this equipment was reduced by R1 966 billion and will be added back in FY 2009/10. R837 549 million not requisitioned for the Strategic Defence Procurement programme this year is to be reallocated in 2008/09. The net effect is a reduction in the department's FY 2008/09 baseline of R1 128 billion.

### REASONS FOR ADDITIONS TO, OR VIREMENTS BETWEEN MAIN APPROPRIATION ALLOCATION

**Virements/Shifts within the Vote.** Reasons for additions to, or virement between main appropriation allocations:

- **National Treasury approved:** R2 710 million saving from goods and services earmarked funds (Municipality Cost) to the capital budget to address the shortfall in the Waterkloof Runway Upgrade project.

**The Accounting Officer approved the following virements:**

- R4 000 million was shifted from the Force Employment (CJ Ops) to the Administration Programme (C HR) for the Centre for Conflict Simulation.
- R10 000 million was shifted from the General Support Programme to the Air Defence Programme to fund aircraft chartering. It was initially placed against the Programme General Support.
- R15 394 million was shifted from the General Support Programme to the Force Employment Programme for the migration of Logistical posts to Special Forces.

**Defraying expenditure mainly accrued in respect of:**

- Transfers to households
- Clean Audit
- Special Advisory Team
- Pension Liabilities
- Operation CURRICULUM
- Regional Council Levies
- To execute the Plenary Defence Staff Council approvals granted in respect of the Departmental Programming and Budget Committee and year-end consolidation, for example, funds to defray expenditure in respect of the mission account,

write-offs (Operation VIMBEZELA, Operation SOLITARE and Operation MARINER) etc.

- Balancing the financial system with the final expenditure.

### DESCRIPTION OF SIGNIFICANT DEVELOPMENTS EXTERNAL TO THE DOD THAT MAY HAVE IMPACTED EITHER ON THE DEMAND FOR THE DOD'S SERVICES, OR THE DOD'S ABILITY TO DELIVER THOSE SERVICES

The following unforeseeable and unavoidable PSO activities led to the reprioritisation of activities:

- MOUs not signed by Mandating Authorities.
- Unforeseeable and unavoidable deployment requests (ad hoc) at short notice.
- Unpredictability of the political process in foreign countries (Burundi) delaying the peace process and leading to an increase in expenditure and deployment periods.

The following unforeseeable and unavoidable PSO activities led to the reprioritisation of activities:

- Operation CURRICULUM (Burundi). The UN withdrew from the Operation in Burundi. South Africa was subsequently requested by the AU to contribute to the AU's Special Task Force established for the protection of leaders of the Palipehutu-FNL leaders and combatants. The SANDF was instructed to terminate the deployment by 31 March 2008, and return to South Africa. The Palipehutu-FNL leaders and combatants returned to the negotiation table and the SANDF was requested to remain in Burundi until 31 March 2009. A shortfall of R236 354 million arose as a result of this request.

- The National Treasury was requested to augment Defence's allocation through the adjustments budget process for Operation CURRICULUM. The National Treasury supplemented the DOD's budget with R100 000 million during the adjustments budget.
- The unforeseeable and unavoidable request for support to the Central African Republic (Operation VIMBEZELA) was submitted to the National Treasury through the adjustments budget process, but the shortfall of R41 113 million was not approved.

## COMMENTARY ON THE DOD'S OVERALL PERFORMANCE, OUTLINING KEY OUTPUTS

The actual performance against plan is reported in Chapters 2 to 10 of the Annual Report.

### CAPITAL INVESTMENT, MAINTENANCE AND ASSETS' MANAGEMENT PLAN

#### Capital Investment

Additional projects that were urgently required and included in the Capital Investment Programme by the Logistics Division, were the replacement of kitchen equipment, erection of security fences and gates, installation of burglar bars to address criminality in the DOD, adaptation of facilities for disabled members and the upgrading of the Military Police School.

Good progress was made in building the new runway at Air Force Base (AFB) Waterkloof, considering the high rainfall experienced during the months of November 2008 to February 2009. Details of projects currently in progress for FY 2008/09 are reflected in Table 1.11 below.

**Table 1.11 Projects Currently in Progress for FY 2008/09**

| Location     | Project Description                                                                             | Progress Status                                                                    | Expected Completion Date |
|--------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------|
| Bloemfontein | Upgrading of 3 Military Hospital                                                                | On target                                                                          | December 2011            |
| Various      | Adaptation of buildings to accommodate members with disabilities (20 projects)                  | On target                                                                          | January 2010             |
| Various      | Installation of burglar bars, security fences and gates (27 projects for combating criminality) | On target                                                                          | January 2010             |
| Various      | Replacement of kitchen equipment (eight projects)                                               | On target                                                                          | February 2010            |
| Pretoria     | Special Forces School – Construction of urban training facility                                 | On target                                                                          | August 2009              |
| Langebaan    | Four Special Forces Regiment – Construction of boat facility                                    | Behind schedule due to court interdict against National Department of Public Works | September 2010           |
| Pretoria     | Military Police School – Upgrading of facilities                                                | On target                                                                          | April 2010               |
| Pretoria     | 1 Military Hospital – Upgrading of fire detection and protection systems                        | On target                                                                          | January 2010             |
| Simon's Town | SA Navy Armaments Depot – Upgrading of water-supply                                             | On target                                                                          | November 2009            |
| Pretoria     | Walmansthal – Erection of security fence                                                        | On target                                                                          | June 2009                |
| Lohatla      | SA Army Combat Training Centre – Replacement of water pipes                                     | On target                                                                          | July 2009                |

| Location   | Project Description                                                        | Progress Status | Expected Completion Date |
|------------|----------------------------------------------------------------------------|-----------------|--------------------------|
| Phalaborwa | Five Special Forces Regiment – Construction of ammunition storage facility | On target       | February 2010            |

**Plans to Close Down or Downgrade Current Facilities.** 93 Ammunition Depots will be closed down in the medium-to long-term, once all unserviceable and obsolete ammunition is disposed of.

#### Maintenance Backlog

- The consequences of low morale and uninhabitable facilities have increased, because the NDPW delayed the appointment of both consultants and contractors that could have addressed the deteriorating condition of facilities utilised by the DOD. The maintenance backlog of DOD facilities remains at an unacceptable level.
- The cancellation of Recoverable Projects by the NDPW during the reporting period has aggravated this situation.
- The Council for Scientific and Industrial Research (CSIR) was appointed as a strategic partner to assist the DOD in addressing the issue of the migration of the maintenance responsibility from the NDPW to the DOD.

**The Current State of the DOD's Capital Stock.** In order to assess the current status of the DOD infrastructure accurately, the CSIR was tasked to investigate and report on the condition of the DOD facilities footprint, so that effective action can be taken to rectify the deteriorating state of the DOD infrastructure portfolio. The CSIR has partially completed the task as scheduled, and will continue with the project over the next two years.

The state of moveable assets in the DOD varies in condition, and was addressed by means of the outsourced stock verification programme contracted by the DOD. This multi-year programme will continue to verify the condition, location and administration of items of supply.

**Developments to Impact on the DOD's Current Expenditure.** An upward trend in the DOD's current expenditure is expected, because the CSIR was appointed as a strategic partner to assist the DOD in addressing the issue of the migration of the maintenance responsibility from the NDPW. This will lead to more facilities being upgraded timeously, with more effective facility maintenance carried out throughout the DOD.

#### Maintenance

- **Actual Maintenance Expenditure.** As the majority of DOD facilities are old and dilapidated, the expenditure on maintenance is high in relation to industry norms. It would appear as if NDPW does not allocate sufficient funds to address the required maintenance needed, and therefore does not align the expenditure with property industry norms.
  - **Maintenance Backlog.** During the reporting period R32 008 million was claimed and paid for by the NDPW. This expenditure remained insufficient to address the ever-increasing maintenance backlog.
  - The DOD investigated the possibility of taking over the repair-and-maintenance responsibility from the NDPW to facilitate a more focused approach and effort in upgrading of DOD facilities. Through the Works Regiment, maintenance capacity within the DOD will be utilised to ensure better value for money.
- During the reporting period, the execution of the Repair and Maintenance Programme (RAMP) at five bases continued and progressed well and according to plan. The planning of the additional 17 bases was completed and submitted to the NDPW to call for tenders and appointment of contractors.

#### Asset Management

##### Asset Register

- The monitoring of stocktaking within the DOD is done on a regular basis to ensure that management interventions and corrective actions are implemented. Assets as well as inventory in the DOD are categorised according to North Atlantic Treaty Organisation (NATO) standards. Reporting on assets and inventory is required according to the National Treasury's Standard Chart of Accounts (SCOA). With expenditure on assets and inventories being recognised in the DOD's financial system in terms of SCOA, the DOD's logistics accounting system was unable to give information required in the annual financial statements.



- A successful attempt was made to couple the SCOA and NATO item codes in order to differentiate between Tangible Moveable Capital major and minor assets, as well as Inventory. The accuracy with regard to reconciliation of payments on the financial system to the information in the asset register can only be confirmed by the end of May 2009.
- **Major Maintenance Projects.** The details of the major maintenance projects that have been undertaken during FY 2008/09 are reflected in Table 1.12.

**Table 1.12 Major Maintenance Projects undertaken during FY 2008/09**

| Location      | Project Description                                        | Status                                 |
|---------------|------------------------------------------------------------|----------------------------------------|
| Pretoria      | Air Force Base Waterkloof                                  | Construction Phase – according to plan |
| Pretoria      | 1 Military Hospital                                        | Construction Phase – according to plan |
| Dunottar      | 35 Engineer Support Regiment                               | Construction Phase – according to plan |
| Cape Town     | 2 Military Hospital                                        | Construction Phase – according to plan |
| Middelburg    | 4 SA Infantry Battalion                                    | Construction Phase – according to plan |
| Simon's Town  | Naval Base                                                 | Planning Phase – according to plan     |
| Doornkop      | 21 SA Infantry Battalion                                   | Planning Phase – according to plan     |
| Mafikeng      | 10 SA Infantry Battalion                                   | Planning Phase – according to plan     |
| Bloemfontein  | 1 SAI Battalion                                            | Planning Phase – according to plan     |
| Potchefstroom | 4 Artillery Regiment                                       | Planning Phase – according to plan     |
| Grahamstown   | 6 SA Infantry Battalion                                    | Planning Phase – according to plan     |
| Upington      | 8 SA Infantry Battalion                                    | Planning Phase – according to plan     |
| Potchefstroom | School of Artillery                                        | Planning Phase – according to plan     |
| Bloemfontein  | 1 Parachute Battalion                                      | Planning Phase – according to plan     |
| Kimberley     | 10 Anti-Aircraft Regiment and Air Defence Artillery School | Planning Phase – according to plan     |
| Bloemfontein  | 44 Parachute Regiment                                      | Planning Phase – according to plan     |
| Kroonstad     | School of Engineering                                      | Planning Phase – according to plan     |
| Bloemfontein  | 1 Special Service Battalion                                | Planning Phase – according to plan     |
| Bethlehem     | 2 Field Engineering Regiment                               | Planning Phase – according to plan     |
| Phalaborwa    | 7 SA Infantry Battalion                                    | Planning Phase – according to plan     |
| Sishen        | SA Army CTC (GSB and 16 Maintenance Unit)                  | Planning Phase – according to plan     |

- **State of Capital Stock (Facilities).** The CSIR was tasked to investigate and report on the condition of the DOD facility footprint so that effective actions can be taken to rectify the deteriorating state of the DOD's infrastructure portfolio. This was done to enable the DOD to constructively address this matter, as the state of the DOD's infrastructure varies from good to bad. The assessment of the condition of facilities within the SA Air Force, SAMHS, Defence Intelligence and SA Navy Dockyard, has been completed.

### Projects Carried Forward

The following funds were rolled over from FY 2007/08 as a result of projects carried forward:

- Capital Works – R6 8 million.
- RAMP – R66 084 billion.
- AFB Waterkloof runway – R124 593 million.



Details of Projects Carried Forward to FY 2008/09 from FY 2007/08 are reflected in Table 1.13 below.

**Table 1.13 Projects Carried Forward to FY 2008/09 from FY 2007/08**

| Location   | Project Description          | Reason                 |
|------------|------------------------------|------------------------|
| Pretoria   | Air Force Base Waterkloof    | Multiple year projects |
| Pretoria   | 1 Military Hospital          | Multiple year projects |
| Dunottar   | 35 Engineer Support Regiment | Multiple year projects |
| Cape Town  | 2 Military Hospital          | Multiple year projects |
| Middelburg | 4 SA Infantry Battalion      | Multiple year projects |

## NEW PROJECTS

The details of projects to commence in FY 2009/10 are reflected in Table 1.14 below.

**Table 1.14 New Projects to commence in FY 2009/10**

| Location      | Project Description                                        |
|---------------|------------------------------------------------------------|
| Simon's Town  | Naval Base                                                 |
| Doornkop      | 21 SA Infantry Battalion                                   |
| Mafikeng      | 10 SA Infantry Battalion                                   |
| Bloemfontein  | 1 SAI Battalion                                            |
| Potchefstroom | 4 Artillery Regiment                                       |
| Grahamstown   | 6 SA Infantry Battalion                                    |
| Upington      | 8 SA Infantry Battalion                                    |
| Potchefstroom | School of Artillery                                        |
| Bloemfontein  | 1 Parachute Battalion                                      |
| Kimberley     | 10 Anti-Aircraft Regiment and Air Defence Artillery School |
| Bloemfontein  | 44 Parachute Regiment                                      |
| Kroonstad     | School of Engineering                                      |
| Bloemfontein  | 1 Special Service Battalion                                |
| Bethlehem     | 2 Field Engineering Regiment                               |
| Phalaborwa    | 7 SA Infantry Battalion                                    |
| Sishen        | SA Army CTC (GSB and 16 Maintenance Unit)                  |

Tendering Processes. All property tenders are handled by the NDPW and not by the DOD.



*Programme 1: Defence  
Administration*

## Chapter 2

# Programme 1: Defence Administration

### INTRODUCTION

The primary objective of this programme is to oversee the activities of the DOD through policy development and monitoring, provision of strategic direction and organising the DOD in terms of its structure and force design, to achieve its set defence objectives. The Defence Administration is in alignment with all the Strategic Output and the Strategic Objectives for FY 2008/09.

The Defence Administration Programme provides services in the form of directives in the area of ministerial direction. This is the responsibility of the Minister of Defence (MOD), while departmental direction is the responsibility of the Secretary for Defence (Sec Def). The Defence Administration consists of the following subprogrammes (Divisions):

- Ministerial Direction
- Departmental Direction\*
- Policy and Planning (Defence Policy, Strategy and Planning)\*
- Defence International Affairs\*<sup>1</sup>
- Financial Services\*
- Acquisition Services (Defence Matériel)\*
- Supply-Chain Integration\*
- Defence Enterprise Information System Management\*
- Inspection Services (Inspector-General of the DOD)\*
- Human Resource Support Services\*
- Defence Legal Services\*

The following subprogrammes within the Defence Administration Programme fall within the responsibilities of the South African National Defence Force (SANDF):

- SANDF Command and Control
- Corporate Staff Office
- Military Policy, Strategy and Planning Office
- Religious Services
- Defence Corporate Communication
- Defence Reserve Direction
- Defence Foreign Relations

The annual reports of individual subprogrammes are presented below according to their respective order of appearance as in the DOD Strategic Business Plan for the Financial Year 2008/09.

### PURPOSE

The Defence Administration Programme provides administrative support, policy development and overall management to the DOD.

### OUTPUT

The main output of the Defence Administration Programme are defence policy advice, providing strategic direction through resource allocation advice, corporate plans, reports and ministerial direction. In addition, it provides specific operational output for services and divisions in the DOD.

### SUBPROGRAMME: MINISTERIAL DIRECTION

#### Overview

In the year under review, the Minister of Defence has consistently continued to uphold and fulfil the DOD's mission, to defend and protect the sovereignty and the territorial integrity of the Republic, as well as to support the people of South Africa. This has been done through the maintenance of cost-effective defence capabilities, in order to successfully undertake operations as ordered and funded by Government. Under the direction of the Minister, the DOD has, through various efforts, contributed to global security and peace. These include participation in defence-related bilateral and multilateral engagements as well as the deployment of the SANDF in peacekeeping missions. As per Cabinet instruction, the Minister has ensured that the SANDF's routine internal deployments are gradually reduced, but has maintained sufficient

<sup>1</sup> The Minister of Defence approved the establishment of the Defence International Affairs as a subprogramme on 1 April 2008. A function separation and shift took place during FY 2008/09 from the Defence Policy, Strategy and Planning Division to the newly-established and approved International Affairs Division. In the Estimate of National Expenditure (ENE), the Policy and Planning allocation includes funding for the Defence International Affairs for the Second Quarter FY 2008/09.

\* Defence Secretariat

internal deployment capability to respond to security requirements for international events, such as the 2009 Confederations Cup and the 2010 Soccer World Cup. Within the DOD, the Minister has ensured that good corporate governance is consolidated and effective management, administration and accounting pursued in a manner consistent with the evolving regulatory framework and government policy.

**Measurable Objective**

The Ministerial Direction Subprogramme provides political direction to the DOD to ensure the defence of South Africa, by meeting the ordered defence commitments and providing appropriate defence capabilities.

**Output Detail**

Table 2.1 below provides details on the Ministerial Direction Subprogramme’s output, performance measures and targets as specified in the DOD’s Strategic Business Plan FY 2008/09.

**Table 2.1 Ministerial Direction Output for FY 2008/09**

| Output                           | Performance Measure                                                                                                            | Annual Target                                                         | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Reasons for Over/Under Achievement |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Ministerial direction to the DOD | Alignment of the DOD’s priorities and activities with Government’s Programme of Action and Cabinet <i>Makgotla</i> resolutions | Full implementation of Minister’s guidelines issued in September 2006 | <p>Ensured the implementation and realisation of the Minister’s priorities issued for FY 2008/09</p> <p>Ensured the DOD’s compliance with national legislation, Government regulations, policies and imperatives</p> <p>Provided capacity for the Sec Def and the Chief of the South African National Defence Force (C SANDF) to discharge their statutory responsibilities</p> <p>Ensured the DOD accountability to Parliamentary committees</p> <p>Issued planning guidelines to the DOD</p> <p>Departmental governance and accountability were institutionalised and improved for effective responses to government requirements</p> <p>Ensured the preparation and deployment of the SANDF, as determined by government</p> | Achieved                           |

| Output                                                                                                                                                                                                                                                                                                                                                        | Performance Measure                                                                                                                                     | Annual Target                                     | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                            | Reasons for Over/Under Achievement |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Defence Policy advice to Government                                                                                                                                                                                                                                                                                                                           | Timeliness, relevance and quality of policy updates, input and proposals to the Cabinet <i>Makgotla</i> , Portfolio Committee on Defence and Parliament | Planning for implementation of the Defence Update | <p>Ensured that extensive work was conducted by the DOD, specifically around the costing of the force design and the migration plans, to obtain the Credible Force Design</p> <p>On 7 August 2008, the DOD tabled the draft Defence Update to Cabinet for consideration. Cabinet decided that the consideration of the draft Defence Update be delayed until after the general elections in 2009</p> | Achieved                           |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>The Subprogramme Ministerial Direction successfully provided political direction to the DOD to ensure the defence of South Africa by meeting the ordered defence commitments and providing appropriate defence capabilities.</p> |                                                                                                                                                         |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |

**SUBPROGRAMME: DEPARTMENTAL DIRECTION**



**Overview**

The period under review was marked by the untimely passing away of the Secretary for Defence, Mr J.B. Masilela, in August 2008. The Chief of Defence International Affairs, Mr T.E. Motumi, was appointed as the Acting Sec Def with effect from September 2008. This report covers the matters executed by the Office of the Sec Def for the rest of FY 2008/09.

In the spirit of co-operative governance, the Sec Def engaged in further efforts to improve co-operation between the DOD and other government departments and agencies. These include, *inter alia*, the National Treasury, National Intelligence Agency, Departments of Public Service and Administration, Foreign Affairs, Public Enterprises, South African Police Service (SAPS) and the Auditor-General South Africa. These efforts have had positive results in respect of streamlining the defence business processes with those of other departments, in pursuit of the co-operative governance principle as contemplated in the Constitution.

Furthermore, the Sec Def has consistently provided strategic direction to the DOD through

various activities and interventions. These, *inter alia*, included timeous decision-making on strategic matters, effective consideration and processing of documents, attendance of high-profile Director-Generals meetings and chairing of the DOD's command bodies meetings. The Sec Def has also ensured that the DOD upholds and implements all the Cabinet, Minister, Parliament and Cluster resolutions applicable to the DOD. For purposes of accountability, the Sec Def has ensured that the DOD provides, at predetermined times, all reports on its implementation of resolutions applicable to it.

To consolidate good governance in the DOD, the Sec Def continued to implement the Clean Audit Project. This initiative is aimed at ensuring that the DOD's performance on audits, as carried out by the Auditor-General South Africa, improves. The identified potential benefit of this initiative to the DOD is full compliance, with the ruling regulatory framework and better delivery of defence output.

In the area of defence diplomacy, the Sec Def engaged in a number of activities. These included undertaking visits to, and hosting countries with which the DOD has defence co-operation agreements. As part of defence diplomacy, the Sec Def also participated in



## | Department of Defence |

multi-lateral defence discussions under the aegis of South African Development Community (SADC), the African Union (AU) and the United Nations (UN).

### Measurable Objective

The Departmental Direction Subprogramme provides corporate direction to the DOD through the following:

- Provision of strategic direction to the DOD.
- Policy advice to the Minister of Defence.
- Management of DOD parliamentary activities and engagements.

- Management of the DOD's participation in Clusters as well implementation of DOD obligations arising there from.
- Management of defence policy in the DOD.
- Management of National Convention Arms Control Committee (NCACC) support activities and those of its sub-committees.

### Output Detail

Table 2.2 below provides details of the Departmental Direction Subprogramme output, performance measures and targets as specified in the DOD Strategic Business Plan FY 2008/09.

**Table 2.2 Departmental Direction Output Detail for FY 2008/09**

| Output                                           | Performance Measure                                                                                                | Annual Target                     | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Reason(s) for Over/Under Achievement |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Defence policy advice to the Minister of Defence | Defence policies aligned with Government priorities; inputs to Budget Speech and inputs to Cabinet <i>Makgotla</i> | Ministerial directives to the DOD | <p>Ensured that the DOD policies are aligned with South African foreign, defence and security policies</p> <p>Ensured that extensive work was conducted by the DOD, specifically around the costing of the force design and the migration plans, to obtain the Credible Force Design</p> <p>On 7 August 2008, the DOD, through the Minister, tabled the draft Defence Update to Cabinet for consideration. Cabinet decided that the consideration of the draft Defence Update be stayed until after the general elections in 2009</p> <p>Ensured that the DOD strategic plans were aligned to the budget process and spending plans within the DOD's strategic objectives</p> <p>Ensured that decisions of the Council of Defence (COD) cascaded to the relevant Services and Divisions for implementation and feedback to the COD</p> | Achieved                             |

| Output                                           | Performance Measure                                                                                                | Annual Target                                                                           | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Reason(s) for Over/Under Achievement |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Defence policy advice to the Minister of Defence | Defence policies aligned with Government priorities; inputs to Budget Speech and inputs to Cabinet <i>Makgotla</i> | Ministerial directives to the DOD                                                       | Ensured that there was continuous interaction and engagement with the corporate offices of the Minister of Defence, the SANDEF, ARMSCOR and other Government departments and ensured that the DOD honoured all its engagements and obligations with Parliamentary Committees                                                                                                                                                                                                                                                                           | Achieved                             |
|                                                  |                                                                                                                    |                                                                                         | <p>Ensured that Parliamentary Committees' recommendations were disseminated to the DOD for implementation</p> <p>Ensured that input to the core clusters (IRPS and JCPS – Programme of Action (POA)) were duly submitted for incorporation in the respective clusters</p>                                                                                                                                                                                                                                                                              | Achieved                             |
| Departmental Direction to the DOD                | Quality of directives to the DOD and planning guidelines to the DOD as a whole                                     | Timeous directives to the DOD and the delegation of financial authority to the C SANDEF | <p>Financial delegations were issued to the C SANDEF</p> <p>Strategic planning guidelines were issued</p> <p>Timeous instructions were prepared on various matters to give directives to the DOD</p> <p>Strategic direction was provided to the Defence Secretariat</p> <p>Instructions emanating from the Secretariat Council decisions issued to relevant Divisions for implementation and feedback</p> <p>A total of 12 840 documents were received and processed over the reporting period, which cover documents for submission and inquiries</p> | Achieved                             |

| Output                                                                                                                                                                                                                         | Performance Measure                                                            | Annual Target                                                                                                    | Actual Target Achievement                                                                                                                                                | Reason(s) for Over/Under Achievement |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Departmental Direction to the DOD                                                                                                                                                                                              | Quality of directives to the DOD and planning guidelines to the DOD as a whole | Evaluate the implementation of structure for financial accounting and reporting by C SANDF and make improvements | C SANDF's structure for financial accounting and reporting has been successfully implemented. The financial reporting and accountability arrangements have also improved | Achieved                             |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>The Subprogramme Departmental Direction successfully provided corporate direction to the DOD.</p> |                                                                                |                                                                                                                  |                                                                                                                                                                          |                                      |

**SUBPROGRAMME: DEFENCE ENTERPRISE INFORMATION SYSTEM MANAGEMENT**

**Overview**

The Defence Enterprise Information System Management (DEISM) Division is responsible for the DOD's strategic governance of the resource information and its enablers, Information and Communications System (ICS) and IT. This Division supports the Sec Def in his duties as the Information Officer of the DOD, giving strategic direction to the DOD and accounting for departmental resources. The Defence Enterprise Information System supports the DOD business through the ability to effectively support command control and defence administration. In the year under review, the Division made further strides in overseeing the integration of defence IT systems, in line with the provisions of the Defence Enterprise Information Systems (DEIS) Master Plan. In terms

of the strategic direction, the DEISM Division in collaboration with the CMIS Division, completed the ICS environmental analysis. Governance rules applicable to the DOD have been analysed and the relevant portions worked into the introduction of the DOD IT strategy. In consolidating its work, the DEISM Division will continue to align its strategies and plans with those of the CMIS Division and other Divisions.

**Measurable Objective**

The Defence Enterprise Information System Management Division conducts policy development, management and administration of the DEIS.

**Output Detail**

Table 2.3 below provides details on the DEISM Subprogramme's output, performance measures and targets as specified in the DOD's Strategic Business Plan FY 2008/09.

Table 2.3 Defence Enterprise Information System Management Division Output for FY 2008/09

| Output                   | Performance Measure                         | Annual Target                                                               | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------|---------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DOD Information Strategy | Effective information management in the DOD | Maintain and improve the DOD Information Strategy and DEIS Plan for the DOD | <p>Completed the ICS environmental analysis with CMIS Division's participation. Governance matters impacting on the Defence ICS environment has been analysed and the relevant portions worked into the information strategy</p> <p>The strategy is 90% complete, with draft 1 discussed during collaboration sessions with duly mandated representatives from all Services and Divisions. It is anticipated that the strategy will be approved by April 2009</p>                                                                                                                                                                         | Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                          |                                             | Continuous maintenance of alignment to DEIS-related policy.                 | <p>The DEIS Regulatory Framework Solution Project that will enable the DOD to track Governance is in process and a detailed User Requirement Specification was handed to SITA as a solution. This will enable the DOD to align its DEIS governance with national and international regulatory requirements. The ICS Regulatory Framework be used as the initiation solution as part of an Integrated DOD Governance Framework</p> <p>The following was also achieved:</p> <p>10 x ICS policies were approved.<br/>4 x ICS policies have initiated a review process.<br/>4 x ICS newly-registered policies in the development process.</p> | <p>Partially achieved due to the resigning of the initial Project Manager and the handing over of the project by new Project Manager with little DOD knowledge</p> <p>Partially achieved due to the availability of qualified and skilled functional specialists who could write or update current ICS Policy. Shortage of ICS Policy Development and Maintenance staff within the DEISM Div and CMIS Div to run this function smoothly</p> |

| Output                                                                                                                                                                                                                                                                                                                                   | Performance Measure                                           | Annual Target                                                        | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Reason(s) for Over/Under Achievement |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| ICT/ICS Polices                                                                                                                                                                                                                                                                                                                          | Managed Information System and ICT-related policy for the DOD | Maintain the alignment of information systems with technology policy | <p>The following Defence Information Communication Technology Architectures (DICTA) and strategic studies were completed and serve as part of the Strategic Direction for the management of ICS in the DOD:</p> <p>Information and Communication Systems Timeline</p> <p>Enterprise Architecture Frameworks Wireless telecommunication security standards study DICTA for Defence Communication Network</p> <p>DICTA for Computing Platforms Network Centric Warfare and e-Defence. DOD Application Architecture Reference Model. DOD Data Architecture Reference Model</p> <p>Infrastructure for Mobility</p> <p>Information and Knowledge Management. Ontology on Information and Communication Systems</p> <p>Defence Application Architecture for Information System Engineering</p> <p>ICS External Environmental Analysis</p> <p>Defence Application Architecture for Groupware. DICTA for Peripherals and for e-learning</p> | Achieved                             |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>The Subprogramme Defence Enterprise Information System Management successfully conducted policy development, and management and administration of the Defence Enterprise Information System in the DOD.</p> |                                                               |                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                      |



## SUBPROGRAMME: SANDF COMMAND AND CONTROL

### Overview

The Office of the C SANDF accomplished all the set objectives and targets for the year under review. Excellent strategic direction and execution of command and control over the SANDF forces took place, enhanced through regular staff visits to the SANDF contingents supporting the peace missions and operational deployments within the borders of South Africa.

The C SANDF devoted his efforts during the past year towards advancing defence diplomacy and multilateral initiatives of the AU and SADC. Internally, the C SANDF was fully engaged in the Government Programme of Action requirements, with full participation in the monthly clusters, as well as the Forum of SA Director-Generals.

The SANDF external missions were conducted employing the “Core Growth - One Force” concept, with about 2 900 Regular and Reserve members deployed in seven peace support operations and three general assistance operations. These took place in the Democratic Republic of Congo, Sudan, Burundi, Ethiopia/Eritrea, Uganda/Southern Sudan, Central African Republic and Nepal.

Internally, several missions in support of other Government departments were conducted, with emphasis on safety and security support, search-and-rescue, disaster aid and relief, and borderline control. On average, 195 SANDF members were deployed daily in support of the SAPS along the South African/Zimbabwean international border. These deployments were scheduled to be terminated by the end of March 2009.

However, on 16 March 2009, a verbal instruction was received from the Minister of Defence to put the withdrawal of SANDF troops from the Republic of South Africa (RSA)/Zimbabwean international border on hold until further notice. The SANDF provided safety and security support in preparation for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

**Foreign Engagements Undertaken to Strengthen Ties and Advance Defence Diplomacy.** The C SANDF visited three African Defence Forces namely: Angola, Uganda and Botswana. On

invitation, he also visited the Chief of Staff of the Cuban Defence Force.

**Foreign Dignitaries Received in the RSA.** The C SANDF hosted foreign dignitaries during FY 2008/09; namely: the Chiefs of the Singapore Defence Force and the Lesotho Defence Force, as well as the Chiefs of Staff of the Democratic Republic of Congo (DRC) Armed Forces and the French Defence Force. In addition, he hosted several Chiefs of Defence Forces during their attendance of the Africa Aerospace and Defence Exhibition 2008.

**African Chiefs of Defence Engagements towards Harmonisation of Common Policy and Interoperability.** The C SANDF attended two Inter-State Defence and Security Committee Meetings for African Chiefs of Defence Forces.

**Government Programme of Action Engagements to Implement Government Priorities.** The C SANDF attended several engagements during the period under review, namely: the Forum of South African Director-Generals (FOSAD) Workshop, the Cabinet *Lekgotla*, the IRPS Workshop, as well as the National Security Cluster and FOSAD Workshop.

**DOD and SANDF Command and Control.** To improve the Command and Control in the SANDF, the C SANDF visited deployed SANDF forces in Burundi and Sudan in April 2008, and the DRC, Burundi and Sudan in December 2008. He participated in a Workshop on Discipline in the SANDF and conducted the SANDF Strategic Work session in July 2008. Continued progress was made with the reshaping, restructuring, re-equipping and repositioning of the SANDF.

Through the Subprogramme SANDF Command and Control, the C SANDF has, despite all the challenges that have confronted it, continued to provide relevant and timely military advice to the Minister of Defence while, at the same time effectively executing command and control of the SANDF.

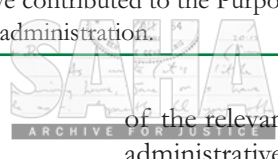
### Output Detail

Table 2.4 below provides details on the SANDF Command and Control Subprogramme outputs, performance measures and targets specified in the output table in the DOD's Strategic Business Plan FY 2008/09.

Table 2.4 SANDF Command and Control Output for FY 2008/09

| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Performance Measure                | Annual Target                                                                                                | Actual Target Achievement                                                                                        | Reason(s) for Over/Under Achievement      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Military policy advice to the Minister of Defence                                                                                                                                                                                                                                                                                                                                                                                                                                        | Quality of military advice         | Relevant and timeous advice                                                                                  | Relevant and timeous advice was provided                                                                         | Achieved<br>Provided as and when required |
| Command and control of the SANDF                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Operational readiness of the SANDF | Readiness maintained in accordance with the force employment guidelines through the Military Command Council | Readiness was maintained in accordance with the force employment guidelines through the Military Command Council | Achieved                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Success of ordered operations      | Successful conduct of all operations                                                                         | All operations were successfully conducted<br>See Force Employment for detail on ordered operations              | Achieved                                  |
| <p><b>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</b> Through the Subprogramme, SANDF Command and Control has successfully provided relevant and timeous military advice to the Minister of Defence and effectively executed command and control of the SANDF. The achievements of the Output have contributed to the Purpose of the Administration Programme to execute policy development, management and administration.</p> |                                    |                                                                                                              |                                                                                                                  |                                           |

**SUBPROGRAMME: POLICY AND PLANNING (DEFENCE POLICY, STRATEGY AND PLANNING DIVISION)**



of the relevant Act, this Division has also provided administrative and secretariat support services to the National Conventional Arms Control Committee (NCACC) and its relevant subcommittees.

**Overview**

Despite the migration from the old to the new structures, the Defence Policy, Strategy and Planning Division has successfully achieved its set objectives for the year under review. This has been achieved through provision of clearly defined DOD policies, strategy, plans, reports and departmental instructions. The Division has finalised its reconfiguration and migration process in accordance with the relevant Sec Def's instruction.

In line with its reconfirmed mandate, this Division has executed a number of projects ranging from strategic planning to institutionalisation of performance management. Various interventions were introduced that were aimed at improving both the quality of reporting, as well as the impact of the reporting process on improved service delivery of the DOD. Furthermore, the Division has consistently provided the Sec Def with a capability for policy development, policy advice and monitoring on national defence policy matters. As per provisions

In order to consolidate effective management, the Division made four senior management appointments. These include: the Chief Defence, Strategy and Planning; the Chief Director: Strategic Management; the Director: Integrated Management Systems and the Director: Risk Management. In the period under review, this Division achieved the following highlights:

- Ensured that the DOD complied with national legislation on strategic planning and performance reporting. As a result, in 2008, the Portfolio Committee on Defence commended the DOD on improved performance reporting.
- Led the process for the review of the National Conventional Arms Control Act (Act 41 of 2002), which resulted in an Amendment Bill that was passed by both houses of Parliament in 2008. This Amendment Bill is now waiting to be assented to by the President.
- Led the Defence Update formulation process that resulted in a costed document with

relevant migration plans. On 7 August 2008, this document was submitted to Cabinet for consideration.

- Engaged with the National Treasury Advisory Unit to verify key concepts in the DOD's Balanced Scorecard (BSC). This verification established that the DOD's Balanced Scorecard fully supported the National Treasury's Logical Framework.
- The BSC implementation project made progress ahead of schedule by means of the integration of the BSC in the Strategic Business Plans and Reporting Process.
- In line with government framework for monitoring performance, the Division measured the DOD's performance against its plan, quarterly and annually. Parliament commended the DOD on the successful compilation and presentation of the DOD's FY 2007/08 Annual Report.
- Enhancements of the Structure Management Control System (SMCS) and the Occupational Specific Dispensation (OSD), to support the closure of units by means of systematically uncoupling Divisions within a unit, and to provide for "Mother Child" relationships to enhance accountability within the Logistical Systems. A "Unit Search" functionality was developed on the website to make provision for updating a Unit's contact information.
- A total of 14 143 transactions were effected on the SMCS System with details as follows: 64 Force Structure Elements (FSEs) and Accounting Codes have been made inactive; 3 148 Division Codes have been made inactive; 418 sub-accounts have been made inactive; and 84 organisation structure design reports have been implemented on the SMCS System.
- The Division was instrumental in seeking the support of the African Centre for the Constructive Resolution of Disputes (ACCORD), to provide basic peace support operations training courses for the SADC civilian staff component of Exercise Golfinho.
- All deadlines with respect to various progress reports for the Clusters, POA and Apexes were met on time. The Division established an operational independent electronic

communication system with Justice, Crime Prevention and Security (JCPS) and IRPS.

- Co-ordination of a Departmental position on possible SANDF assistance to the delivery of humanitarian supplies by the World Food Programme to Somalia. A comprehensive position was developed and submitted to the Plenary Defence Staff Council (PDSC) for consideration.

During the course of the reporting period, the Division has had to contend with challenges in the execution of its core objectives. These mainly included: firstly, the lack of office space in the Defence Headquarters to accommodate members of the Division. Secondly, the human resource capacity constraints as a consequence of limited funding and high staff turnover. Thirdly, the lack of secure and effective IT communication infrastructure. In order to deal with these challenges, the Division is engaging with the Finance Management Division and the Defence Planning, Budgeting and Evaluation Committee by way of calling for an increase in its financial allocation baseline, in order to meet its requirements.

#### Measurable Objective

The Defence Policy, Strategy and Planning Subprogramme provides the DOD's defence policy, strategy and planning capability through the following:

- Defence strategic business architecture, planning guidance, plans, risk-and performance management and reports.
- Defence policy advice and policy support to the DOD.
- Provision of secretariat and administrative support to the NCACC and sub-committees.

#### Output Detail

Table 2.5 below provides details on the Policy and Planning Subprogramme output, performance measures and targets as specified in the DOD's Strategic Business Plan for FY 2008/09.

Table 2.5 Policy and Planning Output Details for FY 2008/09

| Output                                              | Performance Measure                                                       | Annual Target                                                                                                                                           | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Reason(s) for Over/Under Achievement |
|-----------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Defence Policy advice and policy support to the DOD | Timeliness, relevance and quality of policy advice and support to the DOD | Departmental alignment with South African Foreign, Defence and Security policies and ongoing Defence Co-operation plans with key international partners | <p>Obtained Minister's approval for Defence Update 2025, tabled before Cabinet on 7 August 2009</p> <p>Environmental scan completed and input provided in the First Quarter of the year.</p> <p>All security sector reform engagements aligned with legislation and policy</p> <p>Input provided as part of the interdepartmental committee revising the White Paper on Peace Missions. The Defence Staff Council (DSC) accepted input; it was tabled and accepted at the IRPS DGs Cluster (4 June 2008).</p> <p>The Revised White paper was tabled in the November 2008 IRPS Cabinet Committee and approved</p> <p>The Division co-ordinated input to the finalisation of the Joint -Policy on Countering Criminal Activities on Sea and Inland Waters</p> | Achieved                             |

| Output                                              | Performance Measure                                                       | Annual Target                                                                                                    | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Reason(s) for Over/Under Achievement |
|-----------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Defence Policy advice and policy support to the DOD | Timeliness, relevance and quality of policy advice and support to the DOD | All deployments are properly mandated through Presidential Minutes, Ministerial Directives and Cabinet Memoranda | 3 x Ministerial employment for internal missions<br>4 x Presidential Employment in co-operation with SAPS<br>1 x Deployment (Military advisors to the DRC) Team BULISA<br>3x Progress reports on DRC Security Sector Reform (7 <sup>th</sup> , 8 <sup>th</sup> and 9 <sup>th</sup> Presidential Minutes were also submitted for the authorisation of all deployments mentioned above                                                                                                                                                                                                                                                                                                         | Achieved                             |
|                                                     |                                                                           | Cabinet extends current deployment mandates timeously                                                            | 3 x Operations (Extension of the deployment in Burundi, deployment of seven members of the SANDF to Uganda for EOD tasks and deployment of 11 members of the SANDF as part of the SADC Technical Military team)<br><br>Cabinet Memorandum 3 of 2009 (dd 19 February 2009) was submitted for approval for the extension or termination of missions for the 2009/10 financial year. These include:<br><br>OP VIMBEZELA in the Central African Republic, OP CURRICULUM in Burundi, Op Mistral in the DRC, OP TEUTONIC in the DRC, OP INDULI in Nepal, OP CORDITE in the Sudan, OP ESPRESSO in Ethiopia/Eritrea, OP BONGANE in Uganda, Team BULISA in the DRC and Mission THEBE, also in the DRC | Achieved                             |





| Output                                                                                                         | Performance Measure                                                                            | Annual Target                                                                             | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Reason(s) for Over/Under Achievement |
|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Defence strategic business architecture, planning guidance plans, risks-and performance management and reports | Timelines, relevance and quality of DOD Strategic Business Plans, supporting plans and reports | DOD priorities and activities are fully aligned with those of the Government              | Ensured that the Minister and the Accounting Officers guidelines are consistent with Government intentions and are implemented in the DOD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Achieved                             |
|                                                                                                                |                                                                                                | DOD Strategic Business Plans and reports meet requirements and are delivered in good time | <p>Monitored progress made with regard to the implementation of Ministry of Defence and Accounting Officer's guidelines.</p> <p>The DOD collaboratively developed a plan evaluation system to evaluate Level 2 business plans for the Defence Secretariat and shared Divisions</p> <p>The DOD Strategic Business Planning for FY 2009/10 to FY 2011/12 was completed and approved by command bodies and Accounting Officer; and is now awaiting presentation to the Minister of Defence before being tabled to Parliament</p> <p>Development of changes to SBP 2008 FY 2008/09 – 2010/11</p> <p>The DOD adhered to statutory requirements for its Annual Report FY 2007/08 tabled in Parliament in September</p> <p>Three Quarterly Reports were developed, approved by Executive Authority and submitted on time to the Auditor-General South Africa</p> | Achieved                             |

| Output                                                                                                                                                                                                                                                             | Performance Measure                                                                            | Annual Target                                                                                                          | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Reason(s) for Over/Under Achievement |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Defence strategic business architecture, planning guidance plans, risks-and performance management and reports                                                                                                                                                     | Effectiveness, efficiency and overall quality of risk-and performance management in the DOD    | Establish a risk-and performance management culture at Service and Divisional level in the DOD                         | The current risk-management framework is being updated in order to establish a risk-management culture in the DOD                                                                                                                                                                                                                                                                                                                                                                                                                                           | Partially achieved                   |
|                                                                                                                                                                                                                                                                    | Efficiency, effectiveness and economy of the DOD's business architecture-related policy advice | The DOD's business architecture fully supports the achievements of its objectives                                      | Ensured that the structure management systems of the DOD are enhanced for purposes of facilitating efficient and effective structure management to support the DOD objectives                                                                                                                                                                                                                                                                                                                                                                               | Partially achieved                   |
| Conventional Arms Control Permit Administration                                                                                                                                                                                                                    | The extent to which the directorate provides administrative capacity to the NCACC              | Regulate the transfer of conventional arms in South Africa through issuing of transfer permit to the defence industry. | <p>NCACC meetings documentation prepared and distributed in good time</p> <p>Decisions of the NCACC executed<br/>All permit applications, amendments and extensions received were processed.<br/>Administered and issued a total of 5 693 conventional arms transfer permits</p> <p>Led the process for amendment of the National Conventional Arms Control Act.<br/>Both houses of Parliament approved the Amendment Bill in 2008</p> <p>Draft Regulations on the Prohibition of Mercenary Activities Act were completed and are awaiting promulgation</p> | Achieved                             |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>The Policy, Strategy and Planning Subprogramme successfully provided defence policy, strategy and planning capability to the DOD.</p> |                                                                                                |                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                      |

**SUBPROGRAMME: DEFENCE  
INTERNATIONAL AFFAIRS**

**Overview**

In 2008, the Minister of Defence approved the Defence International Affairs Division with effect from 2008. As a result, the Directorate Foreign Relations Policy migrated from the Defence Policy, Strategy and Planning Division to Defence International Affairs Division in the FY 2008/09. This Division is mandated to provide defence international affairs' strategic direction, establish bilateral and multilateral relations in the field of defence, as well as provide specialist advice and support on international legal instruments. Notwithstanding the envisaged changes to the structure necessitated by its responsibilities, the Division was able to achieve its intended objectives. The Division was actively involved and instrumental in the following areas:

- Advising the Minister and the DOD on key Defence International Affairs' Policy issues
- Participated in the activities of various multilateral organisations like the AU, SADC and the UN.
- Servicing various standing international legal instruments such as the Bi-National Commissions, Defence Co-operation

Agreements and Memoranda of Understanding (MOUs) with other countries. These countries include the United States of America, France, the Ukraine, Argentina, Sweden, the United Kingdom, Saudi Arabia, Belgium, Germany, India, Brazil, Zambia, Jordan, Lesotho, Tunisia and the Democratic Republic of Congo.

- Facilitated the processing and signing of defence co-operation agreements and Memoranda of Understanding with countries such as Benin, Brazzaville in Congo, Indonesia, Malawi, Senegal, United Kingdom and Ethiopia.

The Division's operational realities point to a requirement for added capacity. To address this challenge, the Division is currently engaged in a work-study process to bring its capacity on par with the demands of the Division.

**Measurable Objective**

The Defence International Affairs Subprogramme manages all Defence International Affairs and related activities.

**Output Detail**

Table 2.6 below provides details on the Defence International Affairs output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09.

**Table 2.6 Defence International Affairs' Division Output for FY2008/09**

| Output                                              | Performance Measure                                                      | Annual Target                                                                                                                                                               | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                | Reason(s) for Over/Under Achievement |
|-----------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Defence Policy advice and policy support to the DOD | Timelines, relevance and quality of policy advice and support to the DOD | DOD foreign relations activities alignment with South African Foreign, Defence and Security policies and ongoing Defence Co-operation plans with key international partners | Ensured DOD foreign relations' activities alignment with South African Foreign, Defence and Security policy and ongoing Defence Co-operation plans with key international partners<br><br>Engaged actively in AU, SADC, other global fora and bilateral meetings (Def Coms) in pursuit of defence interests<br><br>Instrumental in various interdepartmental meetings and provided input and advice on key defence international affairs | Achieved                             |

| Output                                              | Performance Measure                                                      | Annual Target                                                                                                                                                               | Actual Target Achievement                                                                  | Reason(s) for Over/Under Achievement                                                       |
|-----------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Defence Policy advice and policy support to the DOD | Timelines, relevance and quality of policy advice and support to the DOD | DOD foreign relations activities alignment with South African Foreign, Defence and Security policies and ongoing Defence Co-operation plans with key international partners | Serviced various defence co-operation agreements in terms of implementation and monitoring | Serviced various defence co-operation agreements in terms of implementation and monitoring |

**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

The Subprogramme Defence International Affairs successfully provided advice to the Minister and the DOD on key Defence International Affairs Policy issues.

**SUBPROGRAMME: FINANCIAL SERVICES**

**Overview**

During the year under review, the Financial Services Subprogramme continued to focus on the improvement of service delivery and cleaning up the audit report.

The Financial Management Division (FMD) was restructured for cost-effectiveness and improved service delivery, with the aim of broadening the scope of implementation of the public finance regulatory framework, by establishing a dedicated financial support office in the office of the C SANDE. This occurred within the existing constraints of the old legacy resource management systems, which assisted in the enhancement and reinforcement of the DOD's accountability arrangements.

The old disintegrated information management systems still pose a challenge for the DOD. This is hampering accurate reporting as the National Treasury increases reporting requirements on an annual basis. As a result, the DOD will not achieve unqualified financial statements in the year under review, unless the National Treasury authorises exemptions. The FMD is constantly making improvements to the financial management system and is participating in all National Treasury initiatives, in order to overcome this challenge. The

achievement of the objective to be 95% staffed has been impeded by the slow staffing process. The HR Division is however, addressing the problem at corporate level.

In an effort to clean up the audit report, enhance internal controls and prevent possible further audit qualifications, the DOD has contracted consultants. In addition, the consultants are training and transferring skills to the DOD personnel and are assisting with improving governance and the risk-management framework. The project implementation commenced in December 2008, and the full benefits will be realised in the next reporting period.

**Measurable Objective**

To provide a cost-effective financial management service to the DOD within the evolving regulatory framework by means of a professional, representative civilian financial management corps, which is supported by an appropriate financial management system.

**Output Detail**

Details of Financial Services Output for FY 2008/09 are provided in table 2.7

Table 2.7 Financial Services Output Detail for FY 2008/09

| Output                                                                                                                                                  | Performance Measure                                                                                                                     | Annual Target                                                                                                           | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                         | Reason(s) for Over/Under Achievement |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Cost-effective financial management service to the Minister of Defence, Secretary for Defence and the C SANDF, within the evolving regulatory framework | Cost-effective service delivery, Compliance with regulatory framework, Sound Defence Financial decisions, and unqualified audit reports | A Budget Management Service to the DOD according to the current regulatory framework and programme/ budget structure    | <p>Unqualified audit report for Budget Management Services.</p> <p>Budget nearly fully expended by 31 March 2009</p> <p>The corporate DOD budget control services included:</p> <p>Submission of Defence in-year programme adjustments budget by 31 October 2008</p> <p>Monthly Early Warning Reports</p> <p>Virements as required</p> <p>Funded and unfunded mandates as directed by Section 64 of the PFMA.</p> | Achieved                             |
|                                                                                                                                                         | Cost-effective service delivery, compliance with regulatory framework, sound Defence Financial Decision, and unqualified audit reports. | A Financial Accounting Service to the DOD according to the current regulatory framework and programme/ budget structure | <p>Implementation of Clean Audit Project with effect from December 2008</p> <p>Reduction of qualifications as an emphasis of the matters in the DOD. It is a multi-pronged strategy that ensures the realisation of qualification free audit</p>                                                                                                                                                                  | Achieved                             |



| Output                                                                                                                                                         | Performance Measure                                                                                                                            | Annual Target                                                                                                                            | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reason(s) for Over/Under Achievement |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| <p>Cost-effective financial management service to the Minister of Defence, Secretary for Defence and the C SANDF, within the evolving regulatory framework</p> | <p>Cost-effective service delivery; Compliance with regulatory framework; Sound Defence Financial decisions; and unqualified audit reports</p> | <p>A Financial Control and Support Service to the DOD, according to the current regulatory framework and programme/ budget structure</p> | <p>Corporate systems of risk- management, audit report management, loss and claims administration and compliance management are in place</p> <p>Output achieved through the financial control service as follows:<br/>First, interim and final audit steering-committee meetings held as required</p> <p>Risk-management meetings were held and risks mitigated as required</p> <p>Secretariat services provided as per the Accountability Management Committee (AMC) constitution Revised financial management delegations as required</p> <p>Administration and management of Financial Misconduct incidents as required</p> <p>Three-monthly improper expenditure/financial misconduct reports provided to the AMC and annually in the financial statements<br/>Claims against the State reports where required</p> <p>Loss and Motor Vehicle Accident incidents reported were effectively and efficiently managed (recovered/written-off)</p> | <p>Achieved</p>                      |



| Output                                                                                                                   | Performance Measure                                                | Annual Target                                             | Actual Target Achievement                                 | Reason(s) for Over/Under Achievement |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------|
| Effective and efficient provision of Departmental Support through timeous settlement of financial obligations by the DOD | Timeous payment of claims against the DOD                          | Within 30 days of receipt of a court order                | Within 30 days of receipt of a court order                | Achieved                             |
|                                                                                                                          | Timeous payment for external auditing services rendered to the DOD | Within 30 days of receipt of substantiating invoice       | Within 30 days of receipt of substantiating invoice       | Achieved                             |
|                                                                                                                          | Timeous payment of transaction costs, including bank charges       | Within 30 days of receipt of substantiating documentation | Within 30 days of receipt of substantiating documentation | Achieved                             |

**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

The Subprogramme Financial Services succeeded in providing a cost-effective financial management service to the DOD within the evolving regulatory framework by means of a professional, representative civilian financial management corps, supported by an appropriate financial management system.

**PLANNED EXERCISES (SERVICE UNIQUE)**

Detail of Financial Management Services (unique exercise) that was planned for FY 2008/09 is reflected in Table 2.8 below.



**Table 2.8 Financial Management Services unique exercises planned for FY 2008/09**

| Exercise: Name and Type | Actual Achievement                                         |
|-------------------------|------------------------------------------------------------|
| Clean Audit Project     | Clean Audit Project started with effect from December 2008 |

**SUBPROGRAMME: ACQUISITION SERVICES (DEFENCE MATÉRIEL)**

**Overview**

The Defence Matériel Division, as the main policy advice repository for the Sec Def and Minister of Defence on Category 1 Matériel Acquisition, directs and manages the acquisition of the DOD specified matériel and technology requirements, within the allocated budget and in accordance with policies and prescripts.

Priority budgeting requirements are scheduled on the Strategic Capital Acquisition Master Plan (SCAMP). For armament acquisition, the SCAMP's co-ordination function is delegated to the Chief of Defence Matériel (C Def Mat). Based on the priorities allocated by the Chief of Joint Operations, combined with the prevalent industrial capability and the particular approval status and strategy of individual projects, the C Def Mat schedules and

updates renewal projects within the limits of the Medium-Term Expenditure Framework (MTEF) allocation, agreed upon for weapon systems and technology development.

Defence has recognised that the emerging obsolescence in the inventory of ageing SANDF main equipment may hamper the ability of the SANDF to meet its ordered commitments. The medium-term focus of Defence acquisition will thus be on acquiring new equipment and upgrading existing matériel, as prioritised by the DOD, to support ordered commitments assigned to the SANDF. Due to limited investments in the more recent past, focus will specifically be directed towards Landward Defence capabilities. Parallel to this, specific technology programmes were pursued to ensure the retention of the required technology base for effective local participation in scheduled acquisition programmes, and applying these technologies to optimise the remaining lifespan of existing equipment.

The Division is completing the acquisition process of the Strategic Defence Package programmes, of which various systems have now been delivered to the RSA. Milestone dates for two of the Strategic Defence Packages programmes (fighter aircraft and light utility helicopters) have moved to the right, mainly due to industry challenges. Delivery of the A400M-programme has also been delayed by between 18 and 24 months, due to the inability of the industry to perform accordingly.

The Division has embarked on a strategy to enhance communication with the Defence Industry to ensure optimised spending, to achieve the most cost-effective and optimum durability of Defence equipment. On 4 February 2009, an annual Defence Industry-day was attended by senior members of the DOD, members of the Portfolio Committee on Defence, captains of industry and other important stakeholders. The purpose was to enhance open communication between all roleplayers and to indicate the direction that the DOD's future acquisitions will take.

Some noteworthy achievements of the Division include the following:

- Improved communication between the DOD and other stakeholders on defence equipment acquisition and support.
- Active involvement in the negotiating and eventual signing of the DENEL Rheinmetall Agreement on 1 September 2008.
- Participated in inter-departmental discussions on the recapitalisation of DENEL.
- **Landward Defence Acquisition.** The production and/or upgrading of Rooikat Armoured Cars, Olifant MKII Main Battle Tanks, Casspir and Mamba Mine and Ballistic Protected Personnel Carriers, as well as SS77 Light Machine Guns in this financial year and will be closed as soon as their commissioning into the landward structures is completed.
- **Air Defence Acquisition.** Five additional Agusta A109 Light Utility Helicopters were delivered to the South African Air Force (SAAF) during FY 2008/09, bringing the total delivered to 28 out of a contracted 30 aircraft. The last of the Hawk Lead-In Fighter Trainer (LIFT) aircraft was delivered, which completes the contractual amount of 24 aircraft. Five dual-seat Gripen Advanced Light Fighter Aircraft (ALFA) were delivered to the SAAF during FY 2008/09, and system implementation at Air Force Base Makhado is ongoing. Lynx maritime helicopter OT&E is ongoing and the first deployment of

a Lynx helicopter onboard a Naval frigate took place successfully in October 2008.

- **Naval Defence Acquisition.** The third Class 209 Type 1400 submarine, the *SAS QUEEN MODJADJI I*, arrived in Simon's Town on 22 May 2008. All three submarines as well as the four frigates have now been commissioned into service. Five new naval projects commenced the acquisition approval process, during the latter part of the reporting period. These projects will be directed at upgrading and sustaining the SA Navy's off-shore patrol and hydrographic capabilities, as well as addressing the gaps within its mine warfare core-capability and Port/Unit Security environment.
- Although the Division had positive achievements, it had to contend with the following challenges:
  - The lack of project officers with appropriate level of experience, coupled with the high workload placed on project officers, impacted on the performance of projects. This situation manifested in all areas of defence acquisition. The Division is trying to improve the situation by means of mentoring/coaching current project officers, maintaining close liaison with the Services (seconding of project officers to the Division), as well as increasing the number of Project Manager courses presented annually.
  - In the area of project management, the following challenges were experienced:
    - **Landward Defence Acquisition.** The budget allocation to address the full requirements of landward forces does not allow acquisition of full capabilities. A strategy of partial acquisition is followed to maintain a minimum core-growth capability in the end-users environment. In an attempt to improve this, the Division liaises continuously with the Chief of the Army and his staff. At the same time, the Division engaged in the re-prioritisation of the Strategic Capital Acquisition Master Plan with all the relevant authorities.
    - **Air Defence Acquisition.** System implementation into the Air Force and subsequent system handover of certain major projects are being hampered by a shortage of skilled personnel in the Air Force. The project teams, also often undermanned, are stretched to



the limit to produce satisfactory results. The Division is trying to improve the situation by means of mentoring/coaching of current project officers, maintaining close liaison with the Services (seconding project officers to the Division), as well as increasing the number of Project Manager courses presented annually.

- Due to a tight budget and many critical projects, projects are started and scheduled over too long a period. If these timescales cannot be reduced, obsolescence of systems becomes a critical factor, which can severely hamper system implementation and support. It is anticipated that the re-prioritisation of the SCAMP will alleviate this situation to some degree. The Division will ensure that projects are scheduled according to operational priorities, and industry capacity.

- **Contractual Review of the Airbus A400M Programme.** Owing to the lengthy delay in the delivery schedule of the A400M aircraft, this programme has now entered in a contractual review. The contract has certain options open to the customer when conditions are not met, which have to be discussed, and the RSA way forward agreed upon internally. The launch nations have yet to finalise their way forward, and this decision is eagerly awaited as it could have a huge impact on the programme as a whole.
- **Closure of the Frigate Programme.** The closure of the frigate project has been postponed to 31 March 2011, to finalise outstanding contractual requirements.

#### Measurable Objective

The Acquisition Services Subprogramme directs and manages the acquisition of DOD specified matériel and technology requirements by means of competent personnel within the allocated budget, and in accordance with policies and prescripts.

#### Output Detail

Table 2.9 below provides details on the Defence Matériel Subprogramme's output, performance measures and targets are specified in the DOD's Strategic Business Plan FY 2008/09.

#### MATTERS UNDER OVERSIGHT

The following matters are currently under oversight and decisions on the way forward will be taken in the next financial year:

Table 2.9 Defence Matériel Division Output for FY 2008/09

| Output                                                     | Performance Measure                                                                                                                            | Annual Target                         | Actual Target Achievement                                        | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                      |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To fulfil armaments requirements according to force design | Shortened turnaround time of armaments and equipment acquisition for Services and Divisions that meet the specifications for user requirements | Complete review of acquisition policy | Suggested changes have been incorporated to a large extent (90%) | In-line with recommendations made by the Defence Policy Board, update policy to be compiled in a new format; revised target date 31 December 2009<br>Possible changes to the DOD's macro-structure must be considered before amending the existing policy |

| Output                                                                  | Performance Measure                                                                                                                                     | Annual Target                                                                                                        | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                | Reason(s) for Over/Under Achievement                                                                                                                                                                     |
|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology developments based on future armaments requirements          | Defence-Related Industry (DRI) capable of addressing SANDF strategic essential requirements                                                             | Development of the Technology Management Strategy involving DRI and Defence Evaluation and Research Institute (DERI) | The DOD, as the lead Department for the establishment of the DERI, has taken the initiative to obtain the commitment of the other involved State Departments to ensure commonality of purpose and approach, regarding strategies to be followed with the establishment of the DERI                                                                       | Progress has been very slow due to anomalies being experienced in the formal tasking of the constituent organisations and consensus in the approach to be followed regarding strategies and methodology. |
| Ensure governance, risks and compliance management for Defence Matériel | Approved governance prescript for promulgation by means of comprehensive instructions with regard to acquisition, procurement, disposals and technology | Update all related policies and instructions for Defence Matériel                                                    | Current acquisition policy has ensured proper governance in terms of acquisition and phasing out of redundant equipment as is required by the Constitutions of the Armaments Acquisitions Control Board (AACB) and Auditing and Assurance Standards Board (AASB) which have been updated and Risk Management has been formalised during reporting period | Achieved                                                                                                                                                                                                 |



| Output                                                       | Performance Measure                                  | Annual Target                                     | Actual Target Achievement                                                                                                                                                                                                                    | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Efficient technical management of Intellectual Property (IP) | Implementation of the Intellectual Property database | Establishment of DERI, temporarily within ARMSCOR | Service level agreement (SLA) between ARMSCOR and the DOD is being negotiated, wherein the statutory obligation to manage IP is included. C Def Mat has appointed a dedicated member to manage the interaction with ARMSCOR on IP management | <p>ARMSCOR is mandated through the ARMSCOR Act 51 of 2003 (Section 22) to manage and utilise IP acquired for, and on behalf of the DOD as directed by Sec Def in a SLA</p> <p>ARMSCOR has indicated that it does not have the capacity to fulfil this obligation and required additional funding to manage an IP system</p> <p>C Def Mat requested Sec Def to intervene to ensure that funding is sourced and to instruct ARMSCOR to commence with the fulfilling of their statutory responsibility of managing the DOD's IP, and to enter into discussions with the DOD on the management of the funding as a possible risk</p> |



| Output                                                                                                                                                                                                  | Performance Measure                                                                                                                      | Annual Target                                                                                             | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Reason(s) for Over/Under Achievement                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Costed co-ordination strategy and plan for defence industrial diplomacy                                                                                                                                 | A co-ordinated and costed defence industrial diplomacy strategy and plan                                                                 | Completion of the Defence Industrial Strategy and Plan                                                    | C Def Mat embarked on a strategy to enhance communication with the Defence Industry in order to ensure optimised Defence spending, as well as optimised industrial potential to ensure the most cost-effective through-life support of Defence equipment<br><br>An annual Defence Industry-day was held on 4 February 2009, the main purpose of which was the enhancement of open communication between all parties concerned, as well as to indicate future acquisition and technology requirements | HODSCI, supported by C Def Mat in process to finalise the strategy        |
| Defence Industrial Policy, Strategy and Plan                                                                                                                                                            | A completed Defence Industrial Policy, a reprioritised Strategic Capital Acquisition Master Plan (SCAMP) and Defence Technology Strategy | Obtain Defence Industry buy-in into strategy, revive SADESO and complete the DOD Industry Sector Strategy | Operational requirements were re-prioritised by Chief of Joint Operations (CJ Ops) and the Services, where-after acquisition and technology requirements registered on the SCAMP were reprioritised according to this exercise                                                                                                                                                                                                                                                                       | HODSCI, supported by C Def Mat, in the process of finalising the strategy |
| Strategy to support sustainability of the Defence Industry sector with the Department of Trade and Industry (DTI), Department of Public Enterprise (DPE) and Department of Science and Technology (DST) | A comprehensive Defence Industry Sector Strategy                                                                                         | Draft a strategy to support sustainability of the Defence Industry Sector with the DTI, DPE and DST       | The Def Mat Division was continually involved in discussion on the End State of DENEL with DENEL and DPE, which eventually led to the submission of a DPE Cabinet Memo for the urgent recapitalisation of DENEL                                                                                                                                                                                                                                                                                      | In process                                                                |

**Effect of Programme/Subprogramme Output(s) Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

The Subprogramme Acquisition Services succeeded in directing and managing the acquisition of DOD specified matériel and technology requirements by means of competent personnel within the allocated budget and in accordance with policies and prescripts.

**SUBPROGRAMME: DEFENCE SUPPLY-CHAIN INTEGRATION (MATÉRIEL GOVERNANCE)**

**Overview**

The mandate of the Defence Supply-Chain Integration Division is to acquire matériel and services for the DOD through ARMSCOR, according to the applicable DOD and government policies. This Division reports directly to, and is accountable to the Sec Def. In order to assist the Sec Def to fulfil the task of Accounting Officer for the DOD, this Division serves as the nodal point for all interactions between the DOD and ARMSCOR, as well as related-engagements with foreign countries.

The Supply-Chain Integration Division satisfies the day-to-day procurement requirements of the DOD. In doing so, the Division utilises the allocated funds according to corporate priorities to ensure cost-effective solutions to requirements. In order to support the SANDF in armament and armament-support capability, this Division and ARMSCOR have embarked on efforts to enhance cost-effective and meaningful technology development in the local industry.

The identification of the DOD strategic capabilities and the ability of the local defence industry to support such capabilities is an area that this Division has championed vigorously in the period under review. The development of the local defence industry to support the DOD adequately stands to be greatly enhanced by co-operation between South Africa and other countries in areas of technology. The India, Brazil and South Africa (IBSA) co-operation arrangement is one such mechanism. In the period under review, this Division has paid particular attention to this area.

In order to strengthen procurement governance in the DOD, this Division has sought to inculcate the provision of professional service to the DOD in a manner that upholds adherence to procedure, transparency, integrity, zero-resource wastage and client orientation. In the period under review, the Supply-Chain Integration Division was able to achieve the following successes:

- Development of a new procurement framework for the DOD to migrate the procurement function from the jurisdiction of the Sec Def, to that of the C SANDEF. In line with this framework, the DOD Corporate Procurement Centres in Thaba Tshwane and Simon's Town were successfully transferred to the Chief of Logistics with effect 1 February 2009.

- Through the Logistics Intervention and Realignment Programme (LIRP), the Division has designed and implemented a comprehensive supply-chain management framework. This framework has, inter alia, achieved the integration of activities and exploitation of synergies throughout the Logistics/Matériel Value Chain. Furthermore, this framework has achieved compliance with good governance and balanced approach logistics-related risks and benefits.
- Provided support for peacekeeping missions abroad through placement of contracts for operations in countries like Central African Republic, Democratic Republic of Congo and Burundi.
- In collaboration with ARMSCOR, processed the disposal of various phased-out and redundant defence equipment.
- Notwithstanding the achievement indicated above, the Division was confronted with a number of challenges which include:



As a new establishment, the staff compliment of the Division is still at a critical level of 55%. This situation has resulted in overburdening of the existing human resource capacity. In dealing with this situation, the Division has made a request to the Sec Def and the C SANDEF to intervene, in order to fill the vacancies.

- E-Procore (electronic procurement) system has been rolled out at Units with self-accounting status. However, the challenge on implementation is due to understaffing of procurement positions. Utilisation of the system currently stands at 65%. In order to address this situation, the Division has issued guidelines for supply-chain management and structuring to Service Chiefs.
- Delays in getting suppliers timeously allocated with codes through the National Codification Bureau, hampers urgent placement of orders and the ability to pay suppliers within the 30-day period. Challenges encountered about the National Codification Bureau capability are however, addressed through the LIRP.

**Measurable Objective**

The Supply-Chain Integration Division Subprogramme ensures the effective and efficient procurement and disposal of goods and services in the DOD.

**Output Detail**

Table 2.10 below provides details on the Defence Supply-Chain Integration Subprogramme’s output, performance measures and targets as specified in the DOD Strategic Business Plan FY 2008/09.

**Table 2.10 Defence Supply-Chain Integration Division Output for FY 2008/09**

| Output                                                                                                                           | Performance Measure                                          | Annual Target                                                                                                        | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                     |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------------------------------------|
| Comprehensive DOD Facility Strategy                                                                                              | A comprehensive DOD Facility Strategy is provided to C SANDF | Develop comprehensive instruction for C SANDF and issue comprehensive instruction to C SANDF to develop the strategy | 50%                       | Division structure still in the process of staffing (2 x directors and supporting staff) |
| Fully resourced and functioning Small-to-Medium Enterprises (SME) Procurement Assistant Call Centre                              | An SME Procurement Assistant Call Centre is functioning      | Creation of a management plan, service recovery plan and effective monitoring function                               | 0%                        | Project was put on hold                                                                  |
| <b>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</b>                      |                                                              |                                                                                                                      |                           |                                                                                          |
| The Subprogramme Defence Supply Chain ensured effective and efficient procurement and disposal of goods and services in the DOD. |                                                              |                                                                                                                      |                           |                                                                                          |

**SUBPROGRAMME: INSPECTION SERVICES (INSPECTOR-GENERAL OF THE DOD)**

**Overview**

The mandate of this Division is to provide an independent, objective assurance and consulting service designed to add value and improve the DOD’s operations. It helps the DOD to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk-management, internal controls and governance processes. As the DOD’s internal audit function, the Defence Inspectorate Division reports directly to the Sec Def in his capacity as the Accounting Officer of the DOD. This has been done for the purposes of ensuring the independence of this function. The Services Inspector-Generals

are functionally under the control of the Defence Inspectorate Division, but under the administrative control of their respective Services.

In the year under review, the Directorate Closing Down Audits (Project MOUNTING), which conducts final closing down audits when the Services and Divisions have finalised their pre-closure audits, became operational in the First Quarter of the FY 2008/09. As part of Project MOUNTING and improving its business processes, the Inspector-General and his Directors visited the Sanlam Insurance Company head office in Cape Town to benchmark the format of audit reports.

The Defence Inspectorate is subject to an annual audit by the South African Bureau of Standards (SABS) to retain the International Standards Organisation (ISO 9001:2000) certification. A surveillance audit was conducted in June 2008. The

Defence Inspectorate satisfied all the applicable requirements and maintained its Quality Management System certification.

The agreement signed with KPMG/SAB&T to capacitate members of the Defence Inspectorate in internal auditing has come as a relief to the Defence Inspectorate. The internal auditors to be trained through this arrangement will be utilised in addressing the Auditor-General South Africa's findings.

Some noteworthy achievements by the Defence Inspectorate in the year under review include the following:

- Provided internal audit training to eight members of the Angolan Defence Force. This has strengthened co-operation between South Africa and Angola.
- Organised the Consultative Conference for SADC Inspector-Generals Pre-Planning Committee meeting held in Pretoria in July 2008.
- The Defence Inspectorate Division conducted a verification audit on the DOD's Performance Incentive process.

#### INTERNAL AUDIT

Internal audit consists of compliance and performance audits and reviewing aspects of economy, efficiency and effectiveness. In order to conduct the internal audit function, the Division followed a risk-based approach over three-years, in accordance with the rolling three-year audit strategy. As part of this internal audit strategy, the Defence Inspectorate engaged in the following activities:

- Conducted 97 performance audits in various Services and Divisions to evaluate the existence of internal controls for the effective and efficient utilisation of resources.
- Evaluated quarterly and annual reports. This evaluation resulted in improved quality of reports.
- Conducted combat-readiness audits at the different Services, which highlighted the impact of budgetary constraints and loss of technical skills on the state of combat readiness.
- As part of fostering working relations with the Auditor-General South Africa, the Defence Inspectorate conducted follow-ups on the Auditor-General South Africa's Audit Report

qualifications to underscore the importance of putting into place effective controls in the identified audit-qualification areas.

#### ANTI-CORRUPTION AND ANTI-FRAUD

The Defence Inspectorate Division is at the forefront of the DOD's campaign against corruption and fraud. To that end, it has established the Directorate Anti-Corruption and Anti-Fraud, which conducts its business in terms of the provisions of the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004). To achieve its mandate in the area of anti-corruption and anti-fraud, this Directorate has developed an Anti-Corruption and Anti-Fraud Strategy based on principles of preventing and combating corruption, building integrity and raising awareness.

As part of the strategy, the Defence Inspectorate conducted investigations into 81 reported cases of alleged fraud and corruption. Depending on the outcome of the investigations, some cases were referred to the Military Police Division and the SAPS. Others were referred to the DOD management for processing, as they were considered to be general policy deviation and not necessarily fraud or

A Fraud and Corruption Awareness Campaign was conducted at 17 units of the DOD, wherein 4 910 members were addressed in terms of fraud and corruption awareness.

#### AUDIT COMMITTEE

**Composition of the Audit Committee.** The DOD Audit Committee is a statutory body established in terms of the provisions of the Public Finance Management Act to oversee the DOD Accounting Authority's compliance with the regulatory framework, in conducting the defence business. In the year under review, the DOD's external members of the Audit Committee were Dr D. Konar (Chairperson), Mr Mudaly, Mr K.A. Ross, Mr Radebe and Ms J. Kumbirai. The internal members of the Audit Committee were Lieutenant General J.L. Jansen van Rensburg, the DOD's Chief of Corporate Staff and Dr T. Gamede, the DOD's Chief of Defence Policy, Strategy and Planning. The Defence Inspectorate provided secretarial services to the Audit Committee.



**Responsibilities of the Audit Committee.** The Audit Committee complied with its responsibilities arising from Section 38(1) (a) of the Public Finance Management Act and Treasury Regulation 3.1.10 to 3.1.13. Four scheduled and one special meeting were held. Special In-Committee meetings were held among the Audit Committee members. Activities of the Audit Committee are formalised into a plan, allowing for the coverage of the total spectrum of risk areas that need to be assessed and monitored. The external and internal members, Ex-Officio Officers, the Auditor-General South Africa, the Chief Audit Executive and the Accounting Officer, formally assessed the DOD's Audit Committee.

accompanied an audit team to the SAHMS Training Formation. The Audit Committee continues to have direct access to the Auditor-General South Africa, the Sec Def and the C SANDF.

In the year under review, the DOD's Audit Committee also provided guidance and advice to the Defence Inspectorate, particularly in the conceptualisation, design and implementation of internal audit plans. The Defence Inspectorate has, accordingly, incorporated the Audit Committee's advice in its business.

**Output Detail**

**Activities.** The Audit Committee members continued with their interaction with members of the DOD. To further improve work relations, Mr Keith Ross, a member of the Audit Committee,

Table 2.11 below provides details on the Inspection Services Subprogramme's output, performance measures and targets as specified in the DOD's Strategic Business Plan FY 2008/09.

**Table 2.11 Inspection Services Output for FY 2008/09**

| Output                                                                                     | Performance Measure                                       | Annual Target                                                         | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                 | Reason(s) for Over/Under Achievement                                                                                                       |
|--------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Internal Audit (Performance and Regulatory) and Anti-Fraud Services to minimise corruption | Effective and efficient forensic investigation in the DOD | Implement a forensic management structure in the DOD                  | Compliance and adherence to policies and prescripts by Services and Divisions were verified and validated. Recommendations were submitted to Sec Def and presented to the AMC for implementation. Performance Information available to corporate management (from Services and Divisions) to make decisions has shown marked improvement. Completed Perception surveys 30 reports on wide ranging issues. | Achieved<br><br>OMNIBUS 1 and 2 surveys were rescheduled due to shortages of report writers                                                |
|                                                                                            | Increased reporting on fraud and corruption in the DOD    | Monitor effectiveness of the Fraud and Corruption strategy in the DOD | Conducted 81 investigations and 33 referred to other institutions, including the NPA for further investigation and prosecution. In 19 cases no corruption/fraud was found, but deviation from policies                                                                                                                                                                                                    | Achieved<br><br>Long, drawn-out process of staffing exposes the directorate to losing potential candidates in the vacant specialised posts |

| Output                                                                                     | Performance Measure                                                                                                                              | Annual Target                                                                                              | Actual Target Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Internal Audit (Performance and Regulatory) and Anti-Fraud Services to minimise corruption | Increased reporting on fraud and corruption in the DOD                                                                                           | Awareness campaign in the DOD, culminating in a national conference in Cape Town on corruption and fraud   | Conducted fraud awareness training in which 4 910 members of the DOD participated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Verified and validated performance audit-related command information                       | A well-co-ordinated Performance Audit Schedule and the extent to which the risks pertaining to the Three-Year Rolling Strategy have been covered | Completion of 76 Performance Audits throughout the broad spectrum of the Rolling Three-Year Audit Strategy | <p>FY 2008/09 was phase 2 of the Rolling Three-Year Audit Strategy:</p> <p><u>Performance Audits</u><br/>Completed 33 Audit Reports of which four were audits conducted on external deployments. These audits covered a wide spectrum of risks and were submitted to the Audit Committee for consideration</p> <p><u>Regulatory Audits</u><br/>Completed 64 Audit Reports of which six were audits conducted on Military Attachés' Offices overseas. These audits covered a broad spectrum of risks and were submitted to the Audit Committee for consideration</p> <p>Completed one verification audit on the DOD Strategic Business Plan FY 2009/10</p> <p>Projects ADOBE and BISKOOP were audited in this financial year Audits were conducted on Strategic Defence Packages (Projects UKHOZI)</p> <p>Some of these project are nearing their end in FY 2009/10</p> | <p>Performance Audits<br/>The under achievement on plan (33,4) was due to:</p> <ul style="list-style-type: none"> <li>- High turnover of personnel (Directorate Performance Audit lost three qualified auditors in FY 2008/09)</li> <li>- The instruction to audit the DOD quarterly and annual reports had a huge impact on the availability of resources and on the scheduled audits</li> </ul> <p>Regulatory Audits<br/>The under achievement on plan (64,8) was due to:</p> <ul style="list-style-type: none"> <li>- High turnover of personnel</li> <li>- Extended process to staff identified candidates in vacant auditors posts</li> </ul> |

| Output                  | Performance Measure                                              | Annual Target                                                                      | Actual Target Achievement                                                                                                                                             | Reason(s) for Over/Under Achievement                                                                  |
|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Closing Down capability | The degree to which closing-down audits are conducted/ completed | Closed down 200 units/ Headquarters (HQs) that are no longer serving their purpose | Conducted 57 closing down audits with 27 FSEs closed down<br>Measures were put in place during the Third Quarter of the FY 08/09 to ensure effective audit reporting. | Partially Achieved due to extended process to staff<br>Identified candidates in vacant auditors posts |

**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

The Subprogramme: Inspection Services successfully executed its objectives of providing an independent, objective assurance and consulting service designed to add value and improve the DOD's operations.

**SUBPROGRAMME: CORPORATE STAFF OFFICE**

**Overview**

The Corporate Staff Office ensured that a sound and centralised staff capability was provided to the C SANDF.

New management responsibilities delegated to Corporate Staff Office included the performance management of the Reserve Force Council, command and control of the supporting services provided by the DOD HQ Unit and the management of the Specialist Advisory Team deployed to assist in capacity-building of the DRC Defence Force. The Chief of Corporate Staff's involvement in 13 bilateral and multilateral agreements of Defence Committee meetings had a direct impact on the image of the DOD, specifically the SANDF.

The Specialist Advisory Team (Team BULISA), assisting with capacity-building in the DRC Defence Force, has made significant progress since their deployment in April 2008. The Team established co-operation and trust to such an extent, that the Congolese Armed Forces' Chief of General Staff accepted the SANDF model as the frame of reference for planning. Various workgroups were established and good progress was made in the development of operations, training, human resources, logistics and military strategies. Emphasis was placed on ensuring that the Congolese Armed Forces find solutions within their existing financial management principles.

In the past year, the DOD HQ Unit was transferred from Joint Logistics Services to the Corporate

Staff Office. This shift enhanced the execution of command and control, and the improvement of services. The Chief of Corporate Staff intervenes at a higher level through the respective Command Bodies to ensure that factors affecting the optimal functioning of the DOD HQ are addressed, by implementing rectification plans. The utilisation of Reserves in the DOD HQ Unit helped to alleviate the shortage of personnel in the procurement environment. Despite numerous challenges experienced by the Corporate Staff Office, such as the lack of personnel and the additional responsibilities during the year, service was provided.

The Team BULISA has throughout the year experienced several setbacks, such as the unavailability of military doctrine or documents similar to the South African White Paper on Defence and the Defence Review, which hampered the rate of progress. The Pro-Quote system, as well as inadequate staffing at the DOD HQ Unit, negatively affected procurement and service delivery to clients. The already slow procurement process was further exacerbated by the incapacity of some of the suppliers to deliver.

The Corporate Staff Office continued to provide a centralised staff capability to serve the C SANDF, and thereby ensuring that the planned targets for various output, were met. Proactive guidance and direction to overcome challenges were at all times provided to the centralised staff as required.

**Output Detail**

Table 2.12 below provides details on the Corporate Staff Office Subprogramme output, performance measures and targets specified in the output table in the DOD's Strategic Business Plan FY 2008/09.

Table 2.12 Corporate Staff Office<sup>2</sup> Output for FY 2008/09

| Output                                                                          | Performance Measure                                                                                                                                                     | Annual Target                                                                                          | Actual Target Achievement                                                                                                   | Reason(s) for Over/Under Achievement                                                                                                                                                                                        |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate staff capability for C SANDF (Military Policy, Strategy and Planning) | Quality of strategic advice to the C SANDF                                                                                                                              | Relevant and timeous advice                                                                            | Relevant and timeous advice was provided                                                                                    | Achieved                                                                                                                                                                                                                    |
|                                                                                 | Direction provided to the Divisions/ Offices within the Corporate Staff Division that ensures that C SANDF's expectations are met                                       | Compliance with C SANDF's expectations                                                                 | Complied with C SANDF's expectations                                                                                        | Achieved                                                                                                                                                                                                                    |
|                                                                                 | Staff co-ordination of the supporting Divisions and DOD HQ Unit as delegated by C SANDF that meets C SANDF's expectations in terms of their functioning and performance | Functioning and performance in compliance with C SANDF's expectations                                  | Functioning and performance complied most of the time with C SANDF's expectations                                           | Partially achieved<br><br>Only 80% achieved, as the slow procurement process is affecting optimal performance<br><br>Suppliers on the Pro-Quote system can often not provide services, which delays the procurement process |
|                                                                                 | Command and control of the supporting services provided by the DOD HQ Unit that meets all the unit's client expectations                                                | Qualification-free audit of the services provided that meets all the DOD HQ Unit's client expectations | A Qualification-free audit of the services that meets all the DOD HQ Units client expectations could not always be provided | Partially achieved<br><br>Only 80% achieved as the slow-procurement process is affecting optimal performance. Suppliers on the Pro-Quote system can often not provide services which delay the procurement process          |



<sup>2</sup> Budgeted within Policy and Planning.

| Output | Performance Measure                                                                                                                    | Annual Target                                                                                               | Actual Target Achievement                                                                                     | Reason(s) for Over/Under Achievement |
|--------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------|
|        | Performance Management of the Reserve Force Council (New measure and target that was omitted due to oversight) <sup>3</sup>            | Reserve Force Council mandate and function is executed in full compliance with the Defence Act and the PFMA | Reserve Force Council mandate and function were executed in full compliance with the Defence Act and the PFMA | Achieved                             |
|        | Management of the deployed Specialist Advice Team to the FARDC (New measure and target that was omitted due to oversight) <sup>4</sup> | Full compliance with the FARDC's expectations and C SANDF's instructions                                    | Complied in full with the FARDC's expectations and C SANDF's instructions                                     | Achieved                             |

**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

The achievement of the Corporate Staff Office's Output has contributed positively to the Administration Programme's Purpose to execute the DOD's overall management, administration and policy development.

**SUBPROGRAMME: MILITARY POLICY, STRATEGY AND PLANNING OFFICE**

**Overview**

During the period under review the Military Policy, Strategy and Planning Office (MPSPO) achieved its objectives and there were a number of successes regarding the realisation and completion of strategic guidelines and plans, as prescribed by the planning cycle and instructions in full compliance with the Government timelines and the objectives of the DOD. The MPSPO contributed to the completion of the Defence Update 2025, completed and published the policy on how to develop and write policies and finalised the DOD Policy on Terrorism. The MPSPO also contributed to the Command and Control Doctrine for the SANDF of which the first draft had been finalised. The Office finalised the conclusions based on the Environmental Analysis, the Defence Intelligence Estimate and the African Battle-space. The strategic guidelines to establish the DOD Strategic Facilities footprint were provided and the draft Overarching Support Concept was developed as an updated draft. The Military Strategy was published on the DOD Policy Website and input was provided for the Government's Fifteen Years and Third Decade of Freedom reviews.

<sup>3</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 16).

<sup>4</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 16).

In addition, through the Military Command Council, the SANDF Strategic Plans, their monitoring and evaluation as well as various requirements for the SANDF reports, were met in accordance with the timelines of Government and Parliament, as well as the objectives of the DOD.

The MPSPO succeeded in defining the DOD Readiness Index for the Balanced Scorecard, while the Overarching Support Concept for the DOD was completed. Special attention was also paid to the development of the DOD Policy for Moral (Sexual) Offences during conflict.

Compilation of the SANDF input for the Defence Chapter on the Estimates of National Expenditure. Although the MPSPO is fully staffed, personnel were deployed and sent on courses, which placed a burden on the remaining personnel. The uncertainty regarding cluster management created challenges in terms of responsibilities.

The MPSPO has ensured that the SANDF has a valid and credible military strategy, accomplished through an accepted Strategic Direction Process and is supported by an achievable strategic plan.

**Output Detail**

Table 2.13 below provides details on the MPSPO Subprogramme output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09.



**Table 2.13 Military Policy, Strategy and Planning Office<sup>5</sup> Output for FY 2008/09**

| Output                                                                                                                                                                                                                                                                                                                                                                               | Performance Measure                                                                                                                   | Annual Target                                                                                                                      | Actual Target Achievement                                                                                                           | Reason(s) for Over/Under Achievement |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Military strategy and planning capability, advice and services for C SANDF                                                                                                                                                                                                                                                                                                           | Achievement of SANDF strategic planning objectives and targets                                                                        | Plans and reports are completed as prescribed by the planning cycle and instructions, in full alignment with Government's timeline | Plans and reports were completed as prescribed by the planning cycle and instructions, in full alignment with Government's timeline | Achieved                             |
|                                                                                                                                                                                                                                                                                                                                                                                      | Validity and alignment of the Military Strategy with National Security Strategy imperatives and the successful implementation thereof | Migration plan to an implemented force design and structure completed                                                              | Migration plan to an implemented force design and structure completed                                                               | Achieved                             |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>The achievement of the Output of the Military Policy, Strategy and Planning Office Output has positively contributed to the Purpose of the Administration Programme to execute the DOD's overall management, administration and policy development.</p> |                                                                                                                                       |                                                                                                                                    |                                                                                                                                     |                                      |

**SUBPROGRAMME: RELIGIOUS SERVICES**

**Overview**

The Religious Services continued to support the strategic objectives of the Government and the DOD during the FY 2008/09. The Religious Services Division focused its ministry on a holistic religious approach to all members and their dependents. It concentrated on the moral regeneration and ethical conduct of the military community in support of the Government's Moral Regeneration Movement Programme. It maintained a healthy relationship with religious bodies and faith groups to provide better support to all members of the DOD. These measures greatly enhanced the morale and conduct of all members of the DOD during the past year.

As in the past, the Religious Services provided support over a broad front. Apart from this, the support delivered to DOD members and their families included support to members of the DOD in the operational areas, the military attachés and their dependants. One of the most important events



that took place was the visit by the Chaplain-General to Egypt where he, as the first South African after World War II, officiated at the commemoration of El Almein. The Chaplain Service also organised and hosted the first ever International Military Chief of Chaplains' Conference in Cape Town in February 2009.

The ties that have been forged in the past, as well as new relationships that were started with SADC chaplains, and chaplains in other parts of Africa, have during the past year gone from strength to strength. A milestone in the history of the Religious Services is the assistance provided to SADC defence forces (without Chaplain Services).

The Religious Services, in collaboration with the Department of Environmental Affairs, provided support to the Gough Island and SANAE base research missions respectively. Interdepartmental ties were also further strengthened when the Religious Services participated in a symposium themed: "Moral Regeneration", organised by the Department of Correctional Services. During the xenophobic attacks the chaplains, especially in the Western Cape, were actively involved in defusing

<sup>5</sup> Budgeted within Policy and Planning.

the tension in the refugee camps through co-ordinated religious activities. The previous success of the programme “Combating HIV/Aids through Spiritual and Ethical Conduct” (CHATSEC) led to its continuation throughout FY 2008/09. In this regard, 15 learning events took place for 3 130 DOD members, as well as one learning event each for the Department of Correctional Services’ Chaplains, Swaziland Defence Force Chaplains and North Atlantic Treaty Organisation (NATO) Chaplains on the NATO operational course.

During the year under review, 21 Reserve Chaplains were recruited and trained in Induction and Chaplain in Unit Phase 1 programmes. A successful annual conference of the Reserve Chaplains with the theme: “Healing of Memories”, was held. The aim was to empower the Reserve Chaplains on the concept of “Healing Memories” as people who are dealing with

violence, mental, psychological, spiritual, physical and emotional issues, which was fully achieved. The Religious Services provided a ministry that promoted spiritual growth, sustained an ethos of high morality and ethical credibility in caring for all the members of the DOD and their dependents, during the year under review. The Religious Services has throughout the year under review supported the DOD by proactively enhancing the spiritual, moral and ethical level of members of the DOD, in order to maintain the defence capabilities of the SANDF for the people of this country.

**Output Detail**

Table 2.14 below provides details on the Religious Services Subprogramme output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09.

**Table 2.14 Religious Services Output for FY 2008/09**

| Output                                                                    | Performance Measure                                                                                         | Annual Target                                                                                                                 | Actual Target Achievement                                                                                                                             | Reason(s) for Over/Under Achievement                               |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Religious policy advice and chaplain capability and service for the SANDF | Relevance and credibility of religious policies and guidelines                                              | Adequate DOD Religious Policy and guidelines updated                                                                          | Adequate religious policy was in place and the guidelines were updated                                                                                | Achieved<br><br>All programmes achieved as planned                 |
|                                                                           | Number of units in the SANDF with appointed chaplains trained to provide sound religious advice and support | A trained chaplain staffed at every SANDF unit                                                                                | Not every unit was fully staffed with enough chaplains                                                                                                | Partially achieved due to the long process of appointing chaplains |
|                                                                           | Relationship with Religious Bodies and Advisory Boards (RAB)                                                | Good covenantal relationship through regular yearly meetings with RAB and visits to 30% of all faith groups and denominations | Good covenantal relationship was maintained through regular meetings with RAB and visits to 30% of all faith groups and denominations were undertaken | Achieved                                                           |

**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

The various achievements of the Subprogramme Religious Services Output contributed positively to the Administration Programme’s Purpose to execute the DOD’s overall management, administration and policy development.

## SUBPROGRAMME: CORPORATE COMMUNICATION

### Overview

Defence Corporate Communication (DCC) managed to achieve most of its output and objectives against plan in FY 2008/09. The focus of corporate communication remained the ensuring of stronger public support and understanding for Defence. High priority was given by Defence Corporate Communication during the past year to positively portray the SANDF as an effective instrument of Government, in its commitment to service delivery and to improving the lives of all South Africans.

DCC facilitated extensive media coverage for several key DOD achievements. Of note is the handing over of the SA Army trained Congolese Rapid Reaction Battalion, as part of the integration of the Armed Forces of the DRC. Of equal importance was the coverage of the first International Military Chief of Chaplains Conference held in Cape Town, and the third Sea Power for Africa Symposium hosted by the SA Navy.

As part of the programme to market the DOD as a preferred employer with the focus on the youth, DCC participated in a Ministry of Defence Imbizo Week in Limpopo and Mpumalanga provinces. Visits to schools in the area saw a total of about 5 000 members of the community attending. The Directorate also successfully arranged a visit for prominent women from various NGOs and the business sector to the SA Army Combat Training Centre. During the Africa Aerospace and Defence Exhibition 2008, DCC successfully participated in exhibitions and presented a youth programme to attract the youth to the SANDF as an “Employer of Choice”.

Internal to the DOD, industrial theatre performances were staged to support the DOD Financial Management Division’s campaign to create awareness of the content of PFMA. DCC also provided a range of SANDF promotional productions on peace support operations to Soweto TV for broadcasting. A possible partnership with them is being negotiated for future co-operation with regard to airtime for the DOD.

Significant progress was made with the initial transformation of Communication in the DOD, due for finalisation in 2009. The career dispensation and functional structures for Defence Corporate Communication functionaries have furthermore, been finalised while the Corporate Communication Business Strategy was approved and the Corporate Communication Policy is awaiting approval.

The DCC implemented the concept in support of the National Internship Programme, as a pilot project by employing four interns that ended up in appointments in the Regular and Reserve Force. DCC continued to be affected by the shortage of skills during the period under review, but was successful in filling some critical specialist posts. In addition, 12 Reserves were also employed in the Division. Through these steps, the Division has reduced the crippling effect of the shortage of scarce skills in the Division.

A major challenge still remaining, however, is the appointment of dedicated Website Content Managers for Services and Divisions due to inadequate organisational structures. As a result of the situation, updated websites could not be ensured and will remain a challenge for the near future. The issue is being addressed through the Corporate Communication Transformation Work Study team to determine an acceptable solution and successful implementation thereof.

DCC achieved most of its set objectives during the past year, despite several challenges such as the retention of skills and expertise. The utilisation of Reserves and Interns was one of the successful measures implemented by DCC to ensure that communication services and products met client/stakeholder expectations and requirements. DCC will continue to focus its communication efforts on support for the achievement of consensus on defence, among the DOD stakeholders through the establishment of mutually beneficial relationships.

### Output Detail

Table 2.15 below provides details on the Corporate Communication Subprogramme output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09.

Table 2.15 Corporate Communication Output for FY 2008/09

| Output                                                         | Performance Measure                                                              | Annual Target                                              | Actual Target Achievement                                           | Reason(s) for Over/Under Achievement                                                                                                                        |
|----------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Communication Policy, Strategy and specialist advice | Level of credibility of communication advice                                     | Credible communication advice to the MOD and DOD           | Credible communication to the MOD and DOD advice was provided       | Achieved<br><br>During all management forums and strategic work sessions attended                                                                           |
|                                                                | Relevance of an integrated and aligned DOD Corporate Communication Policy        | Promulgated Corporate Communication Policy                 | Corporate Communication Policy not fully completed and promulgated  | Partially achieved<br><br>Extensive consultative processes are being followed, resulting in the Policy to be submitted for approval process by 30 June 2009 |
|                                                                | Level of implementation of Corporate Communication Strategy                      | Monitor implementation of Corporate Communication Strategy | Implementation of Corporate Communication Strategy was monitored    | Achieved<br><br>bmo monthly feedback reports                                                                                                                |
| Corporate communication products and services                  | Level of service and credibility of information provided to all DOD stakeholders | A 24-hour media liaison service                            | A 24-hour media liaison service was provided                        | Achieved                                                                                                                                                    |
|                                                                |                                                                                  | A monthly DOD magazine                                     | A monthly DOD magazine was issued                                   | Achieved                                                                                                                                                    |
|                                                                |                                                                                  | Fully functional DOD Internet website                      | Fully functional DOD Internet website was provided                  | Achieved                                                                                                                                                    |
|                                                                |                                                                                  | Written products as required                               | Written products were provided as required                          | Achieved                                                                                                                                                    |
|                                                                |                                                                                  | Corporate marketing products and services as required      | Corporate marketing products and services were provided as required | Achieved                                                                                                                                                    |

**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

DCC provided communication advice, strategy, policy and plans in accordance with the DOD and national communication strategies, and an effective corporate communication capability to establish and maintain mutually beneficial relationships between the DOD and its stakeholders. The achievement of the Defence Corporate Communication Subprogramme's Output has contributed positively to the Purpose of an Administration Programme to execute the DOD's overall management, administration and policy development.



## SUB PROGRAMME: DEFENCE RESERVE DIRECTION

### Overview

The Defence Reserve Division made good progress during the FY 2008/09 in terms of the attainment of its objectives. The development and utilisation of Reserves to supplement the Regular component of the SANDF is the responsibility of the Services and Divisions, while the Defence Reserves Direction co-ordinated and monitored the execution of the Reserve Force Strategy and provided direction.

Strategic and policy advice was continuously provided during the year to the MOD and DOD. This included the General Regulations to the Defence Act, in so far as they affect the Reserves, which were prepared for the Minister of Defence's signature. The updated Draft Defence Bill, which addresses the amendment to enable the call-up of Reserves in times other than war, was discussed by the Parliamentary Committee on Defence, after input by the Chief of Defence Reserves. The Parliamentary Committees were briefed on the status and challenges of the Reserves and the Reserve Force Council (RFC) was kept informed of developments and consulted on policy changes.

The Defence Reserve Board monitored the implementation of the Reserve Strategic Plan by the Chiefs of Services and Divisions, using Project PHOENIX as a mechanism. This has resulted in the strength of the Reserves growing from 17 749 in the FY 2007/08 to 22 062 for the FY 2008/09, and has enabled the external deployment to date of 11 Infantry companies and four Engineer troops in peace support operations in Burundi, the DRC and Sudan. In addition, four Infantry companies were deployed internally. Reserve flying hours increased in the SAAF from 2 055 in the previous year to 2 706, while the SA Navy and South African Military Health Service (SAMHS) continued to develop their Reserves. The Chief of Defence Legal Services utilised 269 Reserves (attorneys/advocates) during the reporting period.

Some noteworthy achievements of the Reserves Direction Subprogramme are as follows:

- In conjunction with the SA Army, both the Western Cape and KwaZulu-Natal Offices presented very successful international standard Military Tattoos, with record spectator attendances.

- The Eastern Cape Office executed a re-enactment of the Sixth Frontier War, which was attended by King Sandile and the House of Traditional Leaders of the Eastern Cape. This activity was widely praised, including by the High Commissioner of Pakistan and the Commander of British Peace Support and Training in RSA.
- A number of Captains of Industry and local decision-makers attended marketing and promotional activities of the Defence Reserves such as the naval seagoing exercise in East London, the Artillery Open Day and the Africa Aerospace and Defence Exhibition 2008.
- A pilot Reserve Liaison Forum was successfully launched in Polokwane as a forerunner to the official launching of the Reserve Liaison Forum in each of the provinces during the FY 2009/10. The purpose of these forums will be to obtain support from the local population for Reserve service.
- The Military Command Council approved the expansion of the pilot University Reserve Training Unit project to all Services and to a wider range of tertiary institutions, and tasked the Chief of Defence Reserves to develop the implementation plan.
- The importance of the "Core Growth – One Force" concept is underlined by the National Treasury, which granted an additional R30 million for the FY 2010/11 and R50 million for the FY 2011/12 for the continuation of the training of Reserves.

A major concern that developed was that the Military Skills Development System (MSDS) did not provide a sufficient feeder system for the Reserves, as was initially planned. Of the 950 MSDS members exiting the SA Army in December 2008, only 250 have signed the five-year Reserve contract. In addition, the SA Army does not intend to send any MSDS members to the Reserves at the end of 2009, due to its requirement to rejuvenate its own core service system, thereby reducing the inflow of MSDS members to the Reserves.

In conclusion, it can be stated that the Reserves Direction Subprogramme has made significant progress which has benefited the Reserves in the Services and Divisions. Furthermore, the establishment of the Provincial Reserve Liaison Forums, support of the MSDS, the prospect of the Defence Reserves being directly involved with the recruitment, the monitoring of training and the subsequent assistance and facilitation of job opportunities, and the placement of Reserves, is indicative of the Defence Reserve Division's resolve to address outstanding issues.



**Output Detail**

Table 2.16 below provides details of the Defence Reserve Subprogramme output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09.

**Table 2.16 Defence Reserve Direction Output for FY2008/09**

| Output                                                                                                                                                      | Performance Measure                                                       | Annual Target                                                              | Actual Target Achievement                                                    | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic direction to the development and maintenance of the Reserve system by providing specialist advice and promotional/marketing products and services | Level of implementation of Reserve Strategy                               | Monitor implementation of Reserve Strategy                                 | Monitored implementation of Reserve Strategy                                 | Achieved<br>Defence Reserves is responsible for implementing the Reserve Strategy and providing strategic direction by means of project PHOENIX<br><br>The third phase of PHOENIX is in the process of being rolled out although it was only scheduled for FY2009/10 |
|                                                                                                                                                             | Relevance and robustness of Reserve legislation, regulations and policies | Monitor effectiveness of new legislation, General Regulations and policies | Monitored effectiveness of new legislation, General Regulations and policies | Achieved<br>Legislation (Defence Amendment Bill) was drafted and handed over to the Speaker of Parliament<br><br>The General Regulations have been written and will be handed to the Minister of Defence for signature, whereafter they will be gazetted             |

| Output                                                                                                                                                                                                                                                                                                                                                          | Performance Measure                                                                                           | Annual Target                                                                          | Actual Target Achievement                                                                            | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic direction to the development and maintenance of the Reserve system by providing specialist advice and promotional/marketing products and services                                                                                                                                                                                                     | Extent and level of information being provided to internal and external stakeholders and support by employers | Effective information regarding, and marketing of the Reserves                         | Effective information regarding, and marketing of the Reserves was given                             | Achieved<br><br>All planned activities such as briefings, open days and sea-going days by the Provincial Offices were carried out and all relevant employers were informed of the latest progress within the Reserves and Reserve System                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                               | Commitment by 40 major companies (employers) to support Reserve Service                | Commitment was given by 40 major companies (employers) to support the Reserve Service                | Achieved<br><br>Top 40 companies addressed via Business Leadership SA                                                                                                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                               | Establishment of three regional CSND (Council for Support of National Defence) offices | One regional CSND office was established (Reserve Liaison Forum new name for CSND offices in future) | Partially achieved<br><br>Based on the outcome of the environmental scan conducted during the year, establishment of two regional CSAND was postponed. Once established, official launches will commence in the new financial year. The staffing of Regulars in all the Provincial Offices has been completed |
| <p><b>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</b></p> <p>The achievement of the Output of the Defence Reserve Direction Subprogramme has contributed positively to the Purpose of the Administration Programme to execute the DOD's overall management, administration and policy development.</p> |                                                                                                               |                                                                                        |                                                                                                      |                                                                                                                                                                                                                                                                                                               |

**SUB PROGRAMME: DEFENCE FOREIGN RELATIONS**

**Overview**

The Defence Foreign Relations (DFR) subdivision contributed towards the government plan of action through increasing representation in Africa, by opening a Defence Office at the South African Embassy in Tunis in April 2008. It also contributed to the achievement of the Apex Priorities by ensuring the annual meeting of the Joint-Permanent Commission on Defence and Security with Zimbabwe. The Defence Attachés supported the SA Defence-Related Industry abroad, through facilitation of meetings.

The subdivision was involved in the arrangements of international bilateral meetings and the continental and regional multinational organisations' defence and security structures, with special emphasis on the activities of the Southern Africa Development Community organ and the Inter-state Defence and Security Committee (ISDSC), giving impetus to the government's foreign relations initiatives. Detailed defence diplomacy activities are reflected in Appendix A of the Annual Report.

Three defence foreign relations courses were successfully presented, of which one was for Brigadier-Generals only. In these courses, senior personnel from the DOD, the Department of Foreign Affairs and academic institutions were utilised to orientate the learners regarding the defence foreign relations function and the aspects of defence diplomacy. Twelve officers were approved by the Minister of Defence for a routine change-over of

existing defence attaché offices, while a further two officers were approved to open new offices.

In order to provide strategic direction and ensure compliance with Government's intentions, staff teams visited Defence Attaché offices. The offices evaluated included Argentina, Belgium, Brazil, Côte d'Ivoire, India, Malaysia, the People's Republic of China, Spain and Zimbabwe. The DOD's Very Important Persons Lounge at O.R. Tambo International Airport was officially opened on 2 October 2008. This facility provides the DOD with a platform to receive and send-off DOD international dignitaries. Smaller delegations and visitor groups and delegates to two international (military) conferences have been assisted since inception. These included the third Sea Power Africa Symposium and the International Military Chief of Chaplains Conference. DFR played an essential role as the main co-ordinator for the biannual Africa Aerospace and Defence Exhibition 2008 held in Cape Town in September 2008.

The Defence Foreign Relations has, as was reported in the previous financial year, again managed the increase in defence diplomacy activities in the DOD, despite the non-alignment of the structure with the functions required for the DOD.

**Output Detail**

Table 2.17 below provides details on the Defence Foreign Relations Subprogramme output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09.

**Table 2.17 Defence Foreign Relations Output for FY 2008/09**

| Output                                            | Performance Measure                              | Annual Target                               | Actual Target Achievement                      | Reason(s) for Over/Under Achievement                                                                                                                                                             |
|---------------------------------------------------|--------------------------------------------------|---------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Defence foreign relations capability and services | Achievement of representation (Defence Attachés) | To manage 37 Defence Attaché offices abroad | 36 Defence Attaché offices abroad were managed | Partially achieved<br><br>The accreditation process for the Defence Attaché to Pakistan took longer than envisaged and the officer will be deployed to Pakistan early in the new financial year. |

| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Performance Measure                                                                         | Annual Target                                                                                | Actual Target Achievement                                                                     | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Defence foreign relations capability and services                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Achievement of representation (Defence Attachés)                                            | To manage 37 Defence Attaché offices abroad                                                  | 36 Defence Attaché offices abroad were managed                                                | The permanent representation in Canada was postponed indefinitely, pending a general reprioritising of DOD representation                                                                                                                                                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Management of consular services                                                             | 95% of all consular services are delivered on time and accurately                            | 98% of all consular services were delivered on time and accurately                            | Achieved<br><br>Most requests for consular services could be processed successfully and on time                                                                                                                                                                                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Management of the Military Attaché and Advisor Corps (MAAC) annual programme and activities | 95% of the activities in the MAAC programme are executed to the satisfaction of MAAC members | 36% of the activities in the MAAC programme were executed to the satisfaction of MAAC members | Partially achieved<br><br>Factors that lead to the non-completion of the planned MAAC programme<br>Lack of capacity in the Protocol Section; other unplanned protocol-related support to DOD activities which were given higher priority, as well as the AAD 08 during the third quarter |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Quality of foreign relations advice to stakeholders (MOD, DOD and SANDF)                    | All foreign relations advice timeous and useful for DOD decision-makers                      | All foreign relations advice were timeous and useful for DOD decision-makers                  | Achieved<br><br>No negative feedback was received                                                                                                                                                                                                                                        |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>DFR remained in the forefront in directing the DOD's foreign relations effort towards the region, the African continent and the international community as a whole. The successful achievement of the objectives contributed positively to the purpose of the Administration Programme to execute the DOD's overall management, administration and policy development.</p> |                                                                                             |                                                                                              |                                                                                               |                                                                                                                                                                                                                                                                                          |



**SUBPROGRAMME: HUMAN RESOURCE  
SUPPORT SERVICES (HUMAN  
RESOURCE DIVISION)**

**Overview**

During FY 2008/09, the Human Resource Division (HRDiv) continued with its consolidation efforts and capacity-building that commenced with the establishment of the integrated new Division during 2007. Notwithstanding the demands of this period of maturing, the HR Division continued to provide strategic direction to the DOD's "provide human resources" process. The Division's focus therefore was, during the period under review, to put programmes in place to achieve this task while the existing ones were expanded to create depth, understanding and buy-in to foster smoothness in implementation by the relevant command functionaries at different levels. This was achieved through the development of the DOD Corporate HR Support Plan for FY 2008/09; the provisioning of HR strategic input for the DOD strategic direction process; further progress is being made to review HR Strategy 2010; continuous monitoring of the implementation of HR Strategy 2010; provision of advice on equal opportunity issues, monitoring of the implementation of equity legislation; monitoring the execution of HR Support Plans and budgets through the monthly HR Planning Committee, and providing an HR planning information and analysis service to internal and external clients, notably the Auditor-General South Africa.

The DOD in collaboration with the Department of Foreign Affairs, the SAPS and the Department of Correctional Services, held a successful workshop to determine progress achieved and challenges experienced in the implementation of UN Resolution 1325. The UN nominated South Africa, together with Argentina, Pakistan and Nigeria as pilot countries in the implementation of this Resolution.

Resolution 1325 requires that South Africa, as a Member State (and therefore the DOD), must increase the representation of women at all decision-making levels in national, regional and international institutions and mechanisms for the prevention, management and resolution of conflict.

High priority was given to the Military Veterans' affairs and several workshops led to the official

launch of the South African Military Veterans' Association in September 2008.

The critical imbalance that has developed owing to the massive exodus of highly-skilled SANDF personnel, has initiated a process whereby a draft plan was compiled and approved to mitigate this situation. The importance of gender equality was again encapsulated during the National DOD Gender Conference that led to the approval of a departmental plan of action on how to embrace an organisational culture that promotes gender equality in the SANDF.

Apart from the facilitation of language training courses for 170 SANDF members to enhance their communication skills during deployments, the DOD also in an inter-departmental partnership with the Department of Foreign Affairs, trained about 554 DOD members in Arabic. The DOD participated in the Department of Education's National Literacy Project Kha Ri Gude effort, aimed at institutionalising literacy programmes in the DOD. An agreed upon implementation plan has been developed with full implementation to commence during FY 2009/10.

Action plans to address and mitigate HR risks as identified and registered in the DOD HR risk register for FY 2008/09 are in place, with a few still outstanding. The implementation of the action plans is monitored closely in the HR Risk-Management Committee and monthly reports are provided to the HR Board. Audit queries from the IG DOD and Auditor-General South Africa within the reporting period, are being addressed through the relevant Services and Divisions.

Although no Reserves were specifically trained or deployed during the year under review, the HR Division utilised 73 already trained/qualified Reserves on a non-continuous basis in a number of environments and for specific projects, for a total of 10 502 man-days.

The Defence Works Regiment was established to address, among other issues, the maintenance of defence facilities. This initiative would address the occupational health and risks problems presented by the poor state of training facilities as stated in the previous reporting period.

The Military Bargaining Council (MBC) and Military Arbitration Board (MAB) remain non-functional because the Military Trade Unions do not meet the threshold of 15 000 members as required by Chapter



20 of the General Regulations under the Defence Act, 2002, to be admitted to the MBC. Despite the above, the DOD is continuing to engage the Military Trade Unions outside the MBC, to discuss issues of mutual interest.

The Cabinet Memorandum on the issue of the 5% member contribution; 50% benefit for service under 10 years and Special Pensions versus NSF Pensions is awaiting Parliamentary approval. The newly-appointed Dispute Resolution Committee made further progress by attending to the vast number of outstanding disputes, for various reasons, not providing Non-Statutory Forces service certificates. One of the main challenges still experienced is the representivity imbalance that exists in the SANDF. Various management interventions were made including the establishment of a joint SANDF/Solidarity Movement committee to try to improve the image of the DOD within white communities is noteworthy.

As reported during the previous financial year, despite the continued teething problems encountered, the HR Division has persisted with its efforts to successfully migrate from its many previous silos to become a fully-integrated single entity. The HR Division achieved the set objectives for the reporting period. However, the Division continues to face

funding challenges with the staffing of posts, and in particular, the intended staffing of critical posts in the Division. Despite a concerted effort to ensure optimal balance between the personnel budget and operating budget, the need for service delivery improvement and the associated demand for higher staffing levels will continue to place pressure on an ever-decreasing operating budget.

The HR Division continues to ensure that its activities support the overall strategic goals of the DOD as a whole. It is believed that the continuous efforts to empower members to effectively cope with tasks at hand will greatly contribute to the sustainability of the quality of output. At a corporate level, the HR Division seeks to address the slow staffing process through the HR2010 Strategy. One of the key tenets of this strategy is the improvement of personnel recruitment, through streamlined post advertisement and approval processes. It is anticipated that on the rollout of this strategy, the DOD will be able to recruit personnel within a shortened turnaround time.

#### Output Detail

Details of Human Resource Support Services on all output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09, are reflected in Table 2.18 below.

**Table 2.18 Human Resource Support Services Output for FY 2008/09**

| Output                                        | Performance Measure                                                                                                                                             | Annual Target                                                                                                         | Actual Target Achievement                                                                                                             | Reason(s) for Over/Under Achievement |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Transformation management service to the DOD  | Quality of intervention programmes conducted on human rights issues and the enforcement of compliance with regard to relevant equity legislation within the DOD | 70% compliance at level 3 in terms of behaviour and attitude exhibited by members/ employees on transformation issues | 70% compliance was achieved at Level 3 in terms of behaviour and attitude exhibited by members/ employees on issues of transformation | Achieved                             |
| Human Resource strategic direction and policy | Compliance with DOD HR Policy, Strategy and plans                                                                                                               | 80% compliance with DOD HR Policy, Strategy and plans                                                                 | 80% compliance with DOD HR Policy, Strategy and plans were achieved                                                                   | Achieved                             |

| Output                                        | Performance Measure                                                                                            | Annual Target                                                                                 | Actual Target Achievement                                                                                   | Reason(s) for Over/Under Achievement                                                                                                                                                                    |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Human Resource strategic direction and policy | Quality and integrity of the HR Information Technology support services to the DOD and identified stakeholders | 80% compliance                                                                                | 80% compliance was achieved                                                                                 | Achieved                                                                                                                                                                                                |
|                                               | Timeously resolved collective and individual disputes and grievances                                           | 80% of reported collective and individual grievances and disputes finalised                   | 60% achieved                                                                                                | Partially Achieved<br><br>The DOD is still in the process of investigating 19 Collective Grievance. All other individual grievances were forwarded to line managers for investigation Awaiting feedback |
|                                               | Effective management of services and labour relations in the DOD                                               | 80% of line managers trained in labour and service relations by November 2008                 | 80% of line managers were trained in labour and service relations                                           | Achieved                                                                                                                                                                                                |
|                                               | Ensure governance, risk- and compliance management for human resources                                         | 100% alignment of DOD HR policies with government regulatory framework and Cabinet priorities | 100% alignment of DOD HR policies with Government regulatory framework and Cabinet priorities were achieved | Achieved                                                                                                                                                                                                |

| Output                                                                 | Performance Measure                                                                                                                   | Annual Target                                                            | Actual Target Achievement                                                                                                 | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HR Management and military veterans' administrative service to the DOD | Alignment of HR maintenance support function to DOD policies                                                                          | 80% declined with qualified audit reports                                | 85% declined with qualified audit reports                                                                                 | Over Achieved<br><br>Employees from the Government Employees Pension Fund (GEPF) attached to the Pension Section are assisting in streamlining GEPF-related matters<br>An action plan was implemented in terms of GLIS<br>The DOD acquired the services of KPMG (independent auditors) to assist in alleviating qualified audit reports |
|                                                                        | Effectiveness and efficiency of the service rendered to the DOD military veterans                                                     | Establishment of a South African National Military Veterans' Association | The South African National Military Veterans' Association (SANMVA) was inaugurated over the period 26 – 28 September 2008 | Achieved                                                                                                                                                                                                                                                                                                                                |
|                                                                        |                                                                                                                                       | 50% of military veterans' records captured                               | 100% of Veterans' records were captured                                                                                   | Over Achieved<br><br>Data imported from Data Integrity and thus exceeding the project output                                                                                                                                                                                                                                            |
| Direct, orchestrate and control HR development for the DOD             | The level of compliance with, and alignment of the DOD HR Development Framework to National Regulatory Framework and DOD requirements | 60% compliance                                                           | 80% compliance                                                                                                            | On track.<br><br>HR Development Strategy submitted to DPSA in April 2009 for approval                                                                                                                                                                                                                                                   |

| Output                                                                                                                                                                                                                                                                                                                                          | Performance Measure                                                                                          | Annual Target                    | Actual Target Achievement        | Reason(s) for Over/Under Achievement                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------|
| Professional and non-combat/mission common functional ETD for the DOD                                                                                                                                                                                                                                                                           | Number of learners on joint Military Professional Programme                                                  | 3 705 learners on 165 programmes | 3 641 learners on 161 programmes | Due to cancellation of courses and students failing courses, the annual requirements could not be reached |
|                                                                                                                                                                                                                                                                                                                                                 | Number of learners on Youth Foundation Training Programme (YFTP) qualified to join the SANDF                 | YFTP under review                | YFTP under review                | Authority awaited from higher authority to continue with the programme                                    |
| The rendering of a labour market entry enablement and redeployment capability for the DOD                                                                                                                                                                                                                                                       | Success rate of reskilling military members who are exiting the SANDF for alternative employment as required | 100%                             | 100%                             | Achieved                                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                 | Number of learners at the Centre for Advanced Training                                                       | 400                              | 189                              | Partially Achieved<br>This is the number of learners who availed themselves for the course                |
|                                                                                                                                                                                                                                                                                                                                                 | Success in the placement of reskilled members/employees in other State departments or the private sector     | 65%                              | 65%                              | Achieved                                                                                                  |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>HR Division succeeded in achieving its objectives in support of the Administration Programme's purpose of conducting policy development, management and administration for the DOD during this financial year.</p> |                                                                                                              |                                  |                                  |                                                                                                           |

**SUBPROGRAMME: DEFENCE LEGAL SERVICES**

**Overview**

The reporting period saw the Defence Legal Services making significant progress. The supervision, direction and civil oversight provided by Chief Defence Legal Services as a Public Service Act

employee are added advantages to the enhancement of service delivery to the DOD.

In alignment with Government priorities, the DOD, through the Defence Legal Services Division (DLSD), has actively contributed towards the National Priorities (Apex Priorities) by participating in the Presidential Project 19. The project entails reduction of the case backlog by 30% by August

2009. Despite the challenges, substantive progress has been made by reducing the case backlog by 28% in the year under review. In addition, 11 sessions were scheduled for the Court of Military Appeals and of the 73 cases set-down for hearing, 66 were finalised. This is as a result of new members appointed to beef up the courts. The Division provided legal planning support to 37 operations and legal support (operational law support, legal advice and the administration of military justice) to six ongoing external operations, and 28 internal operations. Legal planning support was also rendered to 17 exercises. Legal advice and input were provided in the drafting of nine bilateral and multilateral agreements.

During the period under review, the DLSD was involved in the drafting of the “National Conventional Arms Control Amendment Bill” and the “Prohibition or Restrictions on Certain Conventional Weapons Bill”. The “National Conventional Arms Control Amendment Bill” is awaiting the President’s signature and the “Prohibition or Restrictions on Certain Conventional Weapons Bill” has been assented to by the President, and is now awaiting proclamation of its commencement. This Bill, once proclaimed, will put South Africa in the forefront of the promotion of international humanitarian law. South Africa is now the first common law country to have promulgated a law on the UN Convention on Certain Conventional Weapons. The Division is also in the process of finalising the Regulations under the Prohibition of Mercenary Activities and Regulation of Certain Activities in a Country of Armed Conflict Act. These Regulations will put this Act into operation.

The DLSD Reserve component is managed as a force multiplier. There are 295 Reserve members, of which 119 are fully-trained and utilised. The remaining 176 are undergoing courses or mentorship training. One Reserve member has been deployed externally. A concerted effort was made to implement and execute the strategy on the management of Anti-Criminality in the DLSD. Eight of the 22 Boards of Inquiry and 15 of the Summary Investigations were finalised. The effective management and execution of the Strategic Business Plan through constant reporting in the Quarterly Reports, as a control process, ensured that most of the Division’s performance measures and targets were met. Through efficient management, the Division has spent 104% of the allocated budget effectively.

The DLSD experienced some challenges during the reporting period. The serious decline in the allocated

Operating Budget, due to the expansion of the human resources budget, the non-availability of various posts because of the Division being inadequately capacitated in the Operation’s environment and the shortage of experienced, appropriately trained and skilled Military Legal Practitioners, both Regulars and Reserves, placed an enormous burden on the Division. These challenges had a negative impact on the effectiveness of the Division to deliver as per plan. In spite of these challenges, the DLSD is ready to present a Military Law course and other relevant training at the School of Military Justice (SMJ) to SANDF members from Services and Divisions.

In January 2009, the SMJ presented the first Military Law Course for 2009 to 32 SANDF officers. Continuous development of courses must be ensured and all efforts made to gain full South African Qualification Authority (SAQA) accreditation for courses and Directing Staff.

Management has made a concerted effort to deal with the challenges facing the Division. The integration process was effectively managed, and most of the migration posts were staffed. An effort was made to recruit and staff the vacant posts with experienced legal practitioners, representative Reserve members with the required legal experience, interpreters, court orderlies and skilled support personnel. The Division was 82.3% staffed as at 31 March 2009. The Court of Military Appeals finalised 66 cases set down for hearing. A total of 3 600 requests for legal advice were received, and the Division was able to attend to 3 520, resulting in the required legal advice given by original deadlines set. The Division reduced the Boards of Inquiry by 37% and the Summary Investigations by 78%, thus providing professional, legitimate and deployable military legal services and support commensurate with the needs of the DOD.

### Measurable Objective

The Defence Legal Services provides professional, legitimate and deployable military legal services and support commensurate with the needs of the DOD.

### Output Detail

The details of Defence Legal Services report on all output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09, are provided in Table 2.19 alongside.



Table 2.19 Defence Legal Services Output for FY 2008/09

| Output                                        | Performance Measure                                                                                                                                                                                                            | Annual Target                                                                                     | Actual Target Achievement                                                                                                                     | Reason(s) for Over/Under Achievement                                                                |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Defence Legal service capability and services | The degree to which military justice input and legal support have been provided as prescribed in the Military Discipline Supplementary Measures Act (MDSMA), the Defence Act (Act 42 of 2002) and other applicable legislation | Military legal services output to the whole DOD is delivered on time and accurately as prescribed | The targets were achieved as planned<br>Military legal services output to the whole DOD was delivered on time and as accurately as prescribed | Achieved                                                                                            |
|                                               | Number of Legal Satellite Offices                                                                                                                                                                                              | Five                                                                                              | Five                                                                                                                                          | Achieved                                                                                            |
|                                               | Percentage of facilitated litigation resulting in optimum outcome for the DOD (positive litigation results)                                                                                                                    | 85%                                                                                               | 100%.                                                                                                                                         | Received 48 litigations and attended to 48 litigations that resulted in optimum outcome for the DOD |

**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

Defence Legal Services Division assisted the administration programme to conduct the policy development, management and administration of the DOD. Subprogramme Legal Services provided professional, legitimate and deployable military legal services and support, commensurate with the needs of the DOD.





*Programme 8: Force Employment*

## Chapter 3

# Programme 8: Force Employment

### Overview

During the past year, the Joint-Operations Division has played a major role in the SANDF, in achieving its Military Strategic Objectives. Focusing on enhancing and maintaining comprehensive defence capabilities, promoting peace, stability and security in the Region and on the Continent and in support of the people of South Africa. The Force Employment Programme provides and employs defence capabilities to successfully conduct all operations and joint, interdepartmental and multinational military exercises. In the year under review, the DOD fully complied with all commitments ordered by Government and successfully employed mission-trained forces in terms of South Africa's policies and international obligations in the promotion of peace, stability and security.

The contribution to stability and security on our Continent by all the forces deployed in peace support operations, remained the enduring highlight of the current employment of the SANDF. A total of 2 900 members, including 255 Reserves, were successfully deployed in six Peace Support Operations in the Democratic Republic of Congo (DRC), Burundi, Ethiopia and Eritrea, the Sudan, Uganda, Southern Sudan and Nepal, and three general military assistance operations in the DRC, Central African Republic (CAR) and Uganda. Operation CURRICULUM in Burundi is expected to be terminated in the near future, which serves as proof of its success. However, the United Nations (UN) Security Council extended the mandate of the UN Peace Building Office in Burundi (BINUB) to 31 December 2009. At the request of the UN, the full complement of SANDF troops was not deployed in the UN/African Union (AU) Hybrid Mission in the Sudan. Operation TSOLO II saw the destruction of a total of 368 tons of unserviceable and redundant ammunition and ordnance in Uganda.

Internally, missions in support of other Government departments were successfully conducted. As part of humanitarian assistance, 57 successful search-and-rescue and disaster aid and relief actions were executed. Assistance with flood relief in the Western Cape was provided as well as drought relief aid assistance to local municipalities in the Eastern

Cape. The SANDF successfully supported the South African Police Service (SAPS) in the maintenance of safety and security during events such as the courtesy visit of the United States of America Carrier Strike Group, and the Southern Africa Development Community (SADC) Heads of State Summit. The SANDF was commissioned by Presidential Proclamation to assist the SAPS throughout the Republic of South Africa (RSA), but specifically in Gauteng, during the attacks on foreign nationals in May 2008. A total of 296 members (Regulars and Reserves) were placed on standby for 48 days, with occasional deployments during the operation. On average, 195 SANDF members were deployed in support of the SAPS along the RSA/Zimbabwean international border (Operation INTEXO). By the end of March 2009, all SANDF deployments were scheduled to be withdrawn from this international border. However, on 16 March 2009, a verbal instruction was issued by the Minister of Defence to put on hold the withdrawal of SANDF troops from the RSA/Zimbabwean international border, until further notice. Through Operation KGWELE, the SANDF will form part of the key players to secure the 2009 the Fédération Internationale de Football Association (FIFA) Confederations Cup and the 2010 FIFA Soccer World Cup.

The Special Forces achieved all the special operations' objectives, but they were still under-utilised in terms of the capabilities available for employment in African missions. Two Africans were appointed as the first black Special Forces Regimental Commander and Brigade Sergeant-Major.

The focus of the Special Forces was on preparation of the force for participation in securing the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup. A total of 10 joint, interdepartmental and multinational (JIM) exercises were successfully executed by the Special Forces. Search-and-rescue, naval control of shipping, and interdepartmental force preparation exercises were executed in preparation for possible force employment activities. Worthy of note is Exercise SHIELD, in which the SANDF supported the SAPS in the exercise of Airspace Control in preparation for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup. In preparation of the SADC BRIG exercise, Exercise GOLFINHO scheduled for 2009, a planning session was held in



Botswana followed by a map exercise in Angola, and reconnaissance for the command post exercise in Mozambique.

Members of the Joint-Operations Division actively participated in Defence Committees, the relevant SADC meetings and other foreign visits contributing to peace, security and stability in the SADC Region. The Memorandum of Understanding for Operation CORDITE (Support to the UN Mission in Sudan), accommodating the change from an AU to UN mission, is in the process of being signed. However, the UN honours the unsigned Memorandum of Understanding (MOU) with regard to troop-cost reimbursement to the RSA, but does not reimburse for major equipment and self-sustainment. The MOU between the RSA and the AU for Operation CURRICULUM (Support to the AU Special Task Force in Burundi), is in the final stages of being signed.

Despite various interventions at Head of State and political-level with the Sudanese Government, the SANDF continued to experience delays in getting authorisation for sustainment flights. This impeded the sustainment of the SANDF contingent deployed in the Sudan. As directed by the Chief of the SANDF, the mandate for Operation VIMBEZELA (military assistance to the CAR), was revised with instructions for the SANDF's further involvement. The security situation in the eastern DRC is delaying the completion of the integration process, and the Identification and Registration Teams from Operation TEUTONIC cannot continue with the process. In general, the shortage of specialist (technical staff) and support personnel as provided by Services and Divisions, negatively affected the employment of personnel in all the missions, resulting in contingents not being fully-staffed. The SANDF's non-compliance with the MOUs' minimum standards of serviceability of major equipment, resulted in the RSA being denied full reimbursement for major equipment. Furthermore, at Ministerial-level, progress to secure additional funding for Operation KGWELE is progressing well. A total of 178 Reserves (excluding Reserves in deployments) were utilised mainly in a supportive role in the preparation for Operation KGWELE.

The outstanding land claim in the Madimbo Corridor is threatening to disrupt Special Forces' training activities. The claimant community has started moving into the training area. Unexploded ordnance could result in the loss of life if unsuspecting civilians wander through shooting ranges. Notice

boards will be erected, indicating that the area is still under the control of the SANDF and trespassers will be prosecuted.

Despite the fact that the SANDF is a contingency-based organisation and does not always render direct service to the public, the involvement of the SANDF in both internal operations in the RSA and external operations in the rest of Africa, is regarded as a great success. The contribution to and effect of the involvement of the SANDF in the SADC Region cannot be underestimated. The SANDF has had to operate in a rapidly changing, difficult and at times adverse environment, in which it was crucial that it conducted its business in the most economical, efficient and effective manner. The Force Employment Programme utilised all its resources efficiently and achieved the objectives set for the FY 2008/09.

### **Purpose of the Programme**

The Joint-Operations Division provides and employs defence capabilities, including an operational capability, to successfully conduct all operations and joint, interdepartmental and multinational military exercises.

### **Subprogrammes**

- Strategic Direction formulates and controls strategies, policies and plans for the deployment of forces.
- Operational Direction provides operational direction to joint and multinational task forces and joint-tactical headquarters by means of operational-level headquarters.
- Special Operations provides and employs a special operations capability within the approved Special Forces mandate for the SANDF.
- Regional Security provides for the deployment of forces in support of South Africa's commitment to peace – regionally, continentally and globally.
- Support to the People provides for the internal deployment of forces in support of the SAPS and other government departments.
- Defence Capability Management provides for joint, interdepartmental and multinational military force preparation exercises.

### **Measurable Objectives**

- Providing special operations capability in accordance with national requirements.

- Conducting/participating annually in, on average, nine external peace missions over the MTEF period, in accordance with requirements to promote peace and security.
- Conducting 36 joint, interdepartmental and multinational military force preparation exercises over the MTEF period towards defence capability management.
- Undertaking missions in support of other Government departments, and complying with international obligations.

**Output Detail**

Table 3.1 reports on all output, performance measures and targets specified in the output table in the DOD Strategic Business Plan FY 2008/09.

**Table 3.1 Force Employment Programme Output for FY 2008/09**


| Output                                                                                          | Performance Measure                                                                                                                             | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Special Operations</b>                                                                       |                                                                                                                                                 |               |                           |                                                                                                                                                                                                                                                                                                                                                |
| Special land, air and sea operations                                                            | Compliance with force requirements of the Chief of the SANDF                                                                                    | 100%          | 100%                      | Achieved                                                                                                                                                                                                                                                                                                                                       |
| <b>Regional Security</b>                                                                        |                                                                                                                                                 |               |                           |                                                                                                                                                                                                                                                                                                                                                |
| Operation MISTRAL<br>Support to UN Mission in Democratic Republic of the Congo (DRC)            | The number of members deployed to comply with the MOU and letter of assistance in providing Force Structure Elements/ Individuals as stipulated | 1 252         | 1 143                     | Substantially achieved<br><br>Due to non-availability of technical and support personnel provided by the Services/ Divisions and members on leave, fewer members were deployed as planned                                                                                                                                                      |
| Operation TEUTONIC<br>Support to the Security Sector Reform in the Democratic Republic of Congo | The number of members deployed to comply with the bilateral agreement to support the military integration process                               | 28            | 17                        | Partially achieved<br><br>The force structure element strength is according to the current requirement – reduction within the activities regarding integration.<br><br>The insecurity in the eastern DRC is delaying the completion of the integration process, and the Identification and Registration Teams cannot continue with the process |



| Output                                                                  | Performance Measure                                                                                                                             | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                      |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operation CURRICULUM<br>Support to the AU Special Task Force in Burundi | The number of members deployed to support the AU Resolution in providing Force Structure Elements/ Individuals as agreed.                       | 1 137         | 1 053                     | Substantially achieved<br><br>Due to non-availability of technical and support personnel provided by the Services/ Divisions and members on leave, fewer members were deployed as planned                                 |
| Operation CORDITE<br>Support to the UN Mission in Sudan                 | The number of members deployed to comply with the MOU and letter of assistance in providing Force Structure Elements/ Individuals as stipulated | 850           | 630                       | Substantially achieved<br><br>Due to non-availability of essential specialised personnel provided by Services/Divisions and lack of accommodation facilities for one company plus, fewer members were deployed as planned |
| Operation ESPRESSO<br>Support to the UN Mission in Ethiopia and Eritrea | The number of members deployed to comply with the MOU and letter of assistance in providing military observers as agreed                        | 10            | Two                       | Partially achieved<br><br>Due to the ongoing reduction of forces by the UN, only two members were deployed in the months April to August 2008<br><br>The Operation was terminated on 14 August 2008                       |



| Output                                                                                                              | Performance Measure                                                               | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operation VIMBEZELA<br>Military assistance to the Central African Republic in accordance with a bilateral agreement | The number of members deployed according to the bilateral agreement.              | 85            | 56                        | Partially achieved<br><br>The reduction in the number of personnel deployed was due to the termination of the High-Risk Protection of the President in August 2008 (Refer to C J Ops Directive 154/2008 dd 31 July 2008) Strength of training varies depending on the requirements for training to be provided |
| Operation BONGANE<br>Support to the AU peace process in northern Uganda                                             | The number of military observers deployed according to the bilateral agreement    | Two           | Two                       | Achieved                                                                                                                                                                                                                                                                                                       |
| Operation INDULI<br>Support to the UN Mission in Nepal                                                              | The number of military observers and staff officers deployed according to the MOU | Five          | One                       | Partially achieved<br><br>The RSA participation was scaled down to only one member due to the success of the UN Mission<br>Refer to fax DPKO/OMA/FGS/LP/078-08 dd 23 May 2008                                                                                                                                  |

| Output                                                                              | Performance Measure                                                                                                           | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| New operations (unfunded)                                                           | Percentage compliance with the successful conduct of new ordered operations and changes in the mandate of existing operations | 100%          | 100%                      | Achieved<br><br>Altogether two new operations were scheduled and successfully completed, namely:<br><br>i. <u>Operation TSOLO</u><br>II Military assistance to Uganda to destroy unserviceable and redundant ammunition<br>A total of 368 tons of unserviceable and redundant ammunition and ordnance destroyed<br><br>ii. <u>Operation VIMBELA</u><br>Election registration of 1 621 SANDF members prior to external deployment |
|  |                                                                                                                               |               |                           |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Support to the People</b>                                                        |                                                                                                                               |               |                           |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Operation INTEXO (Borderline Control)                                               | Compliance according to standing agreement for Borderline Control operations                                                  | 100%          | 100%                      | Achieved                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                                     | Reduction in number of Landward Borderline Control Bases                                                                      | Two           | One                       | Partially achieved<br>Closing down at the end of FY 2008/09 has been put on hold in compliance with Ministerial Instruction                                                                                                                                                                                                                                                                                                      |

| Output                                                              | Performance Measure                                                                | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operation INTEXO<br>(Borderline Control)                            | Reduction in number of Landward Borderline Control Companies deployed              | Four          | Three                     | Partially achieved<br><br>Four companies were reduced to one company by February 2009, with the one Engineer Squadron on standby<br>By the end of March 2009, all SANDF deployments were scheduled to withdraw from the South African/ Zimbabwean border<br>As a result of a verbal instruction issued by the Ministry of Defence on 16 March 2009, the withdrawal of the last SANDF company from the South African/ Zimbabwean international border is placed on hold until further notice |
| Operation HUMAN<br>(Support to Government departments) <sup>6</sup> | Compliance with ad hoc approved Government departments' requests                   | 100%          | 100%                      | Achieved<br><br>Support provided during 57 ad hoc approved Government departments' requests                                                                                                                                                                                                                                                                                                                                                                                                 |
| Operation KGWELE<br>(Support to the SAPS)                           | Compliance with Safety and Security Support requirements for Soccer World Cup 2010 | 100%          | 100%                      | Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

<sup>6</sup> The tasks previously conducted under Operation STIPPER will in future be executed by the multi-role standby capability.

| Output                        | Performance Measure                                   | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------|-------------------------------------------------------|---------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Multi-role standby capability | Compliance with and funding of new ordered Operations | 100%          | 100%                      | <p>Achieved</p> <p>Five new ordered Operations were successfully executed</p> <p>i. <u>Operation PROSPER</u><br/>Safety and security support to the SAPS during 32 ad hoc requirements</p> <p>ii. <u>Operation FLOWER</u><br/>Safety and security in support of the SAPS during a courtesy visit of the USA carrier strike group in October 2008</p> <p>iii. <u>Operation ABETHU</u><br/>Support to SADC Extraordinary Summit in November 2008</p> |





| Output                                                 | Performance Measure                                   | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------|-------------------------------------------------------|---------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Multi-role standby capability (continued)              | Compliance with and funding of new ordered Operations | 100%          | 100%                      | iv. <u>Operation MOELA</u><br>Support to SADC Heads of State Summit in August 2008<br>v. <u>Operation CARAWAY</u><br>Goodwill visit to Singapore, the People's Republic of China, Malaysia, Vietnam, India and Mauritius from 16 September 2008 to 7 December 2008                                         |
| <b>Defence Capability Management</b>                   |                                                       |               |                           |                                                                                                                                                                                                                                                                                                            |
| Joint, inter-departmental and multi-national exercises | The number of joint exercises                         | One           | Nil                       | No result<br>Exercise AMANZI was cancelled by Department of Transport during FY 2008/09 and rescheduled for FY 2009/10                                                                                                                                                                                     |
|                                                        | The number of interdepartmental exercises             | Two           | Three                     | Over-achieved<br>The Nuclear Regulatory Authority cancelled the SANDF involvement in Exercise EMEX and the Department of Transport cancelled the SANDF involvement in Exercise AFFIX<br>To support the SAPS in exercising airspace control, three new exercises were executed (Exercise SHIELD 1, 2 and 3) |

| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Performance Measure                   | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Joint, inter-departmental and multi-national exercises                                                                                                                                                                                                                                                                                                                                                                                                                                                                | The number of multinational exercises | 10            | Seven                     | <p>Partially achieved</p> <p>Two exercises were cancelled<sup>7</sup>; namely SADC Air Force exercise and Exercise INTER OP EAST</p> <p>Two exercises were published incorrectly to take place during FY 2008/09, namely, Exercise BOURBON and West African Training Cruise (WATC)</p> <p>One new Exercise called GOLFINHO was scheduled on request of SADC BRIG</p> |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures</u></b></p> <p>Although many objectives were partially achieved, the Force Employment Programme managed to execute all its ordered commitments and has thus ensured that the Joint-Operations Division could provide and employ defence capabilities, including an operational capability, to successfully conduct all operations and joint, interdepartmental and multinational military exercises.</p> |                                       |               |                           |                                                                                                                                                                                                                                                                                                                                                                      |

<sup>7</sup> See Table 3 for detail.

**JOINT, INTERDEPARTMENTAL AND MULTINATIONAL EXERCISES**

Table 3.2 provides feedback on Force Employment Programme Joint, Interdepartmental and Multinational Exercises for FY 2008/09.

**Table 3.2 Force Employment Programme Joint, Interdepartmental and Multinational Exercises for FY 2008/09**

| Exercise Name and Aim          | Aim                                                                                                                                                        | Target                                                | Actual Achievement                                                                                                                                                                                                                         |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Joint Exercises</b>         |                                                                                                                                                            |                                                       |                                                                                                                                                                                                                                            |
| Exercise NDLOVU                | To exercise SANDF intervention capability in 2009<br><br>To exercise SANDF conventional capability in 2011                                                 | Planning                                              | Achieved<br><br>Planning for the exercise took place.<br>The exercise was rescheduled and is to take place as Exercise RAPIDO in September 2010, with Exercise NDLOVU becoming the exercise to prepare the SANDF's conventional capability |
| Exercise AMANZI                | To confirm the procedures for the support to the Department of Transport (Maritime Rescue Co-ordination Centre (MRCC)) during search-and-rescue operations | Command Post Exercise (CPX).<br>Dates to be confirmed | No result<br><br>The exercise was cancelled during FY 2008/09 and is rescheduled for FY 2009/10                                                                                                                                            |
| <b>Multinational Exercises</b> |                                                                                                                                                            |                                                       |                                                                                                                                                                                                                                            |
| Exercise OXIDE                 | Annual search-and-rescue exercise with the National Department of Transport (NDOT) and FAZSOI – French Navy (La Reunion)                                   | September/October                                     | Achieved<br><br>The exercise took place over the period 20 September 2008 to 10 October 2008 and the aim was achieved                                                                                                                      |
| Exercise BOURBON               | Annual search-and-rescue exercise with the French Navy (La Reunion) and other SADC countries                                                               | (September/October <sup>8</sup> )<br><br>Planning     | Achieved<br><br>Planning took place. (The scheduling of this exercise during FY 2008/09 was incorrectly published, and the exercise will only take place in FY 2010/11)                                                                    |
| Exercise TRANSOCEANIC          | Naval exercise to co-ordinate and advise shipping between the RSA and other navies in the Atlantic Ocean Rim                                               | Exercise XXII (CPX) RSA<br><br>11 to 22 August        | Achieved<br><br>The Command Post Exercise (CPX) took place in South Africa over period 11 to 22 August 2008 and the aim was achieved                                                                                                       |

<sup>8</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 - FY 2010/11 Ser No 25)

| Exercise Name and Aim                  | Aim                                                                                                                                        | Target                                                                                             | Actual Achievement                                                                                                                                                   |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise TRANSOCEANIC                  |                                                                                                                                            | Post Exercise Discussion (PXD) Argentina<br>15 to 19 September.                                    | Achieved<br><br>The Post Exercise Discussion took place in Argentina from 15 to 19 September 2008                                                                    |
| Exercise BELL BUOY                     | Naval exercise to co-ordinate and advise shipping between the RSA and other navies in the Pacific/Indian Ocean Rim                         | Exercise in Texas, USA (CPX) 28 April to 11 May<br><br>Planning Conference in RSA (host) – January | Achieved<br><br>The exercise took place over period 18 April to 5 May 2008 and the aim was achieved<br>The planning conference in South Africa took place in January |
| Exercise FAIRWAY BUOY                  | CPX in co-ordination and guidance of shipping in the SADC Region                                                                           | RSA 9 to 20 June                                                                                   | Achieved<br><br>The exercise took place over the period 9 to 20 June 2008 and the aim was achieved                                                                   |
| Exercise GOOD HOPE                     | Naval and Air exercise between the South African Navy (SAN)/ South African Air Force (SAAF) and the German Navy/Luftwaffe                  | Planning                                                                                           | Achieved<br><br>The planning took place in Germany during March 2008                                                                                                 |
| Exercise ATLASUR                       | Bi-annual Task Force exercise with South American navies                                                                                   | May/June                                                                                           | Achieved<br><br>The exercise took place from 16 May to 2 June 2008 and the aim was achieved                                                                          |
| Exercise IBSAMAR (IBSA Naval Exercise) | Naval and Air exercise between the SAN/SAAF and the Brazilian and Indian navies and air forces                                             | May                                                                                                | Achieved<br><br>The exercise took place over the period 5 to 16 May 2008 and the aim was achieved                                                                    |
| SADC Air Force Exercise                | Multinational exercise (humanitarian relief) based on a flood disaster scenario in a one of the SADC Member States (location and date TBD) | *                                                                                                  | No result<br><br>The exercise did not take place, as SADC did not schedule it                                                                                        |
| Airborne Africa Competition            | SADC Multinational Parachute Competition                                                                                                   | Planning meeting in Windhoek 7 to 11 April                                                         | No result<br><br>The planning and exercise did not take place, as no country was willing to host the exercise                                                        |
| Interop East                           | Visits to and exercises with East African navies                                                                                           | September/October                                                                                  | No result<br><br>Exercise was cancelled                                                                                                                              |
| West African Training Cruise (WATC)    | Training cruise to West African countries                                                                                                  | August                                                                                             | No result<br><br>The scheduling for this exercise during FY 2008/09 was incorrectly published                                                                        |

| Exercise Name and Aim               | Aim                                                                                                                                                | Target                                                       | Actual Achievement                                                                                                                                                                                                                                                                 |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise GOLFINHO <sup>9</sup>      | To exercise the SADC Brigade (SADCBRIG) capability                                                                                                 | MAPEX<br>22 Feb – 1 March                                    | Achieved<br><br>The planning process (Botswana), Map Exercise (MAPEX) (Angola – February 2009) and reconnaissance for the CPX in Mozambique took place                                                                                                                             |
| <b>Inter Departmental Exercises</b> |                                                                                                                                                    |                                                              |                                                                                                                                                                                                                                                                                    |
| Exercise AFFIX                      | Exercising emergency procedure in the event of an air crash (lead department: Department of Transport)                                             | May Field Training Exercise (FTX)<br>Cancelled <sup>10</sup> | No result<br><br>The May FTX did not take place, as this exercise was cancelled by the Department of Transport for FY 2008/09 No future exercises have been scheduled<br>The DOD is not the lead Department and only participates on invitation by the Department of Transport     |
| Exercise EMEX                       | Exercising emergency procedures in the event of a nuclear disaster at Koeberg Nuclear Power Station (lead department Nuclear Regulatory Authority) | June FTX<br>Cancelled <sup>11</sup>                          | No result<br><br>The DOD is not the lead Department and only participates on invitation by the Nuclear Regulatory Authority<br>The June FTX did not take place as this exercise was cancelled for FY 2008/09<br>The Nuclear Regulatory Authority has scheduled no future exercises |
| Exercise SHIELD 1 <sup>12</sup>     | The exercise will be to integrate interdepartmental command, control, co-ordination and operational procedures in preparation of Operation KGWELE  | 28 July – Aug in Port Elizabeth                              | Achieved<br><br>The exercise was conducted in Port Elizabeth over the period 28 July 2008 to 2 August 2008 and the aim was achieved                                                                                                                                                |
| Exercise SHIELD 2 <sup>13</sup>     | The exercise will be to integrate interdepartmental command, control, co-ordination and operational procedures in preparation of Operation KGWELE  | 4 Aug – 9 Aug in Bloemfontein                                | Achieved<br><br>The exercise was conducted in Bloemfontein from 4 August 2008 to 9 August 2008 and the aim was achieved                                                                                                                                                            |

<sup>9</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 25).

<sup>10</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 26).

<sup>11</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 27).

<sup>12</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 27).

<sup>13</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 27).



| Exercise Name and Aim                                                                                                                                           | Aim                                                                                                                                           | Target                                                                              | Actual Achievement                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise SHIELD 3<br><br>(On request of SAPS this ex was forwarded and executed on very short notice thereby not allowing sufficient time for a change to plan) | The exercise will be to test and refine the air-space control concept for Gauteng and North West provinces in preparation of Operation KGWELE | 15 – 20 March                                                                       | Achieved<br><br>Phase 3 was conducted 15 to 20 March 2009<br>A planning briefing session (Phase 1) was held on 19 November 2008<br>Phase 2 will take place 11 to 15 May 2009 and 18 to 22 May 2009 |
| <b>Support To Foreign Forces Training (Against Payment)</b>                                                                                                     |                                                                                                                                               |                                                                                     |                                                                                                                                                                                                    |
| Exercise DORSAY 06                                                                                                                                              | Training support to Singapore at ASB Bloemfontein, 44 Para Regt and Air Force Base (AFB) Bloemspruit                                          | Planning<br>Late January                                                            | No result<br><br>The exercise did not take place in the FY 2008/9 as the exercise has been rescheduled by Singapore for every second year, instead of annually                                     |
| Exercise LIGHTNING WARRIOR                                                                                                                                      | Integrated training to Singapore at Combat Training Centre, Lohatla and an AFB suitable to accommodate F15 Aircraft (AC)                      | Planning<br>1 to 4 October                                                          | Achieved<br><br>The planning stage took place as scheduled                                                                                                                                         |
|                                                                                                                                                                 |                                                                                                                                               | IPC<br>3 to 5 December<br>CFPC<br>11 to 13 March<br><br>Exercise 26 April to 6 June | Achieved<br><br>The different planning stages took place as scheduled and the exercise took place over period 22 April to 5 June 2008<br>The aim was achieved                                      |
| Exercise AFRICAN THORN                                                                                                                                          | Company Group exercise to United Kingdom (UK) at Combat Training Centre, Lohatla                                                              | 15 January to 6 March                                                               | Achieved<br><br>The exercise took place over period 15 January to 6 March 2009 and the aim was achieved                                                                                            |
| Exercise KALAHARI STORM                                                                                                                                         | Battalion Group exercise to UK at Combat Training Centre, Lohatla                                                                             | 15 January to 6 March                                                               | No result<br><br>The exercise was cancelled on the request of the UK                                                                                                                               |





*Programme 2: Landward Defence*

## Chapter 4

# Programme 2: Landward Defence

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### Overview

In the year under review, the South African Army fulfilled all its commitments regarding external and internal deployments, notwithstanding that it is overstretched, especially in the infantry, engineering and support capabilities. Creative measures have been instituted to address the human resource shortages through the training and utilisation of Reserve and Military Skills Development System (MSDS) members for both internal and external deployments. Taking into consideration the resource-related challenges, the SA Army did excellent work on Post-Conflict Reconstruction training for the Central African Republic (CAR) and the Democratic Republic of Congo (DRC).

The SA Army provided the required forces consisting of 4 199 members for deployment to the United Nations (UN) and the African Union (AU) Missions in Africa. A total of 179 of these members were instructors provided for Post-Conflict Reconstruction training at the DRC and CAR. Furthermore, the SA Army provided support for the training of foreign forces, e.g. Exercises LIGHTNING WARRIOR (Singapore) and AFRICAN THORN (UK). Collaboration between the SA Army and industry resulted in the serviceability of C-vehicles deployed in the DRC, increasing to 93%.

A total of 393 members were utilised internally in co-operation with the South African Police Service (SAPS) in Ops PROSPER, HUMAN and INTEXO. Support was also rendered to the Independent Electoral Commission through the provision of tents for the registration process. In addition, water bunkers and water were provided to alleviate drought conditions and water-purification systems were deployed to assist in the fight against the cholera outbreak. Although the SA Army achieved its objectives with regard to landward operations in its two exercises SEBOKA and YOUNG EAGLE, it could not achieve the SA Army/SA Air Force objectives due to the non-availability of strike aircraft (for Ex SEBOKA) and transport aircraft (for Ex YOUNG EAGLE) at the time. Interdepartmental Exercises SHIELD 1, 2 and 4 were conducted in preparation for the Fédération Internationale de Football Association (FIFA) Confederations Cup 2009 and the 2010 FIFA World Cup.

Significant progress was made on the reorganisation of the SA Army command and control according to the traditional NATO “General Staff” system. Investigations into the logistics and finance functions were finalised, while planning and human resources are on the verge of completion. It is envisaged that organising the land, training and support commands will follow before the investigations on the establishment of divisions and brigades, commences.

The commissioning of new armour systems, which commenced in FY 2007/08 is on track with regard to training of crews and instructors, culminating in Exercise SEBOKA. In the absence of funding for the renewal of Landward Capabilities, the SA Army continues to utilise funds on the Strategic Capital Acquisition Master Plan (SCAMP), where five project plans (WARRIOR, SWATCH, CITIZEN, PIRATE and THLADI) were completed. A number of investigations into important concepts such as maintenance units in the combat zone, a simulator centre, command and control were completed, and technical services and tactical workshops held. These were supplemented by the promulgation of various Joint-Warfare Publications and doctrine manuals. For the first time, the SA Army tested the Lessons Identified and Lessons Learnt Systems (LIALLS) for the development of doctrine for the African Battle Space.

A firm foundation has been laid for the establishment of a Department of Defence (DOD) Works Regiment capability. A headquarters’ infrastructure has been established in terms of facilities and personnel from both the Regular and Reserve members of the DOD. This will be followed by the establishment of regional structures, which is well under way, notwithstanding resource constraints. The Regiment is currently sustaining 305 learners countrywide on practical training. From SA Army resources, the Regiment is renovating unused military buildings to address the lack of military accommodation for the Regiment, and to replace the use of expensive private accommodation. Practical training is done with nationally recognised companies in the private sector. In terms of a Military Command Council decision, work is being done to amalgamate the Service Corps and the Works Regiment. The planned date for the Regiment to be independent of the SA Army is 1 April 2010.



To ensure the availability of more deployable personnel and alleviate the pressure on especially the Infantry and Engineer Corps, the SA Army approved the translation of 1 512 members from the 2007 MSDS Intake to the Core Service System. An additional total of 1 113 members were translated into the Army Reserves, which will initiate the rejuvenation of the Reserves. A total of 1 121 members from the January 2008 MSDS intake are currently undergoing training in SA Army units. From this intake, 156 have been selected for leader group training, of which 40 are women. A total of 2 190 (Army only) MSDS members from the January 2009 intake are undergoing training in the SA Army.

An amount of R95 600 million was spent on various output of the SA Army Reserves. These include formal training, combat-readiness training for employment, continuation training, guard duties and administrative tasks. The amount excludes costs incurred on logistics support e.g. Prime Mission Equipment (PME) ammunition, rations, uniforms, etc as these funds are centralised and/or shared with the Regulars. A total of 2 486 Reserve members (either different members or members doing more than one course) received formal training in 103 courses throughout the SA Army training institutions. A total of 357 625 man-days to the value of R21.3 million were utilised. Continuation training was done for 15 sub-units (an equivalent of a Brigade plus), involving 3 763 members at a cost of R10.5 million. Nine sub-units and five sub-sub-units received combat-readiness training in preparation of internal and external deployments respectively. A total of 2 121 (as for course attendance) members were utilised on guard duties, while 5 495 members were called up for administrative tasks. About 590 members participated in military parades and tattoos.

The lack of funds to establish a viable Reserve feeder-system resulted in only the SA Army Infantry Reserve showing positive results. A total of 983 Army Territorial Reserve members were converted into the Army Conventional Reserve. This is in addition to the 1 113 members fed into the Reserve from the 2007 MSDS intake. The rejuvenation of the Army Reserves is reliant on larger MSDS Intakes, which again is dependent on adequate funding.

Inadequate resources have forced the SA Army to employ creative means to ensure quality training. The implementation of simulation training is gaining momentum in most of the SA Army capabilities, especially training institutions. Unfortunately, this cannot replace live training. Distance learning

has improved through the introduction of more Distance Training Centres. The SA Army qualified 17 685 learners in its Centres of Excellence, which included 91 members from other defence forces.

The SA Army achieved 100% spending on its General Defence Account Budget (excluding personnel funds) while only R94 million of the Special Defence Account was rolled over to FY 2009/10. This is a remarkable improvement compared with the previous financial year's rollover of R167 million.

The deterioration of facilities remained a challenge, and safety in the workplace is being monitored in collaboration with the Department of Labour for any incidents that could affect the force's preparation objectives. The complicated bureaucratic processes of the National Department of Public Works (NDPW), together with budget constraints, are placing compliance with Occupational Health and Safety prescripts under severe pressure. Owing to the NDPW delay in the maintenance of some SA Army Recoverable projects, no progress was made to resuscitate the Army's facilities, and the ailing Technical Services. Therefore, the SA Army could not spend its budget in accordance with the expenditure plan. The initiatives to address the non-performance by the NDPW must be instituted to resolve this issue in FY 2009/10, in order to improve the SA Army's ability to spend its budget according to plan.

The SA Army is in the process of finalising the declaration of all deployable members of the SA Army Infantry Formation's competence in terms of the Weapons Control Act before the end of 2009.

The modernisation of the Landward Defence Programme is considered to be a major risk. This modernisation, based on the "Enablement of Landward Defence Systems" submission to the Minister of Defence and the C SANDF, depending on final approval and appropriate funding by Government. Meanwhile, the partial acquisition approach based on the approved Medium-Term Expenditure Framework (MTEF) capital funds originating from the current SCAMP will continue.

Notwithstanding the complex challenges it faces, the SA Army remains committed to the achievement of its constitutional obligations. The SA Army will strive to improve further on service delivery within the limits of its budget. As the main landward component of the South African National Defence Force (SANDF), the SA Army has, and will continue to provide combat-ready forces to meet



the obligations and mandate of the DOD in order to support Government initiatives.

### Purpose of the Programme

The Landward Defence Programme provides prepared and supported landward defence capabilities for the defence and protection of South Africa.

### Subprogrammes

- Strategic Direction orchestrates, directs and controls the South African Army in the achievement of its mission.
- Infantry Capability provides mission-ready infantry capabilities.
- Armour Capability provides mission-ready armour capabilities.
- Artillery Capability provides mission-ready artillery capabilities.
- Air Defence Artillery Capability provides mission-ready air defence artillery capabilities.
- Engineering Capability provides mission-ready engineering capabilities.
- Operational Intelligence provides mission-ready operational intelligence capabilities.
- Command and Control Capability provides mission-ready tactical command and control capabilities for higher order user-systems (a combined force for deployment purposes) force preparation and employment.
- Support Capability provides operational-level support capabilities.

- General Training Capability provides operation-level general training capabilities.

### Measurable Objectives

The Landward Defence Programme contributes to the defence and protection of South Africa and its territory by:

- providing an infantry capability of three battalions<sup>14</sup> for external deployment, three companies for internal deployment, one air-landed battalion and two multi-role battalions in reserve, and four battalions<sup>15</sup> involved in exercises;
- exercising one tank squadron and one armoured-car squadron;
- exercising one composite artillery regiment and one light artillery battery with one light artillery battery in reserve;
- exercising one air-defence artillery regiment and one light air-defence artillery battery with one light air-defence artillery battery in reserve; and
- providing an engineering capability of three engineer squadrons for external deployment, one composite engineer squadron for internal deployment, and exercising one light (parachute) engineer squadron.

### Output Detail

Table 4.1 reports on all output, performance measures and targets specified in the Landward Defence Programme output table in the DOD's Strategic Business Plan FY 2008/09.

<sup>14</sup> In order to sustain three battalions, nine battalions had to be prepared.

<sup>15</sup> The force levels for Ex SEBOKA were reduced from three to two battalions, due to the availability of MSDS members. The total of four battalions for exercises was therefore reduced to three.

Table 4.1 Landward Defence Programme Output for FY 2008/09

| Output                                                  | Performance Measure                                      | Annual Target                                                                           | Actual Target Achievement                                                               | Reason(s) for Over/Under Achievement                                                       |
|---------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Infantry Capability</b>                              |                                                          |                                                                                         |                                                                                         |                                                                                            |
| Mechanised Capability                                   | Number of units prepared according to Force requirements | One battalion combat-ready for conventional exercises                                   | One battalion combat-ready for conventional exercises                                   | Achieved                                                                                   |
| Airborne Capability                                     | Number of units prepared according to Force requirements | One parachute battalion combat-ready for conventional exercises and for C SANDF Reserve | One parachute battalion combat-ready for conventional exercises and for C SANDF Reserve | Achieved                                                                                   |
| Motorised Capability                                    | Number of units prepared according to Force requirements | Three battalions combat-ready for peace support operations (sustained)                  | Three battalions combat-ready for peace support operations (sustained)                  | Achieved                                                                                   |
|                                                         |                                                          | Two battalions combat-ready for conventional exercises                                  | One battalions combat-ready for conventional exercises                                  | Partially achieved<br>One battalion withdrawn from Ex SEBOKA - lower force levels required |
|                                                         |                                                          | Two battalions combat-ready for internal reserve (sustained)                            | Two battalions combat-ready for internal reserve (sustained)                            | Achieved                                                                                   |
|                                                         |                                                          | Three companies combat-ready for internal deployment (sustained)                        | Three companies combat-ready for internal deployment (sustained)                        | Achieved                                                                                   |
| <b>Armoured Capability</b>                              |                                                          |                                                                                         |                                                                                         |                                                                                            |
| Tank Capability                                         | Number of units prepared according to Force requirements | One tank regiment (minus) combat-ready for conventional exercises                       | One tank regiment (minus) combat-ready for conventional exercises                       | Achieved                                                                                   |
| Armoured - Car Capability (including Anti-Tank Missile) | Number of units prepared according to Force requirements | One armoured car regiment (minus) combat-ready for conventional exercises               | One armoured car regiment (minus) combat-ready for conventional exercises               | Achieved                                                                                   |

| Output                                     | Performance Measure                                      | Annual Target                                                                                       | Actual Target Achievement                                                                           | Reason(s) for Over/Under Achievement |
|--------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------|
| <b>Artillery Capability</b>                |                                                          |                                                                                                     |                                                                                                     |                                      |
| Composite Artillery                        | Number of units prepared according to Force requirements | One composite artillery regiment (minus) combat-ready for conventional exercises                    | One composite artillery regiment (minus) combat-ready for conventional exercises                    | Achieved                             |
|                                            |                                                          | One light artillery battery combat-ready for C SANDF Reserve and for conventional exercises         | One light artillery battery combat-ready for C SANDF Reserve and for conventional exercises         | Achieved                             |
| <b>Air Defence Artillery Capability</b>    |                                                          |                                                                                                     |                                                                                                     |                                      |
| Composite Air-Defence Artillery Capability | Number of units prepared according to Force requirements | One air defence artillery regiment (minus) combat-ready for conventional exercises                  | One air-defence artillery regiment (minus) combat-ready for conventional exercises                  | Achieved                             |
|                                            |                                                          | One light air-defence artillery battery combat-ready for C SANDF Reserve and conventional exercises | One light air-defence artillery battery combat-ready for C SANDF Reserve and conventional exercises | Achieved                             |
|                                            |                                                          | One air-defence artillery battery for external deployment <sup>16</sup>                             | One air-defence artillery battery for external deployment                                           | Achieved                             |
| <b>Engineer Capability</b>                 |                                                          |                                                                                                     |                                                                                                     |                                      |
| Field Engineer Capability                  | Number of units prepared according to Force requirements | One engineer regiment (minus) combat-ready for conventional exercises                               | One engineer regiment (minus) combat-ready for conventional exercises                               | Achieved                             |
|                                            |                                                          | Three composite squadrons combat-ready for peace support operations (sustained)                     | Three composite squadrons combat-ready for peace support operations (sustained)                     | Achieved                             |
|                                            |                                                          | One composite squadron for internal deployment (sustained)                                          | One composite squadron for internal deployment (sustained)                                          | Achieved                             |

<sup>16</sup> Changes to DOD's Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 28).

| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Performance Measure                                      | Annual Target                                                                                             | Actual Target Achievement                                                                                 | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Field Engineer Capability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Number of units prepared according to Force requirements | One light (parachute) field-engineer squadron combat-ready for C SANDF Reserve and conventional exercises | One light (parachute) field-engineer squadron combat-ready for C SANDF Reserve and conventional exercises | Achieved                                                                                                                                                                                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                          | One composite engineer squadron combat-ready for internal Reserve (sustained)                             | One composite engineer squadron combat-ready for internal Reserve (sustained)                             | Achieved                                                                                                                                                                                                                                                                                                                         |
| <b>General Training Capability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                          |                                                                                                           |                                                                                                           |                                                                                                                                                                                                                                                                                                                                  |
| General training for Reserve and Regular members                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Number of learners on planned courses                    | (3 900 <sup>17</sup> )<br>5 195                                                                           | 3 714                                                                                                     | Partially achieved<br><br>Members withdrawn from courses due to various reasons<br><br>Some members did not report on some courses<br><br>Various courses cancelled due to insufficient nominations<br><br>This is a concern to the SA Army and C Army issued an instruction (SA ARMY/C DIR ARMY F PREP/R/103/1 dated 6 Mar 09). |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>The achievement of the Output (by strict prioritising and stringent control of resources) ensured that the Landward Defence Programme could provide prepared and supported landward defence capabilities for the defence and protection of South Africa. The SA Army remains committed to the achievement of its constitutional obligations, but is under-resourced in terms of its HR component, equipment, facilities and funding. The effect of resourcing only certain objectives at the cost of others will have a detrimental effect on the SA Army's capabilities in the medium-term.</p> |                                                          |                                                                                                           |                                                                                                           |                                                                                                                                                                                                                                                                                                                                  |



<sup>17</sup> Changes to DOD's Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 29).

**PLANNED EXERCISES (SERVICE UNIQUE)**

Table 4.2 provides feedback on Landward Defence Programme unique exercises that were planned for FY 2008/09.

**Table 4.2 Landward Defence Programme Planned Exercises (Service Unique) for FY 2008/09**

| Type of Exercise                                                                    | Target   | Actual Achievement                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise SEBOKA<br>(Conventional exercise preparation): 1 x Brigade (minus)         | October  | MSDS integration training on conventional SA Army objectives were achieved. However, integrated SA Army/ South African Air Force (SAAF) objectives were not achieved owing to the unavailability of strike aircraft. Only a bde (minus) could be exercised owing to the non-availability of PME and budget constraints |
| Exercise YOUNG EAGLE<br>(SANDF Reserve Contingencies): 1 x Airborne Brigade (minus) | November | MSDS integration Training on airborne objectives could not be achieved owing to the unavailability of transport aircraft and the physical conditions on the ground (wind)<br>All landward objectives for intervention were achieved                                                                                    |







*Programme 3: Air Defence*

## Chapter 5

### Programme 3: Air Defence

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#### Overview

In the year under review, the South African Air Force provided, prepared and supported air defence capabilities for the defence and protection of South Africa, and generated a total of 34 840 flying hours with no major aircraft accidents in the year. The Air Force Reserve Squadrons flew 2 706 hours (7.8% of the Air Force's total hours and 15% of the force utilisation hours). These hours included support to the contingents of the SANDF abroad, in support of Government initiatives.

Defence Diplomacy was high on the Air Force's priority list, with 362 hours flown transporting the President and Deputy President on external flights and a total of 1 570 hours flown by the VIP fleet. A total of 46 foreign visits took place during the year and the Air Force was involved in Defence Committee meetings with Spain, Namibia, Botswana, France, Mozambique, Lesotho and Vietnam to enhance co-operation between the various air forces. There were also inbound foreign working visits from Botswana, Namibia, Senegal, Ethiopia, Zimbabwe, Nigeria, Pakistan, Oman, Australia, Algeria and the USA.

The Air Force participated in joint-and-multinational exercises with the Singaporean Defence Force, the navies of South Africa, Brazil, India, Argentina, Uruguay, the United States (US) and the Namibian Air Force, while it also provided casualty evacuation standby services for the British Army during Exercise AFRICAN THORN. External support flights, totalling 1 213 flying hours took place to the Democratic Republic of Congo (DRC), Burundi, Sudan and the Central African Republic (CAR); helicopters were deployed at Kamina in the DRC, flying 435 hours, and 110 Protection Service personnel were deployed to Burundi in support of government initiatives.

The Africa Aerospace and Defence (AAD) Exhibition 2008 was hosted by the South African Air Force at Air Force Base (AFB) Ysterplaat, in September 2008. The South African National Defence Force (SANDF), together with the local Defence Industry, contributed to the success of the event, which was attended by representatives from 24 countries.

Interdepartmental support was given to the South African Police Service (SAPS) for border-control operations and during the xenophobia crisis, while humanitarian assistance such as fire-fighting operations was provided in the various provinces. Search-and-rescue flights for missing aircraft were conducted, and helicopters rescued four people in the mountains. Assistance was given with flood relief in the Western Cape, where 62 people had to be evacuated. Two tons of relief aid was delivered and drought-relief assistance was provided to local municipalities in the Eastern Cape. Interdepartmental exercises were held in preparation for top-level events, including the Fédération Internationale de Football Association (FIFA) Confederations Cup and the 2010 FIFA World Cup. These exercises resulted in an amendment to the Civil Aviation Regulations, to address the regulations and procedures for identification and interception of civilian aircraft.

The integration and operationalisation of the Strategic Defence Package aircraft continued and good progress was made with the Gripen advanced light fighter-aircraft programme, with six aircraft delivered by the end of FY 2008/09. Fighter training was completed with the delivery of 24 Hawk, which included 90% of air-and ground-crew training and logistics support elements. The new technologies and capabilities introduced into the Air Force by both Hawk and Gripen will considerably enhance the Air Force's ability to meet the national and Department of Defence's (DOD's) needs. The Agusta A109 helicopter fleet was increased to 27 of the full complement of 30 aircraft.

Alignment of strategy and plans received prominence during the reporting period by means of the implementation of the Balanced Scorecard (BSC). To execute the strategy at base and unit level, the Air Force has adopted the European Foundation for Quality Management (EFQM) model.

The transformation programme was again a high priority, and progress was made with overall black representation increasing by 1.9% to 68.7%, while black representation in the core strengthening increased by 1.5% to 50.1%. Overall women representation increased by 0.9% to 20.8%. Women representation at entry-level is to be raised to 40% to

improve growth. The number of MSDS in service in the Air Force increased from 893 to 1 100, with a race representation of 90.3% black and 9.7% white, and gender distribution of 29.5% women and 70.5% men.

The Reserves made a valuable contribution towards achieving the Air Force's objectives. The shortage of skilled personnel, caused by poor retention of personnel, was offset to a certain extent by the use of Reserve pilots including the command and control environment. In total 635 Reserve Force members generated 91 625 man-days for the year. In addition to the continuation of training of Air Force Reserve Squadrons, 40 Reservists attended courses which included basic military training, personnel courses, skills training and developmental courses.

Measures to improve asset management included the annual Supply Support evaluation of units, which showed an average compliance rate of 82.75%. The Auditor-General identified two units whose asset management practices were below standard. The self-accounting status of these units will be withdrawn and they will become ledger units of other self-accounting units. Downsizing of the Air Force's inventory progressed during the year with the present number of ledgers on various systems at 415 907 compared to 1 360 000 at the beginning of the downsizing process.

The main runway upgrade of AFB Waterkloof has progressed well and the expected completion date for the first phase is the end of June 2009. Owing to inadequate funding of facility maintenance and other issues between the DOD and the National Department of Public Works (NDPW), Occupational Health and Safety (OHS) issues (e.g. delegations and appointment of contractors), remained unresolved throughout the year.

The deterioration of facilities remains a major concern. Problems with facilities in dolomite areas led to the relocation of the Air Force Gymnasium to AFB Hoedspruit, to accommodate the Military Skills Development System (MSDS) basic training. Rehabilitation is in progress at the Air Force College, while the future of 68 Air School is still undecided. The possible relocation of AFB Durban to La Mercy requires urgent attention, to ensure continuity in operational air capabilities in KwaZulu-Natal and adjacent areas.

The skills losses continued unabated, and resulted in a decrease in experience levels within the Air Force.

Some critical skills are no longer readily available in the Air Force and need to be acquired from industry at exorbitant cost. To counter the loss of personnel, however, increased numbers of technicians are being trained, and high-level negotiations with role players in the aviation industry have been initiated to address a joint human resources strategy for training and the utilisation of scarce human resources.

The prolonged underfunding has caused an erosion of air weapon-system integration, which has created "bow waves". These have not been resolvable within present budget allocations and have led to sustainability issues. Ageing systems and the lack of funding for spares to repair these systems are in some cases aggravated by obsolescence to the extent that they are no longer supported by industry. The Air Force was not funded to operate the Strategic Defence Package aircraft at the intended rates. The contract, project and warranty-cover afforded the Hawk and Gripen Systems to date is rapidly coming to an end and available funds are insufficient to contract effectively in-service logistics support. To address this shortfall only ad hoc contracts can be entered into, which seriously impacted on aircraft availability. The underfunding also impacted on force preparation, to the extent that some competencies of air-and-ground crews were lost, resulting in specific capabilities not being available anymore. The funding of incentives from the operating budget at the expense of operating output also remains unresolved. To mitigate the impact, the Air Force has introduced various initiatives to improve affordability and efficiency, for example, the introduction of an economical side-by-side basic flying trainer and the increased utilisation of Reserves. The Air Force is also at present reviewing its force design and force structure to improve sustainability.

Notwithstanding the challenges experienced during the past year, the Air Force was to a large extent still able to meet its ordered commitments and required combat-readiness levels. This can be attributed to the dedication and commitment of its personnel. It enabled the Air Force to achieve 73% of the planned readiness of aircraft and aircrew availability and to fly 94.6% of the planned flying hours. In most cases where targets were not met, it could be attributed to a shortage of aircrew and experienced technicians, low-aircraft availability due to long lead times on spares, and protracted under-funding of capabilities.

Considerable progress was, however, made in areas such as human resource transformation and the

integration of the Strategic Defence Package. The ability to sustain further growth within the current financial allocation levels, however, remains under serious threat. The Air Force will not be able to meet its mandate in terms of defence or its support of Government initiatives in the medium-and-longer term, without adequate levels of funding being provided.

### Purpose of the Programme

The Air Defence Programme provides prepared and supported air-defence capabilities for the defence and protection of South Africa.

### Subprogrammes

- Strategic Direction formulates and controls strategies, policies and plans via the Air Force Office to prepare and provide the capabilities required by the Chief of the SANDF (C SANDF).
- Operational Direction provides operational direction to the programme by means of an air command.
- Helicopter Capability provides and sustains operationally-ready light utility helicopters, medium transport helicopters and combat-support helicopters, crewed by appropriately qualified personnel.
- Transport and Maritime Capability provides and sustains operationally-ready transport and maritime aircraft, crewed by appropriately qualified personnel.
- Air Combat Capability provides and sustains operationally-ready advanced light fighter-aircraft, light fighter-training aircraft, long-range transport aircraft, in-flight refuelling aircraft and electronic-warfare aircraft, crewed by appropriately qualified personnel.
- Operational Support and Intelligence Capability prepares, develops, provides and supports protection support, intelligence systems and counter-intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and air force-unique

intelligence training.

- Command and Control Capability supplies and maintains operationally-ready command and control elements in support of air battle-space operations.
- Base Support Capability provides air-base infrastructure facilities to squadrons and resident units on bases, including the maintenance of all relevant systems and personnel, to support flying operations.
- Command Post commands and controls all missions flown.
- Training Capability provides for the general education, training and development of South African Air Force personnel.
- Technical Support Services establishes, maintains and prepares optimised technical and tactical logistics-support capabilities to provide support to system groups and manage Air Service Units.

### Measurable Objectives

The Air Defence Programme contributes to the defence and protection of South Africa, its airspace and territory by:

- providing a helicopter capability of four mixed (medium-and-light) squadrons and one combat-support squadron;
- providing a transport and maritime capability of three medium-transport squadrons, one maritime and transport squadron, one light-transport squadron and nine Reserve squadrons;
- providing an air-combat capability of one combat squadron; and
- providing capacity for a 24-hour air command and control capability.

### Output Detail

Table 5.1 provides a detailed report on all output, performance measures and targets specified in the Air Defence Programme output table in the DOD's Strategic Business Plan FY 2008/09.



Table 5.1 Air Defence Programme Output for FY 2008/09

| Output                                                                                   | Performance Measure                                   | Annual Target                                               | Actual Target Achievement                        | Reason(s) for Over/Under Achievement                                                                                                                               |
|------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Helicopter Capability</b>                                                             |                                                       |                                                             |                                                  |                                                                                                                                                                    |
| Medium-and-Light Transport Capability<br>Combat-Support Capability                       | Number of flying hours                                | 10 730 flying hours                                         | 10 470 flying hours                              | Partially achieved<br>Low availability of air-and-ground crew due to resignations. Low aircraft availability due to skills shortages and long lead times on spares |
|                                                                                          | Aircraft availability according to Force Requirements | Four mixed (medium- and-light) squadrons                    | Four mixed (medium-and-light) squadrons          | Achieved                                                                                                                                                           |
|                                                                                          |                                                       | One combat support squadron                                 | One combat- support squadron                     | Achieved                                                                                                                                                           |
| <b>Transport and Maritime Surveillance Capability</b>                                    |                                                       |                                                             |                                                  |                                                                                                                                                                    |
| VIP Transport Capability<br>Medium-and-Light Transport Capability<br>Maritime Capability | Number of flying hours                                | (11 750 flying hours <sup>18</sup> )<br>12 978 flying hours | 12 845 flying hours                              | Substantially achieved<br>Minor deviation (1.9 %) was mainly due to scheduled and unscheduled maintenance and long lead times on aircraft spares                   |
|                                                                                          | Aircraft availability according to Force Requirements | Three medium-transport squadrons (one VIP)                  | Three medium- transport squadrons (one VIP)      | Achieved                                                                                                                                                           |
|                                                                                          |                                                       | One maritime surveillance and transport squadron            | One maritime surveillance and transport squadron | Achieved                                                                                                                                                           |
| VIP Transport Capability<br>Medium-and-Light Transport Capability<br>Maritime Capability | Aircraft availability according to Force Requirements | One light transport squadron                                | One light transport squadron                     | Achieved                                                                                                                                                           |
|                                                                                          |                                                       | Nine Air Force Reserve Squadrons                            | Nine Air Force Reserve Squadrons                 | Achieved                                                                                                                                                           |

| Programme 3: Air Defence |



<sup>18</sup> Changes to DOD's Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 30).



| Output                       | Performance Measure                                   | Annual Target       | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                 |
|------------------------------|-------------------------------------------------------|---------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Air Combat Capability</b> |                                                       |                     |                           |                                                                                                                                                                                                                                                                                                      |
| Medium-Fighter Capability    | Number of flying hours                                | 250 flying hours    | 325 flying hours          | Over-achieved Gripen hours for the year totalled 287 due to good system performance and to meet increased training requirements<br>Grand total of 325 includes 38 Cheetah hours flown before phase-out, and another 158 Cheetah hours flown in the Fourth Quarter for a weapons' development project |
|                              | Aircraft availability according to Force Requirements | One combat squadron | One combat squadron       | Achieved                                                                                                                                                                                                                                                                                             |



| Output                                            | Performance Measure                                                                            | Annual Target                 | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                   |
|---------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Air Base Support Capability</b>                |                                                                                                |                               |                           |                                                                                                                                                                        |
| Base Operational Airfield Systems                 | Percentage availability of runway and taxiway lighting required for SAAF operational readiness | (55 % <sup>19</sup> )<br>85 % | 71%                       | Partially achieved<br>Although planned percentage was not achieved, flying operations were not hampered<br>The main cause was unavailability of runway lighting spares |
| Base Operational-Support Capability, Fire Systems | Availability of air base operational services                                                  | 24-Hour availability          | 24-Hour availability      | Achieved                                                                                                                                                               |
| <b>Command and Control Capability</b>             |                                                                                                |                               |                           |                                                                                                                                                                        |
| Air Defence Management Capability                 | Number of mission-ready Mission Controllers                                                    | 20                            | 22                        | Over-achieved<br>Increase due to continued training effort necessary to meet requirements                                                                              |
|                                                   | Percentage availability of two mission-ready static control centres                            | 90 %                          | 90 %                      | Achieved                                                                                                                                                               |
|                                                   | Number of radar systems available                                                              | 10                            | 10                        | Substantially achieved                                                                                                                                                 |
| Air Traffic Management Capability                 | Number of mission-ready air traffic controllers                                                | 49                            | 43.25                     | Partially achieved<br>Resignations of air traffic controllers                                                                                                          |
|                                                   | Number of Air Traffic Service Units                                                            | Seven                         | Six                       | Substantially achieved<br>Shortage of personnel prevented activating the unit at AFB Waterkloof                                                                        |

<sup>19</sup> Changes to DOD's Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 31).

| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Performance Measure                                                  | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Air Traffic Management Capability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Number of mission- ready mobile towers                               | Two           | Two                       | Achieved                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Percentage availability of 26 mission-ready static navigational aids | 95 %          | 77 %                      | Partially achieved<br>Instrument Landing System at AFB Waterkloof not available due to work on the runway<br>Four non-directional beacons withdrawn from service |
| <b>Training Capability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                      |               |                           |                                                                                                                                                                  |
| General education, training and development of SAAF personnel                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Number of learners on planned courses                                | 4 421         | 2 101                     | Partially achieved<br>Courses in excess of requirements, lack of candidates, shortage of instructors, changes in syllabi, inappropriate targets                  |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>All the ENE Vote 19 Purpose, objectives and measures were achieved, i.e. by providing four helicopter squadrons and one combat-support squadron, three medium-transport squadrons, one maritime and transport squadron, one light-transport squadron and nine reserve squadrons, one air-combat squadron and a 24-hour air command and control capability. The Air Defence Programme was thus able to provide prepared and supported air-defence capabilities for the defence and protection of South Africa. The ability to sustain capabilities is, however, under serious threat at current financial allocation-levels. It is clear that, in the medium-and-longer term, the Air Force will not be able to meet its mandate in terms of defence, as well as its support to Government initiatives without adequate levels of funding.</p> |                                                                      |               |                           |                                                                                                                                                                  |

**PLANNED EXERCISES (SERVICE UNIQUE)**

Table 5.2 below, provides feedback on Air Defence Programme unique exercises that were planned for FY 2008/09.

**Table 5.2 Air Defence Programme: Planned Exercises (Service Unique) for FY 2008/09**

| Exercise: Name and Type                                 | Target                      | Actual Achievement                                                                                                                                                                                                                                |
|---------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| New Horizon (Air Defence Exercise)                      | September/October           | Replaced by Exercises Shield I – III, in preparation for the 2010 Fifa World Cup held in the Free State, Gauteng, Polokwane and the Western Cape province<br>During these joint-exercises doctrines and standard operating procedures were tested |
| Helicopter Airborne Assault Exercise (Exercise PANTHER) | July                        | Exercise PANTHER – planned for July 2008. The exercise was cancelled due to delays in the Rooivalk project                                                                                                                                        |
| Air-Power Demonstration                                 | Three days in May/September | Successfully held in May 2008. The September exercise was cancelled due to a clash in the dates with Africa Aerospace and Defence, and insufficient resources to conduct both events simultaneously                                               |





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*Programme 6: Maritime Defence*

## Chapter 6

# Programme 4: Maritime Defence

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### Overview

For the SA Navy FY 2008/09 was once again demanding, yet satisfying and successful. The SA Navy achieved and met most of its commitments. In some instances, the required readiness-levels were not met due to a shortage of personnel in various domains, under-funding, obsolete equipment and the availability of spares to effect repairs when required.

The SA Navy deployed abroad on four occasions during the course of the year, and hosted visiting ships from 10 different countries. These all contributed to enhancing naval relations and provided ideal opportunities for multinational exercises, as well as maintaining healthy international co-operation. The most notable foreign deployment was that of the Frigate, *SAS SPIOENKOP* to China (Operation CARAWAY). This deployment, in support of the Department of Foreign Affairs, contributed to the celebration of 10 years of diplomatic relations between the Republic of South Africa (RSA) and the People's Republic of China. The ship also visited Singapore, Vietnam, Malaysia, India and Mauritius.

The SA Navy contributed an average of 50 personnel to the various missions in Africa during FY 2008/09. The majority formed part of Operation CURRICULUM, in which a platoon from the Maritime Reaction Squadron's Naval Reaction Division was successfully deployed and rotated. Technical assistance was provided to Malawi and Mozambique. Learning opportunities were provided to 27 learners from Namibia and the Democratic Republic of Congo (DRC). The SA Navy further provided a Junior Staff and Warfare Course to 12 learners from eight South African Development Community (SADC) countries, and secretarial services to the Standing Maritime Committee of the Inter-state Defence Security Committee (ISDSC). The Working Group session, as well as the meeting of Chief Delegates was held in Angola, with the Chief of the Navy attending as a Chief Delegate. In compliance with its pledges to the SADC Brigade, the SA Navy also participated in the initial planning exercise held in Angola, in preparation of the Brigade Exercise scheduled for FY 2009/10. All these efforts contributed towards

the DOD's outcomes and have impacted positively on the achievement of Government's priorities.

Eight multinational naval exercises were conducted during the period under review. Most notable were the inaugural Ex IBSAMAR 1 (India, Brazil and RSA), Ex ATLASUR VII (Uruguay, Argentina, Brazil and RSA), Ex FLOWER (USA and RSA) and Ex LERU (Mozambique and RSA). All these exercises contributed to ensuring that the SA Navy remained abreast of world standards and imparted knowledge to navies in the region. Bilateral maritime/naval relations were enhanced through staff talks held with Brazil, India, Pakistan, the United States of America (USA) and the United Kingdom (UK), focusing on areas of co-operation and training. A process to formalise staff talks with SADC Standing Maritime Committee member states to enhance bilateral maritime relations with African navies, has also been initiated. Some of the foreign military dignitaries hosted by the Chief of the Navy included representatives from countries such as Chile, China, the DRC and Pakistan, while the Chief of the Navy also conducted goodwill visits to Argentina, Spain and the US. All these visits contributed positively to the enhancement of naval relations.

A successful 3<sup>rd</sup> Sea Power for Africa Symposium with the theme "Towards Effective Maritime Governance for Africa" was hosted in Cape Town in March 2009. A total of 33 African countries and 12 observer countries attended the symposium. Resolutions were formulated, mainly in terms of international, continental and regional co-operation, capability and force design, policy and governance, and consolidation of previous resolutions.

In terms of support to other government departments, the SA Navy has been fully involved in all the planning and relevant exercises to ensure proper preparedness for the 2010 Fédération Internationale de Football Association (FIFA) World Cup.

The most significant highlight during the period under review was the successful execution of the Presidential Fleet Review in Simon's Town to honour the Commander-in-Chief of the South African National Defence Force (SANDF). Over 500 key stakeholders, including 60 media

representatives, attended the event. Twelve SA naval vessels participated in the Presidential Fleet Review, which was followed by a parade addressed by the President. The event attracted significant positive media attention and served as an ideal platform to demonstrate the state of readiness of the SA Navy, as well as an “Employer of Choice” to the nation. The Chief of the SA Navy and his senior management team also hosted the new Minister of Defence (MOD), Mr Charles Nqakula, on board *SAS ISANDLWANA* in Durban on 10 October 2008, where he addressed the South African National Editor’s Forum during his first media-briefing since his appointment.

The SA Navy made good progress in the realisation of its Force Design. The last of the three Type 209 submarines, *SAS QUEEN MODJADJI 1*, was delivered in May 2008. This signified the completion of the acquisition of the Strategic Defence Packages for the SA Navy. In addition, the Lynx helicopter has also been fully integrated with the frigates. Other capital projects in the realisation of the Force Design have reached significant milestones in the documentation process, the most significant being the re-establishment of a mine-warfare capability, the replacement of patrol vessels and the hydrographic ship.

The Military Skills Development System (MSDS) programme in the SA Navy has facilitated the rejuvenation of the SA Navy over the years. This has, however, not fully satisfied the requirement for increasing demand in the Reserves. This is because the SA Navy has had to offer more of the MSDS recruits Core-Service System contracts than was anticipated, to cater for the large number of personnel who have left the service. The intervention has, however, ensured that the SA Navy has made good progress in meeting the demographic targets, although representation in the middle-management sector of the SA Navy still requires further attention. The SA Navy continued to utilise Reserves extensively to address certain areas of critical capacity. A total of 60 359 man-days were utilised to satisfy force preparation and force support requirements. On average, the SA Navy has had 230 Reserves on active duty, serving at sea and ashore in support of its mandate.

The SA Navy has expended 100% of its budget for FY 2008/09. This is mainly due to adherence to the Plan, thus ensuring compliance with the Public Finance Management Act (PFMA) and measures instituted by the Chief of the SA Navy, to ensure expenditure of the budget.

The SA Navy continues to face many challenges, especially the critical shortage of technical personnel, submariners and divers, as well as retaining those remaining with these specialist skills within the organisation. This, coupled with the exorbitant cost of maintenance, repair and support of prime-mission equipment with an insufficient budget allocation, will place further strain on the SA Navy, and it is unlikely that the latter will be able to meet all its objectives in the future. The fact that the SA Navy continued to achieve its objectives, regardless of the many challenges it has encountered, is reflective of the quality and commitment of the men and women who serve in the organisation. The SA Navy remains committed to pursuing its primary objective in providing a credible maritime defence to the people of the RSA.

### **Purpose of the Programme**

The Maritime Defence Programme provides prepared and supported maritime defence capabilities for the defence and protection of the RSA.

### **Subprogrammes**

- Maritime Direction provides strategic direction within the programme by formulating and controlling strategies, policies, plans and advice to prepare and provide the maritime capabilities required by the Chief of the SANDF.
- Maritime Combat Capability provides prepared and supported maritime combat capabilities in accordance with the approved force design.
- Maritime Logistic Support Capability provides a maritime logistic support capability to the approved force design and complies with ordered operational commitments.
- Maritime Training Capability ensures that the maritime combat capability requirements are met by providing trained full-time and reserve personnel.
- Base Support Capability provides a general base-support capability for the fleet, ships, shore units and other identified clients.

### **Measurable Objectives**

The Maritime Defence Programme contributes to the defence and protection of South Africa, its maritime zones and territory by:

- providing a surface-combat capability of four frigates, one combat-support vessel, three inshore patrol vessels, three offshore patrol vessels and a maritime reaction squadron;

- providing a subsurface combat capability of three submarines; and
- providing a mine countermeasure capability of two mine countermeasure systems to ensure safe access to the RSA's harbours, and where mine clearance may be required.

**Output Detail**

Table 6.1 provides a report on all output, performance measures and targets, specified in the output table in the Maritime Defence Programme Strategic Business Plan for FY 2008/09.

**Table 6.1 Maritime Defence Programme Output for FY 2008/09**

| Output                                | Performance Measure                                                                 | Annual Target                               | Actual Target Achievement     | Reason(s) for Over/Under Achievement |
|---------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------|--------------------------------------|
| <b>Maritime Combat Capability</b>     |                                                                                     |                                             |                               |                                      |
| Surface Combat Capability             | Number of vessels prepared according to Force requirements                          | Four frigates                               | Four frigates                 | Achieved                             |
| Combat Support and Sealift Capability | Number of vessels prepared according to Force requirements                          | One combat support vessel                   | One combat support vessel     | Achieved                             |
| Maritime Reaction Squadron Capability | Number of Operational Boat Squadrons (OBS) prepared according to Force requirements | One OBS                                     | One OBS                       | Achieved                             |
|                                       | Number of maritime reaction force platoons prepared according to Force requirements | Three platoons                              | Three platoons                | Achieved                             |
|                                       | Number of operational diving teams prepared according to Force requirements         | Three teams                                 | Three teams                   | Achieved                             |
| Patrol Capability                     | Number of patrol vessels prepared according to Force requirements inshore           | Three inshore patrol vessels                | Three inshore vessels         | Achieved                             |
|                                       |                                                                                     | Three offshore patrol vessels <sup>20</sup> | Three offshore patrol vessels | Achieved                             |
| Submarine Warfare Capability          | Number of submarines prepared according to Force requirements                       | Three submarines                            | Three submarines              | Achieved                             |

<sup>20</sup> Changes to the DOD's Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 32)

| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Performance Measure                                        | Annual Target                       | Actual Target Achievement           | Reason(s) for Over/Under Achievement                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mine Warfare Capability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Number of systems prepared according to Force requirements | Two mine warfare systems            | Two mine warfare systems            | Achieved                                                                                                                                                                                         |
| Hydrographic Services Capability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Number of units prepared according to Force requirements   | One vessel                          | One vessel                          | Achieved                                                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                            | One mobile hydrographic survey team | One mobile hydrographic survey team | Achieved                                                                                                                                                                                         |
| <b>Maritime Training Capability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                            |                                     |                                     |                                                                                                                                                                                                  |
| General education, training and development of Navy personnel                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Number of learners on planned courses                      | 4 673                               | 3 225                               | Partially achieved<br><br>65 Military Training for Ratings learners declared medically unfit and seven withdrew<br>Many members not available for courses due to shortages in critical mustering |
| <b>Base Support Capability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                            |                                     |                                     |                                                                                                                                                                                                  |
| Base Support Capability in Simon's Town, Durban and Port Elizabeth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Compliance with client requirements                        | 100 %                               | 100 %                               | Achieved                                                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                            | One Naval Base                      | One Naval Base                      | Achieved                                                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                            | Two Naval Stations                  | Two Naval Stations                  | Achieved                                                                                                                                                                                         |
| <b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                            |                                     |                                     |                                                                                                                                                                                                  |
| <p>The Maritime Defence Programme has, through the achievement of its output ensured that prepared and supported maritime defence capabilities for the defence and protection of the RSA, were provided. The critical shortage of skills, coupled with the exorbitant cost of maintenance, repair and support of PME with an insufficient budget allocation, will place an ever-increasing demand on the SA Navy and it is unlikely that the SA Navy will be able to meet all its objectives in the medium-term. The SA Navy, however, remains committed to pursuing its primary objective in providing a credible maritime defence to the people of the RSA.</p> |                                                            |                                     |                                     |                                                                                                                                                                                                  |



**PLANNED EXERCISES (SERVICE UNIQUE)**

Table 6.2 below, provides feedback on Maritime Defence Programme unique exercises that were planned for FY 2008/09.

**Table 6.2 Maritime Defence Programme Planned Exercises (Service Unique) for FY 2008/09**

| Type of Exercise                                         | Target                | Actual Achievement                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise RED LION:<br>Annual Task Force exercise         | September/<br>October | Partially achieved<br>Annual exercise to enable individual ships to operate in a Task Group<br>Due to shortages in personnel and maintenance issues with the ships, the sea phase of this exercise did not take place.<br>However, the shore phase, which normally precedes the sea phase to prepare the personnel in all the various procedures, did take place |
| S103: Escort the third submarine from Germany to the RSA | April                 | Achieved<br>The <i>SAS QUEEN MODJADJI 1</i> was escorted successfully from Kiel in Germany to Simon's Town by the <i>SAS PROTEA</i> , arriving on 22 May 2008                                                                                                                                                                                                    |
| Exercise BELL BUOY:<br>NCAGS exercise                    | April                 | Achieved<br>This is a multinational Naval Control and Guidance of Shipping exercise<br>The SA Navy participated in this exercise by sending a representative to Hawaii                                                                                                                                                                                           |
| DIVEX. Annual diving exercise                            | September             | Not achieved<br>This is an annual diving exercise involving Regular and Reserve divers in all aspects of diving<br>It did not take place due to insufficient diving supervisors to ensure proper supervision of divers, which would compromise safety                                                                                                            |





*Programme 5: Military Health Support*

## Chapter 7

# Programme 5: Military Health Support

### Overview

The Military Health Support Programme met most of the demands for operational support, force utilisation and support to other government departments. The South African Military Health Service (SAMHS) instituted management interventions during the financial year 2008/09 in alignment with the priorities of the Minister of Defence, the Secretary for Defence and the Strategic Planning Guidelines of the Chief of the SANDF (C SANDF). The Surgeon-General's Intent formalised the SAMHS's strategic direction and directed the management interventions to sustain current performance and address risks that pose a threat to performance.

The SAMHS's engagements with foreign countries increased as part of Government's broader foreign policy. The Surgeon-Generals of China, Algeria and Germany visited the SAMHS. The SAMHS's members were utilised in United Nations and African Union posts and participated in foreign learning opportunities, such as the Field Hospital Course in China. Several foreign students were accommodated in various SAMHS learning opportunities. The SAMHS's specialised courses in the Law of Armed Conflict and battlefield trauma are in high demand for presentation under the aegis of the International Congress for Military Medicine, and the Pan African Congress for Military Medicine. The SAMHS initiated the establishment of a South African Development Community (SADC) Military Health Service Doctrine Work Group to explore operational health doctrines. A workshop was held for the Africa Aerospace and Defence Exhibition 2008 with representatives from SADC, UNAIDS, the World Health Organisation (WHO), invited academics and members of the Department of Defence (DOD). During the Non-proliferation Council of SA's Chemical Weapons Convention, the SAMHS presented the Chemical Protection Course for African State Parties.

The SAMHS participated fully and made valuable contributions to the National Health Cluster. The signing of the Memorandum of Collaboration between the DOD and the Department of Health in KwaZulu-Natal has paved the way for renewed and formalised co-operation between the two

departments. The agreement of co-operation between the SAMHS and the Order of St John was renewed, thereby confirming close co-operation between the two organisations.

Medical officers from the Reserves provided health support to the Mpumalanga Department of Health during shortages of healthcare workers at the Rob Ferreira Hospital in Nelspruit. Health services were provided to 1 200 displaced foreign nationals in the Western Cape. The collateral utility of SAMHS members was practised during an interdepartmental simulation exercise of an aircraft crash. The development of military communities had been focus areas through increased health and psychosocial prevention and promotion actions. Optimisation of health assessments and conversions has continued to improve the readiness of the South African National Defence Force (SANDF). The chemical, biological and radiation defence capability for the 2010 Fédération Internationale de Football Association (FIFA) World Cup was developed, and training conducted according to plan.

The SAMHS Command Council incorporated the SAMHS Accountability Management Committee to establish a firm base to perform strategic functions, and to ensure governance and accountability. The risks were addressed by means of master plans ie the Human Resources and Facility Master Plan. Interventions to address the recruitment and retention of healthcare practitioners continued to be instituted. The phasing in of procurement and replacement of obsolete equipment ie mobile evacuation product systems such as ambulances, has shown steady progress. The modernisation and migration of obsolete health information systems into electronically-operated systems are beginning to yield results.

The SAMHS interventions to improve the service conditions of healthcare practitioners as part of the recruitment and retention strategy are of note. The SAMHS has continued to highlight the shortage of healthcare practitioners, specifically with regard to the increased demand for operational deployments. This strategic issue will directly impact on the state of readiness of the DOD. The increasing recruitment and utilisation of Military Skills Development System (MSDS) members in an effort to rejuvenate

the SAMHS was another focus area. The SAMHS MSDS strategy was revised and amended. The strategic decision to train more MSDS members as emergency care technicians has increased the SAMHS's capacity in terms of these scarce skills. These members will be utilised during the 2010 FIFA World Cup and, thereafter, be included in the Reserves as SAMHS's contribution to the "Core Growth - One-Force" concept. The appointment of identified MSDS members in the Core Service System further contributed to the rejuvenation of the SAMHS. The SAMHS contributed to gender mainstreaming by effecting more appointments of female members in management posts. The development of a SAMHS Human Resources Strategy will be monitored relentlessly to improve overall human resource management and the retention of scarce skills human resources.

The training capability of the SAMHS was identified as a priority area of focus. Human and financial resources were made available to the training capability to expand and ensure quality of training. Progress has been made in terms of the procurement of temporary infrastructure for accommodation and the appointment of critical instructors. The School for Military Health Training in Pretoria received accreditation with the Health Professionals Council of SA, for the presentation of the Emergency Care Technician Programme. The industrial and research intern programmes at the Military Psychological Institute were rated by independent consultants for the Health Professionals Council of South Africa, as the best in South Africa. Various universities have subsequently approached the SAMHS to accommodate their Masters degree students in these programmes.

The deployment of some categories of healthcare practitioners ie medical, environmental health and psychology officers have impacted on health service delivery, and the ability to meet the demands for external deployments. The critical human resource shortages pose challenges for the effective implementation of HIV/Aids programmes. The overburdening of healthcare practitioners continued to be a risk, and innovative mitigating actions were put in place to address this risk. Presentations for a unique military health service allowance have been made to the strategic forums of the DOD. It is envisaged that the ministerial drive for a uniform allowance for healthcare practitioners will contribute to possible recruitment successes in the future.

The SAMHS is faced with increasing demands for operational support and base orientated services that need to be provided in a challenging financial environment. To answer the strategic intent of the

SAMHS, the following developments are evaluated as being priorities: the acquisition of four field hospitals, development of the landward vehicle projects to provide the necessary operational ambulance and health support vehicles, renewal of main medical equipment for operational and base orientated infrastructure, the procurement of an integrated air medical evaluation and training system, as well as the renewal of health facilities to render a world-class military health service to patients.

The SAMHS turnaround strategy for facility management has yielded results. The Repair and Maintenance Programme (RAMP) at the three military hospitals has progressed in spite of challenges. Furthermore, the SAMHS has prioritised its budget to repair its decentralised healthcare facilities. Approval was obtained to build a new medical depot for the safekeeping and warehousing of pharmaceuticals and sundries, according to international standards. The improvement of asset and resource management was addressed through increased audits, and the investment of funds to secure state property.

The interventions to stimulate recruitment and develop the Reserves to contribute to the "one force" concept have yielded positive results. The current strength of the Reserves in SAMHS is 1 616 members, of which 835 are men and 781 women. The SAMHS Reserve Battalion Groups have employed 214 Reserves, of which six have been deployed on external missions. Establishing satellite units in Durban and Cape Town will extend the University Reserve Training Unit pilot scheme. In spite of challenges, 262 Reserves were mission-ready trained. The possibility of decentralised and modular training to ensure accessibility of training is under investigation. The Reserves require a bigger MSDS throughput to achieve the needed rejuvenation, while the ability to recruit and retain highly-skilled healthcare practitioners in the Reserves continued to be a challenge.

The main issue affecting the output and achievement of objectives of the SAMHS is the high turnover, and subsequent understaffing of healthcare practitioners. The SAMHS is challenged to maintain the motivation of the remaining healthcare practitioners. During the upgrading process at the three military hospitals, the SAMHS was successful in continuing to render a military health service, and to minimise the impact on patients as far as possible. The unavailability of a technical support capability has, however, impacted negatively on facility management, the maintenance of vehicles and the



serviceability of medical equipment. The SAMHS is planning a Technical Support Unit to address this challenge. The safeguarding of state property and assets in the SAMHS remains a problem and various interventions are being considered.

During FY 2008/09, the SAMHS has continued with the growth and development from past financial years. The performance gaps and areas of concern were addressed to ensure that the SAMHS maintains its momentum in improving military healthcare service delivery, as a critical role player in the force-readiness of the SANDF. The SAMHS remains committed to the full execution of its purpose and objectives, in spite of the challenges it is facing.

### Purpose of the Programme

The Military Health Support Programme provides prepared and supported health capabilities and services for the defence and protection of South Africa.

### Subprogrammes

- Strategic Direction formulates strategy, policies and plans, and gives advice from the Surgeon-General's office to prepare and provide the capabilities required by the Chief of the SANDF.
- Mobile Military Health Support provides medical support elements for deployed and contingency forces.
- Area Military Health Service provides a comprehensive, self-supporting, multi-disciplinary military health service, through a headquarters commanding and controlling nine area military health units, to ensure a healthy military community.
- Specialist/Tertiary Health Service provides a specialist health service to ensure the

development and maintenance of tertiary military health capabilities, within the parameters of relevant legislation as contained in the South African Military Health Service Strategy.

- Military Health Product Support Capability provides for the warehousing of pharmaceuticals, sundries, military health mobilisation equipment, and unique stock, the procurement of unique military health products, materials and services, an asset management service, military health product systems and co-operative common military health logistics.
- Base Support Capability provides general base support services to identified units and identified clients to sustain and maintain the approved force design and structure.
- Military Health Training Capability provides a military health training service to ensure the development and maintenance of military health training capabilities, within the parameters of relevant legislation and policies.

### Measurable Objectives

The Military Health Support Programme contributes to the defence and protection of South Africa by:

- providing medical support elements for deployed and contingency forces consisting of five medical battalion groups, including one specialist medical battalion group; and
- providing a comprehensive multi-disciplinary health service to a patient population of 230 000.

### Output Detail

Table 7.1 below provides details on the Military Health Support Programme's output, performance measures and targets specified in the output table in the DOD's Strategic Business Plan FY 2008/9.



Table 7.1 Military Health Support Programme Output for FY 2008/9

| Output                                           | Performance Measure                                                                      | Annual Target                            | Actual Target Achievement                        | Reason(s) for Over/Under Achievement                                                                                                                                           |
|--------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mobile Military Health Support Capability</b> |                                                                                          |                                          |                                                  |                                                                                                                                                                                |
| Combat-Ready Medical Elements                    | Number of units <sup>21</sup> prepared according to Force requirements                   | One conventional medical battalion group | One conventional medical battalion group (minus) | Partially Achieved<br><br>Insufficient availability of health-care practitioners to sustain the overall demand, as well as unserviceability of obsolete main medical equipment |
|                                                  |                                                                                          | One specialist battalion group           | One specialist battalion group (minus)           | Partially Achieved<br><br>Shortages of healthcare practitioners, as airborne and parachute qualified members, as well as unserviceability of obsolete main medical equipment   |
|                                                  |                                                                                          | Three Reserve medical battalion groups   | Three Reserve medical battalion groups (minus)   | Partially achieved<br><br>Loss of skills and low-level of staffing                                                                                                             |
| <b>Area Military Health Service</b>              |                                                                                          |                                          |                                                  |                                                                                                                                                                                |
| Geographic Military Health Service Capability    | Number of units providing Military Health Service in accordance with client requirements | Nine Area Health Units                   | Nine Area Health Units                           | Achieved                                                                                                                                                                       |
|                                                  |                                                                                          | 28 Health Centres                        | 28 Health Centres                                | Achieved                                                                                                                                                                       |
|                                                  |                                                                                          | 29 Sickbays                              | 29 Sickbays                                      | Achieved                                                                                                                                                                       |

<sup>21</sup> All units are Regular unless indicated otherwise

| Output                                        | Performance Measure                                                                      | Annual Target                                | Actual Target Achievement                    | Reason(s) for Over/Under Achievement                                                                                                                            |
|-----------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Geographic Military Health Service Capability | Number of units providing Military Health Service in accordance with client requirements | Three Base Hospitals                         | Three Base Hospitals                         | Achieved<br><br>The Langebaan Military Base Hospital is not yet operational<br>The tender was approved for its upgrade and maintenance was awarded in FY 2008/9 |
|                                               |                                                                                          | Six Oral Health Clinics                      | Six Oral Health Clinics                      | Achieved                                                                                                                                                        |
|                                               |                                                                                          | 39 Military Medical Clinics                  | 39 Military Medical Clinics                  | Achieved                                                                                                                                                        |
|                                               |                                                                                          | Three Community Centres                      | Three Community Centres                      | Achieved<br><br>Limited services delivered due to human resource shortages                                                                                      |
|                                               |                                                                                          | Five Occupational Health and Safety Centres  | Five Occupational Health and Safety Centres  | Achieved<br><br>Not all demands for services were met due to human resource shortages                                                                           |
|                                               |                                                                                          | Four PHIDISA Clinics                         | Four PHIDISA Clinics                         | Achieved                                                                                                                                                        |
|                                               |                                                                                          | A multi-disciplinary Military Health Service | A multi-disciplinary Military Health Service | Achieved<br><br>Most of the demands for health service delivery were met despite shortages of healthcare practitioners                                          |

| Output                                                                                     | Performance Measure                                                                                              | Annual Target                | Actual Target Achievement    | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Geographic Military Health Service Capability                                              | Number of patients treated                                                                                       | 701 500                      | 973 800                      | Over-achieved<br><br>Increased demand for Health Services During 973 800 consultations, a total of 554 034 patients were treated The performance indicator should have been formulated as the “number of consultations” and not “number of patients treated” to address the set target |
| <b>Specialist/Tertiary Military Health Service</b>                                         |                                                                                                                  |                              |                              |                                                                                                                                                                                                                                                                                        |
| A tertiary military health capability for the SANDF, Government-approved patients and VIPs | Compliance with operational-readiness requirements of Military Hospitals in Pretoria, Cape Town and Bloemfontein | 100%                         | 100%                         | Achieved<br><br>In spite of a shortage of specialist healthcare practitioners at military hospitals                                                                                                                                                                                    |
|                                                                                            |                                                                                                                  | One Presidential Health Unit | One Presidential Health Unit | Achieved<br><br>In spite of human resource shortages                                                                                                                                                                                                                                   |



**| Department of Defence |**

| Output                                                                                                                               | Performance Measure       | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A tertiary military health capability for the SANDEF, Government-approved patients and VIPs<br>Government-approved patients and VIPs | Number of in-patients     | 29 000        | 23 587                    | Partially Achieved<br><br>All the demands as well as requirements were met. Due to the impact of the RAMP, outsourcing took place of the patients who could not be treated in the military hospitals     |
|                                                                                                                                      | Out-patient consultations | 440 000       | 332 500                   | Achieved<br><br>All the demands as well as requirements were met<br>There was an increase of 26 601 in the number of outpatient consultations from the previous year, in spite of the impact of the RAMP |



| Output                                                            | Performance Measure                                                                                                                | Annual Target                                                                           | Actual Target Achievement                                               | Reason(s) for Over/Under Achievement                                                                                                                                                          |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| An aviation health capability and service for the SANDF           | Number of aviation medical confirmations for the South African Air Force (SAAF) and South African Civil Aviation Authority (SACAA) | (22 000 <sup>22</sup> )<br>15 000                                                       | 11 775                                                                  | Partially Achieved<br>All the demands required for aviation medical confirmations for the SAAF and the SACAA were met                                                                         |
|                                                                   | Availability of air evacuation teams                                                                                               | 24-hour availability                                                                    | 24-hour availability                                                    | Achieved                                                                                                                                                                                      |
| Psychological assessments and research and development capability | Number of units providing psychological assessments and research and development capability                                        | One Military Psychological Institute                                                    | One Military Psychological Institute                                    | Achieved<br>The low staffing levels and the loss of senior and experienced personnel had significant implications for workflow, intellectual capacity and the continuity of service rendering |
|                                                                   | Conformance to Code of Good Research Practice and Ethical Conduct                                                                  | 100 % compliance with research requirements issued by Surgeon-General (SG) and clients  | 90 % compliance with research requirements issued by the SG and clients | Substantially achieved<br>Shortage of healthcare practitioners, especially psychologists                                                                                                      |
| A maritime health capability and service for the SANDF            | Availability of a medical officer at Navy decompression facility                                                                   | 24-hour availability                                                                    | 24-hour availability                                                    | Achieved                                                                                                                                                                                      |
|                                                                   | Compliance with required number of health assessments                                                                              | (600 diving and submarine medicals <sup>24</sup> )<br>300 diving and submarine medicals | 314 diving and submarine medicals                                       | Overachieved<br>Due to increased demand for diving and submarine medicals from the SA Navy                                                                                                    |
| A veterinary health capability for the SANDF and SAPS as required | Number of units providing a veterinary health service in accordance with client requirements                                       | Two Animal Health Centres                                                               | Two Animal Health Centres                                               | Achieved                                                                                                                                                                                      |

<sup>22</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 33).



| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Performance Measure                                                                          | Annual Target                        | Actual Target Achievement            | Reason(s) for Over/Under Achievement                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Product Support Capability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                              |                                      |                                      |                                                                                                                                                                                                             |
| Pharmaceutical and sundries warehousing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Number of units providing a product support capability in accordance with SANDF requirements | One Military Health Depot            | One Military Health Depot            | Achieved                                                                                                                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                              | One Military Health Procurement Unit | One Military Health Procurement Unit | Achieved                                                                                                                                                                                                    |
| Mobilisation and unique stock warehousing                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Readiness and availability of unique stock                                                   | 80 % within six months               | 85 % within six months               | Overachieved                                                                                                                                                                                                |
| SAMHS unique products, materials and services procurement capability and service and Electro-Medical Equipment asset management                                                                                                                                                                                                                                                                                                                                                                                         | Availability of depot items                                                                  | 100 % within 10 weeks                | 100 % within 10 weeks                | Achieved                                                                                                                                                                                                    |
| Electro-Medical Equipment asset management                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Compliance with statutory medical equipment service requirements                             | 100 %                                | 50 %                                 | Partially achieved<br>Human resource shortages impact on the execution of bi-annual verification of the Electro-Medical Equipment MSDS members were utilised to address the current shortages               |
| <b>Military Health Training Capability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                              |                                      |                                      |                                                                                                                                                                                                             |
| Trained SAMHS personnel in specialist areas                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Number of learners on planned courses                                                        | 4 360                                | 4 096                                | Partially achieved<br>The lack of instructors to present practical application of combat-ready drills and-related topics resulted in the cancellation of practical courses<br>Fewer learners were on course |
| <b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b>                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                              |                                      |                                      |                                                                                                                                                                                                             |
| <p>The various levels of achievements of the Output of the Military Health Programme has ensured that the Military Health Support Programme could still provide prepared and supported health capabilities and services for the defence and protection of South Africa as was required. The SAMHS remains committed to the full execution of its purpose and objectives, in spite of challenges with regard to the recruitment and retention of healthcare practitioners and the replacement of obsolete equipment.</p> |                                                                                              |                                      |                                      |                                                                                                                                                                                                             |

**PLANNED EXERCISES (SERVICE UNIQUE)**

Table 7.2 provides feedback on Military Health Support Programme Force unique exercises that were planned for FY 2008/9.

**Table 7.2 Military Health Support Programme Planned Exercises (Service Unique) for FY 2008/9**

| Type of Exercise                    | Target                | Actual Achievement                                                                                                                                                                                                                                                  |
|-------------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise LANCET: Force preparation  | September to November | Exercise took place over the period 29 September to 1 November 2008, and successfully evaluated the SAMHS capabilities with the focus on the human resource structure of the level 2 Field Hospital and the combat-readiness of the personnel of the field hospital |
| Exercise WAYSIDE: Force preparation | August/September      | The Chemical Biological Wing of 7 Medical Battalion Group successfully executed three training exercises during August and September 2008 in preparation for the Confederations Cup and the 2010 FIFA World Cup                                                     |







*Programme 8: Defence Intelligence*



## Chapter 8

# Programme 6: Defence Intelligence

### Overview

The Defence Intelligence Division (DI Div) has retained its position as the major intelligence provider in South Africa. The Division ensured adherence to its mandate of conducting intelligence on foreign military forces and their intentions.

The Defence Intelligence (DI) strategic programme, TAPESTRY 2025, was approved by the Chief of Defence Intelligence in August 2008, and implementation thereof commenced immediately. The programme will guide DI through the ever-changing strategic environment and the challenges of the DOD's internal environment. This document seeks to develop and maintain DI as the premier intelligence organisation of the Republic of South Africa (RSA), dedicated to serving its primary client, the DOD.

DI remained involved in the peace processes in Africa, in support of the South African government's peace initiatives, by providing intelligence on the current security situation and by being directly involved in peace talks. DI's involvement in, inter alia, the monitoring of the Angolan and Zimbabwean elections, and involvement in reform processes in the Democratic Republic of Congo (DRC) and Mozambique ensured that its personnel developed new skills that can be used in future. The involvement mainly centres on the training of military intelligence personnel of various countries, both in South Africa and in the members' own countries. Intelligence functionaries were also deployed to the DOD's external missions in Burundi, the Central African Republic (CAR), the DRC and Sudan.

At regional level, DI participated in various forums and processes eg the South African Development Community (SADC) Defence Sub-Committee and the SADC Defence Intelligence Standing Committee (DISC), in which common issues of security and governance were discussed. DI was also involved in meetings of the DISC Technical Sub-Committee on the Regional Intelligence Estimate. The process of writing the Regional Intelligence Estimate proceeded well and a comprehensive estimate was compiled. The Regional Intelligence Estimate was presented at the DISC meeting in April 2009. Several briefings

were also presented to (and received from) visiting international intelligence delegations.

During the year under review, DI conducted a number of intelligence exchange meetings with intelligence services in Africa and the rest of the world. These intelligence exchanges were successful in that they confirmed the intelligence assessments on global issues, and served to strengthen relations between DI and its strategic partners.

The DI Annual Assessment, formerly known as the DI Estimate, was used as an input to the National Intelligence Estimate at the National Intelligence Co-ordinating Centre (NICOC), as well as the Defence Environmental Scan. DI's support to NICOC ran smoothly and elicited positive feedback from the Co-ordinator for Intelligence. Integrated intelligence within the NICOC environment was promoted by the participation of DI members in a number of integrated departmental task teams and workshops. DI members also participated in NICOC Heads of Analysis discussion meetings.

Intelligence products were disseminated throughout the year according to the production schedule, as well as ad hoc products that were dictated by security developments on the continent and Internationally. Through briefings to the President, the Council on Defence and the Inter-Ministerial Security Committee, DI executed its mandate to provide defence-related national strategic intelligence to the highest level of decision-making. Various impromptu briefings and products were provided in flashpoint areas. Briefings were, inter alia, given to the Minister of Defence, the Joint Emergency Evacuation Committee, the Inspector-General of Intelligence and J Ops Div. Internally, the South African National Defence Force (SANDF) DI continued to engage J Ops Div by aligning its operational and intelligence requirements.

In accordance with the Intelligence Services Oversight Act, (Act 40 of 1994), the Inspector-General of Intelligence proceeded with his legal obligation to monitor DI's compliance with applicable laws and policies, and to review DI's activities. The process culminated in the issuing of an Inspector-General of Intelligence certificate



on DI to the Minister of Defence. The certificate indicated some shortcomings in DI. These will be attended to in the coming year. DI has continued with the improvement of the collection of information. Examples of the effort are the improved ability to predict the position of vessels along the SA coastline and the continuation of overt liaison as a collection activity in countries of interest.

DI continued to participate in the development of the Further Education and Training Certificate for Military Operations at National Qualification Framework Level 4, and completed the programme content for the Unit Standard “Describe Security Awareness Practices within the South African Statutory Environment”. Computer-based training facilities were established at the South African DI College that has commenced with the rollout of the newly-registered National Qualification Framework (NQF) Level 5 Certificate in Statutory Intelligence Practice.

DI also encountered challenges in carrying out its mission. The setting of training standards under the auspices of the Standards Generating Body for Statutory Intelligence remains a challenge. Programme development, the registration of unit standards and the revision of either qualifications or unit standards were addressed through a task team concept, in which the interested role players were co-opted within the task team to address the requirements. This resulted in a pilot course that was successfully presented over the period April to December 2008. The course has, however, not yet been accredited by the Safety and Security Sector Education and Training Authority (SASSETA) despite a verification visit in March 2009.

One of the major obstacles experienced by DI (the lack of language capabilities needed to be conversant in locally spoken languages) received attention during the past year and groups of DI members were trained in some of the most common languages spoken in the areas where SANDF members were deployed.

The aspects that are influencing the retention of DI members have not changed over the years. Qualified DI members still exited the organisation, partly due to discrepancies with remuneration packages offered

by both the private sector and other government organisations. A new remuneration dispensation for the SANDF was proposed to address this challenge, but due to funding limitations it has not been implemented yet. In the mean-time, the high personnel turnover rate, as well as the low staffing percentage, could negatively affect intelligence production in the long term.

Despite these challenges, DI remained one of the key role players in the South African Government's efforts to help stabilise Africa, and bring peace to the continent through its international contacts and good relationships with other intelligence organisations, both within and outside the borders of the RSA.

### **Purpose of the Programme**

The DI Programme provides a defence intelligence and counter-intelligence capability.

### **Subprogrammes**

- Strategic Direction provides defence intelligence policy, doctrine and intelligence advice in support of the department's decision-making and policy-formulating processes.
- Operations provide defence prediction, and intelligence and counter-intelligence capabilities and services, to advise and inform clients on time.
- DI Support Services provide human resources, logistics, planning, security, labour relations, training and information support services to the defence intelligence community.

### **Measurable Objectives**

- Provide a defence intelligence capability and service.
- Provide a counter-intelligence capability and service.

### **Output Detail**

Table 8.1 below provides details on DI Programme output, performance measures and targets, as specified in the DOD's Strategic Business Plan FY 2008/09.

Table 8.1 Defence Intelligence Programme Output for FY 2008/09

| Output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Performance Measure                       | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------|---------------------------|-----------------------------------------------------------------------------------|
| <b>Operations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                           |               |                           |                                                                                   |
| Provide an intelligence process for early warning to inform, warn and advise clients                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Average number of DI products             | 600           | 629                       | Over achievement<br>The total number of reports are driven by client requirements |
| Counter-Intelligence Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Average number of vetting decisions taken | 2 500         | 10 452                    | Over achievement<br>Overtime strategy was introduced to eliminate vetting backlog |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>DI has continuously provided intelligence on the security situation in Africa (indeed also in the rest of the world) and combined it with advice (up to the highest level in the RSA government) on how to handle certain specified situations. The achievement of the DI Programme's Output has positively contributed to the Purpose of the Programme to provide a defence intelligence and counter-intelligence capability.</p> |                                           |               |                           |                                                                                   |





*Programme 7: General Support*

## Chapter 9

# Programme 7: General Support

### Overview

The General Support Programme is divided into six separate Subprogrammes and these are: Joint Logistics Services, Command and Management Services, Military Police, Technology Development, Departmental Support and British Peace Support and Training (BPST) Team. There is no overarching physical structure that acts as the nodal point for these individual Subprogrammes.

### Purpose of the Programme

The General Support Programme provides general support capabilities and services to the Department.

### Subprogrammes

- Joint Logistics Services provides logistics services to the department.
- Command and Management Information Services provides command and management information and related-services to the department.
- Military Police provide a military policing capability to the department.
- Technology Development provides for establishing and sustaining selected science and technology capabilities in the defence industry.
- Departmental Support provides for the payment of corporate departmental obligations, such as claims against the department, external audits and bank charges.
- BPST Team provides for the personnel from the United Kingdom's Department of Defence (DOD) which provides services to the South African National Defence Force (SANDF).

### Measurable Objectives

The General Support Programme contributes to the defence and protection of South Africa by:

- ensuring a 90% serviceability of deployed equipment through a joint logistics operational support group (this means that at least 90% of equipment deployed is operational at all times);
- repairing and maintaining the Department's facilities over the next three years to a projected

total of 32 projects (12 in FY 2008/09, 10 in FY 2009/10 and 10 in FY 2010/11);

- providing centralised command and management information capabilities and ensuring that the mainframe service is available 98% of the time and the wide area network 95% of the time; and
- providing a military policing capability of one provost company for deployment, as well as 22 area offices and 21 detachments for investigations and crime-prevention, to reduce the number of new cases under investigation by five percent per year.

### SUBPROGRAMME: JOINT LOGISTICS SERVICES

#### Overview

The past year saw the Logistics Division progressing well towards attaining the set goals and objectives to ensure appropriate, ready and sustained matériel, facilities, movement and logistics services, as required to enable force preparation and employment.

The Division supported all external and internal operations as was required. Support was provided during all phases of external operations, where especially force preparation in accounting, procurement and stores administration took place. Furthermore, on a second request of the Government of Uganda, the task started in the previous year, was completed with the destruction of a further 368 tons of Ugandan munitions. Internally, functional support was provided to Operation KGWELE (the 2010 Fédération Internationale de Football Association (FIFA) World Cup). The Logistics Division provided support to the SADC Brigade exercise, Exercise GOLFINHO, by empowering members responsible for the management of logistics and the environment. The Acting Chief of Logistics participated in an Inter-State Defence and Security Committee (ISDSC) Logistics Work Group in Botswana that is attempting to unify and co-ordinate logistics support operations in the Southern African Development Community (SADC) region. The Division participated in the SADC assessment mission in an attempt to prevent crimes against humanity in the Eastern Democratic Republic of Congo (DRC). A donation of 400 x



88mm blank cartridges (25 pounder) for ceremonial purposes was made to Swaziland.

The Division has continued supporting Government's goal of sustainable utilisation of natural resources and partnering in various Government initiatives. The Department of Defence's (DOD's) ongoing partnership with the Working for Water Programme of the Department of Water Affairs and Forestry in Operation VUSELELA, saw the eradication of alien and invasive vegetation on 6 952 hectares of Defence-controlled properties. A total of 651 military veterans were employed.

As advised by the Portfolio Committee on Defence (PCD), the DOD adopted a holistic approach to the management of immovable heritage asset management, including endowment property and has initiated an audit of all its immovable heritage resources. The withdrawal of the Castle Management Act Repeal Bill resulted in the transfer of the Castle to the Department of Arts and Culture being discontinued. On recommendation of the PCD, the Castle will remain the responsibility of DOD, with the Minister of Defence as Executive Authority and the Castle Control Board as statutory body. The Logistics Division continues to exercise on behalf of the Minister of Defence due diligence in the execution of the Minister's executive authority.

The Logistics Intervention and Repositioning Programme (LIRP) established in FY 2007/08 achieved the following:

- An optimally-aligned DOD logistics strategy was developed.
- The Council for Scientific and Industrial Research (CSIR) was appointed as a strategic partner to support the Logistics Division with Supply-Chain Management. It developed proposed future supply-chain processes, logistics structures and inventory accounting practice in the SANDF. This will play a major role in the design of the new logistics systems and structures throughout the DOD. A preliminary DOD supply-chain model was also developed.
- Preliminary Life-Cycle Management model and processes were mapped and international benchmarking was done.
- The procurement function was migrated to the SANDF with the procurement entities reporting to the Chief of Logistics from February 2009.
- Continued co-ordination of the management of logistics-related audit qualifications.

A new Level 1 Logistics Strategy and Balanced Scorecard for the DOD were formulated in conjunction with Services and Divisions. The changed strategy will be implemented from 1 April 2009. The Logistics Division formed a Logistics Policy Development Committee that will oversee all logistics policy in the division.

The Logistics and Finance Management Divisions jointly, with the support of KPMG and SAB&T asset accounting expertise, have started the process to establish basic internal controls needed to achieve a clean audit report. The services of outsourced capabilities were acquired to engage in a phased DOD Stock Verification Programme, in an effort to rectify audit qualifications regarding the management of inventory as reported in the previous year.

The CSIR has been providing technical support towards the creation of an enabling environment for the DOD's facilities management mandated functions. The DOD has outsourced the establishment and maintenance of an integrated environmental compliance and risk-management system, thereby assisting the Department in coping with the lack of environmental capacity and management information.

A total of 6 302 surplus to requirement weapons were successfully back loaded from 13 units to more secure environments within depots, in support of the DOD's anti-criminality programme. In keeping with international obligations, the SANDF demolished 67 tons of large landmines by means of conventional methods.

A US project assisted the DOD in drafting the first draft Guidebook on "Outreach for Mission Sustainability", which will be utilised to guide the encroachment on Defence-controlled property.

A total of 901 Military Skills Development System (MSDS) members attended several logistics functional courses empowering them to function in operational posts in catering, supply-support, transport-management and combat logistics support that enabled the members to be deployed externally. All the 2006 and 2007 year-group ammunition apprentices completed academic training in the period under review, contributing somewhat towards the solving of the scarce skills shortage. The Logistics Division Reserve Units have been transferred to the SA Army. A total of R9.2 million funds were utilised to employ 242 members of the Reserve Force.



The performance of the DOD's logistics has been hampered by a number of challenges such as a backlog on policy review, update and development. Resulting non-compliance with the regulatory framework, exacerbated by weak internal controls and the lack of qualified and competent personnel, is a matter of concern. This is now being addressed as a matter of priority as is evident in the medium-term business plan, and partly with outsourced assistance.

Currently the DOD has only achieved 63.5% serviceable materiel, which has led to a loss in revenue. This was caused by a lack of accountability and maintenance focus and discipline, limited technical support due to the scarcity of artisans, the diversity of deployed equipment and the resultant required high skills level, and difficulty in optimising spares supply due to the limited management information provided by accounting systems.

Progress was made in the finalisation of the two outstanding land claims. In the case of the Madimbo Corridor, the Regional Land Claims Commission Limpopo Province needs to ensure that the land that would be utilised by the DOD is surveyed. The National Department of Public Works (NDPW) is to compile a lease agreement to be signed by NDPW, as representative of the State, as well as the claimants. The DOD started the process to clear the land, to be restored to the claimants, of unexploded ordnance. In the Hell's Gate Military Area, the presence of unexploded ordnance on the land to be restored delayed the finalisation of the claim. However, the DOD has started the process to clear the land of the unexploded ordnance.

Furthermore, the NDPW implemented major process changes that resulted in delays and failures in capital and maintenance programmes. The strategic impact of non-repair and maintenance resulted in further dilapidation of facilities that negatively affected the principle of Batho Pele, that the DOD will render a service to all members of the country. The specific changes in procurement requirements had to be adjusted to mitigate the negative influence of repair and maintenance of the DOD facilities. However, a forum has been established at strategic level between the DOD and NDPW, to ensure better service delivery and liaison between the two departments. A phased approach to create own maintenance of facilities capability and migrate away from reliance on NDPW (to improve effectiveness, efficiency, accountability, control and cash-flow) was accepted by the DOD.

The continued lack of a single, optimised integrated logistics management information system remains a key risk. The DOD was forced to consider possible enhancements to OSIS and CALMIS until the implementation of the National Treasury's Integrated Financial Management System, and the department's Integrated Resource Management System. Reporting the movement in tangible assets was compromised by deficiencies in the DOD's computerised asset register. The moratorium on development and enhancement of the DOD's logistics systems was initiated so that the changes to accounting requirements can be addressed, and thereby preventing qualified audit reports.

Notwithstanding the complexity of logistics challenges that have been recorded, the Logistics Division has succeeded in providing most required services to the accomplishment of force preparation and employment objectives.

### **Purpose of the Programme**

The General Support Programme provides general support capabilities and services to the Department. (Joint Logistics Services is a Subprogramme of the General Support Programme).

### **Measurable Objectives**

The Joint Logistics Services Subprogramme contributes to the General Support Programme purpose by:

- ensuring a 90% serviceability of deployed equipment through a joint logistics operational support group (this means that at least 90% of equipment deployed is operational at all times); and
- repairing and maintaining the Department's facilities over the next three years to a projected total of 32 projects (12 in FY 2008/09, 10 in FY 2009/10 and 10 in FY 2010/11).

### **Output Detail**

Table 9.1 below provides detail on General Support Programme output, performance measures and targets specified in the DOD's Strategic Business Plan FY 2008/09.

Table 9.1 General Support Programme Output for FY 2008/9

| Output                                                                                                | Performance Measure                                                 | Annual Target                                 | Actual Target Achievement                             | Reason(s) for Over/Under Achievement                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Joint Logistics Services</b>                                                                       |                                                                     |                                               |                                                       |                                                                                                                                                                                                           |
| Integrated Logistics support and services in accordance with client and Force employment requirements | Number of units prepared according to Force employment requirements | One joint-logistics operational support group | One joint-logistics operational support group         | Partially Achieved<br><br>The unit has just been established and is not fully functional<br>Legacy accounting problems still prevail, and are being addressed<br>The unit still needs to be fully staffed |
|                                                                                                       |                                                                     | One joint-technical maintenance group         | One joint-technical maintenance group not established | Not Achieved<br><br>Preliminary LIRP results indicate that there is no need to establish this unit                                                                                                        |
|                                                                                                       |                                                                     | One main ordnance depot                       | One main ordnance depot                               | Partially Achieved<br><br>Low serviceability of aged material, handling equipment, as well as lack of competent capacity                                                                                  |
|                                                                                                       |                                                                     | Two ordnance sub-depots                       | Two ordnance sub-depots                               | Partially Achieved<br><br>Infrastructure and Information and Communications Technology (ICT) problems caused a backlog in the execution of computerised accounting                                        |



| Output                                                                                                | Performance Measure                                                 | Annual Target              | Actual Target Achievement  | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Joint Logistics Services</b>                                                                       |                                                                     |                            |                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Integrated Logistics support and services in accordance with client and Force employment requirements | Number of units prepared according to Force employment requirements | Three ammunition depots    | Three ammunition depots    | Partially Achieved<br><br>Inadequate infrastructure and capacity to dispose of unsafe, redundant and obsolete ammunition by conventional methods, presents a risk to both the depot and the immediate community                                                                                                                                                                                                                                                                                    |
|                                                                                                       |                                                                     | One mobilisation centre    | One mobilisation centre    | Achieved<br><br>The unit still needs to be fully computerised<br>The Mob Centre is currently not fully being utilised in its intended role for mobilisation, and is largely carrying out a depot role<br>This matter has been discussed with the SA Army and Joint-Operations Division<br>The realignment of the Centre's function and structure under the SA Army or Joint-Operations Division is under way in order to reposition the unit effectively, to respond to new operational challenges |
|                                                                                                       |                                                                     | One technical service unit | One technical service unit | Achieved<br><br>The systems and processes for repair of vehicles from the operational area still need to be streamlined<br>The management of industrial repair funds was initially lacking, but has now been addressed                                                                                                                                                                                                                                                                             |



| Output                                                                                                | Performance Measure                  | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------|--------------------------------------|---------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Integrated Logistics support and services in accordance with client and Force employment requirements | Serviceability of deployed equipment | 90%           | 63.5%                     | <p>Partially achieved</p> <p>Currently, the DOD has only achieved a percentage of 63.5 % serviceable materiel, which has led to a loss in revenue</p> <p>This was caused by a lack of accountability and maintenance focus and discipline, limited technical support due to the scarcity of artisans, the diversity of deployed equipment and the resultant required high skills-level, and difficulty in optimising spares-supply due to the limited management information provided by accounting systems</p> <p>The accountability, focus and discipline aspects will be improved by the new logistics delegations currently being distributed</p> <p>The landward-related technical training capability was transferred to the SA Army</p> <p>The Logistics Division is transferring all landward-related logistic units to the SA Army</p> |



| Output                                        | Performance Measure                                                                                    | Annual Target                                             | Actual Target Achievement                                         | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                               |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Codification Capability                       | Provision of codification service                                                                      | National Codification Bureau established by 31 March 2009 | National Codification Bureau was not established by 31 March 2009 | Not achieved<br><br>The National Codification Bureau structure and resources were inadequate and will be reviewed during FY 2009/10. Legacy systems and codification resulted in discrepancies, which is currently addressed through LIRP                                          |
| Repair and Maintenance Service                | Achievement of repair and maintenance targets according to the Repair and Maintenance Programme (RAMP) | 100%                                                      | 100%                                                              | Achieved<br><br>An intensive effort was made to ensure full payment. All Scheduled repairs and maintenance were concluded                                                                                                                                                          |
| Disposal and environmental Management Service | Achievement of disposal and environmental management targets according to client requirements          | 100%                                                      | 55%                                                               | Partially Achieved<br><br>Disposal targets not achieved, due to insufficient capability to effect policy administration and policy regarding disposal<br>Environmental management targets not achieved due to Inadequate funding, structure and staffing of environmental function |



| Output                                                                                                                                                                                                                                                                                                                                                                 | Performance Measure                                                                            | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Payment of accommodation charges, leases and municipal services (Property Management) <sup>23</sup>                                                                                                                                                                                                                                                                    | Timeous and accurate payment of accounts in accordance with service-level agreements with NDPW | 100%          | 100%                      | Achieved<br>An intensive effort was made to ensure full payment<br>Scheduled repairs and maintenance were concluded although this did not significantly reduce the maintenance backlog of the DOD<br>The DOD assisted NDPW to prepare and submit claims resulting in timely payment of completed work |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>The various levels of achievements of the Output of the Joint-Logistics Service Subprogramme have contributed to the Purpose of the General Support Programme to provide general support capabilities and services to the Department.</p> |                                                                                                |               |                           |                                                                                                                                                                                                                                                                                                       |



<sup>23</sup> Chief Logistics manages this function as a result of the devolution of a portion of the NDPW's budget to national departments. Funding is provided within the Administration Programme.

## SUBPROGRAMME COMMAND MANAGEMENT INFORMATION SYSTEMS

### Overview

The Command and Management Information Systems (CMIS) Division has succeeded during the past year to provide a comprehensive and a single point service to the DOD despite the numerous challenges experienced. Part of the successful service delivery can be found in the effective support that the CMIS Division provided to 11 peace support operations and seven joint-and multinational exercises in accordance with force employment requirements. The CMIS Division continued with its efforts to improve service delivery. The successful implementation of the first phase of the Defence Enterprise Information System Master Plan in the DOD was an achievement that enabled everyone, for the first time, to have insight into the overall ICT requirements of users, as well as the funds utilised for this purpose. Services/Divisions will now be able to align their ICT requirements with the overall plan, and effectively utilise funds and resources.

The CMIS Division participated in the following International workshops: Inter-State and Defence Security Committee (ISDSC), the Telecommunications and Information Systems Work Group annual meeting, the World Telecommunications Standards Assembly held in South Africa during the reporting period, Multi-lateral Interoperability Programme with North Atlantic Treaty Organisation (NATO) Forces and Technical Agreement meeting with the Italian Defence Force. The CMIS Division was also instrumental in supporting Mozambique with the installation of their newly-acquired HF radios.

The successful upgrade of the total Local Area Network at the Mobilisation Centre in Bloemfontein has enabled effective exchange of information between members of the unit, to ensure an effective and streamlined process for all mobilisation administration. Some of the more prominent events that took place within the CMIS Division were the return of the CMIS Operations Formation to the SA Army Signal Formation, as well as the intrinsic planning for the prevalent restructuring of the new CMIS Division as from 1 April 2009. Numerous ICT infrastructure projects were completed. These improvements will benefit connectivity, quicker response times and increase capacity for future IT applications within the DOD, ensuring that the

CMIS Division is adapting to, and staying abreast of, the rapidly changing technological environment. The Electronic Warfare Technology Research Project continued and the required milestones were reached. The transfer of all the physical equipment and personnel in the posts from the CMIS Division, through 2 Signals Regiment to the new Stakeholders under Project DOMINO was concluded. The transfer of the Medium-Term Expenditure Framework funds to Services will however, only be effected from 1 April 2009. Project DOMINO completed the functional structure of the CMIS Division and aligned it with the future mandate, concept for service delivery and recommended Divisional output. The Project Portfolio Tool was set up and rolled out for utilisation within the ICT Projects environment.

The LAN underground route between the Area Military Health Unit (AMHU) at Langebaanweg and the Server Room, as well as the linking of the South African Navy Armaments Depot to the Server Room in Simon's Town have been completed, resulting in improved communication between bases and units in the local area. Internally, CMIS Division succeeded in the establishment of an Electronic Content Management System testing and pilot environment and by adjusting to the external environment, also activated an experimental phase of the Free Open Source Software.

Skills Development has progressed well and 1 876 learners received training at the School of Signals during the reporting period. Skills training was further enhanced by 372 short learning opportunities that were presented by external providers. An additional 124 MSDS members reported to the School of Signals for their initial course and were afterwards placed at the various SA Army Signal Formation (CMIS) Force Structure Elements (FSEs) for further utilisation.

Attempts to get facilities upgraded by the NDPW were again not very successful, as the NDPW could not provide the required resources to carry out all repairs and complete capital projects planned and budgeted for by CMIS Division. The sewerage project at Rooiwal Military Base that has been ongoing for four years could therefore not be completed.

The Signal Reserves was internally re-organised to provide more effective Signals Reserve capability and consequently better service delivery to clients. This initiative will ensure that the "Core Growth -

One Force” concept takes effect within the CMIS Division (SA Army Signals Formation). The use of Reserves during CMIS support to Operations has increased, and the support from 11 Field Postal Unit contributed to the success of Project RESILIENCE. A total of 150 Reserves were deployed mainly in the Registries and Postal Services environment in the DOD, which gave further substance to the One-Force concept. An urgent need for Reserve force members with a variety of skills such as IT specialists, electronic specialists, electrical specialists and post office specialists in the Signal Formation Reserves has, however, developed but effective steps are hampered by the extended duration of courses to make any recruitment drive viable. Distant learning, decentralised training and Recognition of Prior Learning are issues that are being investigated.

The outflow of scarce skills as in the rest of the SANDF has continued unabated in the CMIS Division since the last report. A concerted effort has been made to recruit for the vacant positions, specifically technical skills, specialised skills and senior experienced officers. The continued exodus of personnel hampered the effective delivery of services in all ICT environments. Mitigation actions that were introduced, included the utilisation of Reserves where possible and within affordable terms, as well as the appointment of PSAPS in the Records Management environment.

The DOD still makes use of a Paper-Based Archive System with about 6 million files that are managed manually. This system is slow, laborious and cumbersome, especially where requests for access to information/records in terms of the Promotion of Access to Information Act (Act 2 of 2000) are concerned. An Electronic Content Management project was registered, and although costly, will enable all “information” to be made available electronically in future. The manual system will however, still have to continue for some time.

As was reported in the previous year, the moratorium on the destruction of records still remained in force. This prevented the management of a formal appraisal and systematic disposal programme for records in the DOD, with the result that an inordinate amount of resources (available storage space was already filled in February 2008) was spent on the administration and storage of about 28 000 linear metres (2,8 linear kilometres) ephemeral records. A collective request by all the security-related departments have been

forwarded to Cabinet via the Security Cluster for the lifting of this moratorium.

With regard to funding within the ICT industry, the annual inflation rate proved to be higher than the Consumer Price Index, which entailed that there were less funds to pay contractors who maintained information and communications technology systems for the DOD. Furthermore, most of the equipment used in the ICT industry is imported, and the weakened exchange rate of the rand reduced buying power.

During the past year, the CMIS Division managed the business of Information and Communication Systems by providing resources and capabilities as a service to the DOD. This was done through identifying the services that contribute to the DOD’s business goals, determining the service levels required, meeting those goals, costing the services, the business impact of a problem with those services, and the ownership of assets required to deliver the required services. In doing so, the CMIS Division succeeded in managing and developing information communications systems that supported the line-function of the DOD and, which formed the core with which all other supporting systems were integrated.

### **Purpose of the Programme**

The General Support Programme provides general support capabilities and services to the Department. The Command and Management Information Services is a subprogramme of the General Support Programme.

### **Measurable Objectives**

The Command and Management Information Services Subprogramme contributes to the General Support Programme purpose by providing centralised command and management information system capabilities, and ensuring that the Mainframe service is available 98% of the time, and the Wide Area Network (WAN) 95% of the time.

### **Output Detail**

Table 9.2 below provides detail on the General Support Programme Output on all output, performance measures and targets specified in the DOD’s Strategic Business Plan FY 2008/09.

Table 9.2 General Support Programme Output for FY 2008/09

| Output                                                                                                                                                                                   | Performance Measure                                                      | Annual Target                                                                                                          | Actual Target Achievement                                                                                                  | Reason(s) for Over/Under Achievement                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Command and Management Information Services</b>                                                                                                                                       |                                                                          |                                                                                                                        |                                                                                                                            |                                                                                                                                                                      |
| Acquired integrated Information and Communication Technology (ICT) solutions and enablers for the DOD                                                                                    | ICT solutions delivered according to client requirements                 | Solution delivery within 90% of the DOD's Information Communication Systems (ICS) Project Portfolio (DEIS Master Plan) | Solution delivery was within 90% of the DOD's Information Communication Systems (ICS) Project Portfolio (DEIS Master Plan) | Achieved                                                                                                                                                             |
| Information Warfare Capability/Cyber-Warfare for the DOD                                                                                                                                 | Established and maintained Information Warfare capabilities <sup>2</sup> | 100%                                                                                                                   | 100%                                                                                                                       | Achieved                                                                                                                                                             |
|                                                                                                                                                                                          | Secured ISS solutions provided for the DOD's ICT Projects                | 100%                                                                                                                   | 100%                                                                                                                       | Achieved                                                                                                                                                             |
| Supported DOD's Integrated ICT and Joint Command and Control Product System Capability                                                                                                   | ICT Systems support capability                                           | 98% availability of Mainframe service                                                                                  | 99.99% availability of Mainframe service                                                                                   | Over achieved Investments made in the upgrading of the DOD's ICT infrastructure (hardware) and optimisation of the ICT data networks resulted in the overachievement |
|                                                                                                                                                                                          |                                                                          | 95% availability of the Wide Area Network (WAN)                                                                        | 99.69% availability of the Wide Area Network (WAN)                                                                         | Over achieved Investments made in the upgrading of the DOD's ICT infrastructure (hardware) and optimisation of the ICT data networks resulted in the overachievement |
|                                                                                                                                                                                          | Percentage secured information system (IS) networks                      | 99%                                                                                                                    | 99%                                                                                                                        | Achieved                                                                                                                                                             |
| <b>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</b>                                                                              |                                                                          |                                                                                                                        |                                                                                                                            |                                                                                                                                                                      |
| The achievement of the above output from the CMIS Division, contributed to the Purpose of the General Support Programme to provide general support capabilities and services to the DOD. |                                                                          |                                                                                                                        |                                                                                                                            |                                                                                                                                                                      |

## SUBPROGRAMME: MILITARY POLICE DIVISION

### Overview

Most of the objectives of the Military Police Division (MP Div) were successfully achieved. Members of the MP Div were, throughout the reporting period, involved in external deployments and a total of 256 members were deployed in the DRC and Burundi. The MP Div increased its member contribution to deployments from the 56 to the current 128 members deployed. MP officials also assisted the Waterkloof Strategic Movement Unit in searching all personnel and equipment moving to and from the mission areas. MP officials were also made available for flights to and from the mission areas to execute static aircraft control as part of a crime-prevention initiative. Three members were deployed in the DRC to provide Military Police and Regimental Police training to the members of the DRC Armed Forces as part of Post-Conflict Reconstruction and Training.

About 5 244 cases were carried over from FY 2007/08, and 2 594 new cases were reported during FY 2008/09, which led to 7 838 cases on hand, of which 1 722 were finalised, resulting in the current situation of 6 116 cases on-hand. A further initiative to improve efficiency is the establishment of the quarterly Liaison Forum to address all concerns related to investigations. The Provost Marshall General continued the bilateral talks with Service/Division Chiefs to discuss challenges in respect of crime within their areas of responsibility, and provided advice to the Service/Division Chiefs during these meetings.

The MP Div increased its deliberate crime-prevention operations from 668 during the previous reporting period to 927 deliberate crime-prevention operations conducted for FY 2008/09. It consisted of roadblocks, check points, as well as searches targeting identified hot spots. These operations were conducted jointly with the SAPS and traffic departments throughout the country. The MP Div had also gone through a process of prevention and awareness training with clients in respect of asset protection, asset safeguarding and crime prevention. The monetary value of assets that were reported stolen or lost to the MP Division during the year was R15.1 million, an increase of R9.3 million from the previous year. A total of 380 DOD members and 245 illegal immigrants were arrested and 166 members were detained in the holding cells of the MP offices, while 281 members were detained at the

SAPS because of the lack of a holding cell capacity at a number of the MP structures. Another 69 were detained at the two military correctional facilities of the MP Division.

A delegation of three members of the MP Div made a reciprocal visit to the Federal Republic of Germany after the Provost Marshal of the German Armed Forces visited the RSA in 2007. The aim of the visit was not only to strengthen relations, but also to gain understanding and to compare training. Two MP Div members also visited the Qatar Republic and attended the Military and Policing Exhibition 2008 in Doha, thereby exposing the MP Div to the latest policing technological equipment that could be of benefit to the MP Div.

Internally the MP Div provided support to the Presidential Fleet Review in Simon's Town, the Africa Aerospace and Defence Exhibition 2008 (AAD) at Air Force Base (AFB) Ysterplaat and participated in the Opening of Parliament. Training is considered important and it is therefore noteworthy, that the MP School received accreditation to act as a registered training service-provider in the use of handguns and the legislation surrounding firearms.

The specialist investigation capability of the Company remained a concern, but was addressed through multi-skilling members by sending them on investigation courses and detached duty to the MP Area Offices to obtain practical experience in specialist investigation. Another serious challenge experienced and that impacted negatively on the achievement of targets was the availability of operational vehicles as specified in the Establishment Tables. The problem was overcome by obtaining six Landrovers, 54 functional vehicles and four Quantums.

Although there are a number of structures within the MP Div that have facilities of a very high standard, there are many others that do not comply with Occupational Health and Safety (OHS) standards, and that need urgent attention. This remains a serious concern, as these facilities are maintained by utilising the funds available for the day-to-day operations.

Although the MP Div has 21 active Reserve members, it is not sufficient to address fully the requirement of the Reserve capability in the short term. Management intervention included an increase in MSDS numbers, but it is foreseen that 1 Provost Regiment will only be 33% staffed in the medium term.



The MP Div performed well during the past financial year and although significant progress was made with the DOD Safeguarding Board, Anti-Criminality and the Anti-Criminality Support Plans, the MP Division will continue to finalise outstanding matters in the next financial year, in order to improve effective service delivery to its clients and stakeholders. A special effort will be made to reduce the still unacceptably high number of outstanding cases by refocusing its available resources.

**Purpose of the Programme**

The General Support Programme provides general support capabilities and services to the Department (the Military Police Division is a Subprogramme of the General Support Programme).

**Measurable Objectives**

The Military Police Division Subprogramme contributes to the General Support Programme by providing a military policing capability of one provost company for deployment, as well as 22 area offices and 21 detachments for investigations and crime prevention to reduce the number of new cases under investigation by five percent per year.

**Output Detail**

Table 9.3 below provides a detailed report on the General Support Programme output, performance measures and targets specified in the DOD’s Strategic Business Plan FY 2008/09.

**Table 9.3 General Support Programme Output for FY 2008/09**

| Output                                  | Performance Measure                       | Annual Target                                     | Actual Target Achievement            | Reason(s) for Over/Under Achievement |
|-----------------------------------------|-------------------------------------------|---------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Military Police</b>                  |                                           |                                                   |                                      |                                      |
| Military policing capability to the DOD | Number of military policing service units | Four regional Headquarters (HQs)                  | Four regional HQs                    | Achieved                             |
|                                         |                                           | (Two Area Offices <sup>24</sup> ) 22 Area Offices | 22 Area Offices                      | Achieved                             |
|                                         |                                           | (21 Detachments) 22 Detachments <sup>25</sup>     | 22 Detachments                       | Achieved                             |
|                                         |                                           | Two Military Correctional Facilities              | Two Military Correctional Facilities | Achieved                             |

<sup>24</sup> Changes to DOD Strategic Business Plan 2008 (MTEF FY 2008/09 – FY 2010/11 Ser No 36).

<sup>25</sup> 22 Detachments as approved by the Defence staff Council of 8 September 2008.

| Output                          | Performance Measure                                       | Annual Target | Actual Target Achievement | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                     |
|---------------------------------|-----------------------------------------------------------|---------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Combat Capability               | Number of provost companies                               | One company   | One company               | Achieved<br>The MP Div strengthened/reinforced 13 Pro Coy with MP members from other offices in order to comply with force employment requirements                                                                                                       |
| Nodal Point on Anti-Criminality | Percentage decrease in the occurrence of crime in the DOD | 5%            | Undetermined              | Due to the absence of a centralised database on crime management information, the MP Division could not determine the exact percentage of criminality being registered in the DOD<br>Process is under way to establish a centralised electronic database |



**Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.**

The MP Div successfully supported the General Support Programme by providing a Military Policing capability to the DOD. One provost company was provided for deployment, 22 area offices and 22 detachments conducted investigations and crime-prevention activities to reduce the number of cases under investigation by the Military Police Division. This achievement contributed positively to the Purpose of the General Support Programme to provide general support capabilities and services to the Department

**SUBPROGRAMME: BRITISH PEACE SUPPORT TRAINING TEAM**

**Overview**

During FY 2008/09, the British Peace Support Training Teams (BPST) progressed well in establishing the Peace Mission Training Centre (PMTc). Eleven courses in nine different disciplines have been presented, as well as a number of seminars. More than 550 personnel were trained by the PMTC, and a further 330 personnel used the facilities for other SANDF courses. BPST facilitated the delivery of two further Strategic Leadership Programmes for the Executive National Security Programme and ran the DOD's Leadership Programmes.

About R14 million of United Kingdom (UK) funding was spent through the BPST for SANDF projects.

The BPST has funded critical improvements to the DOD's Mobilisation Training Area in Bloemfontein to enhance the training facilities and the De Brug Training Area. The BPST has also employed the services of a UK Department for International Development funded HIV/Aids co-ordinator to advise the South African Medical Health Services. Successful efforts to raise the profile of BPST within the SANDF have resulted in several very positive articles in the SA Soldier, and a general increase in awareness of the work of the BPST.

As the personnel structure has not yet been endorsed, the PMTC has successfully used staff on detached duty, but there will be an ongoing requirement for BPST to support the employment of subject matter experts to deliver specific courses.

The BPST has achieved most of the set objectives for FY 2008/09. However, the continued underfunding

of the PMTC's operational requirements and the non-finalisation of the structure continue to be a problem. The PMTC will remain the main effort for BPST during the next financial year, and courseware development will be given a high priority.

**Output Detail**

Table 9.4 below provides a detailed report on the General Support Programme output, performance measures and targets, as specified in the DOD's Strategic Business Plan FY 2008/09.

**Table 9.4 General Support Programme Output for FY 2008/09**

| Output                                                      | Performance Measure                                                                                                                              | Annual Target                                                                             | Actual Target Achievement                                                                                             | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>British Peace Support and Training Team<sup>26</sup></b> |                                                                                                                                                  |                                                                                           |                                                                                                                       |                                                                                                                                                                                                                                                                                                                       |
| Assistance to Mission-Readiness Training                    | Preparation for deploying forces that were subjected to a mission-based command post exercise and a field training exercise, prior to deployment | All rotating forces were subjected to Mission-Readiness Training                          | All rotating forces were subjected to Mission-Readiness Training                                                      | Achieved<br>Eleven courses in nine different disciplines were presented, ensuring that rotating forces were subjected to Mission-Readiness Training                                                                                                                                                                   |
| Development of Mission-Readiness Training Centre            | Adequate facilities exist for conducting Mission-Readiness Training at the Bloemfontein Mobilisation Centre                                      | Convert a large hangar into two classroom facilities capable of accommodating a battalion | Critical improvements were done at the DOD's Mobilisation Centre and the development of a second centre has commenced | Achieved                                                                                                                                                                                                                                                                                                              |
| Development of a Peace Mission Training Centre              | The SANDF has a fully-developed Peace Mission Training Centre where all theoretical Peace Mission Training takes place                           | An established Peace Mission Training Centre                                              | The Peace Mission Training Centre was not fully established                                                           | Partially achieved<br>Although the Peace Mission Training Centre has been functional to a certain extent, the set target of an established Peace Mission Training Centre has not been fully achieved<br>An Officer in Charge was appointed in October 2008, but the non-finalisation of the structure was a challenge |

<sup>26</sup> Chief Human Resources manages the output of the Subprogramme. Funding is provided within the General Support Programme.

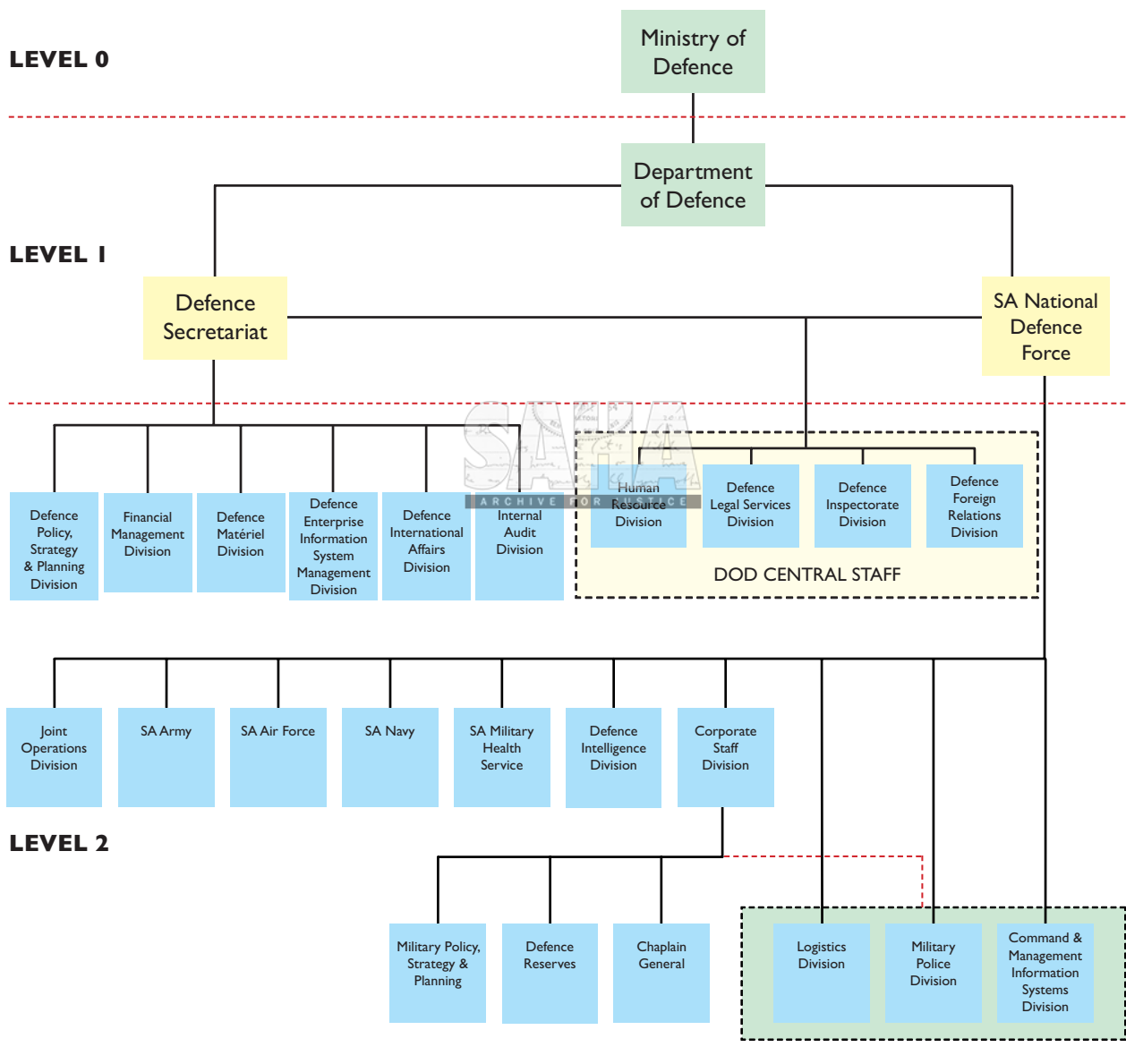
| Output                                                                                                                                                                                                                                                                                                                                               | Performance Measure                                                                            | Annual Target                                                                                     | Actual Target Achievement                                                                               | Reason(s) for Over/Under Achievement                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Development of SANDF Log for operational doctrine                                                                                                                                                                                                                                                                                                    | SANDF Log for operational doctrine developed and published                                     | To be completed and implemented                                                                   | 60% completed and not implemented yet.                                                                  | Partially achieved<br>The most important chapter (Pre-Deployment Training) must still be written                                                                                                                                                                                                                                         |
| Assistance to the Research and Development Wing of the SA National War College                                                                                                                                                                                                                                                                       | Proposal to improve the task settings and scenarios of the SANWC resulting from R&D staff work | Updating of specific peace mission scenarios used in the Joint Senior Command and Staff Programme | Some specific peace mission scenarios used in the Joint Senior Command and Staff Programme were updated | Partially achieved<br>Although the BPST United Kingdom Directing Staff within the SANWC has provided advice and assistance on Module restructuring, which now provides a more balanced approach and one that reflects best practice, particularly with regard to the sequencing of instructions<br>The set target was not fully achieved |
| <p><b><u>Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures.</u></b></p> <p>Although not all the output was achieved as was planned, the BPST Output has however contributed to the General Support Programme's Purpose to provide general support capabilities and services to the Department.</p> |                                                                                                |                                                                                                   |                                                                                                         |                                                                                                                                                                                                                                                                                                                                          |







Figure 1.1 Organisational Structure of the Department of Defence for FY 2008/09



## Part 3: Organisational Structure and Human Resource Management

### Chapter 10 Organisational Structure and Human Resources

#### Overview

During FY 2008/09, the implementation of the DOD's Human Resource Strategy 2010 continued to guide human resource strategic direction in the Department, with specific reference to the ongoing rejuvenation of the South African National Defence Force's (SANDF's) human resources and rightsizing of the Department's human resource composition.

A total of 4 334 young members were appointed in the Military Skills Development System (MSDS). The sustained implementation of the MSDS has led to 52,8% of Privates and equivalent ranks in the Regulars having complied with the ideal rank-age norm of between 18 and 24 years, at the end of FY 2008/09. The average age of Regular Privates and equivalent ranks during FY 2008/09 was 29 years.

As part of the Department's continued efforts to rightsize, 562 members and 121 employees took the opportunity to exit voluntarily by means of the Mobility Exit Mechanism and Employee-Initiated Severance Package, respectively. In addition to facilitating the Department's rejuvenation efforts, these voluntary exits also gave further impetus to improved race and gender representation in the Department.

During FY 2008/09, the acquisition and retention of scarce combat, technical and professional skills remained a daunting challenge. While it continued to pursue remunerative retention incentives for the above scarce skills categories, the Department also developed a strategy to address the non-remunerative factors that impact on the acquisition and retention of scarce skills in human resources.

The review of the DOD's Human Resource Strategy 2010 was concluded during FY 2008/09. This has led to the development of a new Departmental overarching human resource strategy with three strategic goals, namely to ensure human resources of appropriate quality, quantity, composition and cost; to ensure accountable human resource administration and to ensure that commitments in pursuance of Government's human resource policy and strategy are met. The new human resource strategy is aligned with the Department's top-level strategic goals and was in an advanced stage of approval at the end of FY 2008/09.

The current structure of the DOD's Organisational Design is presented in Figure 1.1

## MACRO-PERSONNEL STRENGTH

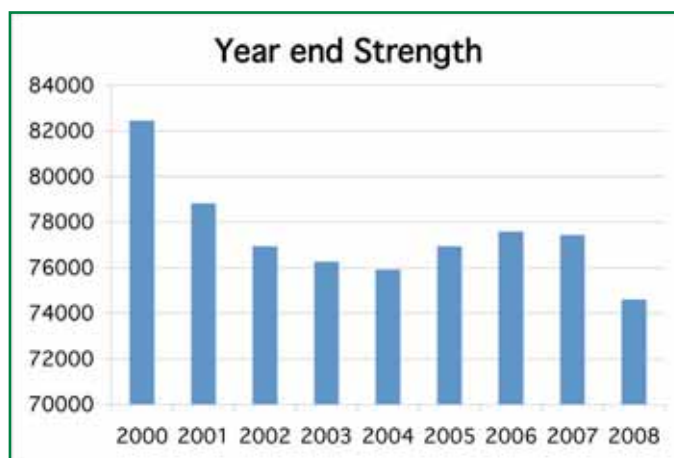
The Macro-Personnel Strength of the DOD as at 1 April 2009 was 74 596 members excluding the MSDS members. The planned strengths as budgeted for FY 2008/09 are compared with the actual strengths at the end of the financial year, in Table 10.1 below:

**Table 10.1 DOD's Planned and Actual Strengths as at 31 March 2009**

| BUDGET HOLDER                             | PLANNED       | ACTUAL        |
|-------------------------------------------|---------------|---------------|
| SA Army                                   | 33 755        | 38 920        |
| SA Air Force                              | 11 206        | 10 808        |
| SA Navy                                   | 6 386         | 6 850         |
| SA Military Health Services               | 8 022         | 7 721         |
| Defence Legal Service Division            | 308           | 202           |
| Defence Corporation Com                   | 69            | 58            |
| Defence Reserves                          | 28            | 19            |
| Defence Force Religious Services Division | 117           | 92            |
| Corporate Staff Office                    | 0             | 251           |
| Military, Policy, Strategy & Plan Office  | 25            | 23            |
| Human Resources Division                  | 1 651         | 1 836         |
| Ministry of Defence                       | 32            | 28            |
| Chief of the SANDF Office                 | 16            | 17            |
| Defence Inspectorate Division             | 126           | 111           |
| Chaplain General                          | 12            | 15            |
| Def Policy, Strategy & Plan Division      | 78            | 74            |
| Fin Man Division                          | 936           | 599           |
| Defence Secretary Office                  | 34            | 26            |
| Defence International Affairs             | 0             | 12            |
| Logistics Division                        | 4 821         | 2 299         |
| CMIS Division                             | 3713          | 190           |
| Military Police Division                  | 1 887         | 1 651         |
| Defence Intelligence Division             | 697           | 837           |
| Joint Operations Division                 | 1 681         | 1 872         |
| Defence Matériel Division                 | 169           | 85            |
| <b>TOTAL</b>                              | <b>75 769</b> | <b>74 596</b> |

The DOD rightsizing and changes in the year-end strengths, as illustrated in the Defence Review are indicated in the Figure 1.2 below

Figure 1.2 Department of Defence Year-end Strengths as at 31 March 2009



### SELECTED PERFORMANCE INDICATORS

Table 10.2 provides the achievement of the selected performance indicators and targets during the past three years and reports on the achievement for the year under review in accordance with the Strategic Business Plan for FY 2008/09.

Table 10.2 DOD Selected Performance Indicators for FY 2008/09

| Indicators                                                        | Performance |         |         |                           |                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------|-------------|---------|---------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                   | Past        |         |         | Current                   |                                                                                                                                                                                                                                                  |
|                                                                   | 2005/06     | 2006/07 | 2007/08 | Annual Projection 2008/09 | Actual Achievement 2008/09<br>Reason for Deviation                                                                                                                                                                                               |
| Number of Defence diplomatic missions                             | 24          | 31      | 32      | 37                        | 36<br><br>The offices in Sweden, Vietnam and Tunisia opened as scheduled. Opening of Canada has been postponed indefinitely and the officer identified to open the office in Pakistan will be ready to deploy at the end of April 2009           |
| Number of external operations                                     | 10          | 14      | 11      | 9                         | 9                                                                                                                                                                                                                                                |
| Average number of personnel deployed daily in external operations | 3 022       | 4 810   | 2 698   | 3 084                     | 2 931<br><br>Due to non-availability of technical personnel and support personnel provided by the Services/Divisions, members on leave, termination of operations, scaling down of activities and reduction of forces by the United Nations (UN) |

| Indicators                                                                           | Performance |         |                                 |                           |                                                                                                                                              |
|--------------------------------------------------------------------------------------|-------------|---------|---------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                      | Past        |         |                                 | Current                   |                                                                                                                                              |
|                                                                                      | 2005/06     | 2006/07 | 2007/08                         | Annual Projection 2008/09 | Actual Achievement 2008/09 Reason for Deviation                                                                                              |
| Average number of personnel deployed daily in internal operations (Operation INTEXO) | 1 512       | 1 176   | 1 176                           | 504                       | 195 <sup>27</sup><br>A gradual decrease in the number of troops deployed in preparation for the original planned withdrawal by 31 March 2009 |
| Number of internal operations in support of other Government departments             | 8           | 3       | 1                               | 1                         | 6<br>Five additional new operations were executed in support of other government departments on demand                                       |
| Number of flying hours spent in support of operations                                | 11 484      | 9 788   | (9 500) <sup>28</sup><br>12 271 | 9 500                     | 11 099<br>Actual hours used on Force Employment is the product of the requirements and direction provided by the Joint Operations Division   |
| Number of sea hours spent on patrol in Republic of South Africa (RSA) maritime zones | 7 390       | 9 949   | 9 648                           | 10 478                    | 8 236<br>Actual hours used on Force Employment is the product of the requirements and direction provided by the Joint Operations Division    |
| Number of healthcare interventions per member per annum                              | 13.7        | 13.6    | 13.8                            | 14                        | 14                                                                                                                                           |
| Number of joint and interdepartmental exercises conducted                            | 4           | 6       | 1                               | 3                         | 3<br>The three original scheduled exercises were cancelled and three new exercises in support of the SAPS were executed                      |

<sup>27</sup> According to the SANDF Exit / South African Police Service (SAPS) Entry Strategy withdrawal of the SANDF gradually took place with the last company to be withdrawn by 31 March 2009.

<sup>28</sup> At the time of publishing the Strategic Business Plan 2008, the projected hours were 9 500 but actual hours flown were 12 271.



| Indicators                                                                                                                                           | Performance |         |         |                           |                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------|---------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                      | Past        |         |         | Current                   |                                                                                                                                                  |
|                                                                                                                                                      | 2005/06     | 2006/07 | 2007/08 | Annual Projection 2008/09 | Actual Achievement 2008/9<br>Reason for Deviation                                                                                                |
| Number of active Reserves                                                                                                                            | 17 340      | 13 050  | 12 583  | 12 210                    | 19 763<br><br>More active recruitment of members led to the increase of more than 7 000 than projected                                           |
| Number of students graduating from the Military Academy with a Bachelor's degree                                                                     | 40          | 44      | 38      | 45                        | 66<br><br>Students qualified exceeded projected target                                                                                           |
| Number of members professionally developed at senior DOD Training Institutions (SANDF Defence College, SANDF War College, Warrant Officers' Academy) | 167         | 185     | 184     | 189                       | 185<br><br>6 x Students at the SANDF War College did not complete the course and 2 x students at the Warrant Officers' Academy failed the course |

**SERVICE DELIVERY IMPROVEMENT PLAN**



Table 10.3 provides the Actual Achievement of the Main Services Provided and Standards for the year under review in accordance with the Strategic Business Plan FY 2008/09.

**Table 10.3 Main Services Provided and Standards**

| Main Services                                                                                                                                                                                                                                                                                                 | Primary Clients              | Secondary Clients                                      | Standard of Service                                                                                                        | Actual Achievement Against Standards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MSDS: the MSDS provided qualified military practitioners who enhanced the operational readiness of the SANDF (to be able to deploy for external and internal operations) by rejuvenating Regulars and Reserves and secondly, by granting development and empowerment opportunities to the South African youth | DOD (Services and Divisions) | Defence Act Personnel and Public Service Act Personnel | Intake of 4 200 MSDS recruits<br>In the system – 7 494 (inclusive of the above intake)<br>The number exiting – about 1 800 | A total of 4 334 MSDS members entered the MSDS during Financial Year 2008/09. During the reporting period, 176 members accepted a Core Service System (CSS) contract before completion of the MSDS contract period. Of the 3 382 MSDS members who successfully completed their two-year MSDS contract periods in December 2008, 2 219 accepted CSS contracts<br>There were 7 357 MSDS members in the system as at 31 March 2009<br>During the reporting period, a total of 1 445 MSDS members exited either before, or upon, expiry of their MSDS contract periods, with 102 MSDS members having joined the Reserves |

| Main Services                                                                                                                                                                                                                                                                                                                       | Primary Clients              | Secondary Clients                                                                               | Standard of Service                                                                                                                                                                                                            | Actual Achievement Against Standards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Implementation of performance management in the DOD by means of the Balanced Scorecard methodology to facilitate the implementation of the DOD's Strategy and objectives by providing a service that supplies performance measurements, in order for leadership to make informed decisions and to provide visibility on performance | DOD leadership               | Defence Act Personnel and Public Service Act Personnel                                          | The development of Balanced Scorecards for the Services and Divisions that are aligned with the approved top-level Balanced Scorecards in respect of the Department, the Defence Secretariat and the SA National Defence Force | Balanced Scorecards and measures have been developed and are being further refined in respect of all the Services. A Balanced Scorecard and measures have also been developed for the Department's new Overarching Human Resource Strategy. In conjunction with ongoing consultations to facilitate the further implementation of the Balanced Scorecard throughout the Department, 20 personnel have been trained as trainers to facilitate the above process. After the first report (August 2008), a limited number of Balanced Scorecard dashboards were developed to report on some of the objectives, as part of a pilot project. A Balanced Scorecard enabler has been acquired, due for implementation in Financial Year 2009/10 |
| DOD's Human Resource Strategy                                                                                                                                                                                                                                                                                                       | DOD (Services and Divisions) | Defence Act Personnel and Public Service Act Personnel                                          | The conduct of a review of the DOD's Human Resource Strategy 2010                                                                                                                                                              | During the reporting period, the review of the DOD's Human Resource Strategy 2010, as directed by the Minister of Defence, was completed. A new DOD Overarching Human Resource Strategy was developed, based on the findings of the review and the new strategy was undergoing approval during the reporting period                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Capacity Building of the Reserves                                                                                                                                                                                                                                                                                                   | DOD (Services and Divisions) | Defence Act Personnel                                                                           | The revised implementation of the MSDS to build the capacity of the Reserves                                                                                                                                                   | On 12 September 2008, a comprehensive DOD Planning Instruction was promulgated to revise the implementation of the MSDS, in order to better serve the human resource requirements of the Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Corporate Human Resource Support Plan                                                                                                                                                                                                                                                                                               | DOD (Services and Divisions) | Defence Act Personnel and Public Service Act Personnel                                          | An integrated Departmental Human Resource Plan                                                                                                                                                                                 | The Department's first integrated Defence Corporate Human Resource Plan (for FY 2008/09) was promulgated on 2 July 2008, amalgamating the human resource support plans of all the Services and Divisions. The Corporate Human Resource Plan for FY 2009/10 was also completed and submitted for approval                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Scarce Skills Retention Strategy                                                                                                                                                                                                                                                                                                    | DOD (Services and Divisions) | Defence Act Personnel and Public Service Act Personnel within scarce skills occupational groups | A strategy to manage the acquisition and retention of scarce skills occupational groups                                                                                                                                        | During the reporting period, a strategy was developed to primarily address the non-remunerative factors that drive the acquisition and retention of scarce skills occupational groups, in conjunction with ongoing initiatives to address the remuneration of identified categories of scarce skills occupational groups                                                                                                                                                                                                                                                                                                                                                                                                                 |

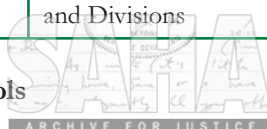
**Table 10.4 Consultation Arrangements with Clients**

| Type of Arrangement                                    | Primary Clients        | Secondary Clients                                      | Actual Achievements                                                                             |
|--------------------------------------------------------|------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Human Resource Board                                   | Services and Divisions | Defence Act Personnel and Public Service Act Personnel | Monthly meetings with senior Human Resources (HR) representatives of the Services and Divisions |
| Departmental Programme and Budget Evaluation Committee | Services and Divisions | Defence Act Personnel and Public Service Act Personnel | Two formal sittings with senior representatives of the Services and Divisions                   |

**Table 10.5 Service Delivery Access Strategies**

| Access Strategies                           | Actual Achievements                                                                                                                      |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Chief Human Resources Executive Committee   | Scheduled weekly meetings between the Chief Human Resources and Human Resource Division, Chief Directors and General Officers Commanding |
| Human Resource Policy Development Committee | Scheduled bimonthly meetings with HR policy developers of the Services and Divisions                                                     |
| Human Resource Planning Board               | Scheduled monthly meetings with HR planners of the Services and Divisions                                                                |
| Career Management Forum                     | Scheduled monthly meetings with career managers of the Services and Divisions                                                            |

**Table 10.6 Service Information Tools**



| Types of Information Tools                                          | Actual Achievements                                                                                                                                                                    |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policies and directives                                             | Promulgated and updated annually                                                                                                                                                       |
| DOD HR intranet website                                             | Updated weekly with information about the DOD's HR management notices, developments and activities                                                                                     |
| SA Soldier                                                          | Official DOD monthly publication that includes articles focusing on the DOD's HR activities.                                                                                           |
| DOD Information Bulletins                                           | Published to inform personnel about HR-related developments within the DOD                                                                                                             |
| Public Service Act Personnel Induction and Reorientation Programmes | Scheduled programmes conducted twice per year to introduce newly-appointed and serving Public Service Act Personnel to the organisation, and the overall functioning of the Department |
| Empowerment Workshops for Commanders                                | Ongoing workshops presented to empower Commanders in the management of Labour Relations                                                                                                |

**Table 10.7 Complaints Mechanisms**

| Complaints Mechanisms                                           | Actual Achievements                                                                                        |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Single grievance procedure for members and employees of the DOD | A credible mechanism to resolve grievances at the lowest possible level in the shortest possible timeframe |
| Human Resource Board                                            | Monthly meetings with senior HR representatives of the Services and Divisions                              |
| Departmental Programme and Budget Evaluation Committee          | Two formal sittings with senior representatives of the Services and Divisions                              |

**EXPENDITURE**

**Table 10.8 Personnel Costs by Programme FY 2008/09**

| Programme               | Total Expenditure (Rand) | Personnel Expenditure (Rand) | Training Expenditure (Rand) | Professional and Special Services (Rand) | Personnel Cost as a % of Total Expenditure | Average Personnel Cost per Employee (Rand) |
|-------------------------|--------------------------|------------------------------|-----------------------------|------------------------------------------|--------------------------------------------|--------------------------------------------|
| Administration          | 2 480 151 064            | 872 783 634                  | 7 085 819                   | 32 165 148                               | 35%                                        | 222 649                                    |
| Landward Defence        | 6 958 701 025            | 3 895 408 467                | 32 788 522                  | 30 784 012                               | 56%                                        | 114 831                                    |
| Air Defence             | 8 018 779 253            | 1 666 646 237                | 28 307 194                  | 232 398 266                              | 21%                                        | 158 607                                    |
| Maritime Defence        | 1 837 190 828            | 868 164 069                  | 6 252 393                   | 42 563 080                               | 47 %                                       | 135 102                                    |
| Military Health Support | 2 176 939 923            | 1 388 918 066                | 7 582 085                   | 51 644 855                               | 64%                                        | 174 203                                    |
| Defence Intelligence    | 50 751 582               | 154 531 535                  | 1 671 944                   | 791 699                                  | 30%                                        | 230 644                                    |
| Joint Support           | 3 908 861 798            | 1 177 573 369                | 7 519 306                   | 97 515 529                               | 30%                                        | 131 221                                    |
| Force Employment        | 1 913 910 039            | 748 747 365                  | 1 817 329                   | 11 027 009                               | 39%                                        | 439 922                                    |
| <b>TOTAL</b>            | <b>27 801 285 512</b>    | <b>10 772 772 743</b>        | <b>93 024 592</b>           | <b>498 889 599</b>                       | <b>39%</b>                                 | <b>145 389</b>                             |

Note: Personnel expenditure includes payments to the value of R153 million, which were made to Households in respect of attrition.

**Table 10.9 Personnel Costs by Salary Bands FY 2008/09**

| Salary Band                              | Personnel Expenditure (Rand) | Percentage of Total Personnel Cost | Average Personnel Cost per Employee (Rand) |
|------------------------------------------|------------------------------|------------------------------------|--------------------------------------------|
| Military Skills Development System       | 267 595 470                  | 2.5%                               | 37 510                                     |
| Lower-Skilled (Levels 1-2)               | 196 830 337                  | 1.8%                               | 68 606                                     |
| Skilled (Levels 3-5)                     | 3 401 990 060                | 31.6%                              | 106 810                                    |
| Highly-Skilled Production (Levels 6-8)   | 3 927 501 111                | 36.5%                              | 168 635                                    |
| Highly-Skilled Supervision (Levels 9-12) | 2 728 330 084                | 25.3%                              | 315 633                                    |
| Senior Management (Levels 13-16)         | 250 525 681                  | 2.3%                               | 813 395                                    |
| <b>TOTAL</b>                             | <b>10 772 772 743</b>        | <b>100%</b>                        | <b>145 389</b>                             |

Table 10.10 Salaries, Overtime, Home-Owners Allowance and Medical Assistance by Programme FY 2008/09

| Programme               | Salaries             |                                                          | Overtime           |                                                          | Home Owners Allowance |                                                     | Medical Assistance |                                                                    |
|-------------------------|----------------------|----------------------------------------------------------|--------------------|----------------------------------------------------------|-----------------------|-----------------------------------------------------|--------------------|--------------------------------------------------------------------|
|                         | Amount               | Salaries as a percentage of Personnel Cost per Programme | Amount             | Overtime as a percentage of Personnel Cost per Programme | Amount                | HOA as a percentage of Personnel Cost per Programme | Amount             | Medical Assistance as a percentage of Personnel Cost per Programme |
| Administration          | 477 269 173          | 55%                                                      | 984 121            | 0.1%                                                     | 11 641 937            | 1.3%                                                | 8 073 283          | 0.9%                                                               |
| Landward Defence        | 2 822 084 450        | 72%                                                      | 24 628 811         | 0.6%                                                     | 155 174 071           | 4.0%                                                | 19 113 732         | 0.5%                                                               |
| Air Defence             | 1 090 429 812        | 65%                                                      | 3 632 649          | 0.2%                                                     | 45 327 666            | 2.7%                                                | 7 704 124          | 0.5%                                                               |
| Maritime Defence        | 612 401 604          | 71%                                                      | 11 119 473         | 1.3%                                                     | 25 364 729            | 2.9%                                                | 8 692,545          | 1.0%                                                               |
| Military Health Support | 955 730 960          | 69%                                                      | 81 992 700         | 5.9%                                                     | 27 001 769            | 1.9%                                                | 5 499 789          | 0.4%                                                               |
| Defence Intelligence    | 111 041 634          | 72%                                                      | 225 019            | 0.1%                                                     | 2 604 207             | 1.7%                                                | 275 072            | 0.2%                                                               |
| Joint Support           | 983 601 940          | 84%                                                      | 8 429 519          | 0.7%                                                     | 44 594 807            | 3.8%                                                | 8 416 598          | 0.7%                                                               |
| Force Employment        | 231 365 418          | 31%                                                      | 1 184 578          | 0.2%                                                     | 7 888 534             | 1.1%                                                | 752 992            | 0.1%                                                               |
| <b>TOTAL</b>            | <b>7 283 924 990</b> | <b>68%</b>                                               | <b>132 196 870</b> | <b>1.2%</b>                                              | <b>319 597 718</b>    | <b>3.0%</b>                                         | <b>58 528 134</b>  | <b>0.5%</b>                                                        |



Table 10.11 Salaries, Overtime, Home-Owners Allowance and Medical Assistance by Salary Band FY 2008/09

| Salary Band                              | Salaries             |                                                            | Overtime           |                                                            | Home-Owners Allowance |                                                       | Medical Assistance |                                                                      |
|------------------------------------------|----------------------|------------------------------------------------------------|--------------------|------------------------------------------------------------|-----------------------|-------------------------------------------------------|--------------------|----------------------------------------------------------------------|
|                                          | Amount               | Salaries as a percentage of Personnel Cost per Salary Band | Amount             | Overtime as a percentage of Personnel Cost per Salary Band | Amount                | HOA as a percentage of Personnel Cost per Salary Band | Amount             | Medical Assistance as a percentage of Personnel Cost per Salary Band |
| Military-Skills Development              | 198 667 065          | 74%                                                        | 4 255 696          | 4.6%                                                       | 0                     | 0.0%                                                  | 0                  | 0.0%                                                                 |
| Lower-Skilled (Levels 1-2)               | 138 765 091          | 70%                                                        | 730 696            | 0.4%                                                       | 13 560 916            | 6.9%                                                  | 10 611 162         | 5.4%                                                                 |
| Skilled (Levels 3-5)                     | 2 223 812 887        | 65%                                                        | 23 453 601         | 0.7%                                                       | 160 933 113           | 4.7%                                                  | 24 486 170         | 0.7%                                                                 |
| Highly-Skilled Production (Levels 6-8)   | 2 749 758 690        | 70%                                                        | 35 493 122         | 0.9%                                                       | 112 762 609           | 2.9%                                                  | 20 988 288         | 0.5%                                                                 |
| Highly-Skilled Supervision (Levels 9-12) | 18 52183 674         | 68%                                                        | 57 507 680         | 2.1%                                                       | 32 341 080            | 1.2%                                                  | 2 442 514          | 0.1%                                                                 |
| Senior Management (Levels 13-16)         | 120 737 583          | 48%                                                        | 10 756 075         | 4.3%                                                       | 0                     | 0.0%                                                  | 0                  | 0.0%                                                                 |
| <b>TOTAL</b>                             | <b>7 283 924 990</b> | <b>68%</b>                                                 | <b>132 196 870</b> | <b>1.2%</b>                                                | <b>319 597 718</b>    | <b>3.0%</b>                                           | <b>58 528 134</b>  | <b>0.5%</b>                                                          |

**EMPLOYMENT AND VACANCIES**

**Table 10.12 Employment and Vacancies by Programme as at 31 March 2009**

| Programme               | Number of Posts | Number of Employees | Vacancy Rate | Number of Posts Filled Additional to the Establishment |
|-------------------------|-----------------|---------------------|--------------|--------------------------------------------------------|
| Administration          | 5 033           | 3 369               | -33%         | -1 664                                                 |
| Landward Defence        | 44 908          | 33 442              | -26%         | -11 466                                                |
| Air Defence             | 12 808          | 10 621              | -17%         | -2 187                                                 |
| Maritime Defence        | 7 066           | 6 708               | -5%          | -358                                                   |
| Military Health Support | 9 808           | 8 126               | -17%         | -1 682                                                 |
| Defence Intelligence    | 1 086           | 826                 | -24%         | -260                                                   |
| Joint Support           | 4 930           | 9 795               | 99%          | 4 865                                                  |
| Force Employment        | 2 426           | 1 709               | -30%         | -717                                                   |
| <b>TOTAL</b>            | <b>88 065</b>   | <b>74 596</b>       | <b>-15%</b>  | <b>-13 469</b>                                         |

**Note:** Posts refer only to the active approved production posts captured on the post establishment of which only 75 769 were funded for FY 2008/09. The posts filled additional to the establishment at the Joint-Support Programme is due to the approved function transfer to Landward Defence, where the posts will be filled with effect from 1 April 2009.

**Table 10.13 Employment and Vacancies by Salary Band as at 31 March 2009**

| Salary Band                              | Number of Posts | Number of Employees as at 31 March 2009 | Vacancy Rate | Number of Posts Filled Additional to the Establishment |
|------------------------------------------|-----------------|-----------------------------------------|--------------|--------------------------------------------------------|
| Military Skills Development System       | 0               | 7 357                                   | 0%           | 7 357                                                  |
| Lower-Skilled (Levels 1-2)               | 11 416          | 2 895                                   | -75%         | -8 521                                                 |
| Skilled (Levels 3-5)                     | 32 433          | 31 976                                  | -1%          | -457                                                   |
| Highly-Skilled Production (Levels 6-8)   | 33 460          | 23 314                                  | -30%         | -10 146                                                |
| Highly-Skilled Supervision (Levels 9-12) | 10 357          | 8 741                                   | -16%         | -1 616                                                 |
| Professionals (Levels 13-16)             | 110             | 52                                      | -53%         | -58                                                    |
| Senior Management (Levels 13-16)         | 289             | 261                                     | -10%         | -28                                                    |
| <b>TOTAL</b>                             | <b>88 065</b>   | <b>74 596</b>                           | <b>-15%</b>  | <b>-13 469</b>                                         |

**Note:** Posts refer only to the active approved production posts captured on the post establishment. There are no designated MSDS posts as MSDS members are placed in training posts at the commencement of training, and only after training are they utilised in active approved production posts.

**Table 10.14 Employment and Vacancies by Critical Occupation as at 31 March 2009**

| Critical Occupation   | Number of Posts | Number of Employees as at 31 March 2009 | Vacancy Rate | Number of Posts Filled Additional to the Establishment |
|-----------------------|-----------------|-----------------------------------------|--------------|--------------------------------------------------------|
| Anti-Aircraft         | 969             | 888                                     | -8%          | -81                                                    |
| Airspace Control      | 537             | 530                                     | -1%          | -7                                                     |
| Artillery             | 1 292           | 1 476                                   | 14%          | 184                                                    |
| Technical             | 7 579           | 6 317                                   | -17%         | -1 262                                                 |
| Engineer              | 177             | 149                                     | -16%         | -28                                                    |
| Medical Professional* | 1 648           | 1 388                                   | -16%         | -260                                                   |
| Nursing               | 1 660           | 1 612                                   | -3%          | -48                                                    |
| Aircrew               | 618             | 526                                     | -15%         | -92                                                    |
| Combat Navy           | 370             | 354                                     | -4%          | -16                                                    |
| <b>TOTAL</b>          | <b>14 850</b>   | <b>13 240</b>                           | <b>-11%</b>  | <b>-1 610</b>                                          |

*Note: \*Occupations included in the Medical Professional category are Medical Practitioners, Pharmacists, Specialists and Ancillary Health.*

*Note: Posts refer only to the active approved production posts captured on the post establishment. There are currently 1 145 MSDS members under training of which 385 are in the Artillery Occupation, resulting in a figure of 184 members reflected as additional to the establishment.*

## JOB EVALUATION

**Table 10.15 Job Evaluation for the period 1 April 2008 to 31 March 2009**

| Salary Band                              | Number of Posts | Number of Jobs Evaluated | Percentage of Posts Evaluated by Salary Band | Posts Upgraded |                               | Posts Downgraded |                               |
|------------------------------------------|-----------------|--------------------------|----------------------------------------------|----------------|-------------------------------|------------------|-------------------------------|
|                                          |                 |                          |                                              | Number         | Percentage of Posts Evaluated | Number           | Percentage of Posts Evaluated |
| Military Skills Development System       | 0               | 0                        | 0.0%                                         | 0              | 0.00%                         | 0                | 0.00%                         |
| Lower-Skilled (Levels 1-2)               | 11 416          | 14                       | 0.1%                                         | 58             | 0.51%                         | 0                | 0.00 %                        |
| Skilled (Levels 3-5)                     | 32 433          | 190                      | 0.6%                                         | 13             | 0.04%                         | 14               | 0.04%                         |
| Highly-Skilled Production (Levels 6-8)   | 33 460          | 371                      | 1.1%                                         | 7              | 0.02%                         | 0                | 0.00%                         |
| Highly-Skilled Supervision (Levels 9-12) | 10 357          | 122                      | 1.2%                                         | 1              | 0.01%                         | 0                | 0.00%                         |
| Senior-Management Service Band A         | 278             | 0                        | 0.0%                                         | 0              | 0.00%                         | 0                | 0.00%                         |
| Senior-Management Service Band B         | 103             | 0                        | 0.0%                                         | 0              | 0.00%                         | 0                | 0.00%                         |
| Senior-Management Service Band C         | 14              | 0                        | 0.0%                                         | 0              | 0.00%                         | 0                | 0.00%                         |
| Senior-Management Service Band D         | 4               | 0                        | 0.0%                                         | 0              | 0.00%                         | 0                | 0.00%                         |
| <b>TOTAL</b>                             | <b>88 065</b>   | <b>697</b>               | <b>0.8%</b>                                  | <b>79</b>      | <b>0.09%</b>                  | <b>14</b>        | <b>0.02%</b>                  |

**Table 10.16 Profile of Employees Whose Salary Positions were upgraded owing to their posts being upgraded for the period 1 April 2008 to 31 March 2009**

| Beneficiaries               | African   | Indian   | Coloured  | White     | TOTAL     |
|-----------------------------|-----------|----------|-----------|-----------|-----------|
| Female                      | 10        | 0        | 0         | 9         | 19        |
| Male                        | 11        | 0        | 10        | 1         | 22        |
| <b>TOTAL</b>                | <b>21</b> | <b>0</b> | <b>10</b> | <b>10</b> | <b>41</b> |
| Employees with a disability |           |          |           |           | 0         |

**Table 10.17 Employees Whose Salary Level Exceed the Grade Determined by Job Evaluation as at 31 March 2009 (in terms of PSR 1.V.C.3)**

|                                                                            |   |
|----------------------------------------------------------------------------|---|
| Employees whose salary level exceed the grade determined by job evaluation | 0 |
|----------------------------------------------------------------------------|---|

**Table 10.18 Profile of Employees Whose Salary Level Exceed the Grade Determined by Job Evaluation as at 31 March 2009 (in terms of PSR 1.V.C.3)**

|                                                                                       |   |
|---------------------------------------------------------------------------------------|---|
| Profile of employees whose salary level exceed the grade determined by job evaluation | 0 |
|---------------------------------------------------------------------------------------|---|

## EMPLOYMENT CHANGES

**Table 10.19 Annual Turnover Rates by Salary Band for the period 1 April 2008 to 31 March 2009**

| Salary Band                              | Number of Employees Salary Band as at 1 April 2008 | Appointments and Transfers into the Department | Terminations and Transfers out of the Department | Turnover Rate |
|------------------------------------------|----------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------|
| Military Skills Development System       | 7 387                                              | 4 334                                          | 1 445                                            | 39%           |
| Lower Skilled (Levels 1-2)               | 2 780                                              | 269                                            | 123                                              | 5%            |
| Skilled (Levels 3-5)                     | 32 318                                             | 193                                            | 1 738                                            | -5%           |
| Highly-Skilled Production (Levels 6-8)   | 23 515                                             | 257                                            | 1 479                                            | -5%           |
| Highly-Skilled Supervision (Levels 9-12) | 8 539                                              | 170                                            | 670                                              | -6%           |
| Senior-Management Service Band A         | 216                                                | 2                                              | 16                                               | -6%           |
| Senior-Management Service Band B         | 74                                                 | 1                                              | 5                                                | -5%           |
| Senior-Management Service Band C         | 12                                                 | 2                                              | 1                                                | 8%            |
| Senior-Management Service Band D         | 2                                                  | 0                                              | 1                                                | -50%          |
| Other - Minister/Deputy Minister         | 2                                                  | 2                                              | 1                                                | 50%           |
| <b>TOTAL</b>                             | <b>74 845</b>                                      | <b>5 230</b>                                   | <b>5 479</b>                                     | <b>-0.3%</b>  |

Table 10.20 Annual Turnover Rates by Critical Occupation for the period 1 April 2008 to 31 March 2009

| Critical Occupation  | Number of Employees per Occupation as at 1 April 2008 | Appointments and Transfers into the Department | Terminations and Transfers out of the Department | Turnover Rate |
|----------------------|-------------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------|
| Anti-Aircraft        | 903                                                   | 72                                             | 149                                              | 9%            |
| Airspace Control     | 524                                                   | 50                                             | 42                                               | -2%           |
| Artillery            | 1 501                                                 | 254                                            | 278                                              | 2%            |
| Technical            | 6 405                                                 | 293                                            | 610                                              | 5%            |
| Engineer             | 159                                                   | 13                                             | 21                                               | 5%            |
| Medical Professional | 1 374                                                 | 253                                            | 255                                              | 0%            |
| Nursing              | 1 570                                                 | 82                                             | 73                                               | -1%           |
| Aircrew              | 601                                                   | 26                                             | 60                                               | 6%            |
| Combat Navy          | 382                                                   | 0                                              | 42                                               | 11%           |
| <b>TOTAL</b>         | <b>13,419</b>                                         | <b>1 043</b>                                   | <b>1 530</b>                                     | <b>4%</b>     |

Note: 741 MSDS members are included in the total appointment figure for all critical occupations.

Table 10.21 Reasons why Staff Left the Department for the period 1 April 2008 to 31 March 2009

| Termination Type                                                                                      | Number       | Percentage of Total |
|-------------------------------------------------------------------------------------------------------|--------------|---------------------|
| Death/Demise                                                                                          | 600          | 11.0%               |
| Resignation                                                                                           | 1 392        | 25.0%               |
| Contract Expiry                                                                                       | 1 630        | 30.0%               |
| Transfer                                                                                              | 521          | 10.0%               |
| Dismissal: Operational Require                                                                        | 4            | 0.0%                |
| Dismissal: Ill Health                                                                                 | 36           | 1.0%                |
| Dismissal: Misconduct                                                                                 | 228          | 4.0%                |
| Retirement                                                                                            | 384          | 7.0%                |
| Mobility Exit Mechanism / Employer Initiated Severance Package                                        | 684          | 12.0%               |
| <b>Total Number of Employees who left as a percentage of the Total Employment as at 31 March 2009</b> | <b>5 479</b> | <b>7.0%</b>         |

Table 10.22 Promotions by Critical Occupation for the period 1 April 2008 to 31 March 2009

| Critical Occupation | Employees as at 1 April 2008 | Promotions to Another Salary Level | Salary Level Promotions as a percentage of Employees by Occupation | Progression to another Notch within a Salary Level | Notch Progression as a percentage of Employees by Occupation |
|---------------------|------------------------------|------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------|
| Anti-Aircraft       | 903                          | 84                                 | 9%                                                                 | 466                                                | 52%                                                          |
| Airspace Control    | 524                          | 102                                | 19%                                                                | 227                                                | 43%                                                          |



| Critical Occupation  | Employees as at 1 April 2008 | Promotions to Another Salary Level | Salary Level Promotions as a percentage of Employees by Occupation | Progression to another Notch within a Salary Level | Notch Progression as a percentage of Employees by Occupation |
|----------------------|------------------------------|------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------|
| Artillery            | 1 501                        | 260                                | 17%                                                                | 608                                                | 41%                                                          |
| Technical            | 6 405                        | 842                                | 13%                                                                | 3 677                                              | 57%                                                          |
| Engineer             | 159                          | 38                                 | 24%                                                                | 37                                                 | 23%                                                          |
| Medical Professional | 1 374                        | 180                                | 13%                                                                | 547                                                | 40%                                                          |
| Nursing              | 1 570                        | 307                                | 20%                                                                | 155                                                | 10%                                                          |
| Aircrew              | 601                          | 215                                | 36%                                                                | 158                                                | 26%                                                          |
| Combat Navy          | 382                          | 67                                 | 18%                                                                | 203                                                | 53%                                                          |
| <b>TOTAL</b>         | <b>13 419</b>                | <b>2 095</b>                       | <b>16%</b>                                                         | <b>6 078</b>                                       | <b>45%</b>                                                   |

Table 10.23 Promotions by Salary Band for the period 1 April 2008 to 31 March 2009

| Salary Band                              | Employees as at 1 April 2008 | Promotions to Another Salary Level | Salary Bands Promotions as a percentage of Employees by Salary Level | Progression to another Notch within a Salary Level | Notch Progression as a percentage of Employees by Salary Band |
|------------------------------------------|------------------------------|------------------------------------|----------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------|
| Military Skills Development System       | 7 387                        | 1 278                              | 17%                                                                  | 0                                                  | 0%                                                            |
| Lower-Skilled (Levels 1-2)               | 2 780                        | 31                                 | 1%                                                                   | 2 111                                              | 76%                                                           |
| Skilled (Levels 3-5)                     | 32 318                       | 4 043                              | 13%                                                                  | 16 026                                             | 50%                                                           |
| Highly-Skilled Production (Levels 6-8)   | 23 515                       | 2 802                              | 12%                                                                  | 15 215                                             | 65%                                                           |
| Highly-Skilled Supervision (Levels 9-12) | 8 539                        | 575                                | 7%                                                                   | 5 924                                              | 69%                                                           |
| Professionals (Levels 13-16)             | 54                           | 1                                  | 2%                                                                   | 40                                                 | 74%                                                           |
| Senior-Management (Levels 13-16)         | 252                          | 6                                  | 2%                                                                   | 184                                                | 73%                                                           |
| <b>TOTAL</b>                             | <b>7 4845</b>                | <b>8 736</b>                       | <b>12%</b>                                                           | <b>39 500</b>                                      | <b>53%</b>                                                    |

**EMPLOYMENT EQUITY**

**Table 10.24a Total Number of Employees (including Employees with Disabilities) in each of the following Occupational Categories as at 31 March 2009**

| Occupational Category (SASCO)              | Male          |              |            | Female       |               |              | TOTAL      |              |               |
|--------------------------------------------|---------------|--------------|------------|--------------|---------------|--------------|------------|--------------|---------------|
|                                            | African       | Coloured     | Indian     | White        | African       | Coloured     |            | Indian       | White         |
| Legislators Senior Officials and Managers  | 3             | 0            | 0          | 0            | 0             | 0            | 0          | 0            | 3             |
| Professionals                              | 722           | 123          | 79         | 536          | 646           | 180          | 90         | 648          | 3 024         |
| Technicians and Associate Professionals    | 2 741         | 392          | 66         | 1 278        | 1 225         | 264          | 47         | 605          | 6 618         |
| Clerks                                     | 5 379         | 1 461        | 94         | 1 246        | 2 752         | 568          | 61         | 2 348        | 13 909        |
| Service and Sales Workers                  | 21 048        | 2 780        | 160        | 1 916        | 3 862         | 624          | 22         | 506          | 30 918        |
| Craft-and-Related Trades Workers           | 4 281         | 1 068        | 175        | 2 406        | 944           | 170          | 10         | 266          | 9 320         |
| Plant-and-Machine Operators and Assemblers | 282           | 99           | 1          | 20           | 1             | 0            | 0          | 0            | 403           |
| Elementary Occupations                     | 5 541         | 1 110        | 29         | 543          | 2 412         | 599          | 13         | 154          | 10 401        |
| <b>TOTAL</b>                               | <b>39 997</b> | <b>7 033</b> | <b>604</b> | <b>7 945</b> | <b>11 842</b> | <b>2 405</b> | <b>243</b> | <b>4 527</b> | <b>74 596</b> |

**Table 10.24b Total Number of Employees (only Employees with Disabilities) in each of the following Occupational Categories as at 31 March 2009**

| Occupational Category (SASCO)              | Male       |           |          | Female     |           |          | TOTAL    |           |            |
|--------------------------------------------|------------|-----------|----------|------------|-----------|----------|----------|-----------|------------|
|                                            | African    | Coloured  | Indian   | White      | African   | Coloured |          | Indian    | White      |
| Professionals                              | 3          | 0         | 0        | 3          | 0         | 0        | 0        | 3         | 9          |
| Technicians and Associate Professionals    | 15         | 4         | 0        | 11         | 3         | 0        | 0        | 7         | 40         |
| Clerks                                     | 58         | 21        | 1        | 26         | 4         | 3        | 0        | 32        | 145        |
| Service and Sales Workers                  | 87         | 10        | 1        | 18         | 3         | 1        | 0        | 0         | 120        |
| Craft-and-Related Trades Workers           | 29         | 10        | 1        | 38         | 1         | 0        | 0        | 6         | 85         |
| Plant-and-Machine Operators and Assemblers | 1          | 0         | 0        | 0          | 0         | 0        | 0        | 0         | 1          |
| Elementary Occupations                     | 8          | 15        | 0        | 5          | 4         | 1        | 0        | 7         | 40         |
| <b>TOTAL</b>                               | <b>201</b> | <b>60</b> | <b>3</b> | <b>101</b> | <b>15</b> | <b>5</b> | <b>0</b> | <b>55</b> | <b>440</b> |

Table 10.24c Total Number of Employees (including Employees with Disabilities) in each of the following Occupational Bands as at 31 March 2009

| Occupational Band                  | Male          |              |            |              | Female        |              |            |              | TOTAL         |
|------------------------------------|---------------|--------------|------------|--------------|---------------|--------------|------------|--------------|---------------|
|                                    | African       | Coloured     | Indian     | White        | African       | Coloured     | Indian     | White        |               |
| Top Management                     | 11            | 0            | 1          | 3            | 2             | 0            | 0          | 1            | 18            |
| Senior Management                  | 124           | 5            | 7          | 105          | 32            | 0            | 6          | 16           | 295           |
| Professionally Qualified           | 2 313         | 719          | 157        | 3 286        | 847           | 146          | 66         | 1 207        | 8 741         |
| Skilled Technical                  | 9 714         | 2 964        | 315        | 3 519        | 3 025         | 790          | 118        | 2 869        | 23 314        |
| Semi-Skilled                       | 22 455        | 2 573        | 97         | 658          | 4 863         | 943          | 40         | 347          | 31 976        |
| Unskilled                          | 1 485         | 265          | 3          | 16           | 894           | 218          | 5          | 9            | 2 895         |
| Military Skills Development System | 3 895         | 507          | 24         | 358          | 2 179         | 308          | 8          | 78           | 7 357         |
| <b>TOTAL</b>                       | <b>39 997</b> | <b>7 033</b> | <b>604</b> | <b>7 945</b> | <b>11 842</b> | <b>2 405</b> | <b>243</b> | <b>4 527</b> | <b>74 596</b> |

Table 10.24d Total Number of Employees (only Employees with Disabilities) in each of the following Occupational Bands as at 31 March 2009

| Occupational Band                  | Male       |           |          |            | Female    |          |          |           | TOTAL      |
|------------------------------------|------------|-----------|----------|------------|-----------|----------|----------|-----------|------------|
|                                    | African    | Coloured  | Indian   | White      | African   | Coloured | Indian   | White     |            |
| Professionally Qualified           | 0          | 0         | 0        | 1          | 0         | 0        | 0        | 0         | 1          |
| Skilled Technical                  | 18         | 2         | 0        | 35         | 2         | 0        | 0        | 7         | 64         |
| Semi-Skilled                       | 58         | 31        | 3        | 53         | 6         | 4        | 0        | 38        | 193        |
| Unskilled                          | 116        | 15        | 0        | 7          | 3         | 0        | 0        | 10        | 151        |
| Military Skills Development System | 9          | 12        | 0        | 5          | 4         | 1        | 0        | 0         | 31         |
| <b>TOTAL</b>                       | <b>201</b> | <b>60</b> | <b>3</b> | <b>101</b> | <b>15</b> | <b>5</b> | <b>0</b> | <b>55</b> | <b>440</b> |

| Organizational Structure and Human Resources |

Table 10.25a Recruitment (including Employees with Disabilities) for the period 1 April 2008 to 31 March 2009

| Occupational Band                  | Male         |            |           |            | Female       |            |           |            | TOTAL        |
|------------------------------------|--------------|------------|-----------|------------|--------------|------------|-----------|------------|--------------|
|                                    | African      | Coloured   | Indian    | White      | African      | Coloured   | Indian    | White      |              |
| Top Management                     | 3            | 0          | 0         | 0          | 1            | 0          | 0         | 0          | 4            |
| Senior Management                  | 0            | 0          | 1         | 1          | 0            | 0          | 0         | 1          | 3            |
| Professionally Qualified           | 32           | 8          | 11        | 22         | 39           | 9          | 14        | 35         | 170          |
| Skilled Technical                  | 59           | 12         | 4         | 25         | 83           | 17         | 16        | 41         | 257          |
| Semi-Skilled                       | 67           | 2          | 1         | 9          | 78           | 23         | 1         | 12         | 193          |
| Unskilled                          | 79           | 31         | 1         | 3          | 103          | 43         | 5         | 4          | 269          |
| Military Skills Development System | 2 201        | 307        | 16        | 245        | 1 339        | 174        | 5         | 47         | 4 334        |
| <b>TOTAL</b>                       | <b>2 441</b> | <b>360</b> | <b>34</b> | <b>305</b> | <b>1 643</b> | <b>266</b> | <b>41</b> | <b>140</b> | <b>5 230</b> |

Table 10.25b Recruitment (only Employees with Disabilities) for the period 1 April 2008 to 31 March 2009

|                                         |   |
|-----------------------------------------|---|
| Recruitment employees with disabilities | 0 |
|-----------------------------------------|---|

Table 10.26a Promotions (including Employees with Disabilities) for the period 1 April 2008 to 31 March 2009

| Occupational Band                  | Male         |            |           |            | Female       |            |           |            | TOTAL        |
|------------------------------------|--------------|------------|-----------|------------|--------------|------------|-----------|------------|--------------|
|                                    | African      | Coloured   | Indian    | White      | African      | Coloured   | Indian    | White      |              |
| Senior Management                  | 2            | 1          | 0         | 4          | 0            | 0          | 0         | 0          | 7            |
| Professionally Qualified           | 254          | 29         | 7         | 97         | 112          | 11         | 5         | 60         | 575          |
| Skilled Technical                  | 1 291        | 320        | 51        | 327        | 488          | 107        | 23        | 195        | 2 802        |
| Semi-Skilled                       | 2 462        | 303        | 13        | 169        | 882          | 128        | 8         | 78         | 4 043        |
| Unskilled                          | 18           | 4          | 0         | 0          | 6            | 2          | 0         | 1          | 31           |
| Military Skills Development System | 646          | 86         | 9         | 58         | 406          | 52         | 3         | 18         | 1 278        |
| <b>TOTAL</b>                       | <b>4 673</b> | <b>743</b> | <b>80</b> | <b>655</b> | <b>1 894</b> | <b>300</b> | <b>39</b> | <b>352</b> | <b>8 736</b> |

Table 10.26b Promotions (only Employees with Disabilities) for the period 1 April 2008 to 31 March 2009

| Occupational Band        | Male      |          |          |          | Female   |          |          |          | TOTAL     |
|--------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|-----------|
|                          | African   | Coloured | Indian   | White    | African  | Coloured | Indian   | White    |           |
| Professionally Qualified | 1         | 0        | 0        | 1        | 0        | 0        | 0        | 0        | 2         |
| Skilled Technical        | 11        | 4        | 0        | 4        | 0        | 0        | 0        | 1        | 20        |
| Semi-Skilled             | 12        | 2        | 0        | 0        | 2        | 0        | 0        | 0        | 16        |
| <b>TOTAL</b>             | <b>24</b> | <b>6</b> | <b>0</b> | <b>5</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>38</b> |

Table 10.27a Terminations (including Employees with Disabilities) for the period 1 April 2008 to 31 March 2009

| Occupational Band                  | Male         |            |           |            | Female     |            |           |            | TOTAL        |
|------------------------------------|--------------|------------|-----------|------------|------------|------------|-----------|------------|--------------|
|                                    | African      | Coloured   | Indian    | White      | African    | Coloured   | Indian    | White      |              |
| Top Management                     | 3            | 0          | 0         | 0          | 0          | 0          | 0         | 0          | 3            |
| Senior Management                  | 5            | 0          | 0         | 14         | 0          | 0          | 0         | 2          | 21           |
| Professionally Qualified           | 95           | 23         | 26        | 338        | 39         | 6          | 16        | 127        | 670          |
| Skilled Technical                  | 394          | 134        | 34        | 453        | 105        | 34         | 17        | 308        | 1 479        |
| Semi-Skilled                       | 1 269        | 138        | 6         | 90         | 154        | 40         | 1         | 40         | 1 738        |
| Unskilled                          | 58           | 17         | 0         | 1          | 39         | 7          | 0         | 1          | 123          |
| Military Skills Development System | 857          | 74         | 1         | 52         | 398        | 52         | 0         | 11         | 1 445        |
| <b>TOTAL</b>                       | <b>2 681</b> | <b>386</b> | <b>67</b> | <b>948</b> | <b>735</b> | <b>139</b> | <b>34</b> | <b>489</b> | <b>5 479</b> |



Table 10.27b Terminations (only Employees with Disabilities) for the period 1 April 2008 to 31 March 2009

| Occupational Band                  | Male     |          |          |          | Female   |          |          |          | TOTAL     |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
|                                    | African  | Coloured | Indian   | White    | African  | Coloured | Indian   | White    |           |
| Skilled Technical                  | 1        | 0        | 0        | 1        | 0        | 0        | 0        | 1        | 3         |
| Semi-Skilled                       | 1        | 0        | 0        | 3        | 0        | 0        | 0        | 1        | 5         |
| Unskilled                          | 3        | 0        | 0        | 0        | 1        | 0        | 0        | 1        | 5         |
| Military Skills Development System | 1        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 1         |
| <b>TOTAL</b>                       | <b>6</b> | <b>0</b> | <b>0</b> | <b>4</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>3</b> | <b>14</b> |

Table 10.28 Disciplinary Actions for the period 1 April 2008 to 31 March 2009

| Disciplinary Action | Male      |           |          |          | Female   |          |          |          | TOTAL     |
|---------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|-----------|
|                     | African   | Coloured  | Indian   | White    | African  | Coloured | Indian   | White    |           |
| <b>TOTAL</b>        | <b>16</b> | <b>25</b> | <b>1</b> | <b>5</b> | <b>6</b> | <b>9</b> | <b>0</b> | <b>5</b> | <b>67</b> |

Table 10.29 Skills Development – Training provided for the period 1 April 2008 to 31 March 2009

| Occupational Category                      | Male          |              |              |              | Female       |              |            |              | TOTAL         |
|--------------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|---------------|
|                                            | African       | Coloured     | Indian       | White        | African      | Coloured     | Indian     | White        |               |
| Professionals                              | 777           | 155          | 34           | 115          | 490          | 108          | 12         | 208          | 1 898         |
| Technicians and Associate Professionals    | 2 166         | 431          | 94           | 321          | 654          | 145          | 16         | 277          | 4 104         |
| Clerks                                     | 3 059         | 609          | 133          | 453          | 2 390        | 528          | 58         | 1 012        | 8 242         |
| Service and Sales Workers                  | 16,890        | 3,361        | 734          | 2,502        | 2,168        | 479          | 53         | 918          | 27 104        |
| Craft-and-Related Trades Workers           | 4 216         | 839          | 183          | 625          | 571          | 126          | 14         | 242          | 6 815         |
| Plant-and-Machine Operators and Assemblers | 260           | 52           | 11           | 38           | 1            | 0            | 0          | 1            | 363           |
| Elementary Occupations                     | 4 336         | 863          | 188          | 642          | 1,431        | 316          | 35         | 606          | 8 418         |
| <b>TOTAL</b>                               | <b>31 703</b> | <b>6 308</b> | <b>1 377</b> | <b>4 697</b> | <b>7 705</b> | <b>1 702</b> | <b>188</b> | <b>3 264</b> | <b>56 944</b> |

**PERFORMANCE REWARDS**

**Table 10.30 Performance Rewards by Race, Gender and Disability for Personnel below Senior-Management Service (including Employees with Disabilities) for the period 1 April 2008 to 31 March 2009**

| Race                      | Gender | Total number of Employees in Group as at 1 April 2008 | Number of Beneficiaries | Percentage of Total within Group | Total Cost (Rand) | Average Cost per Employee (Rand) |
|---------------------------|--------|-------------------------------------------------------|-------------------------|----------------------------------|-------------------|----------------------------------|
| African                   | Male   | 40 110                                                | 8 720                   | 22%                              | 38 758 889        | 4 445                            |
|                           | Female | 10 906                                                | 2 033                   | 19%                              | 9 732 412         | 4 787                            |
| <b>Subtotal: AFRICAN</b>  |        | <b>51 016</b>                                         | <b>10 753</b>           | <b>21%</b>                       | <b>48 491 301</b> | <b>4 510</b>                     |
| Indian                    | Male   | 633                                                   | 184                     | 29%                              | 1 279 269         | 6 953                            |
|                           | Female | 230                                                   | 65                      | 28%                              | 441 874           | 6 798                            |
| <b>Subtotal: INDIAN</b>   |        | <b>863</b>                                            | <b>249</b>              | <b>29%</b>                       | <b>1 721 143</b>  | <b>6 912</b>                     |
| Coloured                  | Male   | 7 056                                                 | 1 908                   | 27%                              | 9 966 201         | 5 223                            |
|                           | Female | 2 274                                                 | 651                     | 29%                              | 3 027 703         | 4 651                            |
| <b>Subtotal: COLOURED</b> |        | <b>9 330</b>                                          | <b>2 559</b>            | <b>27%</b>                       | <b>12 993 904</b> | <b>5 078</b>                     |
| White                     | Male   | 8 470                                                 | 2 358                   | 28%                              | 20 133 325        | 8 538                            |
|                           | Female | 4 860                                                 | 1 724                   | 35%                              | 11 913 238        | 6 910                            |
| <b>Subtotal: WHITE</b>    |        | <b>13 330</b>                                         | <b>4 082</b>            | <b>31%</b>                       | <b>32 046 563</b> | <b>7 851</b>                     |
| <b>TOTAL</b>              |        | <b>74 539</b>                                         | <b>17 643</b>           | <b>24%</b>                       | <b>95 252 911</b> | <b>5 399</b>                     |
| Employees with Disability |        | 454                                                   | 119                     | 26%                              | 657 853           | 5 528                            |

**Table 10.31 Performance Rewards by Salary Band for Personnel below Senior-Management Service for the period 01 April 2008 to 31 March 2009**

| Salary Band                            | Beneficiary profile                    |                         |                                     | Cost              |                                  |                                                                               |
|----------------------------------------|----------------------------------------|-------------------------|-------------------------------------|-------------------|----------------------------------|-------------------------------------------------------------------------------|
|                                        | Number of Employees as at 1 April 2008 | Number of Beneficiaries | Percentage Total within Salary Band | Total Cost (Rand) | Average Cost per Employee (Rand) | Total Cost as a percentage of the Total Personnel Expenditure per Salary Band |
| Military Skills Development System     | 7 387                                  | 0                       | 0%                                  | 0                 | 0                                | 0.0%                                                                          |
| Lower-Skilled (Levels 1-2)             | 2 780                                  | 735                     | 26%                                 | 1 935 511         | 2 633                            | 1.0%                                                                          |
| Skilled (Levels 3-5)                   | 32 318                                 | 7 747                   | 24%                                 | 27 949 302        | 3 608                            | 0.8%                                                                          |
| Highly-Skilled Production (Levels 6-8) | 23 515                                 | 6 820                   | 29%                                 | 38 446 622        | 5 637                            | 1.0%                                                                          |

| Salary Band                              | Beneficiary profile                    |                         |                                     | Cost              |                                  |                                                                               |
|------------------------------------------|----------------------------------------|-------------------------|-------------------------------------|-------------------|----------------------------------|-------------------------------------------------------------------------------|
|                                          | Number of Employees as at 1 April 2008 | Number of Beneficiaries | Percentage Total within Salary Band | Total Cost (Rand) | Average Cost per Employee (Rand) | Total Cost as a percentage of the Total Personnel Expenditure per Salary Band |
| Highly-Skilled Supervision (Levels 9-12) | 8 539                                  | 2 341                   | 27%                                 | 26 921 476        | 11 500                           | 1.0%                                                                          |
| <b>TOTAL</b>                             | <b>74 539</b>                          | <b>17 643</b>           | <b>24%</b>                          | <b>95 252 911</b> | <b>5 399</b>                     | <b>0.9%</b>                                                                   |

Table 10.32 Performance Rewards by Critical Occupation for the period 1 April 2008 to 31 March 2009

| Critical Occupation  | Beneficiary Profile                    |                         |                                       | Cost              |                                  |
|----------------------|----------------------------------------|-------------------------|---------------------------------------|-------------------|----------------------------------|
|                      | Number of Employees as at 1 April 2008 | Number of Beneficiaries | Percentage of Total within Occupation | Total Cost (Rand) | Average Cost per Employee (Rand) |
| Anti-Aircraft        | 903                                    | 163                     | 18%                                   | 821 073           | 5 037                            |
| Airspace Control     | 524                                    | 99                      | 19%                                   | 741 861           | 7 494                            |
| Artillery            | 1 501                                  | 251                     | 17%                                   | 1 265 547         | 5 042                            |
| Technical            | 6 405                                  | 1 407                   | 22%                                   | 9 219 571         | 6 553                            |
| Engineer             | 159                                    | 10                      | 6%                                    | 123 698           | 12 370                           |
| Medical Professional | 1 374                                  | 183                     | 13%                                   | 2 083 436         | 11 385                           |
| Nursing              | 1 570                                  | 348                     | 22%                                   | 2 853 767         | 8 200                            |
| Aircrew              | 601                                    | 76                      | 13%                                   | 851 267           | 11 201                           |
| Combat Navy          | 382                                    | 86                      | 23%                                   | 862 428           | 10 028                           |
| <b>TOTAL</b>         | <b>13 419</b>                          | <b>2 623</b>            | <b>20%</b>                            | <b>18 822 648</b> | <b>7 176</b>                     |

Table 10.33 Performance-Related Rewards (Cash Bonus) by Salary Band for Senior-Management Service for the period 1 April 2008 to 31 March 2009

| Salary Band                      | Beneficiary Profile                    |                         |                                        | Total Cost (Rand) | Average Cost per Employee (Rand) | Total Cost as a percentage of the Total Personnel Expenditure |
|----------------------------------|----------------------------------------|-------------------------|----------------------------------------|-------------------|----------------------------------|---------------------------------------------------------------|
|                                  | Number of Employees as at 1 April 2008 | Number of Beneficiaries | Percentage of Total within Salary Band |                   |                                  |                                                               |
| Senior-Management Service Band A | 216                                    | 103                     | 48%                                    | 2 640 377         | 25 635                           | 1.61%                                                         |
| Senior-Management Service Band B | 74                                     | 19                      | 26%                                    | 544 068           | 28 635                           | 0.79%                                                         |

| Salary Band                       | Beneficiary Profile                    |                         |                                        | Total Cost (Rand) | Average Cost per Employee (Rand) | Total Cost as a percentage of the Total Personnel Expenditure |
|-----------------------------------|----------------------------------------|-------------------------|----------------------------------------|-------------------|----------------------------------|---------------------------------------------------------------|
|                                   | Number of Employees as at 1 April 2008 | Number of Beneficiaries | Percentage of Total within Salary Band |                   |                                  |                                                               |
| Senior-Management Service Band C  | 12                                     | 0                       | 0%                                     | 0                 | 0                                | 0.00%                                                         |
| Senior-Management Service Band D  | 2                                      | 0                       | 0%                                     | 0                 | 0                                | 0.00%                                                         |
| Other - Minister/ Deputy Minister | 2                                      | 0                       | 0%                                     | 0                 | 0                                | 0.00%                                                         |
| <b>TOTAL</b>                      | <b>306</b>                             | <b>122</b>              | <b>40%</b>                             | <b>3 184 445</b>  | <b>26 102</b>                    | <b>1.27%</b>                                                  |

Note: 54 Professionals (levels 13-16) were included in the total of 306 employees.

### FOREIGN WORKERS

Table 10.34 Foreign Workers by Salary Band for the period 1 April 2008 to 31 March 2009

|                                |   |
|--------------------------------|---|
| Foreign Workers by Salary Band | 0 |
|--------------------------------|---|

Table 10.35 Foreign Workers by Major Occupation for the period 1 April 2008 to 31 March 2009

|                                     |   |
|-------------------------------------|---|
| Foreign Workers by Major Occupation | 0 |
|-------------------------------------|---|

### LEAVE UTILISATION

Table 10.36a Sick Leave granted for the period 1 January 2008 to 31 December 2008 – Uniformed Personnel

| Salary Band                                | Total days     | Number of Employees using Sick Leave | Percentage of Total Employees using Sick Leave | Average Days per Employee using Sick Leave | Estimated Cost (Rand) |
|--------------------------------------------|----------------|--------------------------------------|------------------------------------------------|--------------------------------------------|-----------------------|
| Military Skills Development System         | 3 518          | 952                                  | 17%                                            | 4                                          | 376 411               |
| Lower-Skilled (Levels 1 – 2)               | 198            | 52                                   | 69%                                            | 4                                          | 41 430                |
| Skilled (Levels 3 – 5)                     | 66 639         | 11 926                               | 44%                                            | 6                                          | 17 982 382            |
| Highly-Skilled Productions (Levels 6 – 8)  | 68 774         | 12 497                               | 63%                                            | 6                                          | 31 518 367            |
| Highly-Skilled Supervision (Levels 9 – 12) | 25 965         | 4 755                                | 60%                                            | 5                                          | 20 994 737            |
| Professionals (Levels 13 – 16)             | 133            | 24                                   | 45%                                            | 6                                          | 214 608               |
| Senior Management (Levels 13 – 16)         | 578            | 109                                  | 51%                                            | 5                                          | 904 354               |
| <b>TOTAL</b>                               | <b>165 805</b> | <b>30 315</b>                        | <b>50%</b>                                     | <b>5</b>                                   | <b>72 032 288</b>     |

Table 10.36b Sick Leave granted for the period 01 January 2008 to 31 December 2008 – Public Service Act Personnel

| Salary Band                                | Total Days    | Number of Employees using Sick Leave | Percentage of Total Employees using Sick Leave | Average Days per Employee using Sick Leave | Estimated Cost (Rand) |
|--------------------------------------------|---------------|--------------------------------------|------------------------------------------------|--------------------------------------------|-----------------------|
| Lower-Skilled (Levels 1 –2)                | 11 311        | 1 678                                | 61%                                            | 7                                          | 2 203 112             |
| Skilled (Levels 3 – 5)                     | 24 170        | 3 725                                | 66%                                            | 6                                          | 5 467 858             |
| Highly-Skilled Productions (Levels 6 – 8)  | 19 232        | 2 833                                | 82%                                            | 7                                          | 8 513 536             |
| Highly-Skilled Supervision (Levels 9 – 12) | 2 448         | 433                                  | 60%                                            | 6                                          | 2 119 459             |
| Professionals (Levels 13 – 16)             | 24            | 2                                    | 29%                                            | 12                                         | 37 363                |
| Senior Management (Levels 13 – 16)         | 116           | 27                                   | 71%                                            | 4                                          | 184 970               |
| <b>TOTAL</b>                               | <b>57 301</b> | <b>8 698</b>                         | <b>69%</b>                                     | <b>7</b>                                   | <b>18 526 297</b>     |

Note: Employees are entitled to 36 working days sick leave in a cycle of three years, on an average norm of 12 working days per year. Sick leave was granted with medical certification.

Table 10.37a Disability Leave (Temporary and Permanent) granted for the period 1 January 2008 to 31 December 2008 – Uniformed Personnel

| Salary Band                              | Total days taken | Number of Employees using Disability Leave | Percentage of Total Employees using Disability Leave | Average Days per Employee | Estimated Cost (Rand) |
|------------------------------------------|------------------|--------------------------------------------|------------------------------------------------------|---------------------------|-----------------------|
| Lower-Skilled (Levels 1-2)               | 314              | 3                                          | 4%                                                   | 105                       | 62 335                |
| Skilled (Levels 3-5)                     | 26 200           | 1 052                                      | 4%                                                   | 25                        | 6 997 873             |
| Highly-Skilled Production (Levels 6-8)   | 25 224           | 1 160                                      | 6%                                                   | 22                        | 11 638 243            |
| Highly-Skilled Supervision (Levels 9-12) | 9 761            | 400                                        | 5%                                                   | 24                        | 7 805 843             |
| Professionals (Levels 13-16)             | 17               | 1                                          | 2%                                                   | 17                        | 25 393                |
| Senior Management (Levels 13-16)         | 522              | 11                                         | 5%                                                   | 47                        | 800 461               |
| <b>TOTAL</b>                             | <b>62 038</b>    | <b>2 627</b>                               | <b>4%</b>                                            | <b>24</b>                 | <b>27 330 148</b>     |

Table 10.37b Disability Leave (Temporary and Permanent) granted for the period 1 January 2008 to 31 December 2008 – Public Service Act Personnel

| Salary Band                | Total days taken | Number of Employees using Disability Leave | Percentage of Total Employees using Disability Leave | Average Days per Employee | Estimated Cost (Rand) |
|----------------------------|------------------|--------------------------------------------|------------------------------------------------------|---------------------------|-----------------------|
| Lower-Skilled (Levels 1-2) | 3 739            | 223                                        | 8%                                                   | 17                        | 731 875               |
| Skilled (Levels 3-5)       | 8 413            | 489                                        | 9%                                                   | 17                        | 1 926 222             |



| Salary Band                              | Total days taken | Number of Employees using Disability Leave | Percentage of Total Employees using Disability Leave | Average Days per Employee | Estimated Cost (Rand) |
|------------------------------------------|------------------|--------------------------------------------|------------------------------------------------------|---------------------------|-----------------------|
| Highly-Skilled Production (Levels 6-8)   | 5 820            | 389                                        | 11%                                                  | 15                        | 2 554 415             |
| Highly-Skilled Supervision (Levels 9-12) | 424              | 22                                         | 3%                                                   | 19                        | 336 274               |
| <b>TOTAL</b>                             | <b>18 396</b>    | <b>1 123</b>                               | <b>9%</b>                                            | <b>16</b>                 | <b>5 548 787</b>      |

**Note:** Employees are entitled to disability leave after the 36 working days of normal sick leave have been fully utilised. Disability leave was granted with medical certification.

**Table 10.38a Annual Leave taken for the period 1 January 2008 to 31 December 2008 – Defence Act Personnel/Uniformed Personnel**

| Salary Band                              | Total Days Taken | Average Days per Employee using Annual Leave |
|------------------------------------------|------------------|----------------------------------------------|
| Military Skills Development System       | 41 002           | 9                                            |
| Lower-Skilled (Levels 1-2)               | 1 859            | 24                                           |
| Skilled (Levels 3-5)                     | 530 226          | 20                                           |
| Highly-Skilled Production (Levels 6-8)   | 463 672          | 22                                           |
| Highly-Skilled Supervision (Levels 9-12) | 200 455          | 24                                           |
| Professionals (Levels 13-16)             | 980              | 21                                           |
| Senior Management (Levels 13-16)         | 5 568            | 24                                           |
| <b>TOTAL</b>                             | <b>1 243 763</b> | <b>22</b>                                    |

**Table 10.38b Annual Leave taken for the period 1 January 2008 to 31 December 2008 – Public Service Act Personnel**

| Salary Band                              | Total Days Taken | Average days per Employee using Annual Leave |
|------------------------------------------|------------------|----------------------------------------------|
| Lower -killed (Levels 1-2)               | 55 823           | 20                                           |
| Skilled (Levels 3-5)                     | 128 944          | 22                                           |
| Highly-Skilled Production (Levels 6-8)   | 77 449           | 22                                           |
| Highly-Skilled Supervision (Levels 9-12) | 12 539           | 21                                           |
| Professionals (Levels 13-16)             | 156              | 22                                           |
| Senior Management (Levels 13-16)         | 820              | 19                                           |
| <b>TOTAL</b>                             | <b>275 731</b>   | <b>22</b>                                    |

**Note:** Employees with less than 10 years service are entitled to 22 working days annual leave and employees with more than 10 years service are entitled to 26 working days annual leave.

Table 10.39a Capped Leave taken for the period 1 January 2008 to 31 December 2008 – Uniformed Personnel

| Salary Band                              | Total Days of Capped Leave Taken | Average Number of Days Taken per Employee | Average Capped Leave per Employee as at 31 December 2008 |
|------------------------------------------|----------------------------------|-------------------------------------------|----------------------------------------------------------|
| Lower -killed (Levels 1-2)               | 149                              | 10                                        | 62                                                       |
| Skilled (Levels 3-5)                     | 17 150                           | 7                                         | 25                                                       |
| Highly-Skilled Production (Levels 6-8)   | 17 254                           | 6                                         | 30                                                       |
| Highly-Skilled Supervision (Levels 9-12) | 9 911                            | 8                                         | 59                                                       |
| Professionals (Levels 13-16)             | 57                               | 19                                        | 0                                                        |
| Senior Management (Levels 13-16)         | 280                              | 8                                         | 132                                                      |
| <b>TOTAL</b>                             | <b>44 801</b>                    | <b>7</b>                                  | <b>35</b>                                                |

Table 10.39b Capped Leave taken for the period 1 January 2008 to 31 December 2008 – Public Service Act Personnel

| Salary Band                              | Total Days of Capped Leave Taken | Average Number of Days Taken per Employee | Average Capped Leave per Employee as at 31 December 2008 |
|------------------------------------------|----------------------------------|-------------------------------------------|----------------------------------------------------------|
| Lower-Skilled (Levels 1-2)               | 1 541                            | 7                                         | 33                                                       |
| Skilled (Levels 3-5)                     | 5 133                            | 8                                         | 60                                                       |
| Highly-Skilled Production (Levels 6-8)   | 6 012                            | 16                                        | 34                                                       |
| Highly-Skilled Supervision (Levels 9-12) | 1 481                            | 26                                        | 47                                                       |
| Professionals (Levels 13-16)             | 0                                | 0                                         | 0                                                        |
| Senior Management (Levels 13-16)         | 11                               | 11                                        | 50                                                       |
| <b>TOTAL</b>                             | <b>14 177</b>                    | <b>11</b>                                 | <b>47</b>                                                |

*Note: Although 11% of employees took capped leave, it is to the benefit of the DOD, as it will reduce the financial contingent liability on the DOD with respect to leave credits*

Table 10.40a Leave Payouts, FY 2008/09 – Uniformed Personnel

| Reason                                                                         | Total Amount      | Number of Employees | Average Payment per Employee |
|--------------------------------------------------------------------------------|-------------------|---------------------|------------------------------|
| Leave payout for FY 2008/09 due to non-utilisation of leave for previous cycle | 1 655 823         | 505                 | 3 279                        |
| Leave payout for FY 2008/09 due to discounting of leave                        | 38 101 342        | 4 982               | 7 648                        |
| Leave payouts for FY 2008/09 on termination of service                         | 35 845 616        | 1 206               | 29 723                       |
| <b>TOTAL</b>                                                                   | <b>75 602 781</b> | <b>6 693</b>        | <b>40 649</b>                |

Table 10.40b Leave Payouts FY 2008/09 – Public Service Act Personnel

| Reason                                                                         | Total Amount      | Number of Employees | Average Payment per Employee |
|--------------------------------------------------------------------------------|-------------------|---------------------|------------------------------|
| Leave payout for FY 2008/09 due to non-utilisation of leave for previous cycle | 240 476           | 122                 | 1 971                        |
| Leave payout for FY 2008/09 due to discounting of leave                        | 1 355 474         | 494                 | 2 744                        |
| Leave payouts for FY 2008/09 on termination of service                         | 12 411 507        | 852                 | 14 567                       |
| <b>TOTAL</b>                                                                   | <b>14 007 457</b> | <b>1 468</b>        | <b>9 542</b>                 |

**Note:** All vacation leave to an employee's credit on termination of service by means of retirement, medical retirement, early retirement, contract expiry or exit mechanisms are paid out. Discharges (misconduct) are excluded.

### HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 10.41a 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                                                                                        | <ul style="list-style-type: none"> <li>• HIV workplace programmes</li> <li>• Peer education</li> <li>• Buddy-aid lectures</li> <li>• First-aid boxes</li> <li>• OHS programme</li> <li>• Prevention and health-promotion programmes</li> <li>• Lectures before external deployment</li> </ul> |
| Medium risk: Members on Deployment Internal to RSA)                                                          | <ul style="list-style-type: none"> <li>• Peer education</li> <li>• Buddy-aid lectures</li> <li>• Trained operational emergency care practitioners</li> <li>• Plastic gloves</li> <li>• Prevention and health-promotion programmes</li> </ul>                                                  |
| High risk: Members on Deployment (External to RSA)                                                           | <ul style="list-style-type: none"> <li>• Peer education</li> <li>• Trained operational emergency care practitioners</li> <li>• Plastic gloves</li> <li>• Specific HIV-prevention programmes</li> <li>• Other health-promotion programmes</li> </ul>                                           |

Table 10.41b Details of Health Promotion and HIV/Aids Programmes

| 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   |    | Brig Gen L.L. Siwisa<br>Director HIV/Aids<br>DOD HIV/Aids Programme Manager |

| Question                                                                                                                                                                                                                                                                      | Yes | No | Details, if Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 co-ordinates 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 ARV combination for military members</p> <p>General Officers Commanding (GOCs) of all Subprogrammes and Officers Commanding (OCs) of all South African Military Health Service (SAMHS) force structure elements in the SAMHS with the assistance of qualified personnel ie social work officers, psychologists, nursing personnel</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.                                                                                                           | x   |    | <p>The SAMHS has a Comprehensive Plan for Care, Management and Treatment of HIV/Aids in the DOD that includes prevention of HIV and Health Promotion</p> <p>The key elements of the HIV-Prevention Programme are:</p> <p>HIV/Aids workplace programmes.<br/>Mass awareness<br/>Management of occupational transmission<br/>Prevention of mother-to-child transmission<br/>Prevention of opportunistic infections<br/>Utilisation of all awareness opportunities (eg National Health Days, etc)<br/>Innovative programmes/projects<br/>Programmes/projects that focus on abstinence and faithfulness</p> <p>Key elements of the Health Promotion Programmes are:</p> <p>Counselling<br/>Education, training and development<br/>Management of sexually-transmitted infections<br/>Health promotion through physical training, Sport and recreation<br/>Poster presentations</p> <p>Key elements of the other Health Promotion Programmes are:</p> <p>Awareness programmes<br/>Lectures in units<br/>Utilisation of National Health days<br/>Involvement of Non-Governmental Organisations and communities<br/>Poster presentations<br/>Community-development programmes ie Thaba Tshwane Project<br/>Health Fairs and Health Walks</p> |

| Question                                                                                                                                                                                                                                          | Yes | No | Details, if Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 Director HIV/Aids has re-instituted Co-ordinating Committees in the six Subprogrammes of the SAMHS<br>The committees focus on prevention and promotion programmes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate agent employees on the basis of their HIV-status? If so, list the employment policies/practices so reviewed                   | x   |    | Changes to the DOD Policies with regard to HIV/Aids are in process after a Court Order<br>The following policy and instruction documents are in the process to be revised:<br>DOD Directive. Development of Department-Level Policy in the Department of Defence (DOD) regarding the Management of Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome Programme<br>DOD Instruction<br>Department of Defence (DOD) Instruction on Development, Promulgation, Maintenance and Management of the DOD Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome Programme<br>Joint Defence Publication<br>Policy, Process and Procedures for the Development, Promulgation and Maintenance of the DOD HIV/Aids Programme |
| 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<br>The revision of the policy documents will address this matter even further                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved                                                                                                          | x   |    | The Voluntary Testing and Counselling centres have increased<br>All other military health facilities can perform testing and counselling<br>The SAMHS encourage all members to undergo voluntary testing and counselling and on 1 December 2008 during a successful Aids Day Health Walk in Thaba Tshwane, 104 members underwent voluntary testing and counselling                                                                                                                                                                                                                                                                                                                                                                                |
| Has the department developed measures/ indicators to monitor and evaluate the impact of its health programme? If so, list these measures/indicators                                                                                               | x   |    | The DOD HIV/Aids Monitoring and Evaluation SubProgramme was approved for implementation in 2005<br>This plan includes monitoring and evaluation of input, processes, output, outcomes and impact through more than 200 established indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

## LABOUR RELATIONS

Table 10.42 Collective Agreements for the period 1 April 2008 to 31 March 2009

|                             |   |
|-----------------------------|---|
| Total Collective Agreements | 0 |
|-----------------------------|---|

**Table 10.43 Misconduct and Disciplinary Hearings finalised for the period 1 April 2008 to 31 March 2009**

| Outcomes of disciplinary hearings | Number    | Percentage of Total |
|-----------------------------------|-----------|---------------------|
| Verbal warning                    | 1         | 1%                  |
| Written warning                   | 16        | 24%                 |
| Final written warning             | 25        | 37%                 |
| Suspended without pay             | 3         | 4%                  |
| Dismissal                         | 3         | 4%                  |
| Not guilty                        | 5         | 7%                  |
| Case withdrawn                    | 14        | 21%                 |
| <b>TOTAL</b>                      | <b>67</b> | <b>100%</b>         |

**Table 10.44 Types of Misconduct addressed at Disciplinary Hearings for the period 1 April 2008 to 31 March 2009**

| Type of misconduct                            | Number    | Percentage of Total |
|-----------------------------------------------|-----------|---------------------|
| Absence without permission                    | 32        | 43%                 |
| Theft                                         | 5         | 7%                  |
| Fraud/Misrepresentation                       | 9         | 12%                 |
| Punctuality                                   | 1         | 1%                  |
| Insubordination                               | 3         | 4%                  |
| Assault                                       | 2         | 3%                  |
| Abusive Language                              | 1         | 1%                  |
| Under the Influence                           | 3         | 4%                  |
| Damage of State Property                      | 4         | 5%                  |
| Disobedience                                  | 5         | 7%                  |
| Disrespect                                    | 1         | 1%                  |
| Unauthorised Use/Possession of State Property | 3         | 4%                  |
| Mismanagement/Loss of Funds                   | 5         | 7%                  |
| Reckless Driving                              | 1         | 1%                  |
| <b>TOTAL</b>                                  | <b>75</b> | <b>100%</b>         |

**Note:** The figures indicated in tables 11.2 and 11.3 differ due to the reason that an employee may be charged for more than one offence at a single disciplinary hearing.

**Table 10.45 Grievances Lodged for the period 1 April 2008 to 31 March 2009**

| Grievances                        | Number |
|-----------------------------------|--------|
| Number of Grievances Resolved     | 16     |
| Number of Grievances not Resolved | 7      |
| Number of New Grievances Lodged   | 7      |

**Note:** More grievances were resolved than lodged in the specific financial year, with many of the grievances resolved having been received in a previous financial year. Some of the grievances are presently under investigation by the Public Service Commission.



**Table 10.46 Disputes Lodged with Councils for the period 1 April 2008 to 31 March 2009**

| Disputes                      | Number |
|-------------------------------|--------|
| Number of Disputes Upheld     | 1      |
| Number of Disputes Dismissed  | 25     |
| Number of New Disputes Lodged | 37     |

**Note:** *The Councils are scheduled, but not all disputes referred in the financial year for resolution are resolved within that year.*

**Table 10.47 Strike Actions for the period 1 April 2008 to 31 March 2009**

|                                       |      |
|---------------------------------------|------|
| Strike Actions                        | None |
| Military Trade Unions Protest Marches | 3    |

**Table 10.48 Precautionary Suspensions with Pay for the period 1 April 2008 to 31 March 2009**

|                                                     |            |
|-----------------------------------------------------|------------|
| Number of people suspended                          | 42         |
| Number of people whose suspensions exceeded 30 days | 42         |
| Average number of days suspended                    | 261        |
| Cost of suspensions                                 | R4 996 951 |

## SKILLS DEVELOPMENT

**Table 10.49 Training Needs Identified for the period 1 April 2008 to 31 March 2009**

| Occupational Categories                    | Gender | Number of Employees as at 1 April 2008 | Training Needs Identified at Start of Reporting Period |                                           |                         |        |
|--------------------------------------------|--------|----------------------------------------|--------------------------------------------------------|-------------------------------------------|-------------------------|--------|
|                                            |        |                                        | Learnerships                                           | Skills Programmes and other Short Courses | Other Forms of Training | Total  |
| Legislators, senior officials and managers | Female | 0                                      | 0                                                      | 0                                         | 0                       | 0      |
|                                            | Male   | 2                                      | 0                                                      | 0                                         | 0                       | 0      |
| Professionals                              | Female | 1 524                                  | 0                                                      | 620                                       | 198                     | 818    |
|                                            | Male   | 1 483                                  | 0                                                      | 260                                       | 820                     | 1 080  |
| Technicians and associate professionals    | Female | 1 946                                  | 0                                                      | 290                                       | 802                     | 1 092  |
|                                            | Male   | 4 351                                  | 0                                                      | 1 023                                     | 1 989                   | 3 012  |
| Clerks                                     | Female | 5 626                                  | 0                                                      | 1 978                                     | 2 010                   | 3 988  |
|                                            | Male   | 8 099                                  | 0                                                      | 3 020                                     | 1 234                   | 4 254  |
| Service and sales workers                  | Female | 4 829                                  | 0                                                      | 1 098                                     | 2 520                   | 3 618  |
|                                            | Male   | 26 835                                 | 0                                                      | 10 243                                    | 13 243                  | 23 486 |
| Craft-and-related trades workers           | Female | 1 293                                  | 168                                                    | 477                                       | 308                     | 953    |

| Occupational Categories                    | Gender | Number of Employees as at 1 April 2008 | Training Needs Identified at Start of Reporting Period |                                           |                         |               |
|--------------------------------------------|--------|----------------------------------------|--------------------------------------------------------|-------------------------------------------|-------------------------|---------------|
|                                            |        |                                        | Learnerships                                           | Skills Programmes and other Short Courses | Other Forms of Training | Total         |
|                                            | Male   | 8 039                                  | 195                                                    | 2 989                                     | 2 678                   | 5 862         |
| Plant-and-machine operators and assemblers | Female | 2                                      | 0                                                      | 2                                         | 0                       | 2             |
|                                            | Male   | 406                                    | 0                                                      | 163                                       | 198                     | 361           |
| Elementary occupations                     | Female | 3 104                                  | 0                                                      | 1 120                                     | 1 268                   | 2 388         |
|                                            | Male   | 7 306                                  | 0                                                      | 3 132                                     | 2 898                   | 6 030         |
| Subtotal                                   | Female | 18 324                                 | 168                                                    | 5 585                                     | 7 106                   | 12 859        |
|                                            | Male   | 56 521                                 | 195                                                    | 20 830                                    | 23 060                  | 44 085        |
| <b>TOTAL</b>                               |        | <b>74 845</b>                          | <b>363</b>                                             | <b>26 415</b>                             | <b>30 166</b>           | <b>56 944</b> |

Table 10.50 Training Provided for the period 1 April 2008 to 31 March 2009

| Occupational Categories                    | Gender | Number of Employees as at 1 April 2008 | Training Provided within Start of Reporting Period |                                           |                         |        |
|--------------------------------------------|--------|----------------------------------------|----------------------------------------------------|-------------------------------------------|-------------------------|--------|
|                                            |        |                                        | Learnerships                                       | Skills Programmes and other Short Courses | Other Forms of Training | Total  |
| Legislators, senior officials and managers | Female | 0                                      | 0                                                  | 0                                         | 0                       | 0      |
|                                            | Male   | 2                                      | 0                                                  | 0                                         | 0                       | 0      |
| Professionals                              | Female | 1 524                                  | 0                                                  | 790                                       | 230                     | 1 020  |
|                                            | Male   | 1 483                                  | 0                                                  | 454                                       | 936                     | 1 390  |
| Technicians and associate professionals    | Female | 1 946                                  | 0                                                  | 320                                       | 860                     | 1 180  |
|                                            | Male   | 4 351                                  | 0                                                  | 1 090                                     | 2 654                   | 3 744  |
| Clerks                                     | Female | 5 626                                  | 0                                                  | 2 145                                     | 2 912                   | 5 057  |
|                                            | Male   | 8 099                                  | 0                                                  | 4 081                                     | 3 865                   | 7 946  |
| Service and sales workers                  | Female | 4 829                                  | 0                                                  | 1 340                                     | 2 781                   | 4 121  |
|                                            | Male   | 26 835                                 | 0                                                  | 12 160                                    | 14 358                  | 26 518 |
| Craft-and-related trades workers           | Female | 1 293                                  | 194                                                | 580                                       | 397                     | 1 171  |
|                                            | Male   | 8 039                                  | 236                                                | 3 417                                     | 2 782                   | 6 435  |
| Plant-and-machine operators and assemblers | Female | 2                                      | 0                                                  | 2                                         | 0                       | 2      |
|                                            | Male   | 406                                    | 0                                                  | 179                                       | 216                     | 395    |

| Occupational Categories | Gender | Number of Employees as at 1 April 2008 | Training Provided within Start of Reporting Period |                                           |                         |               |
|-------------------------|--------|----------------------------------------|----------------------------------------------------|-------------------------------------------|-------------------------|---------------|
|                         |        |                                        | Learnerships                                       | Skills Programmes and other Short Courses | Other Forms of Training | Total         |
| Elementary occupations  | Female | 3 104                                  | 0                                                  | 1 276                                     | 1 349                   | 2 625         |
|                         | Male   | 7 306                                  | 0                                                  | 3 861                                     | 2 987                   | 6 848         |
| Subtotal                | Female | 18 324                                 | 194                                                | 6 453                                     | 8 529                   | 15 176        |
|                         | Male   | 56 521                                 | 236                                                | 25 242                                    | 27 798                  | 53 276        |
| <b>TOTAL</b>            |        | <b>74 845</b>                          | <b>430</b>                                         | <b>31 695</b>                             | <b>36 327</b>           | <b>68 452</b> |

## INJURY ON DUTY

Table 10.51 Injury on Duty for the period 1 April 2008 to 31 March 2009

| Nature of Injury on Duty              | Number       | Percentage of Total |
|---------------------------------------|--------------|---------------------|
| Required basic medical attention only | 1 273        | 92%                 |
| Temporary total Disablement           | 67           | 5%                  |
| Permanent Disablement                 | 17           | 1%                  |
| Fatal                                 | 20           | 1%                  |
| <b>TOTAL</b>                          | <b>1 377</b> | <b>99%</b>          |



- 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 a 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.

## UTILISATION OF CONSULTANTS

Table 10.52 Report on Consultant Appointments using Appropriate Funds for FY 2008/09

| Project Title                                 | Total Number of Consultants that Worked on the Project | Duration: Work days | Contract Value in Rand for FY 2008/09 |
|-----------------------------------------------|--------------------------------------------------------|---------------------|---------------------------------------|
| B/M/083/06                                    | 7                                                      | 279 days            |                                       |
| Consultant Service Restructuring of the SAMHS | Crossroads Consulting House<br>Gijima Ast Holdings     |                     | 2 241 570<br>1 210 338                |
| End user: SAMHS                               |                                                        |                     |                                       |

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Organisational Structure and Human Resources

| Project Title                                                                                                      | Total Number of Consultants that Worked on the Project | Duration: Work days              | Contract Value in Rand for FY 2008/09                                  |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------|------------------------------------------------------------------------|
| B/G/020/07                                                                                                         | 4                                                      | 0                                | 3 128 701                                                              |
| Appointment of Agency to Source Suitable Applicant for DOD Posts                                                   | TSS Managed Services Annexes                           |                                  |                                                                        |
| End user: Chief Director Human Resource (CD HR)                                                                    | Lulama Placement cc<br>Affirmative Portfolios cc       |                                  |                                                                        |
| UB/G/522/07                                                                                                        | 1                                                      | 2 140 hours                      | 5 922 528                                                              |
| Assist DOD Team with Establishing requirement for the Gijima Project                                               | Pinnacle Technology Holdings<br>(Gijima Ast Holdings)  |                                  |                                                                        |
| End user: SA Army                                                                                                  |                                                        |                                  |                                                                        |
| G/129/06                                                                                                           | 1                                                      | 0                                | 1 418 880                                                              |
| Transaction Advisor Service for a possible PPP for a Sea Safety Training Centre at Simon's Town                    | Price Waterhouse Coopers                               |                                  |                                                                        |
| End user: SA Navy                                                                                                  |                                                        |                                  |                                                                        |
| B/G/491/08                                                                                                         | 1                                                      | 0                                | 657 869                                                                |
| Transaction Advisor Service for a possible PPP for the Establishment of a South African Defence Training Institute | SPP Project Solutions                                  |                                  |                                                                        |
| End user: Chief of Human Resources (C HR)                                                                          |                                                        |                                  |                                                                        |
| B/G/048/08                                                                                                         | 1                                                      | 0                                | 443 372                                                                |
| Transaction Advisor Service for a possible PPP for a Feasibility Study of a new Navy HQ and Naval Mess             | SPP Project Solutions                                  |                                  |                                                                        |
| End user: SA Navy                                                                                                  |                                                        |                                  |                                                                        |
| B/G/230/08                                                                                                         | 10                                                     | 0                                | 6 398 498                                                              |
| Development of Facilities Management and Supply- Chain Management Strategic Plan of Action                         | CSIR                                                   |                                  |                                                                        |
| End user: Chief Logistics (C Log)                                                                                  |                                                        |                                  |                                                                        |
| UB/G/616/08                                                                                                        | 2                                                      | 160 000 hours                    | 5 472 000                                                              |
| Clearing of DOD Audit Report and Transferring of Audit Skills                                                      | KPMG & SAB&T Business Innovation Group                 |                                  |                                                                        |
| End user: Chief Financial Officer (CFO)                                                                            |                                                        |                                  |                                                                        |
| <b>Total Number of Projects</b>                                                                                    | <b>Total Number of Individual Consultants</b>          | <b>Total Duration: Work days</b> | <b>Total Contract Value in R Contract Value in Rand for FY 2008/09</b> |
| 8                                                                                                                  | 27                                                     | 162 419                          | 21 427 228                                                             |

**Table 10.53 Analysis of Consultant Appointments Using Appropriated Funds in terms of Historically Disadvantaged Individuals (HDIs)**

| Project Title                                                                                                      | Percentage Ownership by HDI Groups | Percentage Management by HDI Groups | Number of Consultants from HDI Groups who Worked on the Project |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|-----------------------------------------------------------------|
| B/M/083/06                                                                                                         | 50%                                | 46%                                 | 6                                                               |
| Consultant Service Restructuring of the SAMHS                                                                      |                                    |                                     |                                                                 |
| End user: SAMHS                                                                                                    |                                    |                                     |                                                                 |
| B/G/020/07                                                                                                         | 72%                                | 72%                                 | 1                                                               |
| Appointment of Agency to Source Suitable Applicant for DOD Posts                                                   |                                    |                                     |                                                                 |
| End user: Secretary for Defence (Sec Def)                                                                          |                                    |                                     |                                                                 |
| UB/G/522/08                                                                                                        | 43%                                | 43%                                 | 1                                                               |
| Assist DOD Team with Establishing requirement for the restructuring Project                                        |                                    |                                     |                                                                 |
| End user: SA Army                                                                                                  |                                    |                                     |                                                                 |
| UB/G/230/08                                                                                                        | 67%                                | 32%                                 | 2                                                               |
| Development of facilities management and supply-chain Management Strategic Plan of Action                          |                                    |                                     |                                                                 |
| End user: C Log                                                                                                    |                                    |                                     |                                                                 |
| UB/G/616/08                                                                                                        | 95%                                | 95%                                 | 13                                                              |
| Clearing of the DOD Audit Report and Transferring of Audit Skills                                                  |                                    |                                     |                                                                 |
| End user: CFO                                                                                                      |                                    |                                     |                                                                 |
| G/129/06                                                                                                           | 44%                                | 26%                                 | 7                                                               |
| Transaction Advisor Service for a possible PPP for a Sea Safety Training Centre at Simon's Town                    |                                    |                                     |                                                                 |
| End user: SA Navy                                                                                                  |                                    |                                     |                                                                 |
| UB/491/08                                                                                                          | 60%                                | 44%                                 | 15                                                              |
| Transaction Advisor Service for a possible PPP for the Establishment of a South African Defence Training Institute |                                    |                                     |                                                                 |
| End user: CHR                                                                                                      |                                    |                                     |                                                                 |

**PERFORMANCE AGREEMENTS**

**Table 10.54 Performance Agreements Signed by Salary Band for Senior-Management Service for the period 1 April 2008 to 31 March 2009**

| Salary Band                      | Number of employees as at 1 April 2008 | Number of Signed Performance Agreements | Number of Unsigned Performance Agreements |
|----------------------------------|----------------------------------------|-----------------------------------------|-------------------------------------------|
| Senior-Management Service Band A | 216                                    | 206                                     | 10                                        |
| Senior-Management Service Band B | 74                                     | 68                                      | 6                                         |
| Senior-Management Service Band C | 12                                     | 12                                      | 0                                         |
| Senior-Management Service Band D | 2                                      | 1                                       | 1                                         |
| <b>TOTAL</b>                     | <b>304</b>                             | <b>287</b>                              | <b>17</b>                                 |

*Note: 54 Professionals (levels 13-16) were included in the total of 304 employees. Excluded from the employee strength are the Minister and Deputy Minister.*





## Appendix A

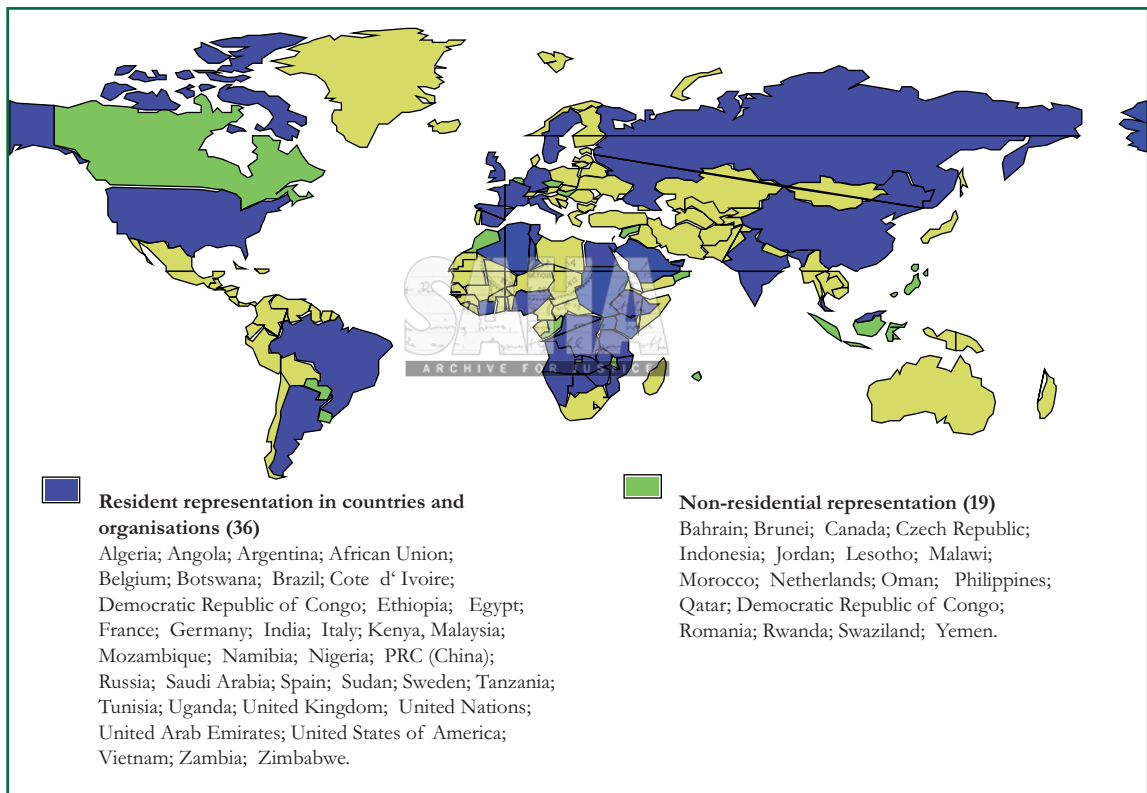
### DOD Defence Diplomacy Report for FY 2008/09

The importance of defence diplomacy as a vehicle to enhance the national foreign policy, New Partnership for Africa's Development (NEPAD) goals and the African Agenda is emphasised by the international interaction of the DOD in the past year.

#### SANDF Defence Attachés Representation

Figure 1 indicates the South African National Defence Force (SANDF) Defence Attaché representation internationally for FY 2008/09. Forty officers are representing the DOD in 53 countries and at two international organisations.

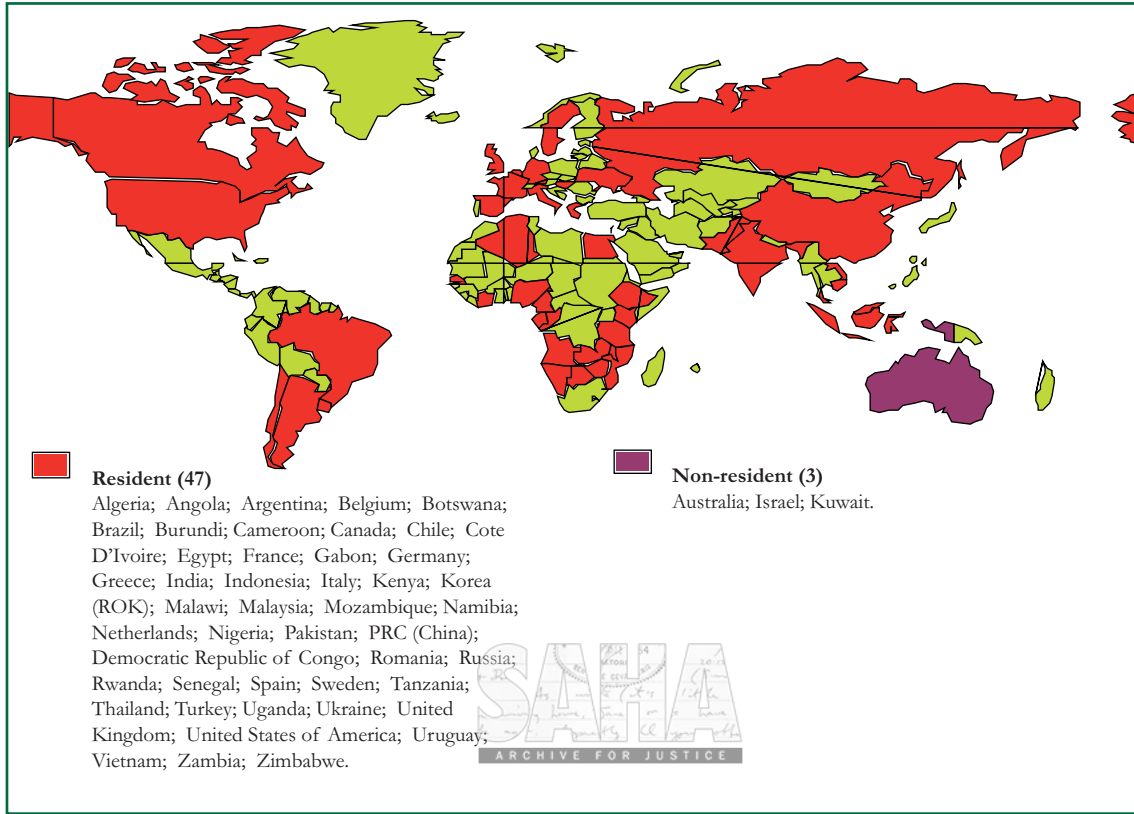
Figure 1.3 Map indicating Representation by SANDF Attachés



**Military Attaché and Advisor Corps (MAAC) Representation**

Figure 2 indicates MAAC representation in South Africa for FY 2008/09. Representatives from 47 countries are accredited to the DOD, as well as representatives of a further three countries on a non-residential basis.

**Figure 1.4 Map indicating MAAC Representation in South Africa**



Appendix A

**Bilateral and Multilateral Interaction**

The South African Development Community (SADC) as a region and the African continent is the main focus of the DOD in terms of bilateral and multilateral interaction. Table 1 indicates the meetings held within the framework of SADC/Inter-state Defence and Security Committee (ISDSC) structures.

**Table 1 SADC/ISDSC Structures Meetings for FY 2008/09**

| Committee                                                  | Date                 | Venue                                  |
|------------------------------------------------------------|----------------------|----------------------------------------|
| ISDSC Telecommunications and Information Systems workgroup | 1 – 4 April 2008     | Namibia                                |
| Special Defence Intelligence Standing Committee            | 22 – 26 April 2008   | Malawi                                 |
| ISDSC Operational Sub-Committee                            | 4 – 9 May 2008       | Angola                                 |
| ISDSC Meeting                                              | 2 – 7 June 2008      | Angola                                 |
| ISDSC Logistics Workgroup                                  | 14 – 17 July 2008    | Botswana                               |
| SADC Ministerial Committee of the Organ                    | 16 – 20 July 2008    | Republic of South Africa (RSA), Durban |
| SADC Summit                                                | 8 – 17 August 2008   | RSA, Sandton                           |
| 14 <sup>th</sup> Annual SADC Standing Maritime Committee   | 21 – 30 August 2008  | Angola                                 |
| SADC Extraordinary Summit                                  | 9 – 10 November 2008 | RSA, Sandton                           |

| Committee                        | Date                  | Venue    |
|----------------------------------|-----------------------|----------|
| ISDSC Military Health Conference | 16 – 29 November 2008 | Namibia  |
| Standing Aviation Committee      | 29 – 31 March 2009    | Botswana |

- A Defence Co-operation Agreement was signed with the DRC on 15 April 2008, and Benin on 24 June 2008. Other bilateral actions within the African context include the annual Defence Committee/Bi-National Commission/Joint Permanent Commission meetings held with Zambia, Lesotho, Nigeria, DRC, Tunisia, Namibia, Botswana and Mozambique.
- On a broader international level, Defence Committee meetings were held with Jordan, Italy, Germany and France. A number of planned meetings were postponed due to the change in Minister of Defence, and the pending national elections. Other noteworthy bilateral actions which took place on an intergovernmental level and included the Department of Defence, were the Joint-Intergovernmental Commission with the Ukraine, India, Brazil and South Africa (IBSA) meeting in India and the Intergovernmental Bi-National Commission meeting with Argentina. On Service level, the SA Navy had staff talks with the Navies of India, Brazil, Pakistan, the United States of America (USA) and the United Kingdom (UK), which will lead to the continuation of bilateral activities between the SA Navy and said Navies.

### Foreign Visits

- **Visits to and from African countries.** DOD members visited African countries 62 times for purposes varying from goodwill visits by the Chiefs of Service, training teams assisting African countries in specific training requirements, seminars within the African context with working visits on official levels emanating from bilateral agreements. One of the highlights was the symbolic handing over of the first Rapid Reaction Battalion in the DRC, trained by the SANDF. Both the SA Air Force and the SA Navy visited African countries including Lesotho, Namibia, Zimbabwe, Malawi and Mozambique to determine the exact requirements for training assistance to these countries in specific fields. In return, the 25 visits by African officers varied from reciprocal goodwill visits by Chiefs of Service to discussions in areas of co-operation, benchmarking in specific areas such as training or Reserves management, to discussions on bilateral agreements. This included the attendance of the third Sea Power for Africa symposium hosted by the SA Navy.
- **Visits to and from the Rest of the World.** Visits to other countries by SANDF officers in general, served either the purpose of executing co-operation actions agreed to during bilateral meetings, or enhancing the professional qualification of an officer in his/her specific field of expertise. Symposia, conferences or seminars attended focused on themes specific to Armed Forces such as maritime security, airlift operations and sea power. In the medical field, military doctors remained abreast of developments in their fields of expertise. To improve the use of military equipment and the sharing of experience in the use thereof, international user-group meetings such as the Gripen, Lynx and MEKO user-group meetings were attended. A total of 125 visits took place during FY 2008/09.
- **Foreign Military Training.** Nineteen foreign officers attended the flagship courses of the SANDF: the Executive National Security Programme and the Joint Senior Command and Staff Programme. There were foreign representation on a further 95 SANDF functional courses. Officers from the SANDF were represented at 18 foreign development courses in eight countries. With regard to functional development, 59 foreign training opportunities were made use of throughout the reporting period. For nine foreign staff colleges, South Africa was the destination of choice for their module on geopolitical country studies, which forms part of the curriculum of most defence staff colleges.
- **Ships Visits.** Foreign ships berthed in South African ports 15 times for maintenance, rest and recuperation during long voyages, or for diplomatic purposes. The SA Navy, with *SAS SPIOENKOP*, hoisted the flag in various ports in the Far East as part of their training voyage which served a diplomatic purpose by reinforcing the bilateral ties between the countries visited and the South African Government.

- **Equipment Transfer to Foreign Recipients.** The DOD transferred 88mm blank ammunition to the Umbutfo Swaziland Defence Force for utilising in gun salutes for visiting heads of state. Fifteen containers were also transferred to the DRC Armed Forces for the safe storage of weapons.
- **African Standby Force.** There were no changes in terms of the RSA contribution in force structure elements pledges to South African Development Community Brigade (SADC BRIG).

As part of the road map to operationalise the SADC BRIG, three exercises were planned and presented to SADC Chiefs of Defence in Angola. All three exercises were recommended by the Ministers of Defence and Chiefs of Defence Forces, and later approved by the Heads of State/Government during the SADC Summit in the RSA, in August 2008. Thus, the map exercise (Exercise GOLFINHO) took place in Angola in February 2009, with the planned command post exercise scheduled to take place in Mozambique in April 2009, and the field training exercise in the RSA in September 2009.

While the SADC BRIG is in a process of being operationalised, the SADC Heads of State/Government considered deploying a SADC Military assessment team to Eastern DRC, to assess possible options to help alleviate the humanitarian crises and suffering experienced by the Congolese nationals in the region.

Two work sessions were conducted under the auspices of the African Union Peace and Security Council.

The first session was conducted in East Africa and the second in SADC with regard to developing the concept for an African Standby Force rapid deployment capability.

#### **Specific Defence Diplomacy Actions**

The Africa Aerospace and Defence Exhibition 2008 (AAD), presented from 17 to 21 September 2008, was by all accounts viewed as extremely successful. AAD had a number of aims of which enhancing defence diplomacy is but one element. Sixty-seven delegations from foreign defence forces were hosted by the Minister and Deputy Minister of

Defence and the DOD's Top Management. They included 10 Ministers of Defence, four Deputy Ministers of Defence, 10 Secretaries for Defence, 11 Chiefs of Defence Forces, two Army Chiefs, 20 Air Force Chiefs, three Navy Chiefs and seven Surgeon-Generals. Of the total delegations, 43 were from African countries. The delegations, their individual and combined programmes and their allocated military liaison teams were managed and co-ordinated by a dedicated DFR team, supported by allocated members of the Services. Positive feedback was received from various stakeholders who had a vested interest in the presence of these delegations, validating the efforts of the co-ordinating committee over a six-month period prior to the event.

**Post-Conflict Reconstruction.** Over the reporting period, the DOD deployed in the following post-conflict reconstruction situations:

**Operation TEUTONIC (DRC).** A South African detachment assisting with integration and training was deployed to render assistance to the DRC Armed Forces with the integration and registration process. Fighting in the Eastern DRC has frequently delayed the completion of the integration process. The South African Military Health Service (SAMHS) has contributed to this integration effort through the facilitation of teambuilding and cohesion exercises, by especially social workers and psychology officers.

**Operation VIMBEZELA (Central African Republic).** A contingent deployed to render assistance with the refurbishing of infrastructure at training bases, providing equipment and training members of the Armed Forces of the Central African Republic. The Operation is due for completion by 2010.

**Defence Intelligence Training.** As a contribution to post-WW conflict and reconstruction, Defence Intelligence members were involved in post-conflict reconstruction and training projects in various countries in Africa.

**Training Trainers.** In 2009, a new course – Intelligence Training of the Trainers of SADC member states – was presented at the College for Education Technology. The course is designed to empower the course members to train their own members in intelligence-related matters.

## Appendix B

### Foreign Aid Assistance to the DOD for FY 2008/09

The table below indicates foreign aid assistance to the DOD for FY 2008/09. Funding in kind mostly, takes the form of the provisioning of air tickets and/or messing/accommodation and/or a daily stipend. Tuition fees for attendance of military courses are traditionally free. Therefore, the actual cost to the donor is not known and the rand value is therefore merely an estimate.

Table 1 Foreign Aid Assistance to and from the DOD for FY 2008/09

| Donor country (Source)         | Type of Aid (Funds or In-kind)        | Rand Value (R'100) | Intended Use of the Assistance                                                                                                                          | Actual Performance on the Use of Assistance                                                                 | Reason for Deviation | Pending Application for Assistance |
|--------------------------------|---------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------|------------------------------------|
| <b>Force Employment</b>        |                                       |                    |                                                                                                                                                         |                                                                                                             |                      |                                    |
| United States of America (USA) | Foreign military funding for training | 220 000            | Healthcare Specialist training, Combating Terrorism training, International Special Forces training and Ranger training                                 | Each of the courses was attended by one member, except Ranger Training that was attended by two members     | Not applicable       | Not applicable                     |
| United Kingdom (UK)            | Foreign military funding for training | 18 000             | International Peace Support Operations (PSO) programmes                                                                                                 | Two members attended                                                                                        | Not applicable       | Not applicable                     |
| Germany                        | Foreign military funding for training | 8 000              | United Nations (UN) Military Observers course                                                                                                           | One member attended                                                                                         | Not applicable       | Not applicable                     |
| <b>Landward Defence</b>        |                                       |                    |                                                                                                                                                         |                                                                                                             |                      |                                    |
| USA                            | Foreign military funding for training | 1 759 670          | Captains career courses for Armour, Air Defence Artillery, Artillery, Infantry and Intelligence.<br><br>Army War College and US Warrant Officer Academy | Each of the courses was attended by one member, except the Warrant Officer Academy that was attended by two | Not applicable       | Not applicable                     |
| UK                             | Foreign military funding for training | 450 000            | Royal College for Defence Studies, two Senior Command and Staff courses and Officer Commissioning course                                                | Each of the courses was attended by one member                                                              | Not applicable       | Not applicable                     |

| Donor country (Source) | Type of Aid (Funds or In-kind)        | Rand Value (R'100) | Intended Use of the Assistance                                                                                                                                                                   | Actual Performance on the Use of Assistance                                                                                            | Reason for Deviation | Pending Application for Assistance |
|------------------------|---------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------------|
| PRC                    | Foreign military funding for training | 40 000             | Defence and Strategy course and Senior Army and Staff Command course                                                                                                                             | Each of the courses was attended by one member                                                                                         | Not applicable       | Not applicable                     |
| India                  | Foreign military funding for training | 80 000             | Civil Defence Bomb Disposal training                                                                                                                                                             | Four members attended                                                                                                                  | Not applicable       | Not applicable                     |
| <b>Air Defence</b>     |                                       |                    |                                                                                                                                                                                                  |                                                                                                                                        |                      |                                    |
| USA                    | Foreign military funding for training | 2 265 000          | United States Air Force (USAF) Senior NCO Academy, Next Generation of African Military Leaders, Combating Terrorism, USAF Squadron Officer, US Air War College, US Air Command and Staff College | Each of the courses was attended by one member, except the Next Generation of African Military Leaders course that was attended by two | Not applicable       | Not applicable                     |
| UK                     | Foreign military funding for training | 1 050 000          | Royal College of Defence Studies                                                                                                                                                                 | One member attended                                                                                                                    | Not applicable       | Not applicable                     |
| Germany                | Foreign military funding for training | 1 655 000          | Senior Executive seminar, Programme in Advanced Security Studies and Programme in Terrorism and Security Studies                                                                                 | Each of the courses was attended by two members, except the Programme in Terrorism and Security Studies that was attended by one       | Not applicable       | Not applicable                     |
| PRC                    | Foreign military funding for training | 1 580 000          | Research course on Defence and Strategy                                                                                                                                                          | One member attended                                                                                                                    | Not applicable       | Not applicable                     |
| Spain                  | Foreign military funding for training | 950 000            | Defence Staff course preceded by language course                                                                                                                                                 | One member attended                                                                                                                    | Not applicable       | Not applicable                     |
| Tunisia                | Foreign military funding for training | 66 000             | Desert Survival training                                                                                                                                                                         | Two members attended                                                                                                                   | Not applicable       | Not applicable                     |



| Donor country (Source)  | Type of Aid (Funds or In-kind)        | Rand Value (R'100) | Intended Use of the Assistance                                                                                                 | Actual Performance on the Use of Assistance                 | Reason for Deviation | Pending Application for Assistance |
|-------------------------|---------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------|------------------------------------|
| <b>Maritime Defence</b> |                                       |                    |                                                                                                                                |                                                             |                      |                                    |
| USA                     | Foreign military funding for training | 1 870 000          | Senior enlisted course, Defence Management course, Command and Staff course, Senior Enlisted symposium and Senior Staff course | Each course was attended by one member                      | Not applicable       | Not applicable                     |
| UK                      | Foreign military funding for training | 40 000             | Peace and Security Fellowship for African Women and Helicopter Transit course                                                  | Each course was attended by one member                      | Not applicable       | Not applicable                     |
| Germany                 | Foreign military funding for training | 93 000             | Senior Staff course preceded by German language course and detachment to training ship GORSH FOCK                              | One member attended the courses and one member was detached | Not applicable       | Not applicable                     |
| Italy                   | Foreign military funding for training | 50 000             | Combined Force Maritime Commander course                                                                                       | One member attended                                         | Not applicable       | Not applicable                     |
| Argentina               | Foreign military funding for training | 13 000             | Detachment to training ship "LIBERTAD"                                                                                         | One member attended                                         | Not applicable       | Not applicable                     |
| Brazil                  | Foreign military funding for training | 13 000             | Detachment to training ship BRASIL                                                                                             | One member attended                                         | Not applicable       | Not applicable                     |
| Chile                   | Foreign military funding for training | 13 000             | Detachment to training ship ESMERALDA                                                                                          | One member attended                                         | Not applicable       | Not applicable                     |
| Nigeria                 | Foreign military funding for training | 80 000             | Senior Staff course                                                                                                            | One member attended                                         | Not applicable       | Not applicable                     |
| Pakistan                | Foreign military funding for training | 80 000             | Senior Command and Staff course                                                                                                | One member attended                                         | Not applicable       | Not applicable                     |

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| Donor country (Source)                                                                                      | Type of Aid (Funds or In-kind) | Rand Value (R'100) | Intended Use of the Assistance                                                                                           | Actual Performance on the Use of Assistance | Reason for Deviation | Pending Application for Assistance |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|------------------------------------|
| <b>Military Health Support</b>                                                                              |                                |                    |                                                                                                                          |                                             |                      |                                    |
| World Health Organisation (WHO)                                                                             | In kind                        | 20 000             | Sponsorship to Global Forum on Human Resources for Health international conference in Uganda                             | One member attended                         | Not applicable       | Not applicable                     |
| Uganda National Academy of Sciences and the Sloan Foundation                                                | In kind                        | 20 000             | Sponsorship to an international workshop in East Africa – promoting bio-safety and bio-security within the life sciences | One member attended                         | Not applicable       | Not applicable                     |
| SA Pharmaceutical Company, Astra Zeneca                                                                     | In kind                        | 20 000             | Sponsorship to Digestive Diseases meeting in the USA                                                                     | One member attended                         | Not applicable       | Not applicable                     |
| UN AIDS and National Institute for Health (Henry Jackson Institute for Medical Research)                    | In kind                        | 20 000             | Sponsorship to UN Unformed Services HIV Task Force                                                                       | Three members attended                      | Not applicable       | Not applicable                     |
| International Medicine Regimental Trust Fund                                                                | In kind                        | 20 000             | Sponsorship to the XVII International AIDS conference in Mexico                                                          | One member attended                         | Not applicable       | Not applicable                     |
| Southern Africa Region Network and South African Development Community (SADC) Roll Back Malaria Partnership | In kind                        | 20 000             | Sponsorship to Malaria Managers meeting in Botswana                                                                      | One member attended                         | Not applicable       | Not applicable                     |
| SA Pharmaceutical Company, Astra Zeneca                                                                     | In kind                        | 20 000             | Sponsorship to Respiratory Society Annual Congress in Germany                                                            | One member attended                         | Not applicable       | Not applicable                     |

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| Donor country (Source)                                                       | Type of Aid (Funds or In-kind)    | Rand Value (R'100) | Intended Use of the Assistance                                                         | Actual Performance on the Use of Assistance                                                                                                                                                                                                                                 | Reason for Deviation                                                                                                                                                  | Pending Application for Assistance              |
|------------------------------------------------------------------------------|-----------------------------------|--------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| USA Department of Defence Presidents Emergency Plan for AIDS Relief (PEPFAR) | In kind (Funds controlled by USA) | 599 812            | Project MASIBAM-BISANE: HIV/AIDS prevention and promotion programme DOD members        | Several prevention and promotion activities were implemented on all levels of the organisation. The Military Psychological Institute performs surveys and keeps record of the data and results of the programme and its activities. The Project continues to be successful. | The human resources shortages in the South African Military Health Service (SAMHS) impact ability to perform prevention and promotion activities                      | Ongoing project until donor indicates otherwise |
| USA Department of Defence Presidents Emergency Plan for AIDS Relief (PEPFAR) | In kind (Funds controlled by USA) | 4 219 278          | Sponsorship of anti-retroviral drugs for patients that are not part of project PHIDISA | The donation is not a pre-determined amount. The value of the donation is determined by the number of patients seeking treatment. All patients requiring ARV medication received assistance                                                                                 | No deviation                                                                                                                                                          | Ongoing project until donor indicates otherwise |
| USA National Institute of Allergy and Infectious Disease (NIAID)             | In kind (Funds controlled by USA) | 11 543             | Project PHIDISA: Sponsorship of anti-retroviral drugs                                  | The donation is not a pre-determined amount. The value of the donation is determined by the number of patients seeking treatment as part of Project PHIDISA                                                                                                                 | Protocols I and II ended in Dec 2007. The scientific integrity of data collected was sufficient to continue with actual research until the study is completed in 2010 | Five year project that will end in 2010         |

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| Donor country (Source)                                                            | Type of Aid (Funds or In-kind)                                 | Rand Value (R'100) | Intended Use of the Assistance                                                               | Actual Performance on the Use of Assistance                                           | Reason for Deviation | Pending Application for Assistance |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------|------------------------------------|
| UK<br>Department for International Development (DFID)                             | In kind (Funds controlled by Company HLSP as (appointed by UK) | 404 397            | Capacity-building and training in anti-retroviral drugs treatment                            | One ARV training course took place involving 50 healthcare practitioners of the SAMHS | No deviation         | Funding was ended in August 2008   |
| <b>General Support (Logistics)</b>                                                |                                                                |                    |                                                                                              |                                                                                       |                      |                                    |
| USA                                                                               | Foreign military funding for training                          | 32 000             | Battlefield Waste-Management workshop and Joint-Services Environmental Management conference | Three members attended the workshop and one attended the conference                   | Not applicable       | Not applicable                     |
| UK                                                                                | Foreign military funding for training                          | 26 000             | International Logistics Officers course                                                      | One member attended                                                                   | Not applicable       | Not applicable                     |
| <b>Foreign Aid Assistance made in kind by the DOD General Support (Logistics)</b> |                                                                |                    |                                                                                              |                                                                                       |                      |                                    |
| Republic of South Africa (RSA) to Umtfo Defence Force (Swaziland)                 | Donation of 88mm blank ammunition                              | 248 000            | Gun salute for visiting Heads of State                                                       | Not applicable                                                                        | Not applicable       | Not applicable                     |
| RSA to FADRC (Democratic Republic of Congo)                                       | 15 containers                                                  | 360 000            | Storage of weapons                                                                           | Not applicable                                                                        | Not applicable       | Not applicable                     |

## Appendix C

### Criminality in the DOD for FY 2008/09

The DOD has made good progress in the area of criminality through the implementation of the Anti-Criminality Strategy, to counter this ever-present threat to the best of the department's ability, and within its allocated resources.

The DOD's Nodal Point on Anti-Criminality was established and a 62.5% manning of posts was achieved. Although not all the Divisions have established Nodal Points, good progress was made towards the achievement of this very important pillar in combating crime in the DOD. The outstanding Nodal Points are receiving urgent attention and will be finalised in due course.

The management of crime was systematically introduced in the performance agreements/duty sheets of commanders/managers. It has been included in the performance agreements/duty sheets of all the commanders/managers in the SA Army, SA Navy, South African Military Health Service (SAMHS) and Defence Legal Services Division (DLSD). In the Command and Management Information Systems (CMIS) Division, a total of 50% of commanders/managers on level 4 have had the management of crime included in their Performance Agreements/Duty Sheets, while the rest of the Services/Divisions are to follow suit.

Anti-Criminality has in most cases been listed as a standing agenda point on all the command forums, including the Defence Planning Board, to raise awareness levels and to ensure the implementation and monitoring of the strategy. The monthly DOD Safeguarding Board has been attended by the different Services/Divisions Nodal Points on criminality representatives. In the Force Employment Programme feedback on criminality issues was provided by the respective Chief Directors, General Officers, Commanding and Staff Officers, during the Joint-Operations Board meetings, while the Human Resource Division incorporates it in the Director Divisional Staff meetings.

The Log Division has made R10 million available for upgrading security that resulted in the majority of facilities (about 80%) in the DOD having the required security measures in place.

There are currently two major Security Systems projects in the DOD, namely Project VAGRANT and Project BROEKSKEUR. Project VAGRANT is in the developmental phase, while Project BROEKSKEUR is operational at three depots/sub-depots, but is not operational yet at the DOD's Main Ordnance Sub-Depot Walmansthal, or the DOD's Mobilisation Centre.

Members of the DLSD facilitated 36 refresher training courses and 46 specialist courses during the financial year, training trial officers and other officers to ensure the effective management of the legal system at all levels.

The Services/Divisions improved the safeguarding of the DOD's vehicle fleet, by introducing special identification stickers on vehicles (especially D-vehicles), while the feasibility of fitting vehicles with satellite-tracking systems is also being investigated.

Despite being confronted by overwhelming challenges, the implementation of the Anti-Criminality Strategy and successful management interventions, have yielded positive results. However, the availability, flow and integrity of crime-related information remained one of the main challenges facing the department. To counter this, the development of an Anti-Crime Information System, in conjunction with State Information Technology Agency (SITA), was initiated. The aim of this system will be to verify information against various systems, and to make business intelligence available to commanders/managers on all levels. This system will enhance decision-making to combat crime in the DOD and to ensure data integrity. This system will be rolled out during the FY 2009/10.

An ongoing challenge that is not likely to be solved in the short-term is the ability of personnel to manage crime at all the different levels in the DOD. To address this serious challenge, the department will embark on a vigorous training schedule to capacitate all its members to manage crime in their different environments. Currently, there is no accredited course that meets the specific requirements and discussions with Defence Intelligence to design

## | Department of Defence |

a course specifically aimed at the management of crime.

The majority of policies in the DOD are not yet fully aligned with the Strategy on Anti-Criminality, as less than 10% of current policies have been aligned. This tedious process will require an extended period for finalisation and is therefore a very high priority.

In a sample taken to determine the status of security clearances of members in the DOD, it was found that 51.92% of members were not vetted, and this situation will require serious attention during the next financial year.

Statistics on crimes leading to losses during the reporting period, indicated that theft of, and damage to state property by DOD and non-DOD members, are the two major facets that will require serious attention in the next financial year.

Anti-Criminality in the DOD has in general made good progress towards achieving the goals of the Strategy on Anti-Criminality of 2001. However, there will be renewed focus on the increasing involvement of Services and Divisions through the Nodal Point concept, the progressive development of the Integrated Information System for crime-related information, and specific training of DOD members at all levels in combating crime.





## Appendix D

### Risks and Mitigating factors in the DOD for FY 2008/09

Details of the DOD Risks and mitigation factors output identified during FY 2008/09 are reflected in the Table below.

**Table 1 DOD Risks and Mitigation Factors Output during FY 2008/09**

| Risk                                                                                                                                                          | Mitigation Action                                                                                                                                                                           | Actual Achievement                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Defence Policy, Strategy and Planning Division (DPSP)</b>                                                                                                  |                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                    |
| Inadequate funding of the DPSP structure, resulting in difficulty in achieving all set objectives                                                             | Members of the Division have to perform added responsibilities to avoid disruptions to the Division's running projects                                                                      | Request for additional funding of the Division through the relevant budget structures                                                                                                                                                                                                                                                                                                              |
| Delays in the development of Information and Communications Technology (ICT) and problems in the maintenance of IC                                            | The Information Technology (IT) systems are carefully used by the Division. This, however, results in delays as extra caution had to be exercised to avoid the total cease of those systems | Addressed problem with the affected stakeholders                                                                                                                                                                                                                                                                                                                                                   |
| Long staffing process                                                                                                                                         | Intervention made through tracking of staffing documents. This inevitably taxes the capacity of the Division                                                                                | Achieved some improved staffing process speed                                                                                                                                                                                                                                                                                                                                                      |
| <b>Finance Management Division (FMD)</b>                                                                                                                      |                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                    |
| Incorrect Annual Financial Statements due to a lack of an Integrated Financial Management System (IFMS) and inadequacy of current financial management system | Enhance Financial Management System (FMS)<br>Implement IFMS                                                                                                                                 | FMS enhancements are ongoing in consultation with State Information Technology Agency (SITA) and National Treasury to ensure system stability, accuracy and auditing<br><br>DOD is participating in all IFMS initiatives by National Treasury<br><br>Operation Clean Audit meetings held with resource managers to enhance internal controls to ensure accuracy of figures in financial statements |
| Unfunded decisions                                                                                                                                            | Reprioritise expenditure and submission of adjustment budgets to National Treasury.                                                                                                         | The existing Budget Control DODI was refined to address the planned mitigation                                                                                                                                                                                                                                                                                                                     |

| Risk                                                                                                                                                                                                                                                   | Mitigation Action                                                                                                                                                                                    | Actual Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Defence Enterprise Information System Management Division (DEISM)</b>                                                                                                                                                                               |                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>Inefficient functioning of the DEISM Division due to staff turnover and shortage of appropriate ICT skills</p>                                                                                                                                      | <p>Actively engage the Human Resources (HR) Division to ensure a staff retention programme for ICT Skills</p>                                                                                        | <p>ICT is in the processes of being recognised as scarce skills by HR process and Department of Public Service and Administration (DPSA), and the incentive programme might be implemented</p> <p>Six members were staffed during the reporting period</p> <p>The Government Information Technology Officer (GITO), the PA to the GITO, the Secretary of the Diversity and Equity Interventions in South Africa (DEISA), the Assistant Director Information and Communications System (ICS) Strategic Direction, the Assistant Director ICS Support</p> <p>The Assistant Director ICS Policy Control – appointment must still be approved</p> |
| <p>The continuous alignment of the DOD Information Strategy with corporate strategic intent</p>                                                                                                                                                        | <p>To be escalated to higher authority (CPSP) to ensure the realisation of the DOD Strategy</p>                                                                                                      | <p>The DEISM Division ensures that the DEIS Strategic Direction is aligned with the Regulatory Framework and the Military Strategy</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Human Resource Support Services</b>                                                                                                                                                                                                                 |                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>Housing Loan Guarantee amounts increased drastically due to lack of resources to trace members who left the service of the DOD. Total members affected are 360. Credit available on FMS Rm4 541</p>                                                 | <p>The method and cost that will be needed to track these members is still being investigated</p>                                                                                                    | <p>Interventions instituted include visiting of financial institutions on a weekly basis, liaison with Dept of Internal Affairs and liaison with the Services A Liaison Officer was identified to liaise with Financial Institutions (process in place)</p>                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>The Centre for Advanced Training roof remains a risk. Unsatisfactory or no confirmation is available that this risk enjoys attention from facility management; to be addressed in the near future. This risk was registered as long ago as 2001</p> | <p>Require additional funds</p>                                                                                                                                                                      | <p>Situation unchanged although this requirement has been placed on the Repair and Maintenance Programme (RAMP) for FY 2011/12</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>The non-functioning of the Military Bargaining Council (MBC)</p>                                                                                                                                                                                    | <p>Negotiations on issues of mutual interest are hampered and the DOD will be flooded with disputes declared by MTUs for unilaterally implementing policies that would have been negotiated</p>      | <p>Comparative analysis was conducted during January/February 2009 with France, Germany, Belgium and the Netherlands, and the results thereof are currently being analysed</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Defence Legal Services Division</b>                                                                                                                                                                                                                 |                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><u>DLSD Structure</u>. Feasibility studies concluded that Defence Legal Service Division (DLSD) is under-structured in relation to service- rendering obligations</p>                                                                               | <p>Prioritise workload and manage available human resources</p> <p>Obtain approval for the new structure and staff with suitable members</p> <p>Utilise the Reserve Force capabilities optimally</p> | <p>Project Manager in process to obtain approval for the structural expansion of DLSD</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Risk                                                                                                                                                                                                                       | Mitigation Action                                                                                                                                                                                                                                                                                                                                  | Actual Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Operating Budget, DLSD</u> experiences a serious decline in the allocated Operating Budget in the Short-and Medium-Term, FY September 2010 Medium-Term Expenditure Framework (MTEF), due to expansion of Item 10        | Obtain additional funds required for the Operating Budget as well as for Item 10 in order to be 100% staffed                                                                                                                                                                                                                                       | Chief Defence Legal Services will again present the funding requirements for Item 10 and operating funds to the Departmental Programme and Budget Evaluation Committee (DPBEC) and CFO in the new financial year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <u>Military Skills Development System (MSDS) Intake Numbers</u> . The current situation restricts the availability of Legal Services Support, which will be stretched further should the envisaged MSDS intake materialise | Obtain required posts and staff with suitable members<br>Prioritise the workload<br>Obtain additional funds to upgrade existing facilities<br>Identify additional funds for new facilities                                                                                                                                                         | In process to determine posts required as soon as the MSDS intake materialises, to render the required Legal Services Support for the increased DOD Force Structure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Force Employment Programme</b>                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| The poor condition of Salamander Boat Park                                                                                                                                                                                 | Rebuilding of facility in process                                                                                                                                                                                                                                                                                                                  | The contractor is on site after contractual disputes were solved. Project will be completed over the next three years. Funding provided by the Logistics Division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Landward Defence Programme</b>                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| The status of SA Army Facilities in terms of Occupational Health and Safety (OHS) prescripts and MSDS requirements is not met                                                                                              | National Department of Public Works (NDPW) is attending to some of the SA Army's requirements. The outstanding and/or additional requirements need to be re-phased. The SA Army allocated funds from within to repair some urgent facilities as Recoverable Projects. These recoverable projects according to NDPW need to be included in the RAMP | NDPW appointed 17 consultants. Two units are currently under repair as SA Army recoverable projects. Recoverable projects have since been stopped by NPWD and further eight units on the RAMP may be affected as a result of budget cuts at Chief of Joint Logistics Division (C Log)                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| The retention of Skilled Personnel                                                                                                                                                                                         | The SA Army has budgeted for Technical Service Corps incentives                                                                                                                                                                                                                                                                                    | DOD implementation is awaited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Air Defence Programme</b>                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| The declining numbers of suitably skilled and experienced personnel in all disciplines                                                                                                                                     | Implementation of Air Force Vision 2015, Air Force HR Medium-Term Strategy, and Air Force HR Short-Term Implementation Plan                                                                                                                                                                                                                        | The current status of skills losses in the Air Force was determined and the impact thereof identified<br><br>The following were identified as possible reasons for skills losses in the Air Force:<br>1. SA Air Force no longer an employer of choice<br>2. Slow progress in functional careers.<br>3. Very strong pull from private sector (national/international shortage of experienced aviation personnel)<br>4. Erosion of benefits, and other "soft" issues<br><br>The Air Force participated in the DOD Scarce Skills Planning work session on 24 Oct 2008 and 7 November 2008. The document compiled during the work session will be studied and implemented during FY 2009/10.<br><br>873 apprentices under training to meet the requirement |

| Risk                                                                                                 | Mitigation Action                                                                                                                               | Actual Achievement                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Declining operational capability of main equipment and weapon systems due to prolonged under-funding | Without additional funds, limited intervention is possible. Some measures to provide relief have been implemented through Air Force Vision 2015 | The trend continued during FY 2008/09, and will be aggravated by the R211 million cuts on the MTEF budget. The Air Force is compelled to review its force design and force structure. Investigations are under way to evaluate options including reducing or closing down capabilities, bases and units (including personnel) |
| Deterioration of Air Base operational support infrastructure and equipment                           | Only limited intervention possible utilising funds from the Air Force operating budget                                                          | Only 10% of the full requirement could be funded. The facilities are still deteriorating at an alarming rate. Casual labour was utilised to effect limited maintenance to arrest deterioration of infrastructure                                                                                                              |
| <b>Maritime Defence Programme</b>                                                                    |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                               |
| Critical shortage of scarce skills in the SAN – technical personnel, submariners and divers          | Develop and institute turn-around strategies                                                                                                    | Turn-around strategies developed. Some instituted and others submitted to higher authority for approval, which have not yet been approved or implemented. SAN still losing technical personnel                                                                                                                                |
| <b>Military Health Services Programme</b>                                                            |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                               |
| Deterioration of hospitals, facilities and equipment                                                 | The RAMP at the three military hospitals                                                                                                        | The three military hospitals form part of the RAMP. Progress has been made and this will enhance service delivery in the long term. The project, however, impacted on the current service delivery in the three hospitals                                                                                                     |
|                                                                                                      | Increased activities to address the repair and upgrade of geographic military health facilities                                                 | Progress has been made. South African Military Health Service (SAMHS) funds were allocated according to priorities in the Facilities Master Plan to repair and upgrade decentralised healthcare facilities. The Area Military Health Formation spent 100% of the allocated budget on general building repairs                 |
|                                                                                                      | Allocation of financial resources to execute the SAMHS Logistics, Technology and Vehicle Fleet master plans                                     | The SAMHS has through the execution of the three master plans started with a renewal process of SAMHS logistical requirements, main medical equipment and the vehicle fleet                                                                                                                                                   |
|                                                                                                      | Procurement of temporary accommodation and classrooms                                                                                           | 18 temporary accommodation facilities were procured. The procurement process for the delivery of temporary classrooms has been initiated and delivery would take place in 2010                                                                                                                                                |
|                                                                                                      | Upgrading and maintenance of the dilapidated facilities at the School for Military Health Training                                              | Upgrading project was registered with Department of Public Works (DPE). The consultants completed the design drawings. The project will be phased in over a period of three years                                                                                                                                             |

| Risk                                                                                                                                                                                                     | Mitigation Action                                                                                                                                                                                      | Actual Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overburdened and shortage of healthcare practitioners and the impact on maintaining the quality of the existing military health service                                                                  | Offering of study contracts to selected members                                                                                                                                                        | The study scheme is an effort to recruit and retain members in healthcare professional groupings to “grow the SAMHS own timber”. Increased interest was shown in this initiative. The legalities and binding nature of the study contracts must, however, be revised to prevent DOD-trained graduates from avoiding the fulfilment of their service obligations                                                                                                                                                                            |
|                                                                                                                                                                                                          | Training of Article 38A Nurses                                                                                                                                                                         | The training of Article 38A nurses continued as an innovative measure to augment the functions of dispensing medication in the health facilities where there are no dedicated pharmacists. This intervention has been a cost saver to the SAMHS                                                                                                                                                                                                                                                                                            |
|                                                                                                                                                                                                          | Meetings with the National and Provincial Departments / Administrations                                                                                                                                | SAMHS has initiated meetings with the National and Provincial Administrations to promote and sustain inter-sectoral and collaborative relationships. The initiative to promote the collaborative relationship in Area Military Health Unit KwaZulu-Natal has progressed well. A Memorandum of Collaboration between the Government, the National Department of Health and the Department of Defence has been formalised as part of an innovative and supportive strategy while both departments experience a shortage of skilled personnel |
| <b>Joint Logistic Services Subprogramme</b>                                                                                                                                                              |                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| The non-availability of relevant skills, competences and stakeholder requirements                                                                                                                        | Outsourced specialists to assist in audit qualifications, data cleanup, policy development and repositioning of life cycle, supply-chain and facilities management                                     | The implementation of the technical retention incentive scheme has been delayed by the Department of Finance. Support for audit qualifications, data cleanup, policy development and repositioning of life-cycle, supply-chain and facilities management has been outsourced.<br>Estimated mitigation action achievement is 75% of planned                                                                                                                                                                                                 |
| The non-repair and maintenance of facilities and infrastructure will result in the further dilapidation of facilities that will negatively affect the DOD in its rendering of its constitutional mandate | The DOD investigated the possibility of managing the repair and maintenance of facilities by means of own capability that previously lead to delays and failures in capital and maintenance programmes | The Military Command Council has approved the formation of a DOD Works Regiment, merging with the Service Corps and DOD Logistic Support Formation Directorate Facility Management, as an own capability to assist in reduction of the maintenance backlog. Since this action is still in the implementation phase, estimated achievement is 30% of planned                                                                                                                                                                                |



| Risk                                                                                                                                                                                                                                 | Mitigation Action                                                                                                                                                                                  | Actual Achievement                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Command and Management Information Services Subprogramme</b>                                                                                                                                                                      |                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                          |
| Lack of skilled HR will lead to a lack of service delivery in the ICS environment                                                                                                                                                    | Make use of Reserve members where possible, appointment of in-sourced resources through SITA and an investigation to better service benefits for ICS technicians                                   | Made use of Reserve members where possible                                                                                                                                                                                                                                               |
| Non-completion of capital projects by NDPW at Rooiwal Military Base leads to roll-over of funds in the next FY                                                                                                                       | The situation was monitored and continuous follow up meetings were held with NDPW. NDPW and consultant were to utilise retention funds to complete the project                                     | DOD Log Support Formation negotiated completion terms of said projects. However, the projects were not completed. The contractor left without completing the projects                                                                                                                    |
| The infrastructure at Blenny (power supply, air conditioning, fire protection and water leaks) is becoming a problem and the DODs mainframe within this complex is under threat                                                      | Due to the seriousness of the infrastructure problem at Blenny, the DOD may need to invest in another mainframe, located at a different site                                                       | C Log is aware of the problem and the National Department of Public Works has renewed the air-conditioning contract. The uninterrupted power-supply batteries are in the process of being replaced, but this project is behind schedule                                                  |
| <b>Military Police Division Subprogramme</b>                                                                                                                                                                                         |                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                          |
| MP School Facilities for MSDS-training. The MP Division does not have sufficient facilities and funds at the MP School to fully accommodate larger MSDS-intakes, especially in terms of female accommodation and ablution facilities | Obtain support from C Log (D Facilities) to establish the necessary facilities at the MP School. Contribute financially from the budget of the MP Division to confirm seriousness of the situation | The MP Division negotiated support from C Log (D Facilities) to assist the MP Division to establish suitable facilities at the MP School. The MP Division made funds available to commence with the projects at the MP School and C Log will provide the remainder of the required funds |





## Appendix E

# New Services/Output Scaled Up and Services Scaled Down or Suspended for the year ending 31 March 2009

### NEW SERVICES SCALED UP

#### SA Army

Due to the shortage of personnel, the SA Army has awarded more Core Service System (CSS) contracts to Military Skills Development System (MSDS) members than was originally planned. Contracts were awarded to 1 512 MSDS members for the 2007 MSD intake. Through this intervention, the SA Army will be in a better position to fulfil its short-term operational commitments for FY 2009/10. This larger allocation will make more deployable personnel available for operational deployments, making more homogenous battalions available to deploy.

#### SA Air Force

The number of MSDS in service in the Air Force increased from 893 to 1 100 with a race representation of 90.3% black and 9.7% white, and a gender distribution of 39.5% female and 60.5% male. A large proportion (if not all) of these members will migrate to the Core Service System within, or after their initial two-year MSDS service. Those who will exit the Air Force after completion of their two-year contract are to be recruited into the Air Force Reserves.

The 30 x A109 and four x Lynx helicopters will become fully-operational upon completion of the acquisition and Operational Testing and Evaluation processes. The delivery of the A109 was slower than expected, and is still in the Operational Testing and Evaluation process. Twenty-seven x A109 have received limited release to service. The Lynx Operational Testing and Evaluation processes have not been completed yet and therefore the four x Lynx have not been released into service yet.

The Light Fighter Capability (Gripen) needs an increase of 250 flying hours when the Gripen starts its commissioning phase. The commissioning phase

has however, been delayed by the lack of funding, logistics support contracting and weapons.

#### SA Military Health Service

Various specialised clinics in the decentralised healthcare facilities have proved to be successful, such as the Geriatric Clinic at Ladysmith Health Centre and the Wellness Clinic at the Bluff Military Base Sickbay.

The rollout of the anti-retroviral treatment at the South Coast health facility in Oudtshoorn is nearly complete. The preparation of the Health Centre West Coast for the rollout of anti-retroviral treatment is about 25% complete. The upgrading of the facilities at the Midlands Sickbay, the De Aar Sickbay and the Jan Kempdorp Sickbay have been finalised for anti-retroviral treatment. A tuberculosis clinic has been established at Jan Kempdorp Sickbay.

Progress has been made with the development and establishment of the Lenz Hospice and Palliative Care facility, in co-operation with the SA Army. A need for a palliative care centre at Lenz was identified due to the 28 000 uniformed members and their dependants residing in the area of responsibility of the Lenz Sickbay.

The MSDS training of the SA Army and the South African Military Health Service (SAMHS) at 3 SA Battalion in Kimberley will require the placement of additional healthcare practitioners at the Area Military Health Unit in the Northern Cape. It is estimated that the Midlands Sickbay in Kimberley will have to render comprehensive healthcare services to 1 800 MSDS members as from January 2009.

#### Corporate Staff Office

In July 2008, the Corporate Staff Office was made responsible and took up the function to render

support to the Specialist Advisory Team in the Democratic Republic of Congo (DRC). The Office of the Chief of Corporate Staff is now in a position to fully render this support. The administrative support of the Reserve Force Council has also been allocated to the Chief of Corporate Staff, and was successfully managed.

### Defence Foreign Relations (DFR)

DFR planned to open four new defence attaché offices during FY 2008/09. The offices in Sweden, Vietnam and Tunisia opened in April 2008. Vietnam was opened upon a ministerial instruction, while Tunisia was originally scheduled to be serviced on a non-residential basis. The opening of the office in Canada was postponed indefinitely due to a Defence Staff Council decision to revisit the priorities for new offices. Although the preparation for the opening of the defence attaché office in Pakistan was completed late in the financial year, the officer was only deployed at the end of April 2009. This new output was approved in 2006, but the activation was delayed due to security concerns in the country.

### Human Resource Division

Although approval was granted for the placement of the Physical Training, Sport and Recreation and Occupational Health and Safety functions within the Human Resources (HR) Division, the migration thereof from the SA Military Health Services had not been concluded. The required staff liaison and staff work in this regard is continuing, albeit a slow and tedious process.

### Logistic Division

Two Procurement Service Centres, one in Pretoria and one in Simon's Town, were transferred from Defence Matériel Division to the Logistic Division during FY 2008/09.

### SERVICES SCALED DOWN OR SUSPENDED

Details of the services/output scaled down, or suspended by the Services/Divisions are shown in the table below.

**Table 1 Services/Output Scaled Down, or Suspended by the Services/Divisions**

| Reduction in Output                                                                                                                                                                                        | Reason for Scaling down/ Suspension/ Abolishment                                                    | Implications                                                                     | Actual Achievement | Reason for Deviation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------|----------------------|
| <b>Administration Programme (Subprogramme Defence Matériel Division)</b>                                                                                                                                   |                                                                                                     |                                                                                  |                    |                      |
| Acquisition of the following landward defence capabilities were deferred due to funding shortfalls:<br>Operational Technical Field Repair and Maintenance capability.<br>Operational Earthmoving Equipment | Projects were deferred by the Armaments Acquisitions Control Board (AACB) due to funding shortfalls | The capabilities will not be acquired until the projects are sufficiently funded | N/A                | Projects deferred    |

| Reduction in Output                                                                                                                          | Reason for Scaling down/ Suspension/ Abolishment                                                                                                                                                             | Implications                                                                                                                                                                                                | Actual Achievement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reason for Deviation                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Acquisition of maritime defence's landing helicopter dock (LHD) and landing platform dock (LPD)                                              | Not funded                                                                                                                                                                                                   | Should the reprioritisation of the Defence Review and Strategic Capital Acquisition Master Plan (SCAMP) indicate a delay in the acquisition requirement of the LHD/LPD, the project may have to be deferred | Joint-user requirement statement has been completed                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Project process may have to be aligned with future delivery requirements |
| <b>Administration Programme (Subprogramme Defence Supply-Chain Integration)</b>                                                              |                                                                                                                                                                                                              |                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                          |
| Management of the Procurement and Sales of Category 2 (off-the-shelf commercial goods and services)                                          | Ministerial authority granted to transfer the procurement function from Secretary for Defence (Sec Def) to Chief of the SANDF (C SANDF)                                                                      | None procurement function not affected as this was a function shift only                                                                                                                                    | Procurement function transferred with effect 1 February 2009                                                                                                                                                                                                                                                                                                                                                                                                                                               | Ministerial directive                                                    |
| <b>Force Employment Programme</b>                                                                                                            |                                                                                                                                                                                                              |                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                          |
| Support to the people operations will change in nature. Support will continue on an ad-hoc basis (as requested) or as the situation requires | South African Defence Force (SANDF)/South African Police Service (SAPS) Entry and Exit strategy<br>Disengage from ordered commitments in support of the Department of Safety and Security (Operation INTEXO) | None                                                                                                                                                                                                        | The number of companies deployed on the Zimbabwean border were reduced to two (in November 2008) and eventually to one company (in February 2009), with one Engineer Squadron on standby. By the end of March 2009, all SANDF deployments were scheduled to withdraw from the South African/Zimbabwean border. Withdrawal of the last SANDF troops from the South African/Zimbabwean international border was placed on hold until further notice, as directed by the Ministry of Defence on 16 March 2009 | Verbal instruction from the Office of the Minister of Defence            |

| Reduction in Output                                                                   | Reason for Scaling down/ Suspension/ Abolishment      | Implications                                                                       | Actual Achievement                                                                    | Reason for Deviation                                                                                                                                                                     |
|---------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Landward Defence Programme</b>                                                     |                                                       |                                                                                    |                                                                                       |                                                                                                                                                                                          |
| Closing down of Commando Units                                                        | Closure of the SA Army Area Defence Capability        | Regular Units to be utilised for internal deployments                              | Five Commando Units closed during FY 2008/09                                          | 80 units should have been closed, but were not, as they are still awaiting audits by the Inspector General (IG) of the DOD. To date, 183 Commando units have been withdrawn from service |
| Closing down of Gp Headquarters (HQ)                                                  | Closure of the SA Army Area Defence Capability        | Regular Units to be utilised for internal deployments                              | No Gp HQ was successfully closed down                                                 | 16 Gp HQs were handed over to the IG of the DOD for final audits that have not been completed yet. To date, 20 Gp HQs have been withdrawn from service                                   |
| Closing down of Legacies                                                              | Closure of units in the old SA Army structure         | Successful migration into the updated structures                                   | Eleven legacies closed down during FY 2008/09                                         | Awaiting Directorate Integrated Management Systems (DIMS) to de-activate Unit Codes. To date, 44 legacies have been closed                                                               |
| Closing down of redundant Reg Units/Army Support Bases                                | Closure of redundant Regular Units/Army Support Bases | Restructuring                                                                      | No Regular Units/Army Support Bases were successfully closed down                     | Five units had auditors' queries still being rectified by the SA Army formations. Eight units are in the process of closing, but involvement/knowledge to execute closing is limited     |
| <b>Air Defence Programme</b>                                                          |                                                       |                                                                                    |                                                                                       |                                                                                                                                                                                          |
| Alouette III withdrawal from service                                                  | System redundant                                      | No basic helicopter trainer. Capability outsourced (ASD)                           | Alouette III withdrawn from the squadrons                                             | No deviation. The outsourcing is a more economical option                                                                                                                                |
| BK 117 withdrawal from service                                                        | System redundant                                      | Replaced by A 109 helicopter                                                       | BK 117 service-life extended due to long lead times for A109 Ground Support Equipment | The delayed delivery of the A109 fleet necessitated extending the service life of the BK117, to retain an operational capability in Port Elizabeth                                       |
| Medium-Heavy Transport capability (C130BZ), 840 hours reduction                       | Limited funding allocation                            | Medium-Heavy capability output reduced                                             | Reduction of 955 hours                                                                | System obsolescence and limited funding were the primary influencing factors.                                                                                                            |
| Medium/Medium Light Transport Capability (CASA 235 / CASA 212), 1 182 hours reduction | Limited funding allocation                            | Medium/Medium Light capability output reduced. CASA 235 unfunded                   | Reduction of 1 000 hours                                                              | CASA 235 and CASA 212 were utilised when a C130 was not available                                                                                                                        |
| Medium Range Maritime Patrol / Medium Light Transport (C47TP), 706 hours reduction    | Limited funding allocation                            | Medium Range Maritime Patrol / Medium Light capability output reduced to 6 x C47TP | Reduction of 840 hours                                                                | System obsolescence, shortage of technical personnel and limited funding were the primary influencing factors                                                                            |

| Reduction in Output                                                                                  | Reason for Scaling down/ Suspension/ Abolishment                                                                      | Implications                                                                                                               | Actual Achievement                                                                                                                                        | Reason for Deviation                                                                                                                          |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Light Transport / Reconnaissance (C208, C185), 1 330 hours reduction                                 | Limited funding allocation                                                                                            | Light Transport / Reconnaissance capability output reduced                                                                 | Reduction of 1 300 hours                                                                                                                                  | The C185 is in the process of being disposed of                                                                                               |
| Command and Control Transport Capability (King Air, PC12 and Citation), 1 602 hours reduction        | Limited funding allocation.                                                                                           | King Air, PC12 and Citation unfunded. Command and Control capability to be complemented by Air Force Reserve Squadrons     | Reduction of 1 500 flying hours                                                                                                                           | R10 965 million was allocated to the King Air, Citations and PC12 during FY 2008/09, which enabled the system to generate 1 1 80 flying hours |
| Gripen, 100 hours reduction                                                                          | Fit into budget                                                                                                       | No force employment                                                                                                        | Reduced hours for the year achieved, but initial cadre training slipped by three months                                                                   | Financial                                                                                                                                     |
| Hawk, 200 hours reduction                                                                            | Fit into budget                                                                                                       | Delay in operational test and evaluation, and scheduled courses                                                            | Reduced hours for the year achieved, but Operational Training Course 1/2009 slipped by three months                                                       | Financial                                                                                                                                     |
| 10 x MAN aircraft fuel Bowsers that are 27 years old, out of refuelling vehicle fleet of 21 vehicles | The unavailability of spares for day-to-day maintenance. Midlife upgrades were already done after 15 years in service | This will result in a time delay in operations and turnaround time on base operations                                      | 10 Bowsers were withdrawn from service                                                                                                                    | No deviation                                                                                                                                  |
| <b>Maritime Defence Programme</b>                                                                    |                                                                                                                       |                                                                                                                            |                                                                                                                                                           |                                                                                                                                               |
| Closure of Armaments depot in Durban                                                                 | Reduction in costs and improved efficiency through consolidation and concentration of facilities in Simon's Town      | South African Naval Armaments Depot (SANAD) Simon's Town will be the only ammunition storage facility available to the SAN | Premises vacated, closing audit conducted. Preparatory phase to close unit code. All items disposed of                                                    | Final closing certificate should be issued in FY 2009/10                                                                                      |
| Closure of Strike-Craft Training Centre in Durban                                                    | Reduction in costs and improved efficiency through consolidation and concentration of facilities in Simon's Town      | None, as vessels not utilised as Strike Craft operating as Off-shore Patrol Vessels (OPVs) with reduced capacity           | Premises vacated, closing audit conducted. Preparatory phase for closing down, currently transferring disposal items to Naval Base Simon's Town (NB SMST) | Final closing certificate should be issued in FY 2009/10                                                                                      |

| Reduction in Output                                                                                                                                  | Reason for Scaling down/ Suspension/ Abolishment                                                                                                                                              | Implications                                                                                                                                                                                                     | Actual Achievement                                                                                                                          | Reason for Deviation                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Military Health Service Programme</b>                                                                                                             |                                                                                                                                                                                               |                                                                                                                                                                                                                  |                                                                                                                                             |                                                                                                          |
| Availability of decompression and high-altitude capability                                                                                           | Only qualified technical operator resigned                                                                                                                                                    | Department of Labour closed facility for statutory repairs and maintenance. No other similar facility available in the Department of Defence (DOD)                                                               | Other operator was trained and would be placed at the facility                                                                              | Shortage of highly-skilled human resources and remuneration that are not aligned with the private sector |
| <b>Command and Management Information Services Subprogramme</b>                                                                                      |                                                                                                                                                                                               |                                                                                                                                                                                                                  |                                                                                                                                             |                                                                                                          |
| DOD Archive Research Services and Facilitation of researchers. (Research Service to be scaled down to three working days per week)                   | This is due to a shortage of qualified and experienced researchers                                                                                                                            | The service has been scaled down and is only available three working days per week. Research Service will not be available during every working day                                                              | Research Service has been scaled down and was available for only three working days per week                                                | No deviation                                                                                             |
| Processing of personnel records' archives for permanent preservation (No further personnel records will be accepted for processing and preservation) | All the existing storage facilities are filled to capacity                                                                                                                                    | With effect from 1 January 2007, no further personnel records were accepted for processing and preservation. Units are to manage processing of personnel record archives for permanent preservation individually | With effect 1 January 2007, no personnel records were processed and preserved by Command and Management Information Systems (CMIS) Division | No deviation                                                                                             |
| Disposal of ephemeral records (No records are to be destroyed)                                                                                       | The 1995 Cabinet imposed moratorium on the destruction of ephemeral DOD records prevents the management of a formal appraisal and systematic disposal programme for records in the department | The DOD has run out of storage space for DOD records. Records are to be stored by units, with accompanying security risk                                                                                         | The 1995 Cabinet imposed moratorium is still in place. No records were destroyed. Records are stored at units                               | No deviation                                                                                             |

- SANDEF Force Structure Elements (FSE) Closed Down during FY 2008/09. The FSEs closed down during FY 2008/09 are as follows:
  - **Joint-Operations Division.** Two Special Forces Headquarters, one Special Forces Stores Depot and two Regiments were closed down.
  - **SA Army.** A total of 16 FSEs closed down.
  - **SA Navy.** During the reporting period a total of 31 units have been issued final closure certificates. The SA Navy has 18 units remaining that need to be finalised. It is expected these outstanding units will be finalised by June 2009.
  - **South African Military Health Service (SAMHS).** Twenty SAMHS FSEs are in the process of being closed and pre-audit inspections have been completed. Four of these FSEs are ready to be audited by the IG DOD.
  - **CMIS Division.** Two FSEs were closed down in FY 2008/09: Under the restructuring programme of the CMIS Division, a portion of the Product Systems



## | Department of Defence |

Management (ITC) environment, that is relevant to sustain the SA Army unique Information Communication Systems (ICS), were transferred under command of the SA Army Signals Formation (previously known as the CMIS Operations Formation) to facilitate the movement of the organisation to the SA Army with effect 1 April 2009.

○ **Logistic Division transferred the following:**

- Transfer of Joint Support Base Garrison to SA Army.
- Transfer of Joint Support Base Wonderboom to SA Army.
- Transfer of Joint Support Base Minister of Defence (MOD) to C SANDF (Chief of Corporate Staff).

- Transfer DOD Air-Supply Unit to SA Army.
- Six Reserve FSEs to SA Army.
- Element of Special Forces under administrative control of Joint Support Base Wonderboom. Element returned under command of Special Forces Regiment Head Quarters.

- **Military Police Division.** The Military Police Division had two identified FSEs to be closed down in FY2008/09. The Military Police Division is still busy with the pre-auditing and will submit the request for final auditing to IG DOD by end April 2009.





*Financial Performance*

## Part 4: Financial Performance

### REPORT OF THE AUDIT COMMITTEE for the year ended 31 March 2009


We present our report for the financial year ended 31 March 2009.

#### Audit Committee Members and Attendance:

The Audit Committee meetings took place on the following dates during the financial year:

- 6 June 2008
- 30 July 2008
- 23 September 2008
- 27 January 2009

The above meetings attended by the members are indicated in the table below:

| Name of External Members                                                            | Number of Meetings Attended |
|-------------------------------------------------------------------------------------|-----------------------------|
| Dr D Konar (Chairperson)                                                            | 4                           |
| Mr K A Ross                                                                         | 4                           |
| Mr G R Witthöft                                                                     | 3                           |
| Ms J Kumbirai                                                                       | 2                           |
|  |                             |
| Name of Internal Members                                                            | Number of Meetings Attended |
| Dr T Gamede                                                                         | 4                           |
| Lt Gen J L Jansen van Rensburg                                                      | 3                           |

Mr Witthöft's contract expired on 30 September 2008.

Mr Thirunassen Mudaly and Mr Seth Radebe were appointed by the Minister of Defence. These members however, did not attend any meetings due to their security clearances not being issued to them and their contracts not being signed yet.

#### Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 77 of the PFMA and Treasury Regulations 3.1.9, 3.1.12 and 3.1.13(c).

Section 38 of the PFMA states the following:

- (a) The accounting officer must ensure that the department has and maintains:
  - (i) effective, efficient and transparent systems of financial and risk management and internal control;
  - (ii) a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77, and
  - (iii) an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.

## REPORT OF THE AUDIT COMMITTEE for the year ended 31 March 2009 (continued)

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 all 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 results of their audits and the status in addressing the matters raised, that the internal accounting controls are operating satisfactorily, to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

A Number of matters have come to the attention of the Audit Committee to indicate that there were material breakdowns in the functioning of these controls, procedures and systems that had occurred during the year under review.

### The quality of in-year management and monthly and quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Department during the year under review.

### Evaluation of financial statements



The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the independent external auditors and the Accounting Authority;
- Reviewed the independent external auditors' management letter and management's response thereto;
- Reviewed changes in accounting policies and practices, and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the independent external auditors' conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the independent external auditors.

A handwritten signature in black ink, appearing to read 'D Konar', written over a horizontal line.

Dr D Konar  
Chairman of the Audit Committee

# REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009

Report by the Acting 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

This section provides an overview of the strategic positioning that the DOD has taken as directed by the Executive Authority and the Accounting Officer during the period under review to improve its resource base as well as to maximise the efficient, effective, economic and equitable accountability thereof.

#### 1.1.1 Strategic decisions

During the period under review the following strategic decisions were confirmed:

1.1.1.1 In August 2008, the DOD submitted to Cabinet for its consideration the Defence Update document. This document sought to strategically align the DOD with the strategic framework of Government. Cabinet decided to stay the decision on this matter until after the 2009 general elections.

1.1.1.2 The status of the Defence Update document, as reflected above, has had a bearing on the reprioritisation of the Strategic Capital Acquisition Master Plan.

1.1.1.3 In line with the 2008 APEX Priorities, the DOD issued strategic guidelines for purposes of ensuring the execution of APEX Priorities applicable to the DOD. The DOD further established a mechanism to track progress on APEX Priorities implementation in the DOD.

1.1.1.4 In a bid to enhance good corporate governance in the DOD, the Minister of Defence approved the establishment of an Internal Audit Function. It is anticipated that the implementation of this structure would help the DOD to alleviate negative audit findings. To this end, a financial management office was established in the office of the CSANDF in August 2008.

1.1.1.5 The year under review was characterised by a decisive intervention to raise the levels of awareness of the PFMA in general and Section 45 in particular with regards to financial and resource responsibilities, internal controls and asset management amongst all departmental employees.

#### 1.1.2 Strategic issues

During the period under review the following progress was made on identified strategic issues:

1.1.2.1 **Defence Capabilities.** The cost of Defence capabilities required to satisfy the DOD's legislative mandate is higher than the current and projected budget allocation. The risk arising from this mismatch is being addressed through various interventions including defining a new Defence strategy and consulting Cabinet.

1.1.2.2 **DOD Infrastructure.** The proper repair and maintenance of the DOD facilities portfolio has been affected by the limited financial resources and limited capacity of the Department of Public Works. The situation is being addressed through the Infrastructure Delivery Improvements

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

Programme facilitated by the CSIR. Additional to this, the DOD has established a Defence Works Regiment. This regiment constitutes the DOD internal capability to attend to facilities, repairs and maintenance.

- 1.1.2.3 **Redundant and Surplus Equipment.** The sales of surplus and redundant DOD equipment has exceeded the planned sales target. This is a consequence of an improved DOD disposal process coupled with an effective interface with ARMSCOR.
- 1.1.2.4 **Defence Act Regulations.** The process to update regulations to the Defence Act is currently underway. To this end, working groups have been established in the various functional areas. It is planned that this process will be completed in 2010.
- 1.1.2.5 **White Paper on Defence and Defence Review.** A Defence Update was prepared which addresses the important aspects of policy in the Defence Review. In August 2008 the Defence Update was submitted to Cabinet for consideration and a decision was taken to delay the finalisation of this matter until after the 2009 general elections.
- 1.1.2.6 **Health Status.** A comprehensive approach to the management of the health status of the members of the SANDF is in place to strengthen a holistic approach. Quarterly progress is monitored regarding the successful promotion of healthy lifestyles, the prevention of non-communicable diseases, as well as the monitoring of the incidence and management of trauma and injuries in the DOD. A shift towards a broader employee wellness mindset is being explored as a means to provide a broad view of the organisation's health.
- 1.1.2.7 **Asset Protection.** As part of the implementation of the DOD anti-criminality strategy, the DOD Safeguarding Board was established. This Board provides direction on the anti-crime management and establishment of anti-crime nodal points in DOD Services and Divisions.
- 1.1.2.8 **Information Systems.** Information systems forms a critical aspect of the DOD's business processes. The Defence Enterprise Information System Master Plan constitutes the DOD's holistic approach to information systems management for better results. The full implementation of the Defence Enterprise Information System Master Plan is, however, affected by the National Treasury's initiatives on the establishment of an Integrated Financial Management Systems.
- 1.1.2.9 **Reserves.** The membership of Reserves moved from 17 749 to 21 773. The Reserves played an important role in both internal and external operations. The Reserves is, however, challenged by the feeder system as inadequate numbers of Military Skills Development Systems members enlist with the Reserves.
- 1.1.2.10 **Defence Industry.** The process for the development of a Defence Related Industry Strategy is currently underway. The DOD, the Department of Trade and Industry and the Department of Public Enterprise are important parties to this process. At the same time, work is being carried out to refine the definition, scope and scale of strategic capabilities and the implications thereof for the defence industry, domestically and globally.
- 1.1.2.11 **Balanced Scoreboard Project.** The implementation of the Balanced Scoreboard, as a performance management tool in the DOD is in process. Significant progress was made towards awareness and capacity building in this regard. More than 200 members of the Department underwent orientation training. Official training material was developed for



## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

ongoing training requirements, also making provision for adoption of this methodology in the unique environment of the DOD and reporting requirements as stipulated by the Auditor-General. A software enabler was acquired to ensure the reliable long-term roll-out throughout the DOD. Quarterly Balanced Scorecard Reports for the SANDF and the Defence Secretariat were produced based on available measures. Further development of the next level (level 2) scorecards was also initiated. Strategy Maps for most of the Services and Divisions are also in process of development and approval. The Balanced Scorecard Steering Committee, a PDSC approved sub-committee, is overseeing and reporting progress on the project on a monthly basis.

### 1.2 **Defence Vote:** Rm28 233,155 (Appropriation Act 2008 (Act No 9 of 2008))

1.2.1 The FY 2008/2009 budget was compiled on a cash basis per programme and amounted to Rm28 233,155 and it included all entities under control of the Minister of Defence. The original budget was approved in the Appropriation Act, 2008 (Act No 9 of 2008).

1.2.2 The FY 2008/2009 Defence Vote increased with Rm216,801 (0.77%) from the 2007 Medium Term Expenditure Framework allocation for the same year and increased with Rm2 310,900 (8,91%) from the allocation of the previous financial year. The Defence Vote amounted to 1,23% of South Africa's Gross Domestic Product (GDP) or 3,94% of total government expenditure (GE). Although the Defence Budget is increasing in nominal terms, it still does not benefit equally from the RSA's growth. The year-on-year increase in the overall defence budget is mainly due to additional allocations appropriated for the property management portfolio (accommodation charges), maintenance of infrastructure and facilities, upgrading and improvement of defence information and communication systems, investment in the military skills development system, defence modernisation programmes, increases in the remuneration of health professionals, investment in a strategic collection capability, the opening of additional military attaché offices and the establishment of a Works Regiment. The department implemented efficiency savings to the amount of Rm23,169, mainly in the areas of telephone costs, subsidised motor vehicle schemes, subsistence and travel, catering and consultants.

1.2.3 The following are indications of the extent of the increases:

|                                           |   |       |
|-------------------------------------------|---|-------|
| • General modernisation                   | - | Rm700 |
| • Salary adjustments                      | - | Rm338 |
| • Exchange rate adjustments               | - | Rm235 |
| • Military skills development system      | - | Rm150 |
| • Non-salary related inflation adjustment | - | Rm125 |
| • Property management                     | - | Rm 81 |
| • Remuneration of health professionals    | - | Rm 31 |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

1.2.4 Air Defence (31,9%) and Landward Defence (24,06%) are the two largest programmes within the Defence Vote. The year-on-year increases in these two programmes were due to the military skills development system, maintenance requirements of the operational vehicle fleet, establishment of a Works Regiment, rebuilding the Conventional Reserves, development of a strategic airlift capability, operating the maritime helicopter system and maintaining the Oryx helicopter system. The year-on-year increase in the other large programme, General Support (13,93%), was due to increased maintenance requirements of defence infrastructure and facilities and the improvement of defence information and communication systems. The large year-on-year increase in the relatively small Defence Intelligence programme is due to the investment in a strategic collection capability. The year-on-year increase in the Maritime Defence programme is due to the completion of the frigate and submarine strategic procurement projects.

1.2.5 Mention should be made of the fact that the Special Defence Account, being a separate programme in previous years has, for the period under review, been included in the other programmes. Year-on-year increases reflect this adjustment accordingly.

1.2.6 Exploring the FY 2008/2009 Defence Vote from an economic classification perspective, compensation of employees (37,85%) and transfers and subsidies (34,57%) amounted to 72,42% of the Vote leaving an available 27,58% for the operating of the DOD. Significant operating costs provided for are maintenance, repair and running costs (Rm2 603), inventory (Rm1 452), computer services (Rm819), travel and subsistence (Rm450), operating leases (Rm421) and consultants, contractors and special services (Rm391).

1.3 **Defence Adjustment Vote:** Minus Rm334,128 (Adjustment Appropriation Act, 2008).

1.3.1 The Defence Vote has decreased by Rm334,128 through the Adjustment Vote due to the following:

1.3.1.1 **Increases**

- Self financing expenditure resulting from the sale of equipment and spares during the previous financial year, originally procured through the Special Defence Account, namely Rm120,480.
- Roll over commitments from the previous financial year amounting to Rm240,000 in the following programmes:
  - > Military Health Support for settling outstanding invoices for the procurement of vehicles and the conversion of panel vans into ambulances – Rm12,800.
  - > General Support for the repair and maintenance of facilities, the upgrading and construction of buildings and for the settlement of outstanding invoices for busses – Rm197,477.
  - > Force Employment for the settlement of outstanding invoices for the procurement of spare parts and ammunition – Rm29,723.
- Unforeseeable and unavoidable expenditure in the amount of Rm100,000 for peace support operations in Burundi.
- Higher than budgeted salary increases announced by the Minister of Public Service and Administration in the amount of Rm202,680.

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

- Inflation adjustment for the cost of fuel to the amount of Rm131,563.

### 1.3.1.2 Decreases

- Resulting from the delays in the delivery of strategic defence equipment, the allocation for this equipment was reduced by Rb1,966 and will be added back in the financial year 2009/2010. However, an amount of Rm837,549, not drawn in the 2007/2008 financial year, was reallocated leaving a net decrease of Rb 1,128.

### 1.4 Adjusted Defence Vote: Rm27 899,027.

### 1.5 Expenditure

1.5.1 The total expenditure against the Adjusted Defence Vote amounted to Rm27 801,286 resulting in a relatively small under expenditure of Rm97,741. This under expenditure is primarily as a result of:

- Under spending of Rm82,154 on the upgrading of the Air Force Base Waterkloof runway due to the delay in the appointment of a contractor.
- Under spending of Rm8,065 on capital works.
- Under spending of Rm7,253 on planned maintenance and repair on buildings.
- Under spending of Rm0,268 on transfer payments and Rm0,001 earmarked related funds that have to be surrendered.

1.5.2 Despite unforeseeable and unavoidable expenditure resulting from additional requests from foreign countries, the United Nations and the African Union for participation in peace support operations, these operations were successfully executed by reprioritising activities within the Defence Vote. Details of these requests are:

1.5.2.1 **OP CURRICULUM (Burundi).** The United Nations withdrew from the peace support operations in Burundi. The RSA was subsequently requested by the African Union to contribute to the African Union Special Task Force established for the protection of leaders of the Palipehutu-FNL leaders and combatants. The SANDF was instructed to terminate the deployment by 31 March 2008 but after registrations the SANDF was requested to remain in Burundi until 31 March 2009 and a shortfall of Rm236,359 arose. The National Treasury augmented the DOD's budget with Rm100,000.

1.5.2.2 **OP VIMBEZELA (Central African Republic).** An unforeseeable and unavoidable request for support to the Central African Republic was submitted to the National Treasury for inclusion in the Defence Adjustment Vote, but the shortfall of Rm41,113 was not approved by the Treasury Committee.

### 1.5.3 Spending Trend

The DOD has again managed to achieve a relatively small under expenditure. The expenditure for the period under review, in comparison with the last two years, is indicated below:

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| Financial Year                           | 2006/2007  | 2007/2008  | 2008/2009  |
|------------------------------------------|------------|------------|------------|
| Vote (Rm)                                | 23 902,904 | 26 291,785 | 27 899,027 |
| Expenditure (Rm)                         | 23 817,584 | 25 180,113 | 27 801,286 |
| Amount surrendered                       | 85,320     | 1 111,672  | 97,741     |
| Amount surrendered as percentage of Vote | 0,36%      | 4,23%      | 0,35%      |

**1.6 Virements.** The following virements were approved during the period under review:

**1.6.1 Approved by the National Treasury**

**1.6.1.1** The reallocation of Rm2,710 from Goods and Services (Municipality costs) to the capital budget to accommodate a projected shortfall in the Air Force Base Waterkloof runway project.

**1.6.1.2 Approved by the Accounting Officer**

**1.6.2.1** A reallocation of Rm4,000 from the programme Force Employment to the programme Administration to accommodate for the Centre for Conflict Simulation.

**1.6.2.2** A reallocation of Rm10,000 from the programme General Support to the programme Air Defence to fund the chartering of aircraft.

**1.6.2.3** A reallocation of Rm15,394 from the programme General Support to the programme Force Employment to provide for the migration of logistic posts to the Special Forces.

**1.6.2.4** A reallocation of funds to defray expenditure on transfers to households, project clean audit, the special advisory team, pension liabilities, OP CURRICULUM and Regional Services Council levies.

**1.6.2.5** The reallocation of funds for various smaller departmental requirements approved by the Plenary Defence Staff Council and allocations required at year-end.

**1.6.2.6** Balancing the financial system with the final expenditure.

**2. Services rendered**

**2.1** The services rendered by the DOD are detailed in the Part 1 Chapter 2 of the Annual Report.

**2.2 Tariff policy**

The DOD tariff policy consists of the following elements:

**2.2.1** Tariffs instituted by law.

**2.2.2** Tariffs prescribed by a national department which are applicable to all spheres of government.

**2.2.3** Tariffs unique to the DOD determined by the tariff owner and where the tariff structure is approved by the National Treasury.

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

### 2.3 Free services

The following free services were provided by the DOD during the reporting period:

- 2.3.1 Harbour services to the Department of Environmental Affairs' vessel, Sarah Bartman to the amount of Rm0,003.
- 2.3.2 Assistance provided at two motor vehicle accidents to the amount of Rm0,009.
- 2.3.3 Service rendered to extinguish a veld fire to the amount of Rm0,003.

2.4 **Inventory.** The DOD is unable to disclose the accurate monetary value of its inventory at year-end because accurate prices are not carried in current DOD logistic systems. The LIRP is currently in process of cleaning data to be able to report the accurate value of inventory in the future.

### 3. Capacity Constraints and the impact thereof

- 3.1 Capacity constraints impacted on the DOD in two areas, i.e. force preparation and expenditure.
- 3.2 The shortage of specialists (technical staff) and support personnel has had a negative effect on the staffing of personnel to all the peace support missions, resulting in contingents not being fully staffed. This has resulted in the non-compliance of minimum standards of serviceability of major equipment and as a result thereof the DOD is not reimbursed by the United Nations if serviceability levels of major equipment are not maintained in peacekeeping deployment areas.
- 3.3 Skills losses continued unabated and resulted in a decrease in experience levels. Some critical skills are no longer readily available and need to be acquired from industry at exorbitant cost. To counter the loss of personnel, training personnel is increased, which is an initiative to address a joint human resource strategy for training and the utilisation of scarce human resources.
- 3.4 The impact of non-repair and maintenance of Defence facilities has resulted in further dilapidation of DOD facilities. This negatively affected the promise of service delivery. The specific changes in procurement requirements had to be adjusted in order to mitigate the negative influence of repair and maintenance of DOD facilities. A forum has been established at a strategic level between the Departments of Defence and Public Works to ensure better service delivery and liaison between the two departments. A phased approach to create own maintenance of facilities capability and migration away from reliance on the DPW was accepted by the DOD.

### 4. Utilisation of donor funding

- 4.1 The DOD did not receive any donations that were directly administered by the department.
- 4.2 The DOD, received reimbursements from the United Nations for the DOD's participation in peace support operations amounting to R288 581 538,96. This was deposited into the National Revenue Fund and recognised in note 3 of the financial statements to this report.

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

### 5. Public entities

The Castle Control Board and the Armaments Corporation of South Africa (ARMSCOR) are reported as listed public entities under the ownership control of the Minister of Defence. Each of these public entities is controlled by a Board of Directors reporting to the Minister of Defence. The transfer payment made to ARMSCOR is included in the table of transfer payments below and no transfer payment was made to the Castle Control Board. The intended transfer of the Castle Control Board to the Department of Arts and Culture has been suspended.

### 6. Organisations to whom transfer payments have been made

Transfers payments were made to the following organisations:

| Transferee                                          | Reason for Payment                                                                                                                                                                      | Accountability Arrangements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Adjusted Appropriation FY 2008/09 Rm | Final Appropriation FY 2008/09 Rm | Expenditure FY 2008/09 Rm |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|---------------------------|
| Armaments Corporation of South Africa Ltd (ARMSCOR) | To subsidise ARMSCOR in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of Defence matériel, related products and services. | ARMSCOR is a Schedule 2 Public Entity managed by a Board of Directors appointed by the Minister of Defence. ARMSCOR annually submits a business plan and an estimate of expenditure, which is motivated by the General Manager Finance and Administration of ARMSCOR, 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 2007/2008 were submitted according to payment conditions. | 565,754                              | 565,754                           | 565,754                   |



## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| Transferee                                                            | Reason for Payment                                                                                                                                                                                                 | Accountability Arrangements                                                                                                                                                                                                                                                       | Adjusted Appropriation<br>FY 2008/09<br>Rm | Final Appropriation<br>FY 2008/09<br>Rm | Expenditure<br>FY 2008/09<br>Rm |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|---------------------------------|
| St Johns Ambulance Brigade                                            | To provide accreditation for training of Defence members and make their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency. | Audited financial statements for the financial year 2007/2008 were submitted according to payment conditions.                                                                                                                                                                     | 0,360                                      | 0,360                                   | 0,312                           |
| Regular Force Medical Continuation Fund (Medical Fund B)              | To reimburse the Regular Force Medical Continuation B-Fund for members who retired before 1964.                                                                                                                    | Due to the advanced age of the members concerned and the small amount involved, it justifies payment against "good and services" instead of a transfer payment. No transfer payment thus occurred and no provision for a transfer has been made for the 2009/2010 financial year. | 0,220                                      | 0,220                                   | 0                               |
| Reserve Force Council                                                 | To subsidise the Reserve Force Council in their aim to secure community and private sector support for the Reserves.                                                                                               | The Accounting Officer is represented in the National Council. The Council annually submits a business plan and an estimate of expenditure. Audited financial statements for the financial year 2007/2008 were submitted.                                                         | 3,886                                      | 3,886                                   | 3,886                           |
| Safety and Security Sector Education and Training Authority (SASSETA) | To subsidise the administrative expenditure of the SASSETA.                                                                                                                                                        | Audited financial statements for the financial year 2007/2008 were submitted according to payment conditions.                                                                                                                                                                     | 8,800                                      | 8,800                                   | 8,800                           |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

Financial Performance

| Transferee                                          | Reason for Payment                                                                                                                       | Accountability Arrangements                                                                                                                                                                                     | Adjusted Appropriation<br>FY 2008/09<br>Rm | Final Appropriation<br>FY 2008/09<br>Rm | Expenditure<br>FY 2008/09<br>Rm |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|---------------------------------|
| Special Defence Account                             | To acquire, procure and develop armaments and technology.                                                                                | Under control of the Accounting Officer of the DOD. Financial statements are attached to this report.                                                                                                           | 8 087,808                                  | 8,087,808                               | 8,087,808                       |
| Regional Services Councils                          | To honour the Department's obligation to Regional Services Councils in terms of the Regional Services Councils Act (Act No 109 of 1985). | Payment takes place in terms of the relevant tariffs laid down by each Regional Services Council. These transfers were terminated on 30 June 2006, but an arrears amount of Rm13,806 was paid during 2008/2009. | 0                                          | 13,808                                  | 13,808                          |
| Household Employer Social Benefits – Cash Resident. | To cover the cost of employment benefits for members leaving the Department through the Mobility Exit Mechanism.                         | Approved by the Minister of Defence.                                                                                                                                                                            | 121,020                                    | 152,753                                 | 152,753                         |
| <b>TOTAL</b>                                        |                                                                                                                                          |                                                                                                                                                                                                                 | <b>8 787,848</b>                           | <b>8 833,389</b>                        | <b>8 833,121</b>                |

### 7. Public Private Partnerships

7.1 No formal Public Private Partnership (PPPs) have been concluded in the DOD. The following progress is reported regarding identified PPP projects:

7.1.1 **SA Air Force.** The DOD is in the process to realign the Terms of Reference for the advertisement of bids to appoint a Transaction Advisor to conduct a feasibility study for the commercial co-use of Air Force Base Ysterplaat in Cape Town.

#### 7.1.2 SA Navy

- The feasibility study for a Sea Safety Training Centre in Simon's Town is almost complete. The Transaction Advisor has completed a value assessment of the feasibility study and the DOD advertised a request for an Expression of Interest (EOI).
- A Transaction Advisor has been appointed to conduct a feasibility study for the establishment of a new SA Navy headquarters building and Naval mess. The process is in the first phase of the feasibility study (needs analysis).

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

### 7.1.3 SA Military Health Services

- SAMHS registered a possible PPP at National Treasury regarding “health care facilities and hospital referral services in Durban and seven other selected areas”. The feasibility study was completed and the project is in process of procurement of the actual PPP.
- SAMHS registered a project to build a new headquarters. Bids have been advertised and the DOD is in process to appoint the Transaction Advisor to conduct a feasibility study.
- SAMHS also registered a project for new facilities for a Military Health Training Formation. The project is in the phase of procuring the Transaction Advisor services to conduct a feasibility study.

7.1.4 **Human Resource Division.** The establishment of a SA National Defence Training Institute has been registered. The Transaction Advisor has been appointed and the first phase of the feasibility study (need analysis) is in process.

7.1.5 **Defence Intelligence Division.** The establishment of a new headquarters for Defence Intelligence has been registered. The Transaction Advisor has been appointed and the first phase of the feasibility study (need analysis) is in process.

### 8. Corporate Governance Arrangements

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 service employees. All officials subscribed to the standards contained in these codes by signature. Disciplinary procedures are applied for non-conformance.

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 resources to achieve the objectives 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 enquiries are answered through a corporate communication service.

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

**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 SANDF 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.

**8.3.1.1** The Directorate Risk Management was established in January 2009 under the auspices of the Chief of Defence Policy, Strategy and Planning and is fully staffed. The Directorate will combine the DOD's strategic risks, operational risks and resource risks into one centralised DOD risk register to ensure that all DOD risks are properly managed, controlled and mitigated.

**8.3.1.2** The DOD Risk Management Strategy which was compiled by the Chief Financial Officer, on behalf of the Secretary for Defence in his capacity as the Accounting Officer of the Department, sets 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 which supports this strategy. The Directorate Risk Management is in the process of revising the current Risk Management Strategy, which will be implemented in the DOD in the financial year 2009/2010.

**8.3.1.3** Risk management fora are an integral part of the total management process and is the responsibility of each official in the DOD. 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 the DOD and operational plans.

**8.3.1.4** All Services and Divisions compile risk management plans as part of that Service/Division's strategic plan, in line with the Accounting Officer's guidelines. Quarterly reports are submitted on the progress of the plans developed to mitigate these risks. The risks and mitigation actions are illustrated in detail, in Appendix D of the Annual Report.

**8.3.1.5** The DOD is currently implementing the concept of Enterprise Risk Management (unified application of risks management across the Department), which will be fully functional in the 2009/2010 financial year.

#### 8.3.2 Fraud Investigation and Prevention

**8.3.2.1** The Anti-Corruption and Anti-Fraud Strategy is based on the three main outcomes of the National Anti-Corruption Summit of 1999, namely preventing corruption, combating corruption and building integrity and raising awareness. In order to achieve the desired result it was important to introduce a strategy to advise, direct and guide officials of the DOD on the approach to the seriousness of corruption and fraud. It was planned in the detection investigations to conduct thirty investigations but ultimately eighty one cases were investigated during the reporting period with details as follows:

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

- In thirty-one of the cases evidence of fraud/corruption were detected and these cases were referred to the Military Police Division for prosecution.
- In another two of the cases evidence of fraud/corruption were also detected and these cases were referred to the SA Police Service for prosecution as civilians persons/organizations were involved.
- In nineteen cases it was found that deviations from policy and procedures occurred and these cases were referred to the appropriate DOD entities to address.
- Twenty-nine cases, where corruption/fraud could not be detected, were removed from the register.

### 8.3.3 Internal Audit

8.3.3.1 Internal Audit comprised of both compliance and performance audits, reviewing aspects of economy, efficiency and effectiveness. The DOD followed a risk-based approach over a three-year period, in accordance with the Three-Year Rolling Audit Strategy.

8.3.3.2 The effectiveness of internal audit results could further be measured by the positive impact which resulted from the recommendations and advice given through audit reports of the Defence Inspectorate.

8.3.3.3 **The Effect of Internal Audits.** Performance audit is an independent auditing process carried out to evaluate the measurers put in place by management or the lack of measurers to ensure that resources had been acquired economically and utilised efficiently and effectively and to report this to management and its legislative body. During the financial year 2008/2009 ninety seven (97) internal audits were completed.

During the auditing of the Annual and Quarterly Reports inconsistencies were highlighted and reported. These inconsistencies were rectified and measures were adopted for inclusion in the next financial year. The measuring instruments that were utilised were refined. The importance of accuracy of information was emphasised and as a result, the accuracy of information captured has improved.

Combat Readiness audits were conducted at the different Services. The audit reports emphasised the critical shortcomings in the resources, budget constraints and loss of technically qualified and/or skilled personnel. As a result of constant mobilisation audits the level of combat readiness of forces that report to the mobilisation centre has improved.

During the mobilisation and foreign deployment audits, audit evidence revealed that no mission readiness-training curriculum exists. In view of this, the Joint Operations Division is in the process of developing deployment curricula.

Risk based audits revealed that initially, ground level management (level 4) do not consider the risks identified as their responsibility. However, units were able to provide rectification plans on receiving audit reports.

8.3.3.4 **Follow-up on the Auditor-General's (AG) Audit Report Qualifications.** Overall, the DOD has implemented controls and measurers to address the AG's audit findings. There are,

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

however, still challenges in terms of the disclosure of information pertaining to the logistic and financial environments regarding accrual accounting. Project Clean Audit has been initiated by the Chief Financial Officer and has contracted a consortium comprising of KPMG and SAB&T to assist with the cleaning of qualifications and to improve the internal controls of the department and to train DOD staff on the improved internal controls.

**8.3.3.5 External Quality Review.** The Defence Inspectorate Division is required by law to be audited by external auditors once every five years. This provides a holistic overview of the compliance by the Defence Inspectorate Division to the International Standards for the Professional Practice of Internal Auditing (standards). The next external audit is scheduled for the year 2011.

**8.3.3.6 Professional Internal Audit Forum (PIAF).** The activities of the PIAF resulted in an improvement regarding co-ordination in work performed by the Defence Inspectorate Division and Service Inspectors General. The PIAF also advises the IG DOD/CEA on matters pertaining to internal auditing in the DOD.

**8.3.3.7 Conferences and Visits.** The Inspector-General (IG) and two directors of the DOD attended the Association of Defence Auditors Conference in Ottawa, Canada where new Defence audit methodologies were discussed. The IG also visited the IG of the Mozambique Forces to set in motion pre-preparation activities for the third Consultative Conference of SADC Inspectors General that was to take place in November 2009. Eight officers of the Angolan Armed Forces (AAF), who were trained as Defence auditors, successfully completed their course.

### 8.3.4 Audit Committee

**8.3.4.1** The Audit Committee provided guidance in the 2008/2009 financial year to the Internal Audit Division. Amongst many issues it included the identification of shortcomings in the Internal Audit Plan and the lack of expertise within the Division. The audit plan, the Auditor-General's audit report and the quarterly reports revealed that financial statements were not addressed adequately, which was ascribed to the lack of expertise. The external members of the Audit Committee made their services available to assist the DOD to identify suitable candidates that can assist the DOD to bridge the gap. The Defence Inspectorate provided the secretarial services for the Audit Committee.

**8.3.4.2 Composition.** During the year under review, the Audit Committee for the Department of Defence (DOD AC) was duly constituted in terms of the Public Finance Management Act (PFMA). The external members to the DOD were as follow with their appointment dates indicated in brackets: Dr D. Konar (Chairperson) (27 May 2005); Ms J. Kumbirai (6 December 2007); Mr K.A. Ross (27 May 2005), Mr Mudaly (awaiting confirmation) and Mr Radebe (awaiting confirmation). The internal members were Lieutenant General J.L. Jansen van Rensburg (DOD: Chief of Corporate Staff) (1 February 2006) and Dr T. Gamede (DOD: Chief Policy and Planning) (July 2008).

**8.3.4.3 Responsibilities.** The Audit Committee complied with 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 between the Audit Committee members. Activities of the Audit Committee are formalised into a plan, allowing coverage of the total spectrum of risk areas which needs to be assessed and monitored, in accordance with the Public Finance Management Act No. 1 of 1999, and National Treasury Regulations



## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

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 financial year 2008/2009 and was approved by the Accounting Officer. The external and internal members, Ex-Officio Officers, the Auditor-General, Chief Audit Executive and the Accounting Officer, formally assessed the DOD's Audit Committee.

**8.3.4.4 Activities.** Audit Committee members continued with their interaction with members of the Department of Defence. Mr Ross, an Audit Committee member, accompanied an audit team to the SAMHS Training Unit. The Audit Committee continue to have direct access to the Auditor-General, the Secretary for Defence and the Chief of the South African National Defence Force.

**8.3.5 Internal Control.** A framework of internal control has been implemented for financial management in the Department. The framework consists of the various resource sub-systems of control that are impacting 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.

**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 SANDEF. Budgeting is integrated with the accounting and cash management functions. The Minister, Secretary for Defence and budget authorities monitor execution of the budget on a monthly basis, regarding; expenditure, cash flow including improper expenditure and under-collection of revenue. The Financial Management System is still cash-based, consequently financial information for decision-making is fairly limited. A system has been developed to support revenue management to be 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 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) as determined by the National Treasury (NT).

**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 resource management information systems are not integrated.

**8.4.4 External Audit.** An objective and professional relationship has been established with the Auditor-General. The Secretary for Defence chairs first, interim 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.

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

### 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 the DOD by means of the establishment of the Joint Directorate Occupational Health and Safety (JDOHS). A function shift to Chief Human Resources has been decided upon in March 2008, and is still in the process of being executed. This function is executed in conjunction with all Defence Services and Divisions. The Occupational Health and Safety Policy has been compiled, reviewed and implemented and guidelines provided to direct the provision and maintenance of working environments that are safe and without risk to DOD officials.
- 8.5.2 The Joint Directorate Occupational Health and Safety works in collaboration with the Department of Labour to assess non-compliance by Force Structure Elements that leads to enforcement of corrective measures. These actions have contributed to various Rectification and Maintenance Programmes to be embarked upon and currently a substantial number are under way and in the process of being launched. It is envisaged that the OHS monitoring/OHS inspection capacity of the DOD will have to be increased in order to maintain and improve this ability, and that this function will have to be executed either by the various Inspector General departments of the Services or the Inspector General DOD, or by the JDOHS itself, where the bulk of expertise is situated. Either way, this will result in an expansion of the structure.
- 8.5.3 The general condition of DOD infrastructure as well as the non-compliance of facilities regarding fire, electrical and other safety regulations has developed into a major risk to the state. Expecting DOD employees to work in unsafe and unhealthy facilities is unconstitutional, illegal, unfair labour practice as well as against the basic conditions of employment. This fast deteriorating situation also has the potential of negatively affecting the operational capability of the DOD. The same risk exists with regards to non-compliance of training facilities, where preparation for operational deployment takes place, as well as a non-compliant Operational Headquarters (Blenny building) and operational support facilities (military hospital). It also involves serviceable operational equipment and vehicles.
- 8.5.4 The medical surveillance and occupational hygiene surveys that are conducted by the Regional Occupational Health and Safety Centres contribute to the enhancement of operational readiness within the DOD and support the compensation process for occupational injuries and diseases. This process is however hampered by approximately 50% vacancies in this environment. The shortage of specialised resources, including occupational medical practitioners, occupational nurses, occupational hygienists, and in particular Approved Inspection Authorities, will have to be seriously addressed in order to continue the provision of this service to achieve legal compliance.
- 8.5.5 Challenges include the restructuring of the current OHS section within the DOD, OHS awareness training at all levels of command, the human resources to manage the work environment, risks and quality related governance and the management of non-compliance of the relevant Acts. The reluctance of many commanders at the different levels to accept the responsibilities of their Section 16(2) delegations in terms of the OHS Act, and for them to act accordingly is certainly the “Achilles heel” of the DOD towards becoming more compliant with the OHS Act and ensuring a healthy and safe working environment for all officials. To assist in addressing this problem a number of suitably qualified colonels, additional to the structure, are employed by the JDOHS and matters have improved considerably in this regard, although the

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

required posts have still not been made available to staff these members. It is envisaged that these members be staffed on the future structure of JDOHS in order to enhance the capability.

**8.5.6** At least a third of DOD facilities are in a poor state and do not comply with the standards of the OHS Act. Although the endeavours to rehabilitate these unacceptable facilities are supported by Government, funding is not nearly enough as the backlog is ever increasing. More and more DOD officials are exposed to unacceptable unsafe and unhealthy working conditions and it is a matter that can only be addressed at the highest possible level. It has become clear that DPW does not have the capability and the funding to timely maintain and repair the already dilapidated facilities within the DOD. The Department of Labour, as the custodian of the Occupational Health and Safety Act, and local authorities have already closed a number of DOD facilities. Implementation of corrective action plans cannot be performed due to the lack of adequate funds. The number of Contravention and Prohibition Notices served by the Department of Labour and the Tshwane Fire Services, on the DOD, emphasises this.

### **8.6 Military Integrated Environmental Management**

**8.6.1 Operation VUSELELA.** The partnership with the Department of Water Affairs and Forestry (DWAF) and sub-programmes of the Working for Water programme on the eradication of alien and invasive vegetation through the utilisation of military veterans has resulted in an initial eradication of 3279 ha and follow-up clearing of 3673 ha up to the end of February 2009. The amount of Rm12,000 was spent by DWAF on this initiative and 651 veterans were employed.

### **8.6.2 Environmental Contingent Liabilities**

**8.6.2.1** The DOD has identified the following areas as environmental contingent liabilities:

- Munitions clearance at the former Hell's Gate Training Area.
- Environmental rehabilitation and munitions clearance at Madimbo Military Training Area.
- Environmental rehabilitation following the demobilisation of the foreign deployment in Burundi.

No other areas were identified for rehabilitation as the DOD intend to retain ownership of all other areas. Therefore no other liabilities are identified.

The services of an accredited explosive ordinance disposal expert will be contracted to determine the potential costs involved with regards to the clearing of the land as disclosed in the financial statements for 2009/2010.

**8.6.2.2** The DOD will not recognise existing military training areas still utilised for live military training as environmental contingent liabilities until such time as a decision has been taken to close and alienate such training areas for alternative civilian use.

### **9. Discontinued activities/activities to be discontinued**

Discontinued activities and activities to be discontinued are described in the Annual Report.

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

### 10. New and proposed activities

New and proposed activities are described in the Annual Report.

### 11. Asset Management

#### 11.1 General

11.1.1 DOD uses the Financial Management System (FMS) as their financial accounting system. The DOD also uses different logistical systems such as OSIS, CALMIS and LIMS. These systems are not integrated and are all cash based systems, which do not support any accrual principles.

11.1.2 The financial and logistical functions are performed throughout the country at more than a 1 000 Force Structure Elements (FSE). As a result of this as well as the absence of a properly integrated accrual based system, lack of internal controls, capacity, accounting and auditing skills, the DOD has received a qualified audit opinion for the past three financial years.

11.1.3 In order for the various logistic systems to be able to provide the information required, not only does the system need to be enhanced but the information captured also needs to be accurate. To address this shortcoming, amongst other issues identified by Auditor-General, the DOD embarked on a Logistics Intervention and Repositioning Programme (LIPR) to facilitate immediate rectifications and to plan and manage future realignments. The LIPR consists of four clusters with different workgroups under each cluster (10 Workgroups). Although enormous progress has been made, which will be discussed in detail hereunder, the system still remains unable to provide the extent of information required by National Treasury.

#### 11.2 Progress with regard to capturing assets in the register

11.2.1 **Immovable Asset Register.** The CSIR has been contracted to assist the DOD in the development and implementation of a strategic immovable asset management plan and an immovable asset register. The plan is based on the NT IDIP (Infrastructure Delivery Improvement Programme) model to develop a system of valuation and maintenance of immovable assets in the DOD. The DOD LIPR Facilities Workgroup finalised the Strategic Immovable Asset Management Plan by 31 March 2008.

#### 11.2.2 Supply Chain Management

11.2.2.1 In addition, the CSIR is also assisting the DOD with the development of a sound Supply Chain Management strategy. As a result of this a Supply Chain Management Workgroup has also been established within the Logistic Intervention and Realignment Programme (LIRP) to define the broad logistic concept in view of the Defence Strategy and Military Strategy.

11.2.2.2 Focus of the exercise is to develop a Supply Chain Management framework/environment that will enhance/promote accountability and effective internal control environment.

11.2.3 **DOD Asset/Inventory Verification Programme.** Classic 1 Consortium (CIC), was appointed to engage in this programme in order to provide competent support in the clean-up of the DOD item identification, codification, cataloguing, stock and asset register.

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

- 11.2.3.1 The aim of this programme is to improve the integrity of priority DOD item identification, codification; cataloguing, stock holding, as well as the related asset register record, to an acceptable initial quality level and is intended to achieve the following objectives:
- Improve Item Identification (II), Codification and Cataloguing accuracy.
  - Reduce duplication of NSNs.
  - Improve asset register accuracy.
  - Enable transition to National Codification Bureau (NCB) Tier 2 capability.
  - Rationalisation of inventory.
  - Improved visibility of assets and inventory.
  - Improved asset and inventory tracking.
  - Continue integrity and continuous further improvement.
- 11.2.3.2 This Stock Verification programme consists of two phases of which phase one commenced during October 2008, and was completed on 28 February 2009. Phase one consists of accurate measuring and location of existing error rates, and skills gap analysis. The final report on the result of phase one was received on 27 February 2009.
- Phase two of the Stock Verification programme will consist of, amongst other activities: Clean up the data in terms of Cat and Cod – NSNs, OEM certificates SCOA v NATO; Stock identification and verification, clean up asset register integrity levels.
- 11.2.4 **Indication of the Extent of Compliance with Minimum Requirements**
- 11.2.4.1 The monitoring of stock take actions within the Department is done on a regular basis to ensure that management interventions and good progress takes place. Assets as well as inventory in the DOD is categorised according to NATO and recorded in the same register. Reporting on assets and inventory is required according to National Treasury's Standard Chart of Accounts (SCOA). With expenditure on inventories being recognised in the DOD financial system in terms of SCOA, the DOD logistic accounting system was unable to give information required in the annual financial statements.
- 11.2.4.2 Due to the difference between NATO classifications and SCOA reporting format, the DOD will only be able to provide complete logistical reporting after IFMS is fully implemented.
- 11.2.4.3 A successful attempt was made to couple the SCOA and NATO item codes to be able to differentiate between Tangible Movable Capital major and minor assets as well as inventory. The accuracy with regards to reconciliation of payments on the financial system to the information in the asset register can only be confirmed by the end of May 2009.
- 11.2.4.4 The way forward with regards to the immediate future includes the investigation of the possibility and cost involved to enhance the current logistic accounting systems to keep record of purchase information for capital equipment. Depending on the outcome of the



## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

investigation, authority for major enhancement will be required from NT via the appropriate channel of command.

### 11.2.5 Extent of Compliance with Asset Management Reform (AMR) Milestones

11.2.5.1 Common to all the aspects is the continued discussion with NT regarding the linking of the DOD classification to that of SCOA.

11.2.5.2 DOD is currently facing the challenge of lack of competencies and skills necessary to effectively carry out National Treasury Asset Management Guidelines. This has been identified as a strategic risk and resources within the DOD have been allocated to recruit required skills, and the training and updating of the training curriculum.

11.2.5.3 The moratorium on acquisition and implementation of systems has created another set of challenges in terms of dealing with the issues facing DOD.

11.2.5.4 A Divisional Policy Development Committee has been established to monitor progress on the review of all logistic policies. Necessary resources have been allocated to support, update and review all logistic policies. This includes the creation of a specialised knowledge domicile within ARMSCOR. The work on the review of all logistic policies have commenced and is progressing well.

11.2.5.5 Meetings are being held on a continuous basis between NT, AG and DOD to discuss progress and to seek input regarding any issues identified during the ongoing project to comply with NT requirements.

11.2.5.6 The main objective, common to all the above-mentioned action plans, is to assist the DOD to work towards complying with the National Treasury disclosure requirements and the smooth transition to IFMS.

11.2.5.7 **Meeting Minimum Requirements for Asset Registers.** Presently the Asset Register largely does not conform to the requirements set, and is lacking in especially pricing and financial management of the assets. Little progress has been made in enhancing the present system. Only OSIS caters for life cycle management to the extent required. CALMIS which is used by the SA Army can apply life cycle management to a lesser degree. The outcome of the investigation to bring the present asset register to the new requirements depends largely upon the implementation of IFMS and DOD Integrated Resource Management System (IRMS). A consortium (KPMG and SAB&T), referred to as the Operation Clean Audit (OCA) team was appointed by the CFO to assist in inventions to comply with National Treasury requirements (GRAP) until IFMS (IRMS) is implemented in the DOD.

11.2.5.8 **Basic Asset Policies in Place.** Basic asset policies are in place for cash based accounting and asset management which is available throughout the Department. Additional members have been allocated to address the current impasse and assist in updating the current policy to be aligned with accrual accounting requirements. This matter is being investigated by the LIRP Policy Workgroup which is determining the policy backlog presently being experienced as well as areas that have to be strengthened with new or updated policies. With the assistance of the OCA team and the capacity building project, the specialised knowledge domicile within ARMSCOR, initiated by DSSS, the upgrading of Logistic policy is being addressed as a matter of urgency.



## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

### 11.4 Accounting and Reporting in terms of GRAP

As mentioned in my report for the previous financial year the DOD still expensed assets at date of purchase in terms of cash based accounting and thereafter account for assets in terms of item accounting. In spite of progress on asset management and accounting, as described above, the DOD is still not in a position to disclose complete and accurate values for the movement of assets during the financial year 2008/2009. The following required disclosure notes on assets are thus omitted from the financial statements to this report.

- Movable tangible capital assets.
- Movable intangible capital assets.
- Immovable tangible capital assets.

### 12. Events after the reporting date

No events are reported.

### 13. Performance information

Performance information is described in the Annual Report.

### 14. SCOPA Resolutions and addressing prior audit findings

- 14.1 The DOD has not yet appeared before SCOPA on its financial year 2007/2008 Annual Report and no resolutions have been adopted on the DOD's 07/08 financial statements. The actions indicated in the table below also addresses the Report of the Auditor-General for FY 2007/2008.
- 14.2 The SCOPA Hearing on the DOD's financial year 2006/2007 Auditor-General Report was held on 21 November 2007 and the FY 2006/2007 SCOPA Resolutions were adopted on 8 February 2008 by Parliament. The DOD did submit a response to SCOPA dated 13 February 2008 on certain issues raised during the hearing on 21 November 2007. The DOD submitted the action plans on the financial year 2006/2007 SCOPA Resolutions to Parliament on 9 June 2008. The detailed feedback in the table below reflects progress made with the implementation of these action plans:

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| Financial Performance |

| 06/07 AG<br>ANNUAL<br>REPORT<br>REF | RECOMMENDATIONS MADE<br>IN SCOPA RESOLUTIONS<br>DATED 8 FEB 08                                                                                                                                                                                                                                                                                                                        | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page 190                            | <p><u>Par 1 – Tangible &amp; intangible assets, accruals, irregular, fruitless and wasteful expenditure, rank review and comparatives.</u> The Committee recommends that the Accounting Officer ensures that:</p>                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                     | <p>a) the current information systems used, are upgraded or alternatives be investigated to implement a single logistical system that can provide the financial information as required by National Treasury in respect of accruals, tangible and intangible capital assets;</p>                                                                                                      | <p>An Asset Management Project has been implemented in 2007. The scope of this project consists of three phases, namely a) inventory verification and error identification, b) asset register clean-up and functional specification development, and c) rolling out an Integrated Asset management System in line with IFMS requirements. Phase one has been completed and phase two is currently in progress. It is envisaged that phase three will commence in the latter half of 2010. Until then, CALMIS and OSIS will remain as the main logistic systems.</p> <p>DOD representatives are advising on the development of the National Treasury IFMS system. CALMIS is implemented in the SA Army according to plan and OSIS has been implemented in 80% of SAAF units and 90% of SA Navy units. Once all units are computerized migration to IFMS will proceed, once it has been approved for use.</p> |
|                                     | <p>b) shortcomings in the information systems are reduced by implementing manual controls to ensure proper identification, classification, recording and disclosure of accruals and tangible/intangible capital assets;</p>                                                                                                                                                           | <p>The manual system implemented was refined and an amended instruction was issued to Services and Divisions to obtain additional information in order to accurately complete accruals disclosure in the FY 2008/2009 Annual Financial Statements. Different teams, under the leadership of the Operation Clean Audit team were sent to pre-determined units to assist with the compilation of information. The outcome of this initiative will only become apparent when the audit is completed.</p>                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                     | <p>c) policies and procedures are developed, approved and implemented to ensure the proper identification, classification, recording and disclosure of irregular, fruitless and wasteful expenditure in the annual financial statements;</p>                                                                                                                                          | <p>Processes and procedures are in place to manage unauthorised, irregular and fruitless and wasteful expenditure but are not fully integrated. The DOD has, with the assistance of the KPMG/SAB&amp;T consortium (Operation Clean Audit), embarked on the development of a draft policy on unauthorised, irregular and fruitless and wasteful expenditure to ensure proper integration of the existing processes and procedures.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                     | <p>d) a complete investigation is launched to determine the extent of the invalid rank adjustment cases and related irregular expenditure or overpayments. The Accounting Officer must also report in terms of section 38(1)(g) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) in writing immediately to National Treasury on discovery of irregular expenditure.</p> | <p>The Minister of Defence has approved a request for condonation of the rank reviews of the 384 non-statutory force members on 31 October 2007. This matter is regarded as finalized.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| 06/07 AG<br>ANNUAL<br>REPORT<br>REF | RECOMMENDATIONS MADE<br>IN SCOPA RESOLUTIONS<br>DATED 8 FEB 08                                                                                                                | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page<br>190-191                     | <p><u>Par 2 - Travel and subsistence, Prepayments and advances, Receivables, Departmental revenue.</u> The Committee recommends that the Accounting Officer ensures that:</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                     | <p>a) the Financial Management System (FMS) is upgraded to improve the usefulness and reliability of travel S&amp;T information;</p>                                          | <p>The DOD has requested SITA to develop a system outside of the FMS to match the information on FMS and PERSOL to enable the AG to trace S&amp;T documentation. This system has been completed and was audited during the 2007/2008 financial year audit. The AG has subsequently removed the qualification.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                     | <p>b) management implement a strategy to enforce ongoing monitoring, compliance and control over the serviceability of assets deployed to mission areas;</p>                  | <p>Daily and weekly inspections on equipment and vehicles are being conducted and continuously improved.</p> <p>Intervention teams (accompanied by suppliers) are sent to assist the workshops in the mission areas in special cases where additional expertise is required.</p> <p>Vehicles requiring major repairs are returned to the RSA.</p> <p>A work session was held in March 2009 to enhance the joint effort with Product System Managers to ensure the continued availability of spares, artisans and mechanics in order to increase the serviceability of all vehicles and equipment employed in the mission areas.</p>                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                     | <p>c) adequate and sufficient training is provided to employees in respect of the administration of receivables;</p>                                                          | <p>Services and Divisions have again been informed of the content of DODI FIN No 00020/2000 and a reminder letter has also been distributed to Services and Divisions requesting the submission of receivables applicable for 2007/2008 before the end of the financial year. AG did not qualify the DOD on this matter in financial year 2007/2008 and it is therefore considered to be resolved.</p> <p>During the financial year 2008/09 Revenue training was provided to 75 members at three Introduction to Budget Management courses and two Budget Management courses respectively. As part of addressing the audit qualifications, the existing curriculum will be revised as well as providing training to non-finance personnel in the DOD.</p> <p>The establishment of the Financial Management Office at the Office of CSANDE, Services and Divisions with the dedicated task to identify and report the origin of debtors in their respective Service and Division will further contribute to the solving of this problem.</p> |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| 06/07 AG ANNUAL REPORT REF | RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08                                                                                                                                                                                                                                                                                                    | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page 190-191               | d) management performs independent reconciliations and review information on a regular basis to ensure proper classification and prompt recording of transactions and that sufficient documents are kept and always available.                                                                                                                              | <p>The reason for the misclassification was due mainly to human error. The action plan to address this adverse finding consists of the following steps:</p> <ul style="list-style-type: none"> <li>• The revised DOD Instruction on budget control was approved and implemented in July 2008.</li> <li>• Budget managers were again sensitised regarding the importance of allocating the correct expenditure.</li> <li>• The audit between the PERSOL and FMS systems were carried out and all differences were corrected.</li> <li>• A Standing Operating Procedure has been implemented in place to ensure that all requests for the creation of new codes comply with the requirements and that the correct classification of expenses takes place.</li> <li>• The AG did not find any misclassifications in the financial year 2007/2008 and the matter is therefore regarded as solved.</li> </ul> |
| Page 191-192               | <p><u>Par 3 – Lease commitments, commitments and clearing accounts.</u> The Committee recommends that the Accounting Officer ensures that:</p> <p>a) internal controls are implemented to ensure that transactions and other significant events with respect to lease commitments are properly identified, classified, promptly recorded and disclosed;</p> | <p>An interim instruction was issued in April 2008, clearly spelling out the processes and procedures for the control of leases and also how to maintain the lease register. Although Services and Divisions have maintained the required register, a lack of training at unit level resulted in limited successes being achieved. Interventions undertaken include the deployment of specialists from the consortium of KPMG and SAB&amp;T (Operation Clean Audit Team) throughout the DOD to assist with training and compilation of lease registers. A letter was also distributed to Services and Divisions to confirm the correct accounting of all hired equipment.</p>                                                                                                                                                                                                                            |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| 06/07 AG ANNUAL REPORT REF | RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08                                                                                                                                                                                                                                    | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page 191-192               | <p>b) management institutes control processes by which all financial authorizations approved and not fulfilled are collated and included as part of commitments at year end; and</p>                                                                                                        | <ul style="list-style-type: none"> <li>• DOD policy stipulates that if a period contract/ Government Order (GO) is intended, the required financial authority (FA) request must be approved prior to the specific period contract being concluded or GO being placed.</li> <li>• Where both the procurement approval and a financial authority (FA) exist for a bid, but disclosed as approved but not yet contracted, this is an indication of an administrative process which is underway to issue a letter of acceptance to the bidder and thus closing the contract.</li> <li>• The validity of such a commitment is recognised from the date of issuing the letter of acceptance and not the date of procurement and FA approval. The key factor for discriminating between the disclosures of commitments approved but not yet contracted where an FA exists and commitments/bids approved but not yet contracted where an FA does not exist, is the level of certainty that a transaction/commitment will arise. The level of certainty is higher where both procurement approval and FA exist than where an FA does not exist. In this case it will be included as part of the commitments.</li> </ul> |
|                            | <p>c) the implementation of control activities is in place to ensure that sufficient and appropriate evidence exists for amounts included in the clearing accounts and that these accounts are cleared monthly.</p>                                                                         | <p>The clearing of suspense (clearing) accounts is a continuous process throughout the financial year and is strictly monitored. The un-cleared suspense (clearing) account which led to the qualified opinion in the financial year 2006/2007 was a unique case and has been cleared in the financial year 2007/2008. This issue has been successfully resolved and is regarded as finalised.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Page 191                   | <p><u>Par 4 - Regional Service Council levies (RSC) and Contingent liabilities.</u> The Committee recommends that the Accounting Officer ensures that:</p>                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                            | <p>a) management reconciles and reviews the calculation of RSC levies and ensure that DOD complies with all aspects of the Regional Service Council Act, 1995 (Act No. 109 of 1995) (regarding what should be included in determining remuneration in order to calculate these levies).</p> | <p>The DOD has recalculated the outstanding amount and determined that R51 407 534.35 is due to the RSCs.</p> <p>The DOD has already paid the RSCs an amount of R36 710 105.94 in the financial year 2007/2008 and R13 803 548.54 in the 2008/2009 financial year.</p> <p>An amount of R893 879.54 is currently outstanding and still needs to be paid over to the RSCs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| 06/07 AG ANNUAL REPORT REF | RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08                                                                                                                                                               | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page 191                   | <p>b) appropriate policies, procedures, techniques and mechanisms are implemented to ensure the proper identification, classification and recording of contingent liabilities arising from NEMA.</p>                   | <p>An updated action plan on contingent liability was submitted to National Treasury in October 2008 as part of the DOD's 07/08 Action Plans. In order to achieve the objectives of this action plan, the DOD has invited a tender for the appointment of a specialist consultant/contractor to establish a collaborative effort with the DOD in the development of a Comprehensive Clean-up Programme, compile a Priority List for Clearance, a Capacity Building Programme for skills transfer, Clearance of Hell's Gate and the Madimbo Training Areas as well as the development of an Integrated Framework Plan and Procedure. However, the sole bid that was received was unsuccessful. The DOD has re-initiated a shortened tender process to ensure that a suitable contractor is appointed as a matter of urgency. The closing date for this tender was 23 April 09 after which the successful contractor would be appointed for a 2 year period.</p> <p>In co-operation with the KPMG/SAB&amp;T consortium as part of Operation Clean Audit, the DOD has compiled a draft policy on Environmental Impact, Risk and Rehabilitation Management and Associated Accounting Requirements as part of the life-cycle approach in the management of its military training areas (MTAs). This includes criteria to identify an environmental rehabilitation liability, initiating adequate annual clean-up operations following live fire training and/or spillages in accordance with DOD requirements on range safety, Integrated Training Area Management (ITAM) as well as the Base Conversion and Closure process in accordance with the Guidebook on the Conversion and Closure of Military Installations. This policy would be in place by mid 2010.</p> |
|                            | <p><u>Par 5 – Misclassification of expenditure.</u> The Committee recommends that the Accounting Officer ensures proper classification of expenses to enable a true reflection in the Annual Financial Statements.</p> | <p>The reason for the misclassification was due mainly to human error. The action plan to address this adverse finding consists of the following steps:</p> <ul style="list-style-type: none"> <li>• The revised DODI on budget control was approved and implemented in July 2008.</li> <li>• Budget managers were again sensitized regarding the importance of allocating the correct expenditure.</li> <li>• The audit between the PERSOL and FMS systems were carried out and all differences were corrected.</li> <li>• A SOP has been put in place to ensure that all requests for the creation of new codes comply with the requirements and that the correct classification of expenses take place.</li> <li>• The AG did not find any misclassifications in the financial year 2007/2008.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| 06/07 AG<br>ANNUAL<br>REPORT<br>REF | RECOMMENDATIONS MADE<br>IN SCOPA RESOLUTIONS<br>DATED 8 FEB 08                                                                                                                                                                                                                                                                      | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page<br>268-269                     | <u>Par 6 - Special Defence Account (SDA)</u> . The Committee recommends that the Accounting Officer ensures that:                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                     | a) the accounting framework applicable to the SDA and the classification of the SDA, which have been outstanding since 2004/2005, is clarified with National Treasury as a matter of urgency;                                                                                                                                       | <u>Classification</u> . The DOD has decided not to proceed with the reclassification of the SDA as a Schedule 4.<br><u>Framework</u> . The National Treasury was approached for guidance on the accounting framework for the SDA. In the absence of an answer from the National Treasury and in the light of the possible repeal of the Defence Special Account Act to be included in the Public Finance Management Bill the DOD recommended to the National Treasury to proceed preparing the financial statements for the SDA on the entity-specific basis of accounting and it was again approved for the 2008/2009 and 2009/2010 financial statements.                         |
|                                     | b) since the DOD has referred the matter of the approval of the constitution of the compliance programme to the Department of Foreign Affairs, the Accounting Officer should follow-up with the Department of Foreign Affairs and report back to Parliament within 60 days of the adoption of this report by the National Assembly; | The DOD did submit this matter to the Department of Foreign Affairs (DFA) on 14 March 2008. DFA has since submitted a copy of the terms of reference of the compliance programme that was signed into effect on 15 May 2008. This matter is regarded as finalized.<br>The DOD however is aware of the risk that funds in the compliance programme are not utilised as agreed to. Negotiations with the Department of Foreign Affairs will continue to utilise these funds in accordance with the agreement between the Governments of the RSA and the USA.                                                                                                                         |
|                                     | c) surplus funds not required for immediate use are invested and withdrawn when necessary; and                                                                                                                                                                                                                                      | The National Treasury instructed the DOD to, in spite of the requirements of the Defence Special Account Act, not invest the reserve funds of the SDA as it will not be in the economic interest of the State. The investment policy is currently in the approval process and will be promulgated during the 2009/2010 financial year. The DOD is in process of disinvesting the amount of Rm 0,127 based on the instruction by the National Treasury. Target date is 2009/2010 financial year. The DOD has been requested to participate in a NT workshop to discuss matters regarding the SDA. The investment of the reserve of the SDA will be an agenda point of the workshop. |
|                                     | d) a policy governing investments of all moneys to the credit of the account is compiled with, approved and implemented as a matter of urgency. If investing is not the way to go, the Defence Special Account Act, 1974 (Act No. 6 of 1974) must be amended.                                                                       | The DOD has prepared an investment policy for the SDA reflecting the instruction by the National Treasury not to invest the reserve funds of the SDA. The amendment of the Defence Special Account Act is not currently considered in the light of the possible repeal of the Act and the inclusion of the conditions of the Act in the Public Finance Management Bill.                                                                                                                                                                                                                                                                                                            |
| Page 194                            | <u>Par 7 - Catering services rendered in DOD as conventional, outsourced and commercialised messes</u> . The committee recommends that the Accounting Officer ensures that:                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| Financial Performance |

| 06/07 AG ANNUAL REPORT REF | RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08                                                                                                           | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page 194                   | a) management furnishes Parliament with a comprehensive quarterly progress report with regard to the status of messes and the cost to feed a staff member per day; | <p><b>Status of Messes per Service:</b></p> <p><u>SA Army (73 messes)</u></p> <ul style="list-style-type: none"> <li>• Conventional = 69</li> <li>• Privatised/outsourced = 4</li> </ul> <p><u>SAAF (21 messes)</u></p> <ul style="list-style-type: none"> <li>• Conventional = 4</li> <li>• Commercialised = 17</li> </ul> <p><u>SA Navy (26 conventional messes)</u></p> <p><u>SAHMS (8 messes)</u></p> <ul style="list-style-type: none"> <li>• Conventional = 6</li> <li>• Privatised/outsourced = 2</li> </ul> <p><b>Cost to feed a staff member:</b></p> <p>The current prices (08/09 FY) as determined by the DOD Hospitality Workgroup are as follows:</p> <ul style="list-style-type: none"> <li>• Conventional Messes: R58 per member.</li> <li>• Commercialised Messes: 80% of ruling ration price.</li> <li>• Privatised Messes: Each individual contract will dictate the cost.</li> </ul>                                                                                                                                        |
|                            | b) the SA Army starts reducing their catering costs;                                                                                                               | <p>The SA Army is experiencing the following problems to reduce their catering costs at the 69 militarized messes:</p> <ul style="list-style-type: none"> <li>• Rations are purchased locally by the Support Bases at different suppliers – ration prices are not fixed per region.</li> <li>• SA Army militarized messes must procure and maintain its own equipment e.g. cutlery, crockery and small equipment.</li> <li>• Suppliers deliver produce to Support Bases who then have to deliver to the different units – fuel and S&amp;T contributes to higher catering costs.</li> <li>• Structures for the militarized messes are not approved yet, thus members from other units have to be detached – allowances and S&amp;T contributes to higher catering costs.</li> </ul> <p>A SA Army Instruction was issued on 31 March 2009 to all Army units instructing them to implement measures to reduce the cost of rations. Progress with these efforts will be monitored by the Army HQ and assistance will be given where required.</p> |
|                            | c) SAAF and the SA Navy re-evaluate the possibility to commercialize conventional messes; and                                                                      | <p><b>SAAF.</b> Of the 21 messes in the SAAF only 4 are conventional messes. The SAAF did conduct feasibility studies at these four messes and concluded that they cannot be commercialised given their current unique circumstances. Should the circumstances change at any of these messes in the future, feasibility studies will again be conducted to consider commercialisation.</p> <p><b>SA Navy.</b> The nature of the SA Navy's business requires of all its personnel (including mess staff) to be able to be deployed operationally and to operate military unique hardware and equipment. For this reason catering staff and catering services are essential and integral to the combat readiness of the SA Navy and cannot be outsourced, privatized or commercialised.</p>                                                                                                                                                                                                                                                      |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

| 06/07 AG<br>ANNUAL<br>REPORT<br>REF                                                                           | RECOMMENDATIONS MADE<br>IN SCOPA RESOLUTIONS<br>DATED 8 FEB 08                                                                                              | DOD PROGRESS ON ACTION PLANS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Page 194                                                                                                      | d) a feasibility study is conducted by the SAMHS to determine whether outsourcing their catering services at good quality hospitals will be cost effective. | The feasibility of outsourcing catering services at SAMHS military hospitals was evaluated at corporate level from a strategic point of view. Based on this evaluation, a corporate decision was taken not to outsource or commercialize the SAMHS catering capability, but to enhance the SAMHS catering capacity to its clientele and other stake holders, by conventional military catering methodology. The SAMHS catering service will be militarized at all applicable SAMHS Force Structure Elements, including the availability of professional uniform dieticians, ensuring dietary and nutritional advice to patients and troops alike. |
|                                                                                                               | <u>Par 8 - Other shortcomings identified during the audit.</u> The Committee recommends that the Accounting Officer ensures that:                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                               | a) controls are put in place to ensure that processes are followed as instructed in the guidelines and policies especially with regards to the budget;      | The Logistics Division issues guidelines with regards to ration prices to Services and Divisions on an annual basis. The Hospitality Workgroup consisting of representatives from the Procurement Service Centers and the Logistics Division determines the tariffs.                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                               | b) unnecessary costs are avoided; and                                                                                                                       | Areas of challenge experienced in contract management include the pre-contract administration such as the legal expertise necessary in the development of bid terms of reference, the actual contracting such as legal quality control to ensure that the state is protected and post contract administration such as supplier performance, dispute management, stakeholder management and litigations. The two DOD Corporate Procurement Centres utilise the services of the DOD Legal Division on an ad hoc basis as and when required to address the challenges experienced in contract management.                                            |
| c) disciplinary actions are taken against officials, if processes are not followed as instructed by the PFMA. | No disciplinary actions were taken – see comments in sub-par a and b above.                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2009 (continued)

### 15. APPRECIATION

The progress and success of the Department's achievements over the past year is due to the efforts of many. The strategic guidance and support of the Ministers and Deputy Ministers of Defence has been consistent exemplary and is acknowledged. The funding and support provided by the Minister of Finance and the National Treasury is appreciated. My colleagues in the Plenary Defence Staff Council and the Defence Secretariat Board have provided wise council and shared the operational load. To our various forces, locally and abroad, and our administrative and management personnel go my heartfelt thanks for their commitment, dedication and perseverance in a challenging year of major accomplishments.

#### Approval

The audited Annual Financial Statements set out in pages 246 to 398 have been approved by the Accounting Officer.



(T.E. Motumi)  
Acting Secretary for Defence: Director General



Pretoria  
29 May 2009

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Department of Defence which comprise the appropriation statement, the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 246 to 355.

### The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Basis for qualified opinion

### Tangible and intangible assets

7. The department did not disclose any financial information in notes 33, 34 and 35 to the annual financial statements as required by the reporting framework set by National Treasury for both the current and

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

the prior year. As the department did not maintain proper asset registers as prescribed by National Treasury, supported by the relevant documentation to determine the values, I could not quantify the effect of the non-disclosure. Consequently I was unable to perform alternative audit procedures to verify existence, rights and obligations, completeness, and valuation with regard to tangible and intangible assets.

## Lease commitments: R615 906 000 (2007-08: R804 596 000)

8. The operating leases disclosed were overstated by R8 447 429 (2007-08: R171 128 153) as the department did not have any obligation for the operating leases disclosed.

Supporting documents could not be provided for operating leases of approximately R175 973 592 (2007-08: R229 884 422) which is included in the amount disclosed in note 26 to the financial statements. Consequently I was unable to perform alternative audit procedures to verify the valuation and the department's obligation in respect of these operating leases disclosed in note 26. Furthermore finance leases were understated by an estimated amount of R10 732 054 as the department failed to disclose all its finance leases.



## Irregular expenditure: R118 473 000

9. Irregular expenditure disclosed in note 28 to the financial statements is understated by R102 700 271.

The department could also not provide documents to support the R77 042 781 of the irregular expenditure disclosed in note 28 to the financial statements. I was unable to perform alternative audit procedures.

Furthermore the department did not correctly account for irregular expenditure of R61 722 673, that was condoned by National Treasury as per Practice Note 5 of 2006-07, in note 28 to the financial statements.

## Goods and services: consultant expenditure: R2 904 788 000

10. Included in Note 4.3 to the annual financial statements is an amount of R193 105 851 paid to consultants for services rendered. I was unable to verify the accuracy of this amount, due to a lack of a proper control system and supporting documentation. I was unable to perform any alternative audit procedures to verify the accuracy of these payments.

## Departmental revenue: other sales: R165 244 000 (2007-08: R165 137 000)

11. Included in other sales is an amount of R93 087 955 pertaining to boarding and lodging. There was no system of control over this revenue to ensure accuracy, as prescribed in Public Service Co-ordinating Bargaining Council Resolution 3 of 2002, and resulted in an overstatement of departmental revenue of R67 034 331 (2007-08: approximately R49 395 867) and an understatement of payables as disclosed in notes 2.1 and 18 to the financial statements respectively.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

## Corresponding figure: accruals: R144 951 000

12. The modified cash basis of accounting as prescribed by National Treasury stipulates that goods and services received for which an invoice had not been received at year-end should be included in the accruals. The accruals disclosed in note 24 to the financial statements for the corresponding figures did not include goods and services received for which an invoice had not been received at year-end. My opinion on the financial statements for the period ending 31 March 2008 was modified accordingly. My opinion on the current period financial statements is also modified because of the possible effect of this matter on the comparability of the current period figures and the corresponding figures.

## Qualified opinion

13. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Defence as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

ARCHIVE FOR JUSTICE

## Emphasis of matters

I draw attention to the following matters on which I do not express a qualified opinion:

### Basis of accounting

14. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1.

### Irregular and fruitless and wasteful expenditure

15. As disclosed in note 28 to the financial statements, irregular expenditure to the amount of R118 473 000 was incurred, as the procurement processes were not followed.
16. Fruitless and wasteful expenditure of R4 587 000, as disclosed in note 29 to the financial statements, was incurred as the procurement processes were not followed.

### Restatement of corresponding figures

17. Where changes were made to corresponding figures this has been disclosed in a note to the relevant disclosure note.

### Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

## Non-compliance with applicable legislation

### Public Finance Management Act

18. The accounting officer did not comply with Section 38(1)(g) of the PFMA: reporting in writing to the National Treasury particulars of discovered irregular expenditure.

### Governance framework

19. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

### Internal control deficiencies

20. Section 38(1)(a)(i) of the PFMA states that the accounting officer must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

| Par. no. | Basis for qualified opinion                | CE | RA | CA    | IC | M |
|----------|--------------------------------------------|----|----|-------|----|---|
| 7.       | Tangible and intangible assets             | 1  |    |       | 1  |   |
| 8.       | Lease commitments                          |    | 2  | 3,5   | 1  | 1 |
| 9.       | Irregular Expenditure                      |    | 1  | 3     | 1  | 3 |
| 10.      | Goods and services: consultant expenditure |    |    | 3,5,6 | 3  | 1 |
| 11.      | Departmental revenue: other sales          |    |    | 1     |    | 1 |
| 12.      | Corresponding figure: accruals             |    |    | 3     |    |   |

### Conclusion on the governance framework

21. The above-mentioned were mainly due to the following:

- Insufficient monitoring controls and oversight by senior management over the preparation and completion of financial statements, with specific reference to the reviewing and evaluation of supporting documentation and figures.
- Insufficient guidance/procedures provided to staff regarding the preparation of financial statements.

| Legend                                                                                                                                              |   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|---|
| CE = Control environment                                                                                                                            |   |
| The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting. | 1 |

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

| <b>Legend</b>                                                                                                                                             |   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>CE = Control environment</b>                                                                                                                           |   |
| Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.                  | 2 |
| Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.                                  | 3 |
| Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.                                  | 4 |
| The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.                     | 5 |
| Management's philosophy and operating style do not promote effective control over financial reporting.                                                    | 6 |
| The entity does not have individuals competent in financial reporting and related matters.                                                                | 7 |
| <b>RA = Risk assessment</b>                                                                                                                               |   |
| Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.                        | 1 |
| The entity does not identify risks to the achievement of financial reporting objectives.                                                                  | 2 |
| The entity does not analyse the likelihood and impact of the risks identified.                                                                            | 3 |
| The entity does not determine a risk strategy/action plan to manage identified risks.                                                                     | 4 |
| The potential for material misstatement due to fraud is not considered.                                                                                   | 5 |
| <b>CA = Control activities</b>                                                                                                                            |   |
| There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.                                                          | 1 |
| General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.          | 2 |
| Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed. | 3 |
| Actions are not taken to address risks to the achievement of financial reporting objectives.                                                              | 4 |
| Control activities are not selected and developed to mitigate risks over financial reporting.                                                             | 5 |
| Policies and procedures related to financial reporting are not established and communicated.                                                              | 6 |
| Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.                             | 7 |
| <b>IC = Information and communication</b>                                                                                                                 |   |
| Pertinent information is not identified and captured in a form and time frame to support financial reporting.                                             | 1 |
| Information required to implement internal control is not available to personnel to enable internal control responsibilities.                             | 2 |
| Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.                 | 3 |
| <b>M = Monitoring</b>                                                                                                                                     |   |
| Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.          | 1 |
| Neither reviews by internal audit or the audit committee nor self-assessments are evident.                                                                | 2 |

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

| Legend                                                                                                                           |   |
|----------------------------------------------------------------------------------------------------------------------------------|---|
| CE = Control environment                                                                                                         |   |
| Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken. | 3 |

## Key governance responsibilities

22. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

| No.                                                                                                         | Matter                                                                                                                                                                                                                                                                                                                                                                                                | Y | N |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| <b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>     |                                                                                                                                                                                                                                                                                                                                                                                                       |   |   |
| 1.                                                                                                          | No significant difficulties were experienced during the audit concerning delays or the availability of requested information.                                                                                                                                                                                                                                                                         |   | √ |
| <b>Quality of financial statements and related management information</b>                                   |                                                                                                                                                                                                                                                                                                                                                                                                       |   |   |
| 2.                                                                                                          | The financial statements were not subject to any material amendments resulting from the audit.                                                                                                                                                                                                                                                                                                        |   | √ |
| 3.                                                                                                          | The annual report was submitted for consideration prior to the tabling of the auditor's report.                                                                                                                                                                                                                                                                                                       | √ |   |
| <b>Timeliness of financial statements and management information</b>                                        |                                                                                                                                                                                                                                                                                                                                                                                                       |   |   |
| 4.                                                                                                          | The annual financial statements were submitted for auditing as per the legislated deadlines section 40 of the PFMA.                                                                                                                                                                                                                                                                                   | √ |   |
| <b>Availability of key officials during audit</b>                                                           |                                                                                                                                                                                                                                                                                                                                                                                                       |   |   |
| 5.                                                                                                          | Key officials were available throughout the audit process.                                                                                                                                                                                                                                                                                                                                            | √ |   |
| <b>Development and compliance with risk management, effective internal control and governance practices</b> |                                                                                                                                                                                                                                                                                                                                                                                                       |   |   |
| 6.                                                                                                          | Audit committee                                                                                                                                                                                                                                                                                                                                                                                       |   |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>• The department had an audit committee in operation throughout the financial year.</li> <li>• The audit committee operates in accordance with approved, written terms of reference.</li> <li>• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.</li> </ul> | √ |   |
|                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                       | √ |   |
|                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                       | √ |   |
| 7.                                                                                                          | Internal audit                                                                                                                                                                                                                                                                                                                                                                                        |   |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>• The department had an internal audit function in operation throughout the financial year.</li> <li>• The internal audit function operates in terms of an approved internal audit plan.</li> <li>• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.</li> </ul>                   | √ |   |
|                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                       | √ |   |
|                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                       | √ |   |
| 8.                                                                                                          | There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.                                                                                                                                                                                                                                                               |   | √ |
| 9.                                                                                                          | There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.                                                                                                                                                                                                                                             |   | √ |
| 10.                                                                                                         | The information systems were appropriate to facilitate the preparation of the financial statements.                                                                                                                                                                                                                                                                                                   |   | √ |

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

| No.                                                                | Matter                                                                                                                                                                                                                                                                                                                | Y | N |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| 11.                                                                | A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.                                                                                                                              | √ |   |
| 12.                                                                | Powers and duties have been assigned, as set out in section 44 of the PFMA.                                                                                                                                                                                                                                           | √ |   |
| <b>Follow-up of audit findings</b>                                 |                                                                                                                                                                                                                                                                                                                       |   |   |
| 13.                                                                | The prior year audit findings have been substantially addressed.                                                                                                                                                                                                                                                      |   | √ |
| 14.                                                                | SCOPA/Oversight resolutions have been substantially implemented.                                                                                                                                                                                                                                                      |   | √ |
| <b>Issues relating to the reporting of performance information</b> |                                                                                                                                                                                                                                                                                                                       |   |   |
| 15.                                                                | The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.                                                                                                                                                                                         |   | √ |
| 16.                                                                | Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.                                                                                                                                                                   |   | √ |
| 17.                                                                | A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Department of Defence against its mandate, predetermined objectives, outputs, indicators and targets [Treasury Regulations 5.1, 5.2 and 6.1]. | √ |   |
| 18.                                                                | There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.                                                                                                                                                     | √ |   |

### Overall reflection on governance framework

23. The department has all the required governance structures in place. For deficiencies in this regard, refer to paragraph 21 above.

### Investigations

24. Various investigations/boards of inquiry are currently in progress at the department, in conjunction with management and the Inspector General. The investigations cover a wide range of activities.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

25. I have reviewed the performance information as set out on pages 19 to 140.

### The accounting officer's responsibility for the performance information

26. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

### The Auditor-General's responsibility

27. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. In terms of the foregoing my engagement

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

28. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the review findings reported below.

## Non-compliance with regularity requirements

### Lack of effective, efficient and transparent systems and internal controls regarding performance management

29. The accounting officer did not ensure that the Department of Defence has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the institution's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed, as required by section 38(1)(a)(i) and (b) of the PFMA.



### Findings on performance information

Usefulness and reliability of reported performance information

30. The following criteria were used to assess the usefulness and reliability of the information on the department's performance with respect to the objectives in its strategic plan:

- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit finding relates to the above criteria:

### Reported performance information not reliable

#### Lack of appropriate information systems generating performance information

31. Sufficient appropriate audit evidence with regard to the reported performance information for the programme Force Employment with sub programmes, Regional Security, Support to the People and Special Forces was not provided and in some cases the information provided could not be verified, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and complete actual performance information.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO.19: DEPARTMENT OF DEFENCE for the year ended 31 March 2009 (continued)

## OTHER REPORTS

### Performance audit

#### Preliminary performance audit on resource management

32. We engaged with the department to conduct a performance audit of resource management to ensure optimal utilisation of critical defence equipment. The audit procedures focused mainly on the trainer aircraft of the South African Air Force (SAAF) during which certain shortcomings were identified. Due to the nature and extent of these shortcomings it was decided not to continue with the performance audit as these issues required management intervention. The shortcomings include:

- Significant operating budget constraints, which resulted in the trainer aircraft being brought into service in the SAAF at significantly lower utilisation rates than planned.
- A lack of a retention policy resulted in a large scale outflow of highly skilled technical personnel over the last number of years.
- Insufficient training, to ensure a sufficient number of staff had the relevant experience to ensure optimal utilisation and maintenance of the trainer aircraft.
- Ineffective logistical support which had a negative impact on the utilisation and condition of equipment.

33. In response to the findings, the Secretary for Defence indicated that numerous initiatives have been launched to rectify the issues and while there have been some successes, the fundamental causes remain and prevent meaningful progress in addressing the under performance.

## APPRECIATION

34. The assistance rendered by the staff of the Department of Defence during the audit is sincerely appreciated.

*Auditor - General*

Pretoria  
31 July 2009



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# ACCOUNTING POLICIES

## for the year ended 31 March 2009

The 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 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 Financial Statements

#### 1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

#### 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.

#### 1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

### 2. Revenue

#### 2.1 Appropriated funds

Appropriated and adjusted 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 2009 (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.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

#### 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.

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.

Forex gains are recognised on payment of funds.

#### 2.2.6 Transfers received (including 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. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexure to the financial statements.

## ACCOUNTING POLICIES for the year ended 31 March 2009 (continued)

### 2.3 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

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. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

### 3. Expenditure

#### 3.1 Compensation of employees

##### 3.1.1 Short term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). 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 performance.

All other payments are classified as current expense.

Short term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statements of financial performance or position.

##### 3.1.2 Post 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 (i.e social 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/Provincial 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 payment to the fund is effected on the system (by no later than 31 March of each year).

## ACCOUNTING POLICIES for the year ended 31 March 2009 (continued)

### 3.1.3 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### 3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or position.

### 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 for a capital project or an asset of R5 000 or more is purchased. All assets costing less than R5 000 will also be reflected under goods and services.

### 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. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

### 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 under spending 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.

Forex losses are recognised on payment of funds.

All other losses are recognised when authorisation has been granted for the recognition thereof.

### 3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the payment is effected on the system (by no later than 31 March of each year).

## ACCOUNTING POLICIES

### for the year ended 31 March 2009 (continued)

#### 3.6 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.

#### 3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

#### 3.8 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 in the statement of financial performance.

#### 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 not 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.

Pre-payments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

#### 4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.





## ACCOUNTING POLICIES for the year ended 31 March 2009 (continued)

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest.

#### 4.4 Investments

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 when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

#### 4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in disclosure notes.

Loans that are outstanding at year-end are carried in the statement of financial position at cost.

#### 4.6 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

#### 4.7 Capital assets

##### 4.7.1 Movable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

##### 4.7.2 Immovable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset”. On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the national Department of Public Works.

## ACCOUNTING POLICIES for the year ended 31 March 2009 (continued)

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

### 5. Liabilities

#### 5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

#### 5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position at cost.

#### 5.3 Bank overdraft

The bank overdraft is carried in the statement of financial position at cost.

#### 5.4 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.

#### 5.5 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements.

#### 5.6 Commitments

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.

#### 5.7 Accruals

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.

#### 5.8 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

#### 5.9 Lease commitments

##### Finance leases

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and

## ACCOUNTING POLICIES

### for the year ended 31 March 2009 (continued)

are apportioned between the capital and the interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

#### 6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

#### 7. Net Assets

##### 7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

##### 7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

#### 8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

#### 9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is in the disclosure notes.

# ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF DEFENCE - VOTE 19 for the year ended 31 March 2009 (continued)

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DEPARTMENT OF DEFENCE - VOTE 19  
 APPROPRIATION STATEMENT  
 for the year ended 31 March 2009

| Programme |                            | Appropriation per Programme  |                         |                |                           |                          |                |                                           |                           |                          |  |
|-----------|----------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|--|
|           |                            | 2008/09                      |                         |                |                           |                          | 2007/08        |                                           |                           |                          |  |
|           |                            | 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 |  |
| <b>1.</b> | <b>Administration</b>      |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
|           | Current payment            | 2 422 460                    | -                       | (11 000)       | 2 411 460                 | 2 411 459                | 1              | 100.0%                                    | 2 032 804                 | 2 032 804                |  |
|           | Transfers and subsidies    | 23 464                       | -                       | 10 781         | 34 245                    | 34 245                   | -              | 100.0%                                    | 278 554                   | 277 891                  |  |
|           | Payment for capital assets | 13 322                       | -                       | 21 125         | 34 447                    | 34 447                   | -              | 100.0%                                    | 26 350                    | 25 709                   |  |
| <b>2.</b> | <b>Landward Defence</b>    |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
|           | Current payment            | 5 040 501                    | -                       | (162 780)      | 4 877 721                 | 4 877 721                | -              | 100.0%                                    | 4 256 926                 | 4 256 926                |  |
|           | Transfers and subsidies    | 1 978 108                    | -                       | 29 963         | 2 008 071                 | 2 008 071                | -              | 100.0%                                    | 2 085 264                 | 2 085 264                |  |
|           | Payment for capital assets | 44 070                       | -                       | 28 839         | 72 909                    | 72 909                   | -              | 100.0%                                    | 47 436                    | 47 436                   |  |
| <b>3.</b> | <b>Air Defence</b>         |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
|           | Current payment            | 3 055 767                    | -                       | (45 128)       | 3 010 639                 | 3 010 639                | -              | 100.0%                                    | 2 671 385                 | 2 671 385                |  |
|           | Transfers and subsidies    | 4 942 488                    | -                       | 13 201         | 4 955 689                 | 4 955 689                | -              | 100.0%                                    | 5 305 686                 | 4 462 137                |  |
|           | Payment for capital assets | 23 036                       | -                       | 29 415         | 52 451                    | 52 451                   | -              | 100.0%                                    | 56 609                    | 56 324                   |  |

**DEPARTMENT OF DEFENCE - VOTE 19  
APPROPRIATION STATEMENT  
for the year ended 31 March 2009 (continued)**

| Programme                         | Appropriation per Programme     |                            |                   |                              |                             |                   |                                           | 2007/08                      |                             |
|-----------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|-------------------------------------------|------------------------------|-----------------------------|
|                                   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation % | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>4. Maritime Defence</b>        |                                 |                            |                   |                              |                             |                   |                                           |                              |                             |
| Current payment                   | 1 451 951                       | -                          | (88 789)          | 1 363 162                    | 1 363 162                   | -                 | 100.0%                                    | 1 313 405                    | 1 313 405                   |
| Transfers and subsidies           | 403 319                         | -                          | (16 813)          | 386 506                      | 386 506                     | -                 | 100.0%                                    | 1 066 572                    | 1 066 572                   |
| Payment for capital assets        | 19 398                          | -                          | 68 125            | 87 523                       | 87 523                      | -                 | 100.0%                                    | 33 777                       | 33 777                      |
| <b>5. Military Health Support</b> |                                 |                            |                   |                              |                             |                   |                                           |                              |                             |
| Current payment                   | 2 051 327                       | -                          | (11 761)          | 2 039 566                    | 2 039 566                   | -                 | 100.0%                                    | 1 794 050                    | 1 793 278                   |
| Transfers and subsidies           | 14 489                          | -                          | 1 222             | 15 711                       | 15 443                      | 268               | 98.3%                                     | 15 182                       | 15 182                      |
| Payment for capital assets        | 82 363                          | -                          | 39 568            | 121 931                      | 121 931                     | -                 | 100.0%                                    | 82 155                       | 69 282                      |
| <b>6. Defence Intelligence</b>    |                                 |                            |                   |                              |                             |                   |                                           |                              |                             |
| Current payment                   | 177 151                         | -                          | (8 037)           | 169 114                      | 169 114                     | -                 | 100.0%                                    | 152 671                      | 152 671                     |
| Transfers and subsidies           | 335 014                         | -                          | 1 992             | 337 006                      | 337 006                     | -                 | 100.0%                                    | 302 436                      | 302 436                     |
| Payment for capital assets        | 699                             | -                          | (67)              | 632                          | 632                         | -                 | 100.0%                                    | 673                          | 673                         |



DEPARTMENT OF DEFENCE - VOTE 19  
 APPROPRIATION STATEMENT  
 for the year ended 31 March 2009 (continued)

| Programme                                                                    |                                  | Appropriation per Programme  |                         |                |                           |                          |                |                                           |                           |                          |  |
|------------------------------------------------------------------------------|----------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|--|
|                                                                              |                                  | 2008/09                      |                         |                |                           |                          | 2007/08        |                                           |                           |                          |  |
|                                                                              |                                  | 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 |  |
| <b>7.</b>                                                                    | <b>General Support</b>           |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
|                                                                              | Current payment                  | 2 731 273                    | -                       | (319 453)      | 2 411 820                 | 2 404 567                | 7 253          | 99,7%                                     | 2 232 859                 | 2 153 039                |  |
|                                                                              | Transfers and subsidies          | 927 093                      | -                       | 8 832          | 935 925                   | 935 925                  | -              | 100,0%                                    | 597 688                   | 596 794                  |  |
|                                                                              | Payment for capital assets       | 378 577                      | -                       | 280 012        | 658 589                   | 568 370                  | 90 219         | 86,3%                                     | 344 067                   | 209 585                  |  |
| <b>8.</b>                                                                    | <b>Force Employment</b>          |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
|                                                                              | Current payment                  | 1 564 891                    | -                       | 128 168        | 1 693 059                 | 1 693 059                | -              | 100,0%                                    | 1 418 851                 | 1 381 996                |  |
|                                                                              | Transfers and subsidies          | 163 873                      | -                       | (3 638)        | 160 235                   | 160 235                  | -              | 100,0%                                    | 120 614                   | 120 614                  |  |
|                                                                              | Payment for capital assets       | 54 393                       | -                       | 6 223          | 60 616                    | 60 616                   | -              | 100,0%                                    | 55 771                    | 54 933                   |  |
| <b>Total</b>                                                                 |                                  | <b>27 899 027</b>            | <b>-</b>                | <b>-</b>       | <b>27 899 027</b>         | <b>27 801 286</b>        | <b>97 741</b>  | <b>99,6%</b>                              | <b>26 291 785</b>         | <b>25 180 113</b>        |  |
| <b>Reconciliation with Statement of Financial Performance</b>                |                                  |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
| <b>Add:</b>                                                                  | Departmental revenue             |                              |                         |                | 629,390                   |                          |                |                                           | 551 855                   |                          |  |
|                                                                              | Local and foreign aid assistance |                              |                         |                | -                         |                          |                |                                           | -                         |                          |  |
| <b>Actual amounts per Statement of Financial Performance (Total Revenue)</b> |                                  |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
| <b>Add:</b>                                                                  | Local and foreign aid assistance |                              |                         |                | 28 528 417                |                          |                |                                           | 26 843 640                |                          |  |
| <b>Actual amounts per Statement of Financial Performance Expenditure</b>     |                                  |                              |                         |                |                           |                          |                |                                           |                           |                          |  |
|                                                                              |                                  |                              |                         |                | -                         |                          |                |                                           |                           | -                        |  |
|                                                                              |                                  |                              |                         |                | 27 801 286                |                          |                |                                           |                           | 25 180 113               |  |

**DEPARTMENT OF DEFENCE - VOTE 19**  
**APPROPRIATION STATEMENT**  
 for the year ended 31 March 2009

| Programme                                        | Appropriation per Economic classification |                            |                   |                              |                             |                   |                                              | 2007/08                      |                             |
|--------------------------------------------------|-------------------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                                  | Adjusted Appropriation<br>R'000           | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>Current payments</b>                          |                                           |                            |                   |                              |                             |                   |                                              |                              |                             |
| Compensation of employees                        | 10 908 108                                | -                          | (288 089)         | 10 620 019                   | 10 620 019                  | -                 | 100.0%                                       | 9 135 018                    | 9 134 246                   |
| Goods and services                               | 7 587 213                                 | -                          | (305 697)         | 7 281 516                    | 7 274 262                   | 7 254             | 99.9%                                        | 4 801 386                    | 4 684 711                   |
| Financial transactions in assets and liabilities | -                                         | -                          | 75 006            | 75 006                       | 75 006                      | -                 | 100.0%                                       | 25 317                       | 25 317                      |
| <b>Transfers and subsidies</b>                   |                                           |                            |                   |                              |                             |                   |                                              |                              |                             |
| Provinces & municipalities                       | -                                         | -                          | 13 806            | 13 806                       | 13 806                      | -                 | 100.0%                                       | 33 090                       | 33 090                      |
| Departmental agencies & accounts                 | 8 096 608                                 | -                          | -                 | 8 096 608                    | 8 096 608                   | -                 | 100.0%                                       | 9 096 042                    | 8 251 169                   |
| Public corporations & private enterprises        | 565 754                                   | -                          | -                 | 565 754                      | 565 754                     | -                 | 100.0%                                       | 473 827                      | 473 826                     |
| Non-profit institutions                          | 4 466                                     | -                          | -                 | 4 466                        | 4 198                       | 268               | 94.0%                                        | 3 772                        | 2 878                       |
| Households                                       | 121 020                                   | -                          | 31 734            | 152 754                      | 152 754                     | -                 | 100.0%                                       | 144 047                      | 144 047                     |
| <b>Payments for capital assets</b>               |                                           |                            |                   |                              |                             |                   |                                              |                              |                             |
| Buildings & other fixed structures               | 286 736                                   | -                          | 280 010           | 566 746                      | 476 527                     | 90 219            | 84.1%                                        | 220 945                      | 93 357                      |
| Machinery & equipment                            | 327 707                                   | -                          | 193 340           | 521 047                      | 521 047                     | -                 | 100.0%                                       | 391 190                      | 370 300                     |
| Biological assets                                | 60                                        | -                          | (60)              | -                            | -                           | -                 | 100.0%                                       | -                            | -                           |
| Software & other intangible assets               | 1 355                                     | -                          | (50)              | 1 305                        | 1 305                       | -                 | 100.0%                                       | 8 415                        | 8 415                       |
| <b>Total</b>                                     | <b>27 899 027</b>                         | <b>-</b>                   | <b>-</b>          | <b>27 899 027</b>            | <b>27 801 286</b>           | <b>97 741</b>     | <b>99.6%</b>                                 | <b>24 333 049</b>            | <b>23 221 356</b>           |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 1 - Administration  
for the year ended 31 March 2009

| Programme per subprogramme        | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|-----------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                   | 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 |
| <b>1.1 Minister</b>               |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                   | 1 019                        | -                       | -              | 1 019                     | 1 019                    | -              | 100.0%                                    | 938                       | 938                      |
| <b>1.2 Deputy Minister</b>        |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                   | 828                          | -                       | -              | 828                       | 828                      | -              | 100.0%                                    | 762                       | 762                      |
| <b>1.3 Ministerial Direction</b>  |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                   | 16 716                       | -                       | 940            | 17 656                    | 17 656                   | -              | 100.0%                                    | 14 155                    | 14 155                   |
| Transfers and subsidies           | -                            | -                       | 8              | 8                         | 8                        | -              | 100.0%                                    | 63                        | 63                       |
| Payment for capital assets        | 1 298                        | -                       | 166            | 1 464                     | 1 464                    | -              | 100.0%                                    | 1 499                     | 1 499                    |
| <b>1.4 Departmental Direction</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                   | 20 202                       | -                       | (4 706)        | 15 496                    | 15 496                   | -              | 100.0%                                    | 14 169                    | 14 169                   |
| Transfers and subsidies           | -                            | -                       | 60             | 60                        | 60                       | -              | 100.0%                                    | 1 299                     | 1 299                    |
| Payment for capital assets        | 125                          | -                       | 554            | 679                       | 679                      | -              | 100.0%                                    | 882                       | 882                      |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 1 - Administration

for the year ended 31 March 2009 (continued)

| Programme per subprogramme                  | 2008/09                      |                         |                |                           |                          |                | 2007/08                                   |                           |                          |
|---------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                             | 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 |
| <b>1.5 Policy and Planning</b>              |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                             | 75 225                       | -                       | (22 960)       | 52 265                    | 52 265                   | -              | 100.0%                                    | 49 783                    | 49 783                   |
| Transfers and subsidies                     | 4 688                        | -                       | 1 174          | 5 862                     | 5 862                    | -              | 100.0%                                    | 1 746                     | 1 746                    |
| Payment for capital assets                  | 177                          | -                       | 532            | 709                       | 709                      | -              | 100.0%                                    | 610                       | 610                      |
| <b>1.6 Financial Services</b>               |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                             | 205 829                      | -                       | (25 993)       | 179 836                   | 179 836                  | -              | 100.0%                                    | 166 831                   | 166 831                  |
| Transfers and subsidies                     | 2 135                        | -                       | 614            | 2 749                     | 2 749                    | -              | 100.0%                                    | 8 476                     | 8 476                    |
| Payment for capital assets                  | 820                          | -                       | 2 934          | 3 754                     | 3 754                    | -              | 100.0%                                    | 4 337                     | 4 337                    |
| <b>1.7 Human Resources Support Services</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                             | 452 538                      | -                       | 8 327          | 460 865                   | 460 865                  | -              | 100.0%                                    | 381 648                   | 381 648                  |
| Transfers and subsidies                     | 12 757                       | -                       | 7 514          | 20 271                    | 20 271                   | -              | 100.0%                                    | 22 320                    | 21 657                   |
| Payment for capital assets                  | 3 537                        | -                       | 4 632          | 8 169                     | 8 169                    | -              | 100.0%                                    | 7 099                     | 6 458                    |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 1 - Administration  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme       | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|----------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                  | 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 |
| <b>1.8 Legal Services</b>        |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                  | 103 132                      | -                       | 5 174          | 108 306                   | 108 306                  | -              | 100.0%                                    | 82 497                    | 82 497                   |
| Transfers and subsidies          | 1 927                        | -                       | (1 280)        | 647                       | 647                      | -              | 100.0%                                    | 790                       | 790                      |
| Payment for capital assets       | 1 881                        | -                       | (9)            | 1 872                     | 1 872                    | -              | 100.0%                                    | 2 577                     | 2 577                    |
| <b>1.9 Inspection Services</b>   |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                  | 46 519                       | -                       | (1 727)        | 44 792                    | 44 792                   | -              | 100.0%                                    | 36 357                    | 36 357                   |
| Transfers and subsidies          | -                            | -                       | 405            | 405                       | 405                      | -              | 100.0%                                    | 952                       | 952                      |
| Payment for capital assets       | 1 875                        | -                       | 982            | 2 857                     | 2 857                    | -              | 100.0%                                    | 1 098                     | 1 098                    |
| <b>1.10 Acquisition Services</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                  | 58 779                       | -                       | (9 845)        | 48 934                    | 48 934                   | -              | 100.0%                                    | 44 823                    | 44 823                   |
| Transfers and subsidies          | 1 189                        | -                       | 1 820          | 3 009                     | 3 009                    | -              | 100.0%                                    | 240 494                   | 240 494                  |
| Payment for capital assets       | 82                           | -                       | 849            | 931                       | 931                      | -              | 100.0%                                    | 1 033                     | 1 033                    |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 1 - Administration

for the year ended 31 March 2009 (continued)

| Programme per subprogramme                                      | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|-----------------------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                                 | 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 |
| <b>1.11</b>                                                     |                              |                         |                |                           |                          |                |                                           |                           |                          |
| <b>Communication Services</b>                                   |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                                 | 23 526                       | -                       | (1 138)        | 22 388                    | 22 388                   | -              | 100.0%                                    | 19 969                    | 19 969                   |
| Transfers and subsidies                                         | -                            | -                       | 257            | 257                       | 257                      | -              | 100.0%                                    | 727                       | 727                      |
| Payment for capital assets                                      | 615                          | -                       | 395            | 1 010                     | 1 010                    | -              | 100.0%                                    | 1 233                     | 1 233                    |
| <b>1.12</b>                                                     |                              |                         |                |                           |                          |                |                                           |                           |                          |
| <b>South African National Defence Force Command And Control</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                                 | 62 924                       | -                       | (1 074)        | 61 850                    | 61 850                   | -              | 100.0%                                    | 28 473                    | 28 473                   |
| Transfers and subsidies                                         | 15                           | -                       | 280            | 295                       | 295                      | -              | 100.0%                                    | 364                       | 364                      |
| Payment for capital assets                                      | 322                          | -                       | 5 563          | 5 885                     | 5 885                    | -              | 100.0%                                    | 309                       | 309                      |
| <b>1.13</b>                                                     |                              |                         |                |                           |                          |                |                                           |                           |                          |
| <b>Religious Services</b>                                       |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                                 | 5 233                        | -                       | 1 934          | 7 167                     | 7 167                    | -              | 100.0%                                    | 5 440                     | 5 440                    |
| Transfers and subsidies                                         | -                            | -                       | -              | -                         | -                        | -              | 0.0%                                      | 18                        | 18                       |
| Payment for capital assets                                      | -                            | -                       | -              | -                         | -                        | -              | 0.0%                                      | 43                        | 43                       |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 1 - Administration  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme            | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|---------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                       | 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 |
| <b>1.14 Reserve Component</b>         |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                       | 10 681                       | -                       | (1 244)        | 9 437                     | 9 437                    | -              | 100.0%                                    | 7 642                     | 7 642                    |
| Transfers and subsidies               | 354                          | -                       | (354)          | -                         | -                        | -              | 0.0%                                      | 34                        | 34                       |
| Payment for capital assets            | 560                          | -                       | 207            | 767                       | 767                      | -              | 100.0%                                    | 103                       | 103                      |
| <b>1.15 Defence Foreign Relations</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                       | 102 192                      | -                       | 34 568         | 136 760                   | 136 760                  | -              | 100.0%                                    | 91 849                    | 91 849                   |
| Transfers and subsidies               | 399                          | -                       | 283            | 682                       | 682                      | -              | 100.0%                                    | 1 271                     | 1 271                    |
| Payment for capital assets            | 2 030                        | -                       | 4 320          | 6 350                     | 6 350                    | -              | 100.0%                                    | 5 527                     | 5 527                    |
| <b>1.16 Property Management</b>       |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                       | 1 237 117                    | -                       | (2 710)        | 1 234 407                 | 1 234 406                | 1              | 100.0%                                    | 1 082 668                 | 1 082 668                |
| <b>1.17 Authorised Losses</b>         |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                       | -                            | -                       | 11 054         | 11 054                    | 11 054                   | -              | 100.0%                                    | 6 912                     | 6 912                    |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 1 - Administration

for the year ended 31 March 2009 (continued)

| Programme per subprogramme | 2008/09                         |                            |                   |                              |                             |                   |                                              | 2007/08                      |                             |
|----------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                            | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| 1.18                       | -                               | -                          | -                 | -                            | -                           | -                 | 0.0%                                         | (124)                        | (124)                       |
| 1.19                       | -                               | -                          | (1 600)           | (1 600)                      | (1 600)                     | -                 | 100.0%                                       | (1 988)                      | (1 988)                     |
| <b>Total</b>               | <b>2 459 246</b>                | <b>-</b>                   | <b>20 906</b>     | <b>2 480 152</b>             | <b>2 480 151</b>            | <b>1</b>          | <b>100.0%</b>                                | <b>2 337 708</b>             | <b>2 336 404</b>            |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 1 - Administration  
for the year ended 31 March 2009 (continued)

| Economic classification                          | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|--------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                  | 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 |
| <b>Current payments</b>                          |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Compensation of employees                        | 850 697                      | -                       | 1 037          | 851 734                   | 851 734                  | -              | 100.0%                                    | 49 301                    | 49 301                   |
| Goods and services                               | 1 571 763                    | -                       | (23 092)       | 1 548 671                 | 1 548 670                | 1              | 100.0%                                    | 11 486                    | 11 486                   |
| Financial transactions in assets and liabilities | -                            | -                       | 11 055         | 11 055                    | 11 055                   | -              | 100.0%                                    | -                         | -                        |
| <b>Transfers and subsidies</b>                   |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Provinces & municipalities                       | -                            | -                       | 625            | 625                       | 625                      | -              | 100.0%                                    | 678                       | 678                      |
| Departmental agencies & accounts                 | 8 800                        | -                       | -              | 8 800                     | 8 800                    | -              | 100.0%                                    | 244 067                   | 243 405                  |
| Non-profit institutions                          | 3,886                        | -                       | -              | 3 886                     | 3 886                    | -              | 100.0%                                    | -                         | -                        |
| Households                                       | 10 778                       | -                       | 10 156         | 20 934                    | 20 934                   | -              | 100.0%                                    | 1 761                     | 1 761                    |
| <b>Payments for capital assets</b>               |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Buildings & other fixed structures               | -                            | -                       | 30             | 30                        | 30                       | -              | 100.0%                                    | -                         | -                        |
| Machinery & equipment                            | 13 077                       | -                       | 21 340         | 34 417                    | 34 417                   | -              | 100.0%                                    | 31                        | 31                       |
| Software & other intangible assets               | 245                          | -                       | (245)          | -                         | -                        | -              | 0.0%                                      | -                         | -                        |
| <b>Total</b>                                     | <b>2 459 246</b>             | <b>-</b>                | <b>20 906</b>  | <b>2 480 152</b>          | <b>2 480 151</b>         | <b>1</b>       | <b>100.0%</b>                             | <b>307 324</b>            | <b>306 662</b>           |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

**Detail per programme 2 - Landward Defence**

for the year ended 31 March 2009

| Programme per subprogramme      | 2008/09                         |                            |                   |                              |                             |                   |                                              | 2007/08                      |                             |
|---------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                 | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>2.1 Strategic Direction</b>  |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                 | 236 634                         | -                          | (6 436)           | 230 198                      | 230 198                     | -                 | 100.0%                                       | 173 472                      | 173 472                     |
| Transfers and subsidies         | 340                             | -                          | 7 593             | 7 933                        | 7 933                       | -                 | 100.0%                                       | 4 034                        | 4 034                       |
| Payment for capital assets      | 5 140                           | -                          | 15 618            | 20 758                       | 20 758                      | -                 | 100.0%                                       | 1 249                        | 1 249                       |
| <b>2.2 Infantry Capability</b>  |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                 | 1 672 266                       | -                          | 93 465            | 1 765 731                    | 1 765 731                   | -                 | 100.0%                                       | 1 675 910                    | 1 675 910                   |
| Transfers and subsidies         | 729 709                         | -                          | 2 936             | 732 645                      | 732 645                     | -                 | 100.0%                                       | 556 075                      | 556 075                     |
| Payment for capital assets      | 17 153                          | -                          | (10 810)          | 6 343                        | 6 343                       | -                 | 100.0%                                       | 9 000                        | 9 000                       |
| <b>2.3 Armour Capability</b>    |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                 | 166 811                         | -                          | 12 880            | 179 691                      | 179 691                     | -                 | 100.0%                                       | 169 176                      | 169 176                     |
| Transfers and subsidies         | 49 001                          | -                          | 1 084             | 50 085                       | 50 085                      | -                 | 100.0%                                       | 178 551                      | 178 551                     |
| Payment for capital assets      | 421                             | -                          | 115               | 536                          | 536                         | -                 | 100.0%                                       | 383                          | 383                         |
| <b>2.4 Artillery Capability</b> |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                 | 140 360                         | -                          | 35 742            | 176 102                      | 176 102                     | -                 | 100.0%                                       | 151 851                      | 151 851                     |
| Transfers and subsidies         | 166 967                         | -                          | (142)             | 166 825                      | 166 825                     | -                 | 100.0%                                       | 333 185                      | 333 185                     |
| Payment for capital assets      | 1 711                           | -                          | (820)             | 891                          | 891                         | -                 | 100.0%                                       | 590                          | 590                         |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 2 - Landward Defence  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme                  | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|---------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                             | 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 |
| <b>2.5 Air Defence Artillery Capability</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                             | 130 221                      | -                       | 349            | 130 570                   | 130 570                  | -              | 100.0%                                    | 112 951                   | 112 951                  |
| Transfers and subsidies                     | 171 806                      | -                       | 314            | 172 120                   | 172 120                  | -              | 100.0%                                    | 148 673                   | 148 673                  |
| Payment for capital assets                  | 1 113                        | -                       | 35             | 1 148                     | 1 148                    | -              | 100.0%                                    | 778                       | 778                      |
| <b>2.6 Engineering Capability</b>           |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                             | 239 448                      | -                       | 42 268         | 281 716                   | 281 716                  | -              | 100.0%                                    | 238 267                   | 238 267                  |
| Transfers and subsidies                     | 304                          | -                       | 1 993          | 2 297                     | 2 297                    | -              | 100.0%                                    | 4 594                     | 4 594                    |
| Payment for capital assets                  | 3 201                        | -                       | (2 269)        | 932                       | 932                      | -              | 100.0%                                    | 860                       | 860                      |
| <b>2.7 Operational Intelligence</b>         |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                             | 98 950                       | -                       | (2 397)        | 96 553                    | 96 553                   | -              | 100.0%                                    | 87 453                    | 87 453                   |
| Transfers and subsidies                     | 100 078                      | -                       | 169            | 100 247                   | 100 247                  | -              | 100.0%                                    | 45 771                    | 45 771                   |
| Payment for capital assets                  | 387                          | -                       | (235)          | 152                       | 152                      | -              | 100.0%                                    | 239                       | 239                      |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

Detail per programme 2 - Landward Defence  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme                 | 2008/09                         |                            |                   |                              |                             |                   |                                              | 2007/08                      |                             |
|--------------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                            | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>2.8 Support Capability</b>              |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                            | 2 093 660                       | -                          | (375 054)         | 1 718 606                    | 1 718 606                   | -                 | 100.0%                                       | 1 410 570                    | 1 410 570                   |
| Transfers and subsidies                    | 756 129                         | -                          | 13 900            | 770 029                      | 770 029                     | -                 | 100.0%                                       | 786 377                      | 786 377                     |
| Payment for capital assets                 | 12 337                          | -                          | 24 134            | 36 471                       | 36 471                      | -                 | 100.0%                                       | 31 106                       | 31 106                      |
| <b>2.9 General Training Capability</b>     |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                            | 187 135                         | -                          | 25 536            | 212 671                      | 212 671                     | -                 | 100.0%                                       | 172 030                      | 172 030                     |
| Transfers and subsidies                    | 638                             | -                          | 793               | 1 431                        | 1 431                       | -                 | 100.0%                                       | 2 817                        | 2 817                       |
| Payment for capital assets                 | 2 094                           | -                          | 3 308             | 5 402                        | 5 402                       | -                 | 100.0%                                       | 2 912                        | 2 912                       |
| <b>2.10 Command And Control Capability</b> |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                            | 75 016                          | -                          | 6 931             | 81 947                       | 81 947                      | -                 | 100.0%                                       | 72 647                       | 72 647                      |
| Transfers and subsidies                    | 3 136                           | -                          | 1 323             | 4 459                        | 4 459                       | -                 | 100.0%                                       | 5 165                        | 5 165                       |
| Payment for capital assets                 | 513                             | -                          | (237)             | 276                          | 276                         | -                 | 100.0%                                       | 319                          | 319                         |
| <b>2.11 Authorised Losses</b>              |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                            | -                               | -                          | 9,671             | 9,671                        | 9,671                       | -                 | 100.0%                                       | 3 449                        | 3 449                       |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 2 - Landward Defence  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme | 2008/09                         |                            |                   |                              |                             |                   | 2007/08                                      |                              |                             |
|----------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                            | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>2.12</b>                |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| <b>Income</b>              |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment            | -                               | -                          | (1 439)           | (1 439)                      | (1 439)                     | -                 | 100.0%                                       | (1 155)                      | (1 155)                     |
| Transfers and subsidies    | -                               | -                          | -                 | -                            | -                           | -                 | 0.0%                                         | 20 022                       | 20 022                      |
| <b>2.13</b>                |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| <b>Internal Services</b>   |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment            | -                               | -                          | (4 296)           | (4 296)                      | (4 296)                     | -                 | 100.0%                                       | (9 695)                      | (9 695)                     |
| <b>Total</b>               | <b>7 062 679</b>                | <b>-</b>                   | <b>(103 978)</b>  | <b>6 958 701</b>             | <b>6 958 701</b>            | <b>-</b>          | <b>100.0%</b>                                | <b>6 389 626</b>             | <b>6 389 626</b>            |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

**Detail per programme 2 - Landward Defence**

**for the year ended 31 March 2009 (continued)**

| Economic classification                          | 2008/09                         |                            |                   |                              |                             |                   | 2007/08                                      |                              |                             |
|--------------------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                                  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>Current payments</b>                          |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Compensation of employees                        | 4 010 486                       | -                          | (161 796)         | 3 848 690                    | 3 848 690                   | -                 | 100.0%                                       | 3 485 101                    | 3 485 101                   |
| Goods and services                               | 1 030 015                       | -                          | (10 655)          | 1 019 360                    | 1 019 360                   | -                 | 100.0%                                       | 768 376                      | 768 376                     |
| Financial transactions in assets and liabilities | -                               | -                          | 9 671             | 9 671                        | 9 671                       | -                 | 100.0%                                       | 3 449                        | 3 449                       |
| <b>Transfers and subsidies</b>                   |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Provinces & municipalities                       | -                               | -                          | 6 093             | 6 093                        | 6 093                       | -                 | 100.0%                                       | 11 576                       | 11 576                      |
| Departmental agencies & accounts                 | 1 955 260                       | -                          | -                 | 1 955 260                    | 1 955 260                   | -                 | 100.0%                                       | 2 025 897                    | 2 025 897                   |
| Households                                       | 22 848                          | -                          | 23 870            | 46 718                       | 46 718                      | -                 | 100.0%                                       | 47 791                       | 47 791                      |
| <b>Payment for capital assets</b>                |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Machinery & equipment                            | 43 577                          | -                          | 29 332            | 72 909                       | 72 909                      | -                 | 100.0%                                       | 47 430                       | 47 430                      |
| Software & other intangible assets               | 493                             | -                          | (493)             | -                            | -                           | -                 | 0.0%                                         | 6                            | 6                           |
| <b>Total</b>                                     | <b>7 062 679</b>                | <b>-</b>                   | <b>(103 978)</b>  | <b>6 958 701</b>             | <b>6 958 701</b>            | <b>-</b>          | <b>100.0%</b>                                | <b>6 389 626</b>             | <b>6 389 626</b>            |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 3 - Air Defence  
for the year ended 31 March 2009

| Programme per subprogramme                 | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|--------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                            | 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 |
| <b>3.1 Air Defence Strategic Direction</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                            | 11 578                       | -                       | 369            | 11 947                    | 11 947                   | -              | 100.0%                                    | 10 583                    | 10 583                   |
| Transfers and subsidies                    | 37                           | -                       | (37)           | -                         | -                        | -              | 0.0%                                      | 95                        | 95                       |
| Payment for capital assets                 | 460                          | -                       | 137            | 597                       | 597                      | -              | 100.0%                                    | 989                       | 989                      |
| <b>3.2 Operational Direction</b>           |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                            | 84 711                       | -                       | 85 364         | 170 075                   | 170 075                  | -              | 100.0%                                    | 168 607                   | 168 607                  |
| Transfers and subsidies                    | -                            | -                       | -              | -                         | -                        | -              | 0.0%                                      | 91                        | 91                       |
| Payment for capital assets                 | 515                          | -                       | 147            | 662                       | 662                      | -              | 100.0%                                    | 829                       | 829                      |
| <b>3.3 Helicopter Capability</b>           |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                            | 438 416                      | -                       | (31 334)       | 407 082                   | 407 082                  | -              | 100.0%                                    | 314 675                   | 314 675                  |
| Transfers and subsidies                    | 752 042                      | -                       | 671            | 752 713                   | 752 713                  | -              | 100.0%                                    | 913 081                   | 913 081                  |
| Payment for capital assets                 | 3 561                        | -                       | 3 153          | 6 714                     | 6 714                    | -              | 100.0%                                    | 4 645                     | 4 360                    |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

**Detail per programme 3 - Air Defence**

for the year ended 31 March 2009 (continued)

| Programme per subprogramme                                 | 2008/09                         |                            |                   |                              |                             |                   | 2007/08                                      |                              |                             |
|------------------------------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                                            | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>3.4 Transport And Maritime Capability</b>               |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                                            | 268 093                         | -                          | 88 704            | 356 797                      | 356 797                     | -                 | 100.0%                                       | 242 743                      | 242 743                     |
| Transfers and subsidies                                    | 1 362 591                       | -                          | 276               | 1 362 867                    | 1 362 867                   | -                 | 100.0%                                       | 603 950                      | 603 950                     |
| Payment for capital assets                                 | 5 491                           | -                          | (1 243)           | 4 248                        | 4 248                       | -                 | 100.0%                                       | 4 983                        | 4 983                       |
| <b>3.5 Air Combat Capability</b>                           |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                                            | 251 656                         | -                          | (76 628)          | 175 028                      | 175 028                     | -                 | 100.0%                                       | 151 373                      | 151 373                     |
| Transfers and subsidies                                    | 2 738 548                       | -                          | 286               | 2 738 834                    | 2 738 834                   | -                 | 100.0%                                       | 3 680 111                    | 2 836 562                   |
| Payment for capital assets                                 | 225                             | -                          | 5 840             | 6 065                        | 6 065                       | -                 | 100.0%                                       | 20 301                       | 20 301                      |
| <b>3.6 Operational Support And Intelligence Capability</b> |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                                            | 141 945                         | -                          | (17 385)          | 124 560                      | 124 560                     | -                 | 100.0%                                       | 112 781                      | 112 781                     |
| Transfers and subsidies                                    | 18 728                          | -                          | 534               | 19 262                       | 19 262                      | -                 | 100.0%                                       | 28 731                       | 28 731                      |
| Payment for capital assets                                 | 2 137                           | -                          | 164               | 2 301                        | 2 301                       | -                 | 100.0%                                       | 1 909                        | 1 909                       |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 3 - Air Defence

for the year ended 31 March 2009 (continued)

| Programme per subprogramme                     | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                | 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 |
| <b>3.7 Command And Control Capability</b>      |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | 162 644                      | -                       | (4 574)        | 158 070                   | 158 070                  | -              | 100.0%                                    | 147 036                   | 147 036                  |
| Transfers and subsidies                        | 40 262                       | -                       | (220)          | 40 042                    | 40 042                   | -              | 100.0%                                    | 31 474                    | 31 474                   |
| Payment for capital assets                     | 131                          | -                       | 4 777          | 4 908                     | 4 908                    | -              | 100.0%                                    | 2 420                     | 2 420                    |
| <b>3.8 Air Defence Base Support Capability</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | 903 755                      | -                       | 76 124         | 979 879                   | 979 879                  | -              | 100.0%                                    | 857 985                   | 857 985                  |
| Transfers and subsidies                        | 15 422                       | -                       | 7 950          | 23 372                    | 23 372                   | -              | 100.0%                                    | 16 734                    | 16 734                   |
| Payment for capital assets                     | 3 965                        | -                       | 6 456          | 10 421                    | 10 421                   | -              | 100.0%                                    | 6 728                     | 6 728                    |
| <b>3.9 Command Post</b>                        |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | 26 039                       | -                       | 13 819         | 39 858                    | 39 858                   | -              | 100.0%                                    | 30 354                    | 30 354                   |
| Transfers and subsidies                        | 80                           | -                       | 1 217          | 1 297                     | 1 297                    | -              | 100.0%                                    | 1 540                     | 1 540                    |
| Payment for capital assets                     | 601                          | -                       | (8)            | 593                       | 593                      | -              | 100.0%                                    | 174                       | 174                      |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 3 - Air Defence

for the year ended 31 March 2009 (continued)

| Programme per subprogramme             | 2008/09                      |                         |                |                           |                          |                | 2007/08                                   |                           |                          |
|----------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                        | 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 |
| <b>3.10 Training Capability</b>        |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                        | 273 747                      | -                       | (36 347)       | 237 400                   | 237 400                  | -              | 100.0%                                    | 226 410                   | 226 410                  |
| Transfers and subsidies                | 13 526                       | -                       | 398            | 13 924                    | 13 924                   | -              | 100.0%                                    | 5 193                     | 5 193                    |
| Payment for capital assets             | 344                          | -                       | 6 929          | 7 273                     | 7 273                    | -              | 100.0%                                    | 6 072                     | 6 072                    |
| <b>3.11 Technical Support Services</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                        | 493 183                      | -                       | (55 662)       | 437 521                   | 437 521                  | -              | 100.0%                                    | 507 048                   | 507 048                  |
| Transfers and subsidies                | 1 252                        | -                       | 2 126          | 3 378                     | 3 378                    | -              | 100.0%                                    | 5 061                     | 5 061                    |
| Payment for capital assets             | 5 606                        | -                       | 3 063          | 8 669                     | 8 669                    | -              | 100.0%                                    | 7 559                     | 7 559                    |
| <b>3.12 Authorised Losses</b>          |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                        | -                            | -                       | 728            | 728                       | 728                      | -              | 100.0%                                    | 240                       | 240                      |
| <b>3.13 Income</b>                     |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                        | -                            | -                       | (1 654)        | (1 654)                   | (1 654)                  | -              | 100.0%                                    | (6 158)                   | (6 158)                  |
| Transfers and subsidies                | -                            | -                       | -              | -                         | -                        | -              | 0.0%                                      | 19 625                    | 19 625                   |
| <b>3.14 Internal Services</b>          |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                        | -                            | -                       | (86 652)       | (86 652)                  | (86 652)                 | -              | 100.0%                                    | (92 292)                  | (92 292)                 |
| <b>Total</b>                           | <b>8 021 291</b>             | <b>-</b>                | <b>(2 512)</b> | <b>8 018 779</b>          | <b>8 018 779</b>         | <b>-</b>       | <b>100.0%</b>                             | <b>8 033 680</b>          | <b>7 189 846</b>         |





DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 3 - Air Defence

for the year ended 31 March 2009 (continued)

| Economic classification                          | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|--------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                  | 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 |
| <b>Current payments</b>                          |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Compensation of employees                        | 1 666 600                    | -                       | (29 801)       | 1 636 799                 | 1 636 799                | -              | 100.0%                                    | 1 487 670                 | 1 487 670                |
| Goods and services                               | 1 389 167                    | -                       | (16 055)       | 1 373 112                 | 1 373 112                | -              | 100.0%                                    | 1 183 475                 | 1 183 475                |
| Financial transactions in assets and liabilities | -                            | -                       | 728            | 728                       | 728                      | -              | 100.0%                                    | 240                       | 240                      |
| <b>Transfers and subsidies</b>                   |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Provinces & municipalities                       | -                            | -                       | 1 829          | 1 829                     | 1 829                    | -              | 100.0%                                    | 6 251                     | 6 251                    |
| Departmental agencies & accounts                 | 4 924 012                    | -                       | -              | 4 924 012                 | 4 924 012                | -              | 100.0%                                    | 5 275 637                 | 4 432 088                |
| Households                                       | 18 476                       | -                       | 11 372         | 29 848                    | 29 848                   | -              | 100.0%                                    | 23 798                    | 23 798                   |
| <b>Payment for capital assets</b>                |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Buildings & other fixed structures               | -                            | -                       | 93             | 93                        | 93                       | -              | 100.0%                                    | -                         | -                        |
| Machinery & equipment                            | 23 022                       | -                       | 29 105         | 52 127                    | 52 127                   | -              | 100.0%                                    | 55 949                    | 55 664                   |
| Software & other intangible assets               | 14                           | -                       | 217            | 231                       | 231                      | -              | 100.0%                                    | 660                       | 660                      |
| <b>Total</b>                                     | <b>8 021 291</b>             | <b>-</b>                | <b>(2 512)</b> | <b>8 018 779</b>          | <b>8 018 779</b>         | <b>-</b>       | <b>100.0%</b>                             | <b>8 033 680</b>          | <b>7 189 846</b>         |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

**Detail per programme 4 - Maritime Defence**

for the year ended 31 March 2009

| Programme per subprogramme                      | 2008/09                         |                            |                   |                              |                             |                   | 2007/08                                      |                              |                             |
|-------------------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                                 | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>4.1 Maritime Combat Capability</b>           |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                                 | 262 808                         | -                          | (3 387)           | 259 421                      | 259 421                     | -                 | 100.0%                                       | 255 917                      | 255 917                     |
| Transfers and subsidies                         | 213 132                         | -                          | 246               | 213 378                      | 213 378                     | -                 | 100.0%                                       | 902 828                      | 902 828                     |
| Payment for capital assets                      | 643                             | -                          | 52                | 695                          | 695                         | -                 | 100.0%                                       | 1 921                        | 1 921                       |
| <b>4.2 Maritime Logistic Support Capability</b> |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                                 | 315 478                         | -                          | (26 659)          | 288 819                      | 288 819                     | -                 | 100.0%                                       | 292 663                      | 292 663                     |
| Transfers and subsidies                         | 167 281                         | -                          | (6 012)           | 161 269                      | 161 269                     | -                 | 100.0%                                       | 110 079                      | 110 079                     |
| Payment for capital assets                      | 7 061                           | -                          | 19 380            | 26 441                       | 26 441                      | -                 | 100.0%                                       | 6 709                        | 6 709                       |
| <b>4.3 Maritime Training Capability</b>         |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Current payment                                 | 165 656                         | -                          | (8044)            | 157 612                      | 157 612                     | -                 | 100.0%                                       | 143 561                      | 143 561                     |
| Transfers and subsidies                         | 2 724                           | -                          | (2 038)           | 686                          | 686                         | -                 | 100.0%                                       | 426                          | 426                         |
| Payment for capital assets                      | 103                             | -                          | 234               | 337                          | 337                         | -                 | 100.0%                                       | 307                          | 307                         |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 4 - Maritime Defence  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme         | 2008/09                      |                         |                 |                           |                          |                |                                           | 2007/08                   |                          |
|------------------------------------|------------------------------|-------------------------|-----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                    | 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 |
| <b>4.4 Base Support Capability</b> |                              |                         |                 |                           |                          |                |                                           |                           |                          |
| Current payment                    | 363 250                      | -                       | 12 547          | 375 797                   | 375 797                  | -              | 100.0%                                    | 367 147                   | 367 147                  |
| Transfers and subsidies            | 8 060                        | -                       | (3 117)         | 4 943                     | 4 943                    | -              | 100.0%                                    | 4 795                     | 4 795                    |
| Payment for capital assets         | 6 262                        | -                       | 43 138          | 49 400                    | 49 400                   | -              | 100.0%                                    | 20 737                    | 20 737                   |
| <b>4.5 Maritime Direction</b>      |                              |                         |                 |                           |                          |                |                                           |                           |                          |
| Current payment                    | 344 759                      | -                       | (62 878)        | 281 881                   | 281 881                  | -              | 100.0%                                    | 253 460                   | 253 460                  |
| Transfers and subsidies            | 12 122                       | -                       | (5 892)         | 6 230                     | 6 230                    | -              | 100.0%                                    | 16 317                    | 16 317                   |
| Payment for capital assets         | 5 329                        | -                       | 5 321           | 10 650                    | 10 650                   | -              | 100.0%                                    | 4 103                     | 4 103                    |
| <b>4.6 Authorised Losses</b>       |                              |                         |                 |                           |                          |                |                                           |                           |                          |
| Current payment                    | -                            | -                       | 162             | 162                       | 162                      | -              | 100.0%                                    | 959                       | 959                      |
| <b>4.7 Income</b>                  |                              |                         |                 |                           |                          |                |                                           |                           |                          |
| Current payment                    | -                            | -                       | (530)           | (530)                     | (530)                    | -              | 100.0%                                    | (302)                     | (302)                    |
| Transfers and subsidies            | -                            | -                       | -               | -                         | -                        | -              | 0.0%                                      | 32 127                    | 32 127                   |
| <b>Total</b>                       | <b>1 874 668</b>             | <b>-</b>                | <b>(37 477)</b> | <b>1 837 191</b>          | <b>1 837 191</b>         | <b>-</b>       | <b>100.0%</b>                             | <b>2 413 754</b>          | <b>2 413 754</b>         |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

**Detail per programme 4 - Maritime Defence**

**for the year ended 31 March 2009 (continued)**

| Economic classification                          | 2008/09                         |                            |                   |                              |                             |                   | 2007/08                                      |                              |                             |
|--------------------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                                  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>Current payments</b>                          |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Compensation of employees                        | 875 112                         | -                          | (19 993)          | 855 119                      | 855 119                     | -                 | 100.0%                                       | 798 578                      | 798 578                     |
| Goods and services                               | 576 839                         | -                          | (68 958)          | 507 881                      | 507 881                     | -                 | 100.0%                                       | 513 868                      | 513 868                     |
| Financial transactions in assets and liabilities | -                               | -                          | 162               | 162                          | 162                         | -                 | 100.0%                                       | 959                          | 959                         |
| <b>Transfers and subsidies</b>                   |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Provinces & municipalities                       | -                               | -                          | 271               | 271                          | 271                         | -                 | 100.0%                                       | 11 705                       | 11 705                      |
| Departmental agencies & accounts                 | 255 532                         | -                          | -                 | 255 532                      | 255 532                     | -                 | 100.0%                                       | 980 349                      | 980 349                     |
| Public corporations & private enterprises        | 117 657                         | -                          | -                 | 117 657                      | 117 657                     | -                 | 100.0%                                       | 58 527                       | 58 526                      |
| Households                                       | 30 130                          | -                          | (17 084)          | 13 046                       | 13 046                      | -                 | 100.0%                                       | 15 991                       | 15 991                      |
| <b>Payment for capital assets</b>                |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Buildings & other fixed structures               | -                               | -                          | 41 147            | 41 147                       | 41 147                      | -                 | 100.0%                                       | 13 717                       | 13 717                      |
| Machinery & equipment                            | 19 125                          | -                          | 27 251            | 46 376                       | 46 376                      | -                 | 100.0%                                       | 19 990                       | 19 990                      |
| Software & other intangible assets               | 273                             | -                          | (273)             | -                            | -                           | -                 | 0.0%                                         | 70                           | 70                          |
| <b>Total</b>                                     | <b>1 874 668</b>                | <b>-</b>                   | <b>(37 477)</b>   | <b>1 837 191</b>             | <b>1 837 191</b>            | <b>-</b>          | <b>100.0%</b>                                | <b>2 413 754</b>             | <b>2 413 753</b>            |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 5 - Military Health Support  
for the year ended 31 March 2009

| Programme per subprogramme                     | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                | 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 |
| <b>5.1 Military Health Strategic Direction</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | 135 591                      | -                       | 4 045          | 139 636                   | 139 636                  | -              | 100.0%                                    | 115 489                   | 115 489                  |
| Transfers and subsidies                        | 10 870                       | -                       | (7 247)        | 3 623                     | 3 355                    | 268            | 92.6%                                     | 1 739                     | 1 739                    |
| Payment for capital assets                     | 7 825                        | -                       | (1 167)        | 6 658                     | 6 658                    | -              | 100.0%                                    | 1 736                     | 1 736                    |
| <b>5.2 Military Health Support</b>             |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | 64 928                       | -                       | (5 512)        | 59 416                    | 59 416                   | -              | 100.0%                                    | 73 683                    | 73 683                   |
| Transfers and subsidies                        | 1 500                        | -                       | 270            | 1 770                     | 1 770                    | -              | 100.0%                                    | 1 422                     | 1 422                    |
| Payment for capital assets                     | 7 150                        | -                       | (1 487)        | 5 663                     | 5 663                    | -              | 100.0%                                    | 2 683                     | 2 683                    |
| <b>5.3 Area Military Health Service</b>        |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | 684 987                      | -                       | 30 254         | 715 241                   | 715 241                  | -              | 100.0%                                    | 659 541                   | 659 541                  |
| Transfers and subsidies                        | 655                          | -                       | 3 853          | 4 508                     | 4 508                    | -              | 100.0%                                    | 5 273                     | 5 273                    |
| Payment for capital assets                     | 13 623                       | -                       | (4 118)        | 9 505                     | 9 505                    | -              | 100.0%                                    | 15 228                    | 14 721                   |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

Detail per programme 5 - Military Health Support  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme                         | 2008/09                      |                         |                |                           |                          |                | 2007/08                                   |                           |                          |
|----------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                    | 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 |
| <b>5.4 Special/Tertiary Health Service</b>         |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                    | 740 843                      | -                       | (50 020)       | 690 823                   | 690 823                  | -              | 100.0%                                    | 623 548                   | 622 776                  |
| Transfers and subsidies                            | 130                          | -                       | 2 858          | 2 988                     | 2 988                    | -              | 100.0%                                    | 3 542                     | 3 542                    |
| Payment for capital assets                         | 28 288                       | -                       | (6 454)        | 21 834                    | 21 834                   | -              | 100.0%                                    | 23 178                    | 22 783                   |
| <b>5.5 Product Support Capability</b>              |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                    | 149 183                      | -                       | (22 195)       | 126 988                   | 126 988                  | -              | 100.0%                                    | 99 074                    | 99 074                   |
| Transfers and subsidies                            | 35                           | -                       | 1 234          | 1 269                     | 1 269                    | -              | 100.0%                                    | 363                       | 363                      |
| Payment for capital assets                         | 2 756                        | -                       | 4 894          | 7 650                     | 7 650                    | -              | 100.0%                                    | 4 125                     | 4 125                    |
| <b>5.6 Military Health Base Support Capability</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                    | 115 655                      | -                       | 38 414         | 154 069                   | 154 069                  | -              | 100.0%                                    | 93 050                    | 93 050                   |
| Transfers and subsidies                            | -                            | -                       | 592            | 592                       | 592                      | -              | 100.0%                                    | 1 498                     | 1 498                    |
| Payment for capital assets                         | 17 119                       | -                       | 50 965         | 68 084                    | 68 084                   | -              | 100.0%                                    | 31 955                    | 19 984                   |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 5 - Military Health Support  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme                     | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                | 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 |
| <b>5.7 Military Health Training Capability</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | 160 140                      | -                       | (10 765)       | 149 375                   | 149 375                  | -              | 100.0%                                    | 130 600                   | 130 600                  |
| Transfers and subsidies                        | 1 299                        | -                       | (338)          | 961                       | 961                      | -              | 100.0%                                    | 1 345                     | 1 345                    |
| Payment for capital assets                     | 5 602                        | -                       | (3 065)        | 2 537                     | 2 537                    | -              | 100.0%                                    | 3 250                     | 3 250                    |
| <b>5.8 Authorised Losses</b>                   |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | -                            | -                       | 12 101         | 12 101                    | 12 101                   | -              | 100.0%                                    | 1 730                     | 1 730                    |
| <b>5.9 Income</b>                              |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                | -                            | -                       | (8 083)        | (8 083)                   | (8 083)                  | -              | 100.0%                                    | (2 665)                   | (2 665)                  |
| <b>Total</b>                                   | <b>2 148 179</b>             | <b>-</b>                | <b>29 029</b>  | <b>2 177 208</b>          | <b>2 176 940</b>         | <b>268</b>     | <b>100.0%</b>                             | <b>1 891 387</b>          | <b>1 877 742</b>         |

DEPARTMENT OF DEFENCE - VOTE 19  
 APPROPRIATION STATEMENT  
 Detail per programme 5 - Military Health Support  
 for the year ended 31 March 2009 (continued)

| Economic classification                          | 2008/09                      |                         |                |                           |                          |                | 2007/08                                   |                           |                          |
|--------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                  | 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 |
| <b>Current payments</b>                          |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Compensation of employees                        | 1 389 650                    | -                       | (12 566)       | 1 377 084                 | 1 377 084                | -              | 100.0%                                    | 1 194 883                 | 1 194 111                |
| Goods and services                               | 661 677                      | -                       | (11 296)       | 650 381                   | 650 381                  | -              | 100.0%                                    | 597 437                   | 597 437                  |
| Financial transactions in assets and liabilities | -                            | -                       | 12 101         | 12 101                    | 12 101                   | -              | 100.0%                                    | 1 730                     | 1 730                    |
| <b>Transfers and subsidies</b>                   |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Provinces & municipalities                       | -                            | -                       | 1 681          | 1 681                     | 1 681                    | -              | 100.0%                                    | 281                       | 281                      |
| Departmental agencies & accounts                 | 1 500                        | -                       | -              | 1 500                     | 1 500                    | -              | 100.0%                                    | 1 100                     | 1 100                    |
| Non-profit institutions                          | 580                          | -                       | -              | 580                       | 312                      | 268            | 53.8%                                     | -                         | -                        |
| Households                                       | 12 409                       | -                       | (459)          | 11 950                    | 11 950                   | -              | 100.0%                                    | 13 801                    | 13 801                   |
| <b>Payment for capital assets</b>                |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Buildings & other fixed structures               | 129                          | -                       | 41             | 170                       | 170                      | -              | 100.0%                                    | 754                       | 754                      |
| Machinery & equipment                            | 81 844                       | -                       | 39 726         | 121 570                   | 121 570                  | -              | 100.0%                                    | 81 401                    | 68 528                   |
| Biological assets                                | 60                           | -                       | (60)           | -                         | -                        | -              | 0.0%                                      | -                         | -                        |
| Software & other intangible assets               | 330                          | -                       | (139)          | 191                       | 191                      | -              | 100.0%                                    | -                         | -                        |
| <b>Total</b>                                     | <b>2 148 179</b>             | <b>-</b>                | <b>29 029</b>  | <b>2 177 208</b>          | <b>2 176 940</b>         | <b>268</b>     | <b>100.0%</b>                             | <b>1 891 387</b>          | <b>1 877 742</b>         |

DEPARTMENT OF DEFENCE - VOTE 19  
 APPROPRIATION STATEMENT  
 Detail per programme 6 - Defence Intelligence  
 for the year ended 31 March 2009

| Programme per subprogramme                          | 2008/09                      |                         |                |                           |                          |                | 2007/08                                   |                           |                          |
|-----------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                     | 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 |
| <b>6.1 Defence Intelligence Strategic Direction</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                     | 1 334                        | -                       | (71)           | 1 263                     | 1 263                    | -              | 100.0%                                    | 1 276                     | 1 276                    |
| <b>6.2 Operations</b>                               |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                     | 3 577                        | -                       | (1 982)        | 1 595                     | 1 595                    | -              | 100.0%                                    | 4 882                     | 4 882                    |
| Transfers and subsidies                             | 332 413                      | -                       | -              | 332 413                   | 332 413                  | -              | 100.0%                                    | 296 207                   | 296 207                  |
| Payment for capital assets                          | 229                          | -                       | (128)          | 101                       | 101                      | -              | 100.0%                                    | 350                       | 350                      |
| <b>6.3 Defence Intelligence Support Services</b>    |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                     | 172 240                      | -                       | (5 984)        | 166 256                   | 166 256                  | -              | 100.0%                                    | 146 513                   | 146 513                  |
| Transfers and subsidies                             | 2 601                        | -                       | 1 992          | 4 593                     | 4 593                    | -              | 100.0%                                    | 6 229                     | 6 229                    |
| Payment for capital assets                          | 470                          | -                       | 61             | 531                       | 531                      | -              | 100.0%                                    | 323                       | 323                      |
| <b>Total</b>                                        | <b>512 864</b>               | <b>-</b>                | <b>(6 112)</b> | <b>506 752</b>            | <b>506 752</b>           | <b>-</b>       | <b>100.0%</b>                             | <b>455 780</b>            | <b>455 780</b>           |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 6 - Defence Intelligence  
for the year ended 31 March 2009 (continued)

| Economic classification           | 2008/09                         |                            |                   |                              |                             |                   | 2007/08                                      |                              |                             |
|-----------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>Current payments</b>           |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Compensation of employees         | 155 466                         | -                          | (5 528)           | 149 938                      | 149 938                     | -                 | 100.0%                                       | 132 003                      | 132 003                     |
| Goods and services                | 21 685                          | -                          | (2 509)           | 19 176                       | 19 176                      | -                 | 100.0%                                       | 20 668                       | 20 668                      |
| <b>Transfers and subsidies</b>    |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Provinces & municipalities        | -                               | -                          | -                 | -                            | -                           | -                 | 0.0%                                         | 13                           | 13                          |
| Departmental agencies & accounts  | 332 413                         | -                          | -                 | 332 413                      | 332 413                     | -                 | 100.0%                                       | 296 207                      | 296 207                     |
| Households                        | 2 601                           | -                          | 1 992             | 4 593                        | 4 593                       | -                 | 100.0%                                       | 6 216                        | 6 216                       |
| <b>Payment for capital assets</b> |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Machinery & equipment             | 699                             | -                          | (67)              | 632                          | 632                         | -                 | 100.0%                                       | 673                          | 673                         |
| <b>Total</b>                      | <b>512 864</b>                  | <b>-</b>                   | <b>(6112)</b>     | <b>506 752</b>               | <b>506 752</b>              | <b>-</b>          | <b>100.0%</b>                                | <b>455 780</b>               | <b>455 780</b>              |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 7 - General Support  
for the year ended 31 March 2009

| Programme per subprogramme                             | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|--------------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                        | 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 |
| <b>7.1 Joint Logistic Services</b>                     |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                        | 1 172 830                    | -                       | (208 046)      | 964 784                   | 957 531                  | 7 253          | 99,2%                                     | 918 596                   | 838 776                  |
| Transfers and subsidies                                | 8 969                        | -                       | (2 766)        | 6 203                     | 6 203                    | -              | 100,0%                                    | 13 491                    | 13 491                   |
| Payment for capital assets                             | 356 777                      | -                       | 202 338        | 559 115                   | 468 896                  | 90 219         | 83,9%                                     | 264 596                   | 130 114                  |
| <b>7.2 Command And Management Information Services</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                        | 1 183 084                    | -                       | (74 466)       | 1 108 618                 | 1 108 618                | -              | 100,0%                                    | 1 014 555                 | 1 014 555                |
| Transfers and subsidies                                | 210 124                      | -                       | 7 407          | 217 531                   | 217 531                  | -              | 100,0%                                    | 106 803                   | 106 803                  |
| Payment for capital assets                             | 6 634                        | -                       | 71 465         | 78 099                    | 78 099                   | -              | 100,0%                                    | 63 899                    | 63 899                   |
| <b>7.3 Military Police</b>                             |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                        | 271 395                      | -                       | (6 416)        | 264 979                   | 264 979                  | -              | 100,0%                                    | 228 886                   | 228 886                  |
| Transfers and subsidies                                | 1 141                        | -                       | 4 191          | 5 332                     | 5 332                    | -              | 100,0%                                    | 4 673                     | 4 673                    |
| Payment for capital assets                             | 15 116                       | -                       | 5 747          | 20 863                    | 20 863                   | -              | 100,0%                                    | 15 092                    | 15 092                   |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 7 - General Support

for the year ended 31 March 2009 (continued)

| Programme per subprogramme                         | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|----------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                    | 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 |
| <b>7.4 Technology Development</b>                  |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                    | 536                          | -                       | (465)          | 71                        | 71                       | -              | 100.0%                                    | -                         | -                        |
| Transfers and subsidies                            | 258 762                      | -                       | -              | 258 762                   | 258 762                  | -              | 100.0%                                    | -                         | -                        |
| Payment for capital assets                         | 50                           | -                       | (38)           | 12                        | 12                       | -              | 100.0%                                    | -                         | -                        |
| <b>7.5 Departmental Support</b>                    |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                    | 96 324                       | -                       | (43 663)       | 52 661                    | 52 661                   | -              | 100.0%                                    | 52 536                    | 52 536                   |
| Transfers and subsidies                            | 448 097                      | -                       | -              | 448 097                   | 448 097                  | -              | 100.0%                                    | 419 072                   | 418 178                  |
| Payment for capital assets                         | -                            | -                       | 500            | 500                       | 500                      | -              | 100.0%                                    | 480                       | 480                      |
| <b>7.6 British Peace Support And Training Team</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                    | 7 104                        | -                       | 3 628          | 10 732                    | 10 732                   | -              | 100.0%                                    | -                         | -                        |
| <b>7.7 Authorised Losses</b>                       |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                    | -                            | -                       | 9 789          | 9 789                     | 9 789                    | -              | 100.0%                                    | 18 908                    | 18 908                   |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 7 - General Support  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme   | 2008/09                      |                         |                 |                           |                          |                |                                           | 2007/08                   |                          |
|------------------------------|------------------------------|-------------------------|-----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                              | 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 |
| <b>7.8 Income</b>            |                              |                         |                 |                           |                          |                |                                           |                           |                          |
| Current payment              | -                            | -                       | (12)            | (12)                      | (12)                     | -              | 100.0%                                    | (18)                      | (18)                     |
| Transfers and subsidies      | -                            | -                       | -               | -                         | -                        | -              | 0.0%                                      | 53 649                    | 53 649                   |
| <b>7.9 Internal Services</b> |                              |                         |                 |                           |                          |                |                                           |                           |                          |
| Current payment              | -                            | -                       | 198             | 198                       | 198                      | -              | 100.0%                                    | (604)                     | (604)                    |
| <b>Total</b>                 | <b>4 036 943</b>             | <b>-</b>                | <b>(30 609)</b> | <b>4 006 334</b>          | <b>3 908 862</b>         | <b>97 472</b>  | <b>97.6%</b>                              | <b>3 174 614</b>          | <b>2 959 418</b>         |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

**Detail per programme 7 - General Support**

for the year ended 31 March 2009 (continued)

| Economic classification                          | 2008/09                         |                            |                   |                              |                             |                   | 2007/08                                      |                              |                             |
|--------------------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                                  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>Current payments</b>                          |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Compensation of employees                        | 1 188 546                       | -                          | (29 088)          | 1 159 458                    | 1 159 458                   | -                 | 100.0%                                       | 1 221 721                    | 1 221 721                   |
| Goods and services                               | 1 542 727                       | -                          | (300 154)         | 1 242 573                    | 1 235 320                   | 7 253             | 99.4%                                        | 1 053 017                    | 973 197                     |
| Financial transactions in assets and liabilities | -                               | -                          | 9 789             | 9 789                        | 9 789                       | -                 | 100.0%                                       | 18 908                       | 18 908                      |
| <b>Transfers and subsidies</b>                   |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Provinces & municipalities                       | -                               | -                          | 2 712             | 2 712                        | 2 712                       | -                 | 100.0%                                       | 1 247                        | 1 247                       |
| Departmental agencies & accounts                 | 467 001                         | -                          | -                 | 467 001                      | 467 001                     | -                 | 100.0%                                       | 161 005                      | 160 343                     |
| Public corporations & private enterprises        | 448 097                         | -                          | -                 | 448 097                      | 448 097                     | -                 | 100.0%                                       | 415 300                      | 415 300                     |
| Non-profit institutions                          | -                               | -                          | -                 | -                            | -                           | -                 | 0.0%                                         | 3 772                        | 2 878                       |
| Households                                       | 11 995                          | -                          | 6 120             | 18 115                       | 18 115                      | -                 | 100.0%                                       | 27 194                       | 27 194                      |
| <b>Payment for capital assets</b>                |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Buildings & other fixed structures               | 286 249                         | -                          | 238 400           | 524 649                      | 434 430                     | 90 219            | 82.8%                                        | 204 693                      | 77 105                      |
| Machinery & equipment                            | 92 328                          | -                          | 40 729            | 133 057                      | 133 057                     | -                 | 100.0%                                       | 131 726                      | 124 832                     |
| Software & other intangible assets               | -                               | -                          | 883               | 883                          | 883                         | -                 | 100.0%                                       | 7 679                        | 7 679                       |
| <b>Total</b>                                     | <b>4 036 943</b>                | <b>-</b>                   | <b>(30 609)</b>   | <b>4 006 334</b>             | <b>3 908 862</b>            | <b>97 472</b>     | <b>97.6%</b>                                 | <b>3 246 262</b>             | <b>3 030 404</b>            |

DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 8 - Force Employment  
for the year ended 31 March 2009

| Programme per subprogramme                      | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|-------------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                                 | 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 |
| <b>8.1 Force Employment Strategic Direction</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                 | 58 660                       | -                       | (5 052)        | 53 608                    | 53 608                   | -              | 100.0%                                    | 47 469                    | 47 469                   |
| Transfers and subsidies                         | 6 298                        | -                       | (5 460)        | 838                       | 838                      | -              | 100.0%                                    | 775                       | 775                      |
| Payment for capital assets                      | 776                          | -                       | 1 259          | 2 035                     | 2 035                    | -              | 100.0%                                    | 2 548                     | 2 548                    |
| <b>8.2 Operational Direction</b>                |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                 | 143 514                      | -                       | (13 440)       | 130 074                   | 130 074                  | -              | 100.0%                                    | 143 302                   | 143 302                  |
| Transfers and subsidies                         | 3 637                        | -                       | 1 539          | 5 176                     | 5 176                    | -              | 100.0%                                    | 5 730                     | 5 730                    |
| Payment for capital assets                      | 5 666                        | -                       | 3 046          | 8 712                     | 8 712                    | -              | 100.0%                                    | 5 596                     | 5 081                    |
| <b>8.3 Special Operation</b>                    |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                                 | 232 723                      | -                       | 9 770          | 242 493                   | 242 493                  | -              | 100.0%                                    | 204 132                   | 204 132                  |
| Transfers and subsidies                         | 121 561                      | -                       | 283            | 121 844                   | 121 844                  | -              | 100.0%                                    | 114 109                   | 114 109                  |
| Payment for capital assets                      | 9 296                        | -                       | (410)          | 8 886                     | 8 886                    | -              | 100.0%                                    | 7 743                     | 7 743                    |

**DEPARTMENT OF DEFENCE - VOTE 19**

**APPROPRIATION STATEMENT**

Detail per programme 8 - Force Employment  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme               | 2008/09                      |                         |                |                           |                          |                | 2007/08                                   |                           |                          |
|------------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                                          | 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 |
| <b>8.4 Regional Security</b>             |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                          | 985 753                      | -                       | 36 039         | 1 021 792                 | 1 021 792                | -              | 100.0%                                    | 736 856                   | 700 001                  |
| Transfers and subsidies                  | 32 377                       | -                       | -              | 32 377                    | 32 377                   | -              | 100.0%                                    | -                         | -                        |
| Payment for capital assets               | 20 800                       | -                       | 17 218         | 38 018                    | 38 018                   | -              | 100.0%                                    | 22 641                    | 22 641                   |
| <b>8.5 Support To The People</b>         |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                          | 129 460                      | -                       | (22 088)       | 107 372                   | 107 372                  | -              | 100.0%                                    | 172 098                   | 172 098                  |
| Payment for capital assets               | 17 855                       | -                       | (15 375)       | 2 480                     | 2 480                    | -              | 100.0%                                    | 16 583                    | 16 583                   |
| <b>8.6 Defence Capability Management</b> |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                          | 14 781                       | -                       | (1 935)        | 12 846                    | 12 846                   | -              | 100.0%                                    | 10 476                    | 10 476                   |
| Payment for capital assets               | -                            | -                       | 485            | 485                       | 485                      | -              | 100.0%                                    | 660                       | 337                      |
| <b>8.7 Authorised Losses</b>             |                              |                         |                |                           |                          |                |                                           |                           |                          |
| Current payment                          | -                            | -                       | 31 500         | 31 500                    | 31 500                   | -              | 100.0%                                    | 31                        | 31                       |



DEPARTMENT OF DEFENCE - VOTE 19

APPROPRIATION STATEMENT

Detail per programme 8 - Force Employment  
for the year ended 31 March 2009 (continued)

| Programme per subprogramme   | 2008/09                      |                         |                |                           |                          |                |                                           | 2007/08                   |                          |
|------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|-------------------------------------------|---------------------------|--------------------------|
|                              | 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 |
| 8.8 <b>Income</b>            | -                            | -                       | -              | -                         | -                        | -              | 0,0%                                      | (274)                     | (274)                    |
| 8.9 <b>Internal Services</b> | -                            | -                       | 93 374         | 93 374                    | 93 374                   | -              | 100,0%                                    | 104 761                   | 104 761                  |
| <b>Total</b>                 | <b>1 783 157</b>             | <b>-</b>                | <b>130 753</b> | <b>1 913 910</b>          | <b>1 913 910</b>         | <b>-</b>       | <b>100,0%</b>                             | <b>1 595 236</b>          | <b>1 557 543</b>         |



DEPARTMENT OF DEFENCE - VOTE 19  
 APPROPRIATION STATEMENT  
 Detail per programme 8 - Force Employment  
 for the year ended 31 March 2009 (continued)

| Economic classification                          | 2008/09                         |                            |                   |                              |                             |                   |                                              | 2007/08                      |                             |
|--------------------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|----------------------------------------------|------------------------------|-----------------------------|
|                                                  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of final appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>Current payments</b>                          |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Compensation of employees                        | 771 551                         | -                          | (30 354)          | 741 197                      | 741 197                     | -                 | 100.0%                                       | 765 761                      | 765 761                     |
| Goods and services                               | 793 340                         | -                          | 127 022           | 920 362                      | 920 362                     | -                 | 100.0%                                       | 653 059                      | 616 204                     |
| Financial transactions in assets and liabilities | -                               | -                          | 31 500            | 31 500                       | 31 500                      | -                 | 100.0%                                       | 31                           | 31                          |
| <b>Transfers and subsidies</b>                   |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Provinces & municipalities                       | -                               | -                          | 595               | 595                          | 595                         | -                 | 100.0%                                       | 1 339                        | 1 339                       |
| Departmental agencies & accounts                 | 152 090                         | -                          | -                 | 152 090                      | 152 090                     | -                 | 100.0%                                       | 111 780                      | 111 780                     |
| Households                                       | 11 783                          | -                          | (4 233)           | 7 550                        | 7 550                       | -                 | 100.0%                                       | 7 495                        | 7 495                       |
| <b>Payment for capital assets</b>                |                                 |                            |                   |                              |                             |                   |                                              |                              |                             |
| Buildings & other fixed structures               | 358                             | -                          | 299               | 657                          | 657                         | -                 | 100.0%                                       | 1 781                        | 1 781                       |
| Machinery & equipment                            | 54 035                          | -                          | 5 924             | 59 959                       | 59 959                      | -                 | 100.0%                                       | 53 990                       | 53 152                      |
| <b>Total</b>                                     | <b>1 783 157</b>                | <b>-</b>                   | <b>130 753</b>    | <b>1 913 910</b>             | <b>1 913 910</b>            | <b>-</b>          | <b>100.0%</b>                                | <b>1 595 236</b>             | <b>1 557 543</b>            |



## NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2009

**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (A-E) to the annual financial statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.

**3. Detail on financial transactions in assets and liabilities**

Detail of these transactions per programme can be viewed in note 5 (Financial transactions in assets and liabilities) to the annual financial statements.

**4. Explanations of material variances from Amounts Voted (after virement):**

**4.1 Per programme:**

| Per Programme           | Final Appropriation | Actual Expenditure | Variance | Variance as a % of Final Approp. |
|-------------------------|---------------------|--------------------|----------|----------------------------------|
|                         | R'000               | R'000              | R'000    | %                                |
| Military Health Support | 2 177 208           | 2 176 940          | 268      | 0%                               |

- Under spending of Rm0,268 on transfer payments to Regular Force Medical Continuation Fund (Rm0,220) and St Johns Ambulance Brigade (Rm0,048) that did not occur and have to be surrendered.

|                 |           |           |        |    |
|-----------------|-----------|-----------|--------|----|
| General support | 4 006 334 | 3 908 862 | 97 472 | 2% |
|-----------------|-----------|-----------|--------|----|

Under spending is primarily as a result of

- Under spending of Rm82,154 on the upgrading of the Air Force Base Waterkloof runway due to the delay in the appointment of a contractor
- Under spending of Rm8,065 on capital works
- Under spending of Rm7,253 on planned maintenance and repair on buildings
- Under spending of Rm0,001 for earmarked related funds that have to be surrendered.

## NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2009 (continued)

|                                      | Final<br>Appropriation | Actual<br>Expenditure | Variance | Variance as a %<br>of Final<br>Approp. |
|--------------------------------------|------------------------|-----------------------|----------|----------------------------------------|
| 4.2 Per economic classification:     | R'000                  | R'000                 | R'000    | %                                      |
| <b>Current expenditure</b>           |                        |                       |          |                                        |
| Goods and services                   | 7 281 516              | 7 274 262             | 7 254    | 0.1%                                   |
| <b>Transfers and subsidies</b>       |                        |                       |          |                                        |
| Non-profit institutions              | 4 466                  | 4 198                 | 268      | 6%                                     |
| <b>Payments for capital assets</b>   |                        |                       |          |                                        |
| Buildings and other fixed structures | 566 746                | 476 527               | 90 219   | 16%                                    |

### 4.3 Restatement of prior year figures

Previous program Special Defence Account prior year figures have been included in other programs since the Special Defence Account has been incorporated in the other programs for the financial year 2008/09.



## STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2009

| REVENUE                                           | Note | 2008/09<br>R'000  | 2007/08<br>R'000  |
|---------------------------------------------------|------|-------------------|-------------------|
| Annual appropriation                              | 1    | 27 899 027        | 26 291 785        |
| Departmental revenue                              | 2    | 629 390           | 551 855           |
| <b>TOTAL REVENUE</b>                              |      | <b>28 528 417</b> | <b>26 843 640</b> |
| <b>EXPENDITURE</b>                                |      |                   |                   |
| <b>Current expenditure</b>                        |      |                   |                   |
| Compensation of employees                         | 3    | 10 620 019        | 9 735 905         |
| Goods and services                                | 4    | 7 274 262         | 5 987 370         |
| Financial transactions in assets and liabilities  | 5    | 75 006            | 32 229            |
| <b>Total current expenditure</b>                  |      | <b>17 969 287</b> | <b>15 755 504</b> |
| <b>Transfers and subsidies</b>                    | 6    | <b>8 833 120</b>  | <b>8 926 890</b>  |
| <b>Expenditure for capital assets</b>             |      |                   |                   |
| Tangible capital assets                           | 7    | 997 574           | 489 294           |
| Software and other intangible assets              | 7    | 1 305             | 8 425             |
| <b>Total expenditure for capital assets</b>       |      | <b>998 879</b>    | <b>497 719</b>    |
| <b>TOTAL EXPENDITURE</b>                          |      | <b>27 801 286</b> | <b>25 180 113</b> |
| <b>NET SURPLUS FOR THE YEAR</b>                   |      | <b>727 131</b>    | <b>1 663 527</b>  |
| <b>Reconciliation of Net Surplus for the year</b> |      |                   |                   |
| Voted Funds to be surrendered to the Revenue Fund | 15   | 97 741            | 1 111 672         |
| Departmental revenue                              | 16   | 629 390           | 551 855           |
| <b>NET SURPLUS FOR THE YEAR</b>                   |      | <b>727 131</b>    | <b>1 663 527</b>  |



| Financial Performance |

## STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2009

|                                                            | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------------------------------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                                              |      |                  |                  |
| <b>Current assets</b>                                      |      | <b>876 145</b>   | <b>881 806</b>   |
| Unauthorised expenditure                                   | 8    | 20 625           | 20 625           |
| Fruitless and wasteful expenditure                         | 9    | 931              | 951              |
| Cash and cash equivalents                                  | 10   | 61 433           | 57 768           |
| Prepayments and advances                                   | 11   | 90 164           | 74 476           |
| Receivables                                                | 12   | 690 630          | 715 624          |
| Loans                                                      | 13   | 12 362           | 12 362           |
| <b>Non-current assets</b>                                  |      |                  |                  |
| Investments                                                | 14   | 75 000           | 75 000           |
| <b>TOTAL ASSETS</b>                                        |      | <b>951 145</b>   | <b>956 806</b>   |
| <b>LIABILITIES</b>                                         |      |                  |                  |
| <b>Current liabilities</b>                                 |      | <b>707 994</b>   | <b>762 832</b>   |
| Voted funds to be surrendered to the Revenue Fund          | 15   | 97 741           | 268 178          |
| Departmental revenue to be surrendered to the Revenue Fund | 16   | 7 954            | 105 724          |
| Bank overdraft                                             | 17   | 572 473          | 228 501          |
| Payables                                                   | 18   | 29 826           | 160 429          |
| <b>Non-current liabilities</b>                             |      |                  |                  |
| Payables                                                   | 19   | 6 135            | -                |
| <b>TOTAL LIABILITIES</b>                                   |      | <b>714 129</b>   | <b>762 832</b>   |
| <b>NET ASSETS</b>                                          |      | <b>237 016</b>   | <b>193 974</b>   |
| <b>Represented by:</b>                                     |      |                  |                  |
| Capitalisation Reserves                                    |      | 75 000           | 75 000           |
| Recoverable revenue                                        |      | 162 016          | 118 974          |
| <b>TOTAL</b>                                               |      | <b>237 016</b>   | <b>193 974</b>   |



## STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2009

|                                                     | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-----------------------------------------------------|------|------------------|------------------|
| <b>Capitalisation Reserves</b>                      |      |                  |                  |
| Opening balance                                     |      | 75 000           | -                |
| Other movements                                     |      | -                | 75 000           |
| Balance at 31 March                                 |      | 75 000           | 75 000           |
| <b>Recoverable revenue</b>                          |      |                  |                  |
| Opening balance                                     |      | 118 974          | 109 373          |
| Transfers                                           |      | 43 042           | 9 601            |
| Irrecoverable amounts written off                   | 5.4  | (1 123)          | (4 084)          |
| Debts revised                                       |      | (858)            | (3 796)          |
| Debts recovered (included in departmental receipts) |      | (20 253)         | (33 820)         |
| Debts raised                                        |      | 65 276           | 51 301           |
| Closing balance                                     |      | 162 016          | 118 974          |
| <b>TOTAL</b>                                        |      | <b>237 016</b>   | <b>193 974</b>   |



## CASH FLOW STATEMENT for the year ended 31 March 2009

|                                                           | Note      | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-----------------------------------------------------------|-----------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |           |                  |                  |
| Receipts                                                  |           | 28 406 351       | 25 871 178       |
| Annual appropriated funds received                        | 1         | 27 899 027       | 25 448 236       |
| Departmental revenue received                             |           | 507 324          | 422 942          |
| Net decrease/(increase) in working capital                |           | (121 277)        | 193 154          |
| Surrendered to Revenue Fund                               |           | (995 338)        | (569 864)        |
| Current payments                                          |           | (17 969 287)     | (15 755 449)     |
| Transfers and subsidies paid                              |           | (8 833 120)      | (8 926 890)      |
| <b>Net cash flows available from operating activities</b> | <b>20</b> | <b>487 329</b>   | <b>812 129</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |           |                  |                  |
| Payments for capital assets                               |           | (998 879)        | (497 719)        |
| Proceeds from sale of capital assets                      |           | 122 066          | 128 913          |
| Increase in investments                                   |           | -                | (75 000)         |
| <b>Net cash flows from investing activities</b>           |           | <b>(876 813)</b> | <b>(443 806)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |           |                  |                  |
| Increase in net assets                                    |           | 43 042           | 84 601           |
| Increase in non-current payables                          |           | 6 135            | -                |
| <b>Net cash flows from financing activities</b>           |           | <b>49 177</b>    | <b>84 601</b>    |
| Net increase/(decrease) in cash and cash equivalents      |           | (340 307)        | 452 924          |
| Cash and cash equivalents at beginning of period          |           | (170 733)        | (623 657)        |
| Cash and cash equivalents at end of period                | 21        | (511 040)        | (170 733)        |





## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

### 1. Annual Appropriation

#### 1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted Funds)

| Programmes              | Final<br>Appropriation<br>R'000 | Actual<br>Funds<br>Received<br>R'000 | Funds not<br>requested/<br>not received<br>R'000 | Appropriation<br>Received<br>2007/08<br>R'000 |
|-------------------------|---------------------------------|--------------------------------------|--------------------------------------------------|-----------------------------------------------|
| Administration          | 2 480 152                       | 2 480 152                            | -                                                | 2 337 046                                     |
| Landward Defence        | 6 958 701                       | 6 958 701                            | -                                                | 6 389 626                                     |
| Air Defence             | 8 018 779                       | 8 018 779                            | -                                                | 7 190 131                                     |
| Maritime Defence        | 1 837 191                       | 1 837 191                            | -                                                | 2 413 754                                     |
| Military Health Support | 2 177 208                       | 2 177 208                            | -                                                | 1 891 387                                     |
| Defence Intelligence    | 506 752                         | 506 752                              | -                                                | 455 780                                       |
| General Support         | 4 006 334                       | 4 006 334                            | -                                                | 3 175 276                                     |
| Force Employment        | 1 913 910                       | 1 913 910                            | -                                                | 1 595 236                                     |
| <b>Total</b>            | <b>27 899 027</b>               | <b>27 899 027</b>                    | <b>-</b>                                         | <b>25 448 236</b>                             |



Note

### 2. Departmental revenue to be surrendered to Revenue Fund

|                                                       | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-------------------------------------------------------|------|------------------|------------------|
| Sales of goods and services other than capital assets | 2.1  | 193 553          | 172 484          |
| Fines, penalties and forfeits                         | 2.2  | 1 058            | 1 157            |
| Interest, dividends and rent on land                  | 2.3  | 1 398            | 1 710            |
| Sales of capital assets                               | 2.4  | 122 066          | 128 913          |
| Financial transactions in assets and liabilities      | 2.5  | 20 662           | 22 965           |
| Transfers received                                    | 2.6  | 290 653          | 224 626          |
| Departmental revenue collected                        |      | <b>629 390</b>   | <b>551 855</b>   |

#### 2.1 Sales of goods and services other than capital assets

|                                                        |  |                |                |
|--------------------------------------------------------|--|----------------|----------------|
| Sales of goods and services produced by the department |  | 165 269        | 165 149        |
| Administrative fees                                    |  | 25             | 12             |
| Other sales                                            |  | 165 244        | 165 137        |
| Sales of scrap, waste and other used current goods     |  | 28 284         | 7 335          |
| <b>Total</b>                                           |  | <b>193 553</b> | <b>172 484</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

| Financial Performance |

|                                                             | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-------------------------------------------------------------|------------------|------------------|
| <b>2.2 Fines, penalties and forfeits</b>                    |                  |                  |
| Fines                                                       | 1 058            | 1 157            |
| <b>2.3 Interest, dividends and rent on land</b>             |                  |                  |
| Interest                                                    | 1 398            | 1 710            |
| <b>2.4 Sales of capital assets</b>                          |                  |                  |
| <b>Tangible assets</b>                                      | 122 066          | 128 913          |
| Machinery and equipment                                     | 122 066          | 128 913          |
| <b>2.5 Financial transactions in assets and liabilities</b> |                  |                  |
| Forex gain                                                  | -                | -                |
| Other Receipts including Recoverable Revenue                | 20 662           | 22 965           |
| <b>Total</b>                                                | <b>20 662</b>    | <b>22 965</b>    |
| <b>2.6 Transfers received</b>                               |                  |                  |
| Other governmental units                                    | 37               | -                |
| Foreign governments                                         | 287 523          | 222 717          |
| Public corporations and private enterprises                 | 3 093            | 1 909            |
| <b>Total</b>                                                | <b>290 653</b>   | <b>224 626</b>   |
| <b>3. Compensation of employees</b>                         |                  |                  |
| <b>3.1 Salaries and wages</b>                               |                  |                  |
| Basic salary                                                | 7 283 269        | 6 656 394        |
| Performance award                                           | 100 669          | 83 369           |
| Service Based                                               | 43 399           | 27 566           |
| Compensative/circumstantial                                 | 212 813          | 228 919          |
| Periodic payments                                           | 431              | 541              |
| Other non-pensionable allowances                            | 1 798 683        | 1 696 856        |
| <b>Total</b>                                                | <b>9 439 264</b> | <b>8 693 645</b> |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                         | Note | 2008/09<br>R'000  | 2007/08<br>R'000 |
|---------------------------------------------------------|------|-------------------|------------------|
| <b>3.2 Social contributions</b>                         |      |                   |                  |
| <b>3.2.1 Employer contributions</b>                     |      |                   |                  |
| Pension                                                 |      | 1 121 853         | 991 746          |
| Medical                                                 |      | 58 528            | 50 121           |
| Bargaining council                                      |      | 374               | 393              |
| <b>Total</b>                                            |      | <b>1 180 755</b>  | <b>1 042 260</b> |
| <br>                                                    |      |                   |                  |
| <b>Total compensation of employees</b>                  |      | <b>10 620 019</b> | <b>9 735 905</b> |
| <br>                                                    |      |                   |                  |
| Average number of employees                             |      | <b>74 096</b>     | <b>75 931</b>    |
| <br>                                                    |      |                   |                  |
| <b>4. Goods and services</b>                            |      |                   |                  |
| Administrative fees                                     |      | 7 829             | 6 578            |
| Advertising                                             |      | 7 922             | 6 035            |
| Assets less than R5,000                                 | 4.1  | 97 365            | 102 178          |
| Communication                                           |      | 96 274            | 94 040           |
| Computer services                                       | 4.2  | 782 601           | 695 504          |
| Consultants, contractors and agency/outsourced services | 4.3  | 2 904 788         | 2 415 372        |
| Entertainment                                           |      | 6 377             | 5 814            |
| Audit cost – external                                   | 4.4  | 41 547            | 38 346           |
| Inventory                                               | 4.5  | 1 620 658         | 1 278 513        |
| Operating leases                                        |      | 236 218           | 207 033          |
| Owned and leasehold property expenditure                | 4.6  | 359 351           | 339 003          |
| Travel and subsistence                                  | 4.7  | 644 628           | 491 677          |
| Venues and facilities                                   |      | 14 627            | 16 568           |
| Training and staff development                          |      | 93 025            | 81 679           |
| Other operating expenditure                             | 4.8  | 361 052           | 209 030          |
| <b>Total</b>                                            |      | <b>7 274 262</b>  | <b>5 987 370</b> |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                    | 2008/09<br>R'000 | 2007/08<br>R'000 |
|--------------------------------------------------------------------|------------------|------------------|
| <b>4.1 Assets less than R5,000</b>                                 |                  |                  |
| <b>Tangible assets</b>                                             | <b>97 365</b>    | <b>102 178</b>   |
| Biological assets                                                  | 50               | 123              |
| Machinery and equipment                                            | 96 711           | 101 128          |
| Specialised military assets                                        | 604              | 927              |
| <b>Intangible assets</b>                                           | <b>-</b>         | <b>-</b>         |
| <b>Total</b>                                                       | <b>97 365</b>    | <b>102 178</b>   |
| <b>4.2 Computer services</b>                                       |                  |                  |
| SITA computer services                                             | 755 845          | 668 729          |
| External computer service providers                                | 26 756           | 26 775           |
| <b>Total</b>                                                       | <b>782 601</b>   | <b>695 504</b>   |
| <b>4.3 Consultants, contractors and agency/outsourced services</b> |                  |                  |
| Business and advisory services                                     | 169 810          | 64 333           |
| Infrastructure and planning                                        | 4 804            | 12 012           |
| Laboratory services                                                | 9 351            | 13 547           |
| Legal costs                                                        | 3 467            | 10               |
| Contractors                                                        | 2 405 898        | 1 920 632        |
| Agency and support/outsourced services                             | 311 458          | 404 838          |
| <b>Total travel and subsistence</b>                                | <b>2 904 788</b> | <b>2 415 372</b> |
| <b>4.4 Audit cost – external</b>                                   |                  |                  |
| Regularity audits                                                  | 41 415           | 37 694           |
| Performance audits                                                 | 132              | 652              |
| Other audits                                                       | -                | -                |
| <b>Total</b>                                                       | <b>41 547</b>    | <b>38 346</b>    |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                       | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-------------------------------------------------------|------------------|------------------|
| <b>4.5 Inventory</b>                                  |                  |                  |
| Learning and teaching support material                | 9 594            | 8 854            |
| Food and food supplies                                | 575 193          | 435 308          |
| Fuel, oil and gas                                     | 416 327          | 393 767          |
| Other consumable materials                            | 123 169          | 93 960           |
| Maintenance material                                  | 117 874          | 46 074           |
| Stationery and printing                               | 70 648           | 65 679           |
| Medical supplies                                      | 210 533          | 203 534          |
| Military stores                                       | 97 320           | 31 337           |
| <b>Total</b>                                          | <b>1 620 658</b> | <b>1 278 513</b> |
| <b>4.6 Owned and leasehold property expenditure</b>   |                  |                  |
| Municipal services                                    | 326 753          | 310 149          |
| Other                                                 | 32 598           | 28 854           |
| <b>Total</b>                                          | <b>359 351</b>   | <b>339 003</b>   |
| <b>4.7 Travel and subsistence</b>                     |                  |                  |
| Local                                                 | 416 791          | 327 962          |
| Foreign                                               | 227 837          | 163 715          |
| <b>Total</b>                                          | <b>644 628</b>   | <b>491 677</b>   |
| <b>4.8 Other operating expenditure</b>                |                  |                  |
| Professional bodies, membership and subscription fees | 4 139            | 1 346            |
| Resettlement costs                                    | 57 482           | 47 852           |
| Other                                                 | 299 431          | 159 832          |
| <b>Total</b>                                          | <b>361 052</b>   | <b>209 030</b>   |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                            | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------------------------------------------------------------|------|------------------|------------------|
| <b>5. Financial transactions in assets and liabilities</b> |      |                  |                  |
| Other material losses written off                          | 5.1  | 38 912           | 26 760           |
| Debts written off                                          | 5.2  | 32 393           | 2 431            |
| Forex losses                                               | 5.3  | 3 701            | 3 038            |
| <b>Total</b>                                               |      | <b>75 006</b>    | <b>32 229</b>    |
| <b>5.1 Other material losses written off</b>               |      |                  |                  |
| <b>Nature of losses</b>                                    |      |                  |                  |
| Settlement (dispute on tender process)                     |      | 12 712           | 15 000           |
| Legal fees State Attorney                                  |      | 448              | 6 618            |
| Motor vehicle losses                                       |      | 1 776            | 1 902            |
| Other claims against the state                             |      | 13 587           | 1 806            |
| Legal opinions                                             |      | 37               | 1 194            |
| Legal fees                                                 |      | 9 688            | 101              |
| Interest claims                                            |      | 595              | 80               |
| Fruitless and wasteful expenditure                         |      | 45               | 45               |
| Spectacle losses                                           |      | 24               | 14               |
|                                                            |      | <b>38 912</b>    | <b>26 760</b>    |
| <b>5.2 Debts written off</b>                               |      |                  |                  |
| <b>Nature of debts written off</b>                         |      |                  |                  |
| Collection of debt uneconomical (10 cases)                 |      | -                | 576              |
| Salary related                                             |      | 811              | 609              |
| Operations                                                 |      | 31 500           | 946              |
| State guarantees                                           |      | 42               | 80               |
| Estates                                                    |      | 40               | 187              |
| Suppliers overpaid                                         |      | -                | 29               |
| Treatment of private patients                              |      | -                | 4                |
| <b>Total</b>                                               |      | <b>32 393</b>    | <b>2 431</b>     |





## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|            | Note                                        | 2008/09<br>R'000 | 2007/08<br>R'000 |                  |
|------------|---------------------------------------------|------------------|------------------|------------------|
| <b>5.3</b> | <b>Forex losses</b>                         |                  |                  |                  |
|            | <b>Nature of loss</b>                       |                  |                  |                  |
|            | Foreign exchange losses on operations       | 3 701            | 3 038            |                  |
| <b>5.4</b> | <b>Irrecoverable revenue written off</b>    |                  |                  |                  |
|            | Stat Chg in<br>NA                           |                  |                  |                  |
|            | <b>Nature of losses</b>                     |                  |                  |                  |
|            | Salary related                              | 39               | 46               |                  |
|            | Contractual Liabilities                     | 191              | 2 391            |                  |
|            | State guarantees                            | 29               | 76               |                  |
|            | Estates                                     | 28               | 208              |                  |
|            | Motor vehicle accidents                     | 370              | 1 058            |                  |
|            | Loss of state property                      | 22               | 57               |                  |
|            | Medical services rendered to other parties  | 3                | 77               |                  |
|            | Treatment of state patients                 | 15               | 76               |                  |
|            | Operations/Marketing Support                | 424              | -                |                  |
|            | Private institutions and Other              | 2                | 95               |                  |
|            | <b>Total</b>                                | <b>1 123</b>     | <b>4 084</b>     |                  |
| <b>6.</b>  | <b>Transfers and subsidies</b>              |                  |                  |                  |
|            | Provinces and municipalities                | Annex 1A         | 13 806           | 36 710           |
|            | Departmental agencies and accounts          | Annex 1B         | 8 096 608        | 8 243 440        |
|            | Public corporations and private enterprises | Annex 1C         | 565 754          | 473 826          |
|            | Non-profit institutions                     | Annex 1D         | 4 198            | 2 878            |
|            | Households                                  | Annex 1E         | 152 754          | 170 036          |
|            | <b>Total</b>                                |                  | <b>8 833 120</b> | <b>8 926 890</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                       | Note | 2008/09<br>R'000                 | 2007/08<br>R'000                    |                        |
|-----------------------------------------------------------------------|------|----------------------------------|-------------------------------------|------------------------|
| 7. Expenditure for capital assets                                     |      |                                  |                                     |                        |
| <b>Tangible assets</b>                                                |      | 997 574                          | 489 294                             |                        |
| Buildings and other fixed structures                                  | 7.1  | 476 527                          | 93 357                              |                        |
| Machinery and equipment                                               | 7.1  | 521 047                          | 395 937                             |                        |
| <b>Software and other intangible assets</b>                           |      | 1 305                            | 8 425                               |                        |
| Computer software                                                     | 7.1  | 1 305                            | 8 425                               |                        |
| <b>Total</b>                                                          |      | 998 879                          | 497 719                             |                        |
| 7.1 Analysis of funds utilised to acquire capital assets<br>- 2008/09 |      |                                  |                                     |                        |
|                                                                       |      | <b>Voted<br/>Funds<br/>R'000</b> | <b>Aid<br/>assistance<br/>R'000</b> |                        |
|                                                                       |      |                                  | <b>TOTAL<br/>R'000</b>              |                        |
| <b>Tangible assets</b>                                                |      | 997 574                          | -                                   | 997 574                |
| Buildings and other fixed structures                                  |      | 476 527                          | -                                   | 476 527                |
| Machinery and equipment                                               |      | 521 047                          | -                                   | 521 047                |
| <b>Software and other intangible assets</b>                           |      | 1 305                            | -                                   | 1 305                  |
| Computer software                                                     |      | 1 305                            | -                                   | 1 305                  |
| <b>Total</b>                                                          |      | 998 879                          | -                                   | 998 879                |
| 7.2 Analysis of funds utilised to acquire capital assets<br>- 2007/08 |      |                                  |                                     |                        |
|                                                                       |      | <b>Voted<br/>Funds<br/>R'000</b> | <b>Aid<br/>assistance<br/>R'000</b> | <b>TOTAL<br/>R'000</b> |
| <b>Total assets acquired</b>                                          |      | 497 719                          | -                                   | 497 719                |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                     | 2008/09<br>R'000 | 2007/08<br>R'000 |
|---------------------------------------------------------------------|------------------|------------------|
| <b>8. Unauthorised expenditure</b>                                  |                  |                  |
| <b>8.1 Reconciliation of unauthorised expenditure</b>               |                  |                  |
| Opening balance                                                     | 20 625           | 20 625           |
| Amounts approved by Parliament                                      | -                | -                |
| Transfer to receivables for recovery (not approved)                 | -                | -                |
| Unauthorised expenditure awaiting authorisation                     | <b>20 625</b>    | <b>20 625</b>    |
| <b>9. Fruitless and wasteful expenditure</b>                        |                  |                  |
| <b>9.1 Reconciliation of fruitless and wasteful expenditure</b>     |                  |                  |
| Opening balance                                                     | 951              | 959              |
| Fruitless and wasteful expenditure - current year                   |                  |                  |
| Current expenditure                                                 | -                | 55               |
| Amounts condoned                                                    |                  |                  |
| Current expenditure                                                 | (12)             | (18)             |
| Transfer to receivables for recovery (not condoned)                 | (8)              | (45)             |
| Fruitless and wasteful expenditure awaiting condonement             | <b>931</b>       | <b>951</b>       |
| <b>Analysis of awaiting condonement per economic classification</b> |                  |                  |
| Current                                                             | 931              | 951              |
| <b>Total</b>                                                        | <b>931</b>       | <b>951</b>       |
| <b>10. Cash and cash equivalents</b>                                |                  |                  |
| Cash on hand                                                        | 40 266           | 35 194           |
| Cash with commercial banks                                          | 21 167           | 22 574           |
| <b>Total</b>                                                        | <b>61 433</b>    | <b>57 768</b>    |
| <b>11. Prepayments and advances</b>                                 |                  |                  |
| <b>Description</b>                                                  |                  |                  |
| Travel and subsistence                                              | 90 164           | 74 476           |
| <b>Total</b>                                                        | <b>90 164</b>    | <b>74 476</b>    |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

12. Receivables

|                    | Note           | Less than one year R'000 | One to three years R'000 | Older than three years R'000 | 2008/09 Total R'000 | 2007/08 Total R'000 |
|--------------------|----------------|--------------------------|--------------------------|------------------------------|---------------------|---------------------|
| Claims recoverable |                | 547                      | 1 217                    | 490                          | 2 255               | 60 074              |
|                    | 12.1 & Annex 4 |                          |                          |                              |                     |                     |
|                    | 12.1 & Annex 4 |                          |                          |                              |                     |                     |
| Staff debt         | 12.2           | 40 268                   | 3 276                    | 8 160                        | 51 704              | 40 593              |
| Other debtors      | 12.3           | 52 306                   | 68 805                   | 515 561                      | 636 671             | 614 957             |
| <b>Total</b>       |                | <b>93 121</b>            | <b>73 298</b>            | <b>524 211</b>               | <b>690 630</b>      | <b>715 624</b>      |

12.1 Claims recoverable

|                      |  |              |               |
|----------------------|--|--------------|---------------|
| National departments |  | 2 229        | 36 033        |
| Public entities      |  | 26           | 24 029        |
| Local governments    |  | -            | 12            |
| <b>Total</b>         |  | <b>2 255</b> | <b>60 074</b> |



12.2 Staff debtors

| Description              | 2008/09       | 2007/08       |
|--------------------------|---------------|---------------|
| Salary related           | 32 360        | 22 508        |
| Students                 | 5 826         | 4 935         |
| Motor vehicle accidents  | 4 457         | 4 695         |
| Deposits                 | 6 750         | 5 671         |
| State guarantees         | 1 494         | 1 872         |
| Loss of State money      | 617           | 642           |
| Damage to State property | 43            | 36            |
| Private patients         | 157           | 234           |
| <b>Total</b>             | <b>51 704</b> | <b>40 593</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                           | 2008/09<br>R'000 | 2007/08<br>R'000 |
|---------------------------------------------------------------------------|------------------|------------------|
| <b>12.3 Other debtors</b>                                                 |                  |                  |
| <b>Description</b>                                                        |                  |                  |
| Unauthorised expenditure not approved by Parliament and to be written off | 467 704          | 467 704          |
| Operations                                                                | 65 140           | 65 648           |
| Contractual liabilities                                                   | 58 378           | 43 950           |
| Loss of State funds not included in loss of State money                   | -                | 9 379            |
| Salary related (ex-members)                                               | 10 954           | 9 183            |
| Aviation services                                                         | 7 628            | 6 795            |
| Suppliers                                                                 | 3 947            | 5 020            |
| Motor vehicle accidents                                                   | 3 927            | 3 868            |
| Estates                                                                   | 1 157            | 974              |
| State guarantees                                                          | 790              | 891              |
| Medical claims                                                            | 1 031            | 779              |
| Private patients                                                          | 357              | 319              |
| Market support                                                            | 4 344            | 271              |
| Humanitarian aid                                                          | 52               | 52               |
| Institutions                                                              | 67               | 51               |
| Damage to State property                                                  | 21               | 26               |
| Dishonoured cheques                                                       | -                | 21               |
| Dockyard                                                                  | -                | 17               |
| Miscellaneous                                                             | 86               | 9                |
| Loss of State money                                                       | 10 957           | -                |
| Private institutions                                                      | -                | -                |
| Aviation fuel                                                             | -                | -                |
| Students                                                                  | -                | -                |
| Fruitless and wasteful expenditure                                        | 131              | -                |
| <b>Total</b>                                                              | <b>636 671</b>   | <b>614 957</b>   |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                                                                                                                                                                   | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------|------------------|
| 13. Loans                                                                                                                                                                                                         |      |                  |                  |
| Public Corporations                                                                                                                                                                                               |      | 12 362           | 12,362           |
| <b>Total</b>                                                                                                                                                                                                      |      | <b>12 362</b>    | <b>12 362</b>    |
| <b>Analysis of Balance</b>                                                                                                                                                                                        |      |                  |                  |
| Opening Balance                                                                                                                                                                                                   |      | 12 362           | 12 362           |
| Closing Balance                                                                                                                                                                                                   |      | 12 362           | 12 362           |
| Current portion of loans                                                                                                                                                                                          |      | 12 362           | 12 362           |
| <p>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 was payable by March 2007.</p> |      |                  |                  |
| 14. Investments                                                                                                                                                                                                   |      |                  |                  |
| Non-Current                                                                                                                                                                                                       |      |                  |                  |
| Shares and other equity                                                                                                                                                                                           |      |                  |                  |
| Armcor                                                                                                                                                                                                            |      | 75 000           | 75 000           |
| <b>Total</b>                                                                                                                                                                                                      |      | <b>75 000</b>    | <b>75 000</b>    |
| 15. Voted funds to be surrendered to the Revenue Fund                                                                                                                                                             |      |                  |                  |
| Opening balance                                                                                                                                                                                                   |      | 268 178          | 85 814           |
| Transfer from Statement of Financial Performance                                                                                                                                                                  |      | 97 741           | 1 111 672        |
| Add: Unauthorised expenditure for current year                                                                                                                                                                    | 9    | -                | 55               |
| Voted funds not requested/not received                                                                                                                                                                            | 20   | -                | (843 549)        |
| Paid during the year                                                                                                                                                                                              |      | (268 178)        | (85 814)         |
| Closing balance                                                                                                                                                                                                   |      | 97 741           | 268 178          |
| 16. Departmental revenue to be surrendered to the Revenue Fund                                                                                                                                                    |      |                  |                  |
| Opening balance                                                                                                                                                                                                   |      | 105 724          | 37 919           |
| Transfer from Statement of Financial Performance                                                                                                                                                                  |      | 629 390          | 551 855          |
| Paid during the year                                                                                                                                                                                              |      | (727 160)        | (484 050)        |
| Closing balance                                                                                                                                                                                                   |      | 7 954            | 105 724          |



| Financial Performance |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                                                  | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|--------------------------------------------------------------------------------------------------|------|------------------|------------------|
| <b>17. Bank overdraft</b>                                                                        |      |                  |                  |
| Consolidated Paymaster General Account                                                           |      | 572 473          | 228 501          |
|                                                                                                  |      | <b>572 473</b>   | <b>228 501</b>   |
| <b>18. Payables - current</b>                                                                    |      |                  |                  |
| <b>Description</b>                                                                               |      |                  |                  |
| Clearing accounts                                                                                | 18.1 | 632              | 596              |
| Other payables                                                                                   | 18.2 | 29 194           | 159 833          |
| <b>Total</b>                                                                                     |      | <b>29 826</b>    | <b>160 429</b>   |
| <b>18.1 Clearing accounts</b>                                                                    |      |                  |                  |
| <b>Description</b>                                                                               |      |                  |                  |
| Subsistence and Travel Cash Voucher Receipt                                                      |      | 607              | 494              |
| Foreign Subsistence and Travel not included in Subsistence and Travel Cash Voucher Receipt above |      | 25               | 102              |
| <b>Total</b>                                                                                     |      | <b>632</b>       | <b>596</b>       |
| <b>18.2 Other payables</b>                                                                       |      |                  |                  |
| <b>Description</b>                                                                               |      |                  |                  |
| Unclaimed salaries                                                                               |      | 10 303           | 6 645            |
| Debtors in credit                                                                                |      | 9 433            | 10 405           |
| Other payables                                                                                   |      | 6 676            | 6 213            |
| State guarantees                                                                                 |      | 652              | 4 446            |
| Suppliers                                                                                        |      | 2 130            | 76 466           |
| Suppliers not included in suppliers above                                                        |      | -                | 55 658           |
| <b>Total</b>                                                                                     |      | <b>29 194</b>    | <b>159 833</b>   |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                  | Note |                         |                           |                              | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------------------------------------------------------------------|------|-------------------------|---------------------------|------------------------------|------------------|------------------|
| <b>19. Payables – non-current</b>                                |      |                         |                           |                              |                  |                  |
|                                                                  |      | <b>One to two years</b> | <b>Two to three years</b> | <b>More than three years</b> | <b>Total</b>     | <b>2007/08</b>   |
|                                                                  |      | <b>R'000</b>            | <b>R'000</b>              | <b>R'000</b>                 | <b>R'000</b>     | <b>R'000</b>     |
| Amounts owing to other entities                                  |      | 37                      | -                         | -                            | 37               | -                |
| Other payables                                                   | 19.1 | 2 548                   | 993                       | 2 557                        | 6 098            | -                |
| <b>Total</b>                                                     |      | <b>2 585</b>            | <b>993</b>                | <b>2 557</b>                 | <b>6 135</b>     | <b>-</b>         |
| <b>19.1 Other payables</b>                                       |      |                         |                           |                              |                  |                  |
| Unclaimed salaries                                               |      |                         |                           |                              | 27               | -                |
| Debtors in credit                                                |      |                         |                           |                              | 1 460            | -                |
| Other payables                                                   |      |                         |                           |                              | 748              | -                |
| State guarantees                                                 |      |                         |                           |                              | 3 832            | -                |
| Suppliers                                                        |      |                         |                           |                              | 31               | -                |
| <b>Total</b>                                                     |      |                         |                           |                              | <b>6 098</b>     | <b>-</b>         |
| <b>20. Net cash flow available from operating activities</b>     |      |                         |                           |                              |                  |                  |
| Net surplus/(deficit) as per Statement of Financial Performance  |      |                         |                           |                              | 727 131          | 1 663 527        |
| Add back non cash/cash movements not deemed operating activities |      |                         |                           |                              | (239 802)        | (851 398)        |
| (Increase)/decrease in receivables – current                     |      |                         |                           |                              | 24 994           | (26 931)         |
| (Increase)/decrease in prepayments and advances                  |      |                         |                           |                              | (15 688)         | 101 995          |
| (Increase)/decrease in other current assets                      |      |                         |                           |                              | 20               | 8                |
| Increase/(decrease) in payables – current                        |      |                         |                           |                              | (130 603)        | 118 082          |
| Proceeds from sale of capital assets                             |      |                         |                           |                              | (122 066)        | (128 913)        |
| Expenditure on capital assets                                    |      |                         |                           |                              | 998 879          | 497 719          |
| Surrenders to Revenue Fund                                       |      |                         |                           |                              | (995 338)        | (569 864)        |
| Voted funds not requested/not received                           |      |                         |                           |                              | -                | (843 549)        |
| Other non-cash items                                             |      |                         |                           |                              | -                | 55               |
| <b>Net cash flow generated by operating activities</b>           |      |                         |                           |                              | <b>487 329</b>   | <b>812 129</b>   |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                        | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------------------------------------------------------------------------|------------------|------------------|
| 21. Reconciliation of cash and cash equivalents for cash flow purposes |                  |                  |
| Consolidated Paymaster General account                                 | (572 473)        | (228 501)        |
| Cash on hand                                                           | 40 266           | 35 194           |
| Cash with commercial banks (Local)                                     | 21 167           | 22 574           |
| <b>Total</b>                                                           | <b>(511 040)</b> | <b>(170 733)</b> |



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999

### 22. Contingent liabilities

| Liable to                                                  | Nature    | Note        | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------------------------------------------------------------|-----------|-------------|------------------|------------------|
| Housing loan guarantees                                    | Employees | Annexure 3A | 27 680           | 37 497           |
| Claims against the department                              |           | Annexure 3B | 421 297          | 320 529          |
| Other departments (interdepartmental unconfirmed balances) |           | Annexure 5  | 211 173          | 18 988           |
| Environmental rehabilitation liability                     |           | Annexure 3B | 107 791          | 54 400           |
| Other                                                      |           | Annexure 3B | 11 815           | 18 983           |
| <b>Total</b>                                               |           |             | <b>779 756</b>   | <b>450 397</b>   |

The amount disclosed for the financial year 2007/2008 with regards to Housing Loan Guarantees has been restated from R91 933 645 to R37 496 569 due to an overstatement in the previous financial year.

### 23. Commitments

|                                 |  |  |                  |                  |
|---------------------------------|--|--|------------------|------------------|
| <b>Current expenditure</b>      |  |  |                  |                  |
| Approved and contracted         |  |  | 1 524 539        | 1 223 475        |
| Approved but not yet contracted |  |  | 809 957          | 522 652          |
|                                 |  |  | <b>2 334 496</b> | <b>1 746 127</b> |
| <b>Capital expenditure</b>      |  |  |                  |                  |
| Approved and contracted         |  |  | 652 699          | 234 463          |
| Approved but not yet contracted |  |  | 28 930           | 40 692           |
|                                 |  |  | <b>681 629</b>   | <b>275 155</b>   |
| <b>Total Commitments</b>        |  |  | <b>3 016 125</b> | <b>2 021 282</b> |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                   | Note                     | 2008/09<br>R'000          | 2007/08<br>R'000       |
|---------------------------------------------------|--------------------------|---------------------------|------------------------|
| <b>24. Accruals</b>                               |                          |                           |                        |
| <b>By economic classification</b>                 | <b>30 Days<br/>R'000</b> | <b>30+ Days<br/>R'000</b> | <b>Total<br/>R'000</b> |
| Compensation of employees                         | 162 432                  | -                         | 162 432                |
| Goods and services                                | 60 458                   | 137 962                   | 198 420                |
| Transfers and subsidies                           | 8 371                    | 891                       | 9 262                  |
| Buildings and other fixed structures              | 22 037                   | 4 549                     | 26 586                 |
| Machinery and equipment                           | 54 894                   | 6 896                     | 61 790                 |
| Other                                             | 9                        | -                         | 9                      |
| <b>Total</b>                                      | <b>308 201</b>           | <b>150 298</b>            | <b>458 499</b>         |
| <b>Listed by programme level</b>                  |                          |                           |                        |
| Administration                                    |                          |                           | 11 415                 |
| Landward Defence                                  |                          |                           | 108 105                |
| Air Defence                                       |                          |                           | 38 894                 |
| Maritime Defence                                  |                          |                           | 98 194                 |
| Military Health Support                           |                          |                           | 116 328                |
| Defence Intelligence                              |                          |                           | 4 487                  |
| Joint Support                                     |                          |                           | 41 841                 |
| Force Employment                                  |                          |                           | 39 235                 |
| <b>Total</b>                                      |                          |                           | <b>458 499</b>         |
| Confirmed balances with departments               | Annex 5                  | 12 671                    | -                      |
| Confirmed balances with other government entities | Annex 5                  | -                         | -                      |
| <b>Total</b>                                      |                          | <b>12 671</b>             | <b>-</b>               |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                              | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------------------------------|------------------|------------------|
| <b>25. Employee benefits</b> |                  |                  |
| Leave entitlement            | 212 619          | 119 305          |
| Thirteenth cheque            | 316 529          | 285 755          |
| Capped leave commitments     | 878 887          | 880 679          |
| <b>Total</b>                 | <b>1 408 035</b> | <b>1 285 739</b> |

The amount disclosed for the financial year 2007/2008 with regards to Leave Entitlement has been restated from R1 070 000 to R119 305 443 due to an understatement in the previous financial year.

Leave entitlement with negative balances due to leave taken but not accrued yet for 2008/09: R38 648 025 (2007/08: R30 216 188)

The amount disclosed for the financial year 2007/2008 with regards to Capped Leave Commitments has been restated from R865 398 000 to R880 679 000 due to an understatement in the previous financial year.

### 26. Lease Commitments



#### 26.1 Operating leases

| 2008/09                                      | Land         | Buildings and other fixed structures | Machinery and equipment | Total          |
|----------------------------------------------|--------------|--------------------------------------|-------------------------|----------------|
| Not later than 1 year                        | 2 611        | 135 239                              | -                       | 137 850        |
| Later than 1 year and not later than 5 years | 2 611        | 287 156                              | -                       | 289 767        |
| Later than five years                        | 1 209        | 187 080                              | -                       | 188 289        |
| <b>Total lease commitments</b>               | <b>6 431</b> | <b>609 475</b>                       | <b>-</b>                | <b>615 906</b> |

| 2007/08                                      | Land         | Buildings and other fixed structures | Machinery and equipment | Total          |
|----------------------------------------------|--------------|--------------------------------------|-------------------------|----------------|
| Not later than 1 year                        | 3 016        | 160 126                              | -                       | 163 142        |
| Later than 1 year and not later than 5 years | 5 190        | 399 362                              | -                       | 404 552        |
| Later than five years                        | 1 380        | 235 522                              | -                       | 236 902        |
| <b>Total lease commitments</b>               | <b>9 586</b> | <b>795 010</b>                       | <b>-</b>                | <b>804 596</b> |



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 26.2 Finance leases expenditure

| 2008/09                                         | Land | Buildings and other fixed structures | Machinery and equipment | Total  |
|-------------------------------------------------|------|--------------------------------------|-------------------------|--------|
| Not later than 1 year                           | -    | -                                    | 24 675                  | 24 675 |
| Later than 1 year and not later than 5 years    | -    | -                                    | 26 054                  | 26 054 |
| Later than five years                           | -    | -                                    | -                       | -      |
| <b>Total lease commitments</b>                  | -    | -                                    | 50 729                  | 50 729 |
| LESS: finance costs                             | -    | -                                    | 2 731                   | 2 731  |
| <b>Total present value of lease liabilities</b> | -    | -                                    | 47 998                  | 47 998 |

| 2007/08                                         | Land | Buildings and other fixed structures | Machinery and equipment | Total  |
|-------------------------------------------------|------|--------------------------------------|-------------------------|--------|
| Not later than 1 year                           | -    | -                                    | 10 546                  | 10 546 |
| Later than 1 year and not later than 5 years    | -    | -                                    | 12 565                  | 12 565 |
| Later than five years                           | -    | -                                    | -                       | -      |
| <b>Total lease commitments</b>                  | -    | -                                    | 23 111                  | 23 111 |
| LESS: finance costs                             | -    | -                                    | 1 230                   | 1 230  |
| <b>Total present value of lease liabilities</b> | -    | -                                    | 21 881                  | 21 881 |

The amount disclosed for the financial year 2007/2008 with regards to leases has been restated due to the understatement in the previous financial year.

|                                                              | 2008/09<br>R'000 | 2007/08<br>R'000 |
|--------------------------------------------------------------|------------------|------------------|
| <b>27. Receivables for departmental revenue</b>              |                  |                  |
| Financial transactions in asset and liabilities              | 81 289           | 147 004          |
| <b>27.1 Analysis of receivables for departmental revenue</b> |                  |                  |
| Opening balance                                              | 147 004          |                  |
| Less: Amounts received                                       | (288 559)        |                  |
| Add: Amounts recognised                                      | 222 844          |                  |
| <b>Closing balance</b>                                       | <b>81 289</b>    |                  |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 28. Irregular expenditure

| 28.1 | Reconciliation of irregular expenditure                        | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------|----------------------------------------------------------------|------|------------------|------------------|
|      | Opening balance                                                |      | 4 710            | 272 121          |
|      | Add: Irregular expenditure - relating to prior year            |      | 47 573           | -                |
|      | Add: Irregular expenditure - relating to current year          |      | 68 742           | 4 440            |
|      | Less: Amounts condoned                                         |      | (1 513)          | (271 792)        |
|      | Less: Amounts recoverable (not condoned)                       |      | (9)              | (59)             |
|      | Less: Amounts not recoverable (not condoned)                   |      | (1030)           | -                |
|      | <b>Irregular expenditure awaiting condonement</b>              |      | <b>118 473</b>   | <b>4 710</b>     |
|      | <b>Analysis of awaiting condonement per age classification</b> |      |                  |                  |
|      | Current                                                        |      | 68 742           | 4 440            |
|      | Prior years                                                    |      | 49 731           | 270              |
|      | <b>Total</b>                                                   |      | <b>118 473</b>   | <b>4 710</b>     |

### 28.2 Irregular expenditure

#### Incident Disciplinary steps taken/criminal proceedings

|                                           |                          |        |   |
|-------------------------------------------|--------------------------|--------|---|
| Deviation from contract                   | Awaiting input from unit | 2      | - |
| Ex Post Facto authorisation               | Awaiting input from unit | 18 064 | - |
| CMIS authority omitted                    | Awaiting input from unit | 6      | - |
| Subdivision of requirements               | Members trained          | 196    | - |
| Prepayment                                | Awaiting input from unit | 9      | - |
| Conclusion of contract without delegation | Awaiting input from unit | 209    | - |
| Payment of old invoices                   | Awaiting input from unit | 9      | - |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 28.2 Irregular expenditure

#### Incident Disciplinary steps taken/criminal proceedings (continued)

|                                          |                          |               |          |
|------------------------------------------|--------------------------|---------------|----------|
| Exceeding delegation of powers           | Members reprimanded      | 2 468         | -        |
| Payment of casual workers not authorised | Awaiting input from unit | 11            | -        |
| Funeral without authority                | Awaiting input from unit | 103           | -        |
| Payments without FA and GO               | Awaiting input from unit | 887           | -        |
| Finance lease payments                   | Practice note 5 of NT    | 31 536        | -        |
| A400 Airbus                              | Awaiting input from unit | 15 242        | -        |
| <b>Total</b>                             |                          | <b>68 742</b> | <b>-</b> |

### 28.3 Details of irregular expenditure condoned

#### Incident Condoned by (condoning authority)

|                                                                 |                                                    |    |   |
|-----------------------------------------------------------------|----------------------------------------------------|----|---|
| Subdivision of requirement - repairs to vehicle                 | Prosecution and Recovery committee                 | 5  | - |
| Subdivision of requirement - procurement of tyres               | Prosecution and Recovery committee                 | 4  | - |
| Subdivision of requirement - fitment of utility body on vehicle | Prosecution and Recovery committee                 | 6  | - |
| Subdivision of requirement - meranti cleats                     | DOD Corporate Commercial Procurement Sub-Committee | 7  | - |
| Subdivision of requirement - air conditioners                   | Prosecution and Recovery committee                 | 15 | - |
| Subdivision of requirement - pest and weed control              | Prosecution and Recovery committee                 | 7  | - |
| Deviation from contract - bus ticket                            | Prosecution and Recovery committee                 | 2  | - |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 28.3 Details of irregular expenditure condoned

| Incident                                                | Condoned by (condoning authority) (continued)      |     |   |
|---------------------------------------------------------|----------------------------------------------------|-----|---|
| Incomplete supporting documents                         | Prosecution and Recovery committee                 | 2   | - |
| Rental of sanitary bins outside contract                | DOD Corporate Commercial Procurement Sub-Committee | 2   | - |
| Irregularities wrt quotations                           | DOD Corporate Commercial Procurement Sub-Committee | 12  | - |
| Ex Post Facto authority - exceeding delegation limit    | DOD Corporate Commercial Procurement Sub-Committee | 56  | - |
| Ex Post Facto authority - Payment of leather            | DOD Corporate Commercial Procurement Sub-Committee | 10  | - |
| Ex Post Facto authority - work done by Retecon Services | DOD Corporate Commercial Procurement Sub-Committee | 20  | - |
| Ex Post Facto authority - payment of electrical account | DOD Corporate Commercial Procurement Sub-Committee | 3   | - |
| Ex Post Facto authority - purchasing of printers        | DOD Corporate Commercial Procurement Sub-Committee | 114 | - |
| Ex Post Facto authority - advance driver course         | DOD Corporate Commercial Procurement Sub-Committee | 28  | - |
| Ex Post Facto authority - library services              | DOD Corporate Commercial Procurement Sub-Committee | 4   | - |
| Ex Post Facto authority - transport of students by bus  | DOD Corporate Commercial Procurement Sub-Committee | 3   | - |



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 28.3 Details of irregular expenditure condoned

| Incident                                                     | Condoned by (condoning authority) (continued)      |     |   |
|--------------------------------------------------------------|----------------------------------------------------|-----|---|
| Ex Post Facto authority - procurement of promotional items   | DOD Corporate Commercial Procurement Sub-Committee | 20  | - |
| Ex Post Facto authority - hiring of bus                      | DOD Corporate Commercial Procurement Sub-Committee | 19  | - |
| Ex Post Facto authority - day-to-day maintenance             | DOD Corporate Commercial Procurement Sub-Committee | 475 | - |
| Ex Post Facto authority - purchase and print of certificates | DOD Corporate Commercial Procurement Sub-Committee | 0   | - |
| Ex Post Facto authority - service of vehicle                 | DOD Corporate Commercial Procurement Sub-Committee | 2   | - |
| Ex Post Facto authority - Durban Military Tattoo             | DOD Corporate Commercial Procurement Sub-Committee | 598 | - |
| Ex Post Facto authority - gazebos                            | DOD Corporate Commercial Procurement Sub-Committee | 5   | - |
| Ex Post Facto authority - batteries                          | DOD Corporate Commercial Procurement Sub-Committee | 2   | - |
| Ex Post Facto authority - procurement of safes               | DOD Corporate Commercial Procurement Sub-Committee | 44  | - |
| Ex Post Facto authority - Additional work by contractor      | DOD Corporate Commercial Procurement Sub-Committee | 14  | - |
| Ex post Facto authority - purchasing of diaries              | DOD Corporate Commercial Procurement Sub-Committee | 11  | - |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 28.3 Details of irregular expenditure condoned

| Incident                                           | Condoned by (condoning authority) (continued)      |              |          |
|----------------------------------------------------|----------------------------------------------------|--------------|----------|
| Ex post Facto authority - rental of bulk equipment | DOD Corporate Commercial Procurement Sub-Committee | 13           | -        |
| Ex Post Facto authority - day-to-day maintenance   | DOD Corporate Commercial Procurement Sub-Committee | 14           | -        |
|                                                    |                                                    | <u>1 513</u> | <u>-</u> |

### 28.4 Details of irregular expenditure recoverable (not condoned)

| Incident                                                |  |          |          |
|---------------------------------------------------------|--|----------|----------|
| Up front payment of repairs to mil vehicle              |  | 5        | -        |
| Complete procurement process before goods were received |  | 4        | -        |
|                                                         |  | <u>9</u> | <u>-</u> |

### 28.5 Details of irregular expenditure not recoverable (not condoned)

| Incident                                                |  |              |          |
|---------------------------------------------------------|--|--------------|----------|
| Ex post Facto authority - appointment of Labour Brokers |  | 1 030        | -        |
|                                                         |  | <u>1 030</u> | <u>-</u> |

### 29. Fruitless and wasteful expenditure

#### 29.1 Reconciliation of fruitless and wasteful expenditure

|                                                                     |              |          |
|---------------------------------------------------------------------|--------------|----------|
| Fruitless and wasteful expenditure – relating to prior year         | 55           | -        |
| Fruitless and wasteful expenditure – relating to current year       | 4 596        | -        |
| Less: Amounts condoned                                              | (12)         | -        |
| Less: Amounts transferred to receivables for recovery               | (52)         | -        |
| <b>Fruitless and wasteful expenditure awaiting condonement</b>      | <b>4 587</b> | <b>-</b> |
| <b>Analysis of awaiting condonement per economic classification</b> |              |          |
| Current                                                             | 4 587        | -        |
| <b>Total</b>                                                        | <b>4 587</b> | <b>-</b> |





## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 29.2 Analysis of Current Year's Fruitless and wasteful expenditure

| Incident                                             | Disciplinary steps taken/<br>criminal proceedings |              |          |
|------------------------------------------------------|---------------------------------------------------|--------------|----------|
| Fence at ASB Potchefstroom                           | Under investigation to determine liability        | 4 058        | -        |
| Sec Def House                                        | Under investigation to determine liability        | 284          | -        |
| Bus services not cancelled                           | Under investigation to determine liability        | 70           | -        |
| Service Products accounts                            | Under investigation to determine liability        | 55           | -        |
| No show charges                                      | Under investigation to determine liability        | 46           | -        |
| Levied amount by hotel                               | Under investigation to determine liability        | 32           | -        |
| Member received optometric benefits not entitled to  | Under investigation to determine liability        | 27           | -        |
| Other                                                | Under investigation to determine liability        | 19           | -        |
| Member not entitled to medical treatment             | Under investigation to determine liability        | 2            | -        |
| VAT levied by supplier prior to date of registration | Under investigation to determine liability        | 1            | -        |
| Various cases (4)                                    | Under investigation to determine liability        | 1            | -        |
| Overpayment of casual workers                        | Under investigation to determine liability        | 1            | -        |
| <b>Total</b>                                         |                                                   | <b>4 596</b> | <b>-</b> |

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

## 30. Related party transactions

### Identification and nature of related party relationship

As at 31 March 2009 the Department of Defence had the following related parties namely the

- President of the Republic of South Africa (RSA);
- Deputy President of RSA;
- Cabinet of the RSA, including the Ministers of all National Departments;
- All National Departments; and
- All public entities falling under the portfolio of the Minister of Defence, these being the:
  - Armaments Corporation of South Africa Limited (“ARMSCOR”) including subsidiaries, joint ventures or units under its control;
  - Castle Control Board
  - South African National Defence Force Fund (“SANDF Fund”) and
  - Reserve Force Council.

### Related party transactions

- The Department of Defence is not aware of any transactions that occurred during the financial year between the Department and the President of the RSA, the Deputy President of RSA, Cabinet of the RSA, including the Ministers of all National Departments and any other National Departments which were not at arms length.
- As at 31 March 2009, both Armscor and the Department of Defence are not aware of any non arms length transactions taking place between the related parties other than the use of Six South African Military (SAMIL) vehicles. Four SAMIL 50's and two SAMIL 100 vehicles, owned by the Department were allocated to Gerotek (Pty) Ltd several years ago. Gerotek (Pty) Ltd uses these vehicles in its operations at no consideration to the Department of Defence. These vehicles are used primarily for Defence purposes. Gerotek (Pty) Ltd carries the responsibility of the maintenance and insurance of the abovementioned equipment. The age of these vehicles is in excess of 20 years.
- During the financial year the following non arms length transactions took place between the Department and the Castle Control Board (CCB):
- The Castle Control Board (CCB) receives free occupation of the Castle building which is currently owned by the Department. The following related parties also occupy parts of the Castle at no consideration.
  - Die Goewerneur restaurant;
  - Waterblommetjie restaurant;
  - Castle forge;
  - Carriage rides;
  - Castle military museum;
  - Souvenir shop; and
  - Iziko museum.
- The Western Cape Army Support Base (forming part of the Department) supplied guards to the CCB, at no charge to guard the Castle and perform key ceremonies.
- The Cape Town Military Tattoo, consisting of Department military staff help stage military performances at the Castle at no charge to the CCB.

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### Related party transactions (continued)

- The Department provides management and advisory services to the CCB. The cost of the time and subsistence spent by these individuals to the Department is R2 056 846 (2007/08:R1 822 776).
- The Department of Defence currently provides management and administrative support to the SANDF Fund at no consideration. The cost of the time spent by these individuals to the Department is R7 320 (2007/08: R14 601)
- The Department of Defence is not aware of any non arms length transactions that might have occurred during the current financial year between the Department and the Reserve Force Council.
- In May 2008 the South African Navy supplied free docking services to Sarah Bartman in Simonstown.
- In April and June 2008 the South African Airforce provided roadside assistance to an accident site and in August 2008 they assisted with bushfire control.

|                                            | Note                     | 2007/08<br>R'000 | 2007/08<br>R'000 |
|--------------------------------------------|--------------------------|------------------|------------------|
| <b>31. Key management personnel</b>        |                          |                  |                  |
| <b>Description</b>                         | <b>No of individuals</b> | <b>Total</b>     | <b>Total</b>     |
| Political Office Bearers                   | 4                        | 3 163            | 2 015            |
| Officials                                  |                          |                  |                  |
| Level 15 to 16                             | 17                       | 14 934           | 11 191           |
| Level 14                                   | 11                       | 7 454            | 6 780            |
| Family members of key management personnel | 9                        | 719              | -                |
| <b>Total</b>                               |                          | <b>26 270</b>    | <b>19 986</b>    |
| <b>32. Provisions</b>                      |                          |                  |                  |
| <b>Potential irrecoverable debts</b>       |                          |                  |                  |
| Staff debtors                              |                          | 1 631            | 1 478            |
| Other debtors                              |                          | 477 285          | 475 872          |
| Claims recoverable                         |                          | 499              | 1 393            |
| <b>Total</b>                               |                          | <b>479 415</b>   | <b>478 743</b>   |
| <b>Provisions</b>                          |                          |                  |                  |
| Provision for non-recoverable loans        |                          | 12 362           | 12 362           |
| <b>Total</b>                               |                          | <b>491 777</b>   | <b>491 105</b>   |



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

33. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                              | Opening<br>balance | Curr year<br>adjustments<br>to prior year<br>balances | Additions | Disposals | Closing<br>balance |
|----------------------------------------------|--------------------|-------------------------------------------------------|-----------|-----------|--------------------|
|                                              | R'000              | R'000                                                 | R'000     | R'000     | R'000              |
| <b>HERITAGE ASSETS</b>                       | -                  | -                                                     | -         | -         | -                  |
| Heritage assets                              | -                  | -                                                     | -         | -         | -                  |
| <b>MACHINERY AND EQUIPMENT</b>               |                    |                                                       |           |           |                    |
| Transport assets                             | -                  | -                                                     | -         | -         | -                  |
| Specialised military assets                  | -                  | -                                                     | -         | -         | -                  |
| Computer equipment                           | -                  | -                                                     | -         | -         | -                  |
| Furniture and office equipment               | -                  | -                                                     | -         | -         | -                  |
| Other machinery and equipment                | -                  | -                                                     | -         | -         | -                  |
| <b>BIOLOGICAL ASSETS</b>                     |                    |                                                       |           |           |                    |
| Biological assets                            | -                  | -                                                     | -         | -         | -                  |
| <b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b> | -                  | -                                                     | -         | -         | -                  |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

33.1 Additions

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009**

|                                                           | Cash<br>R'000 | Non-cash<br>R'000 | (Capital work-<br>in-progress<br>current<br>costs and<br>finance lease<br>payments)<br>R'000 | Received<br>current, not<br>paid (Paid<br>current year,<br>received prior<br>year)<br>R'000 | Total<br>R'000 |
|-----------------------------------------------------------|---------------|-------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------|
| <b>HERITAGE ASSETS</b>                                    | -             | -                 | -                                                                                            | -                                                                                           | -              |
| Heritage assets                                           | -             | -                 | -                                                                                            | -                                                                                           | -              |
| <b>MACHINERY AND EQUIPMENT</b>                            | -             | -                 | -                                                                                            | -                                                                                           | -              |
| Transport assets                                          | -             | -                 | -                                                                                            | -                                                                                           | -              |
| Specialised military assets                               | -             | -                 | -                                                                                            | -                                                                                           | -              |
| Computer equipment                                        | -             | -                 | -                                                                                            | -                                                                                           | -              |
| Furniture and office equipment                            | -             | -                 | -                                                                                            | -                                                                                           | -              |
| Other machinery and equipment                             | -             | -                 | -                                                                                            | -                                                                                           | -              |
| <b>BIOLOGICAL ASSETS</b>                                  | -             | -                 | -                                                                                            | -                                                                                           | -              |
| Biological assets                                         | -             | -                 | -                                                                                            | -                                                                                           | -              |
| <b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b> | -             | -                 | -                                                                                            | -                                                                                           | -              |



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 33.2 Disposals

#### DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                                          | Sold for cash<br>R'000 | Transfer out or<br>destroyed or<br>scrapped<br>R'000 | Total<br>disposals<br>R'000 | Cash received<br>Actual<br>R'000 |
|----------------------------------------------------------|------------------------|------------------------------------------------------|-----------------------------|----------------------------------|
| <b>HERITAGE ASSETS</b>                                   | -                      | -                                                    | -                           | -                                |
| Heritage assets                                          | -                      | -                                                    | -                           | -                                |
| <b>MACHINERY AND EQUIPMENT</b>                           | -                      | -                                                    | -                           | -                                |
| Transport assets                                         | -                      | -                                                    | -                           | -                                |
| Specialised military assets                              | -                      | -                                                    | -                           | -                                |
| Computer equipment                                       | -                      | -                                                    | -                           | -                                |
| Furniture and office equipment                           | -                      | -                                                    | -                           | -                                |
| Other machinery and equipment                            | -                      | -                                                    | -                           | -                                |
| <b>BIOLOGICAL ASSETS</b>                                 | -                      | -                                                    | -                           | -                                |
| Biological assets                                        | -                      | -                                                    | -                           | -                                |
| <b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b> | -                      | -                                                    | -                           | -                                |

Financial Performance |

### 33.3 Movement for 2007/08

#### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

|                                | Opening<br>balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>balance<br>R'000 |
|--------------------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| <b>HERITAGE ASSETS</b>         | -                           | -                  | -                  | -                           |
| Heritage assets                | -                           | -                  | -                  | -                           |
| <b>MACHINERY AND EQUIPMENT</b> | -                           | -                  | -                  | -                           |
| Transport assets               | -                           | -                  | -                  | -                           |
| Specialised military assets    | -                           | -                  | -                  | -                           |
| Computer equipment             | -                           | -                  | -                  | -                           |
| Furniture and office equipment | -                           | -                  | -                  | -                           |
| Other machinery and equipment  | -                           | -                  | -                  | -                           |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                              | Opening balance | Additions | Disposals | Closing balance |
|----------------------------------------------|-----------------|-----------|-----------|-----------------|
|                                              | R'000           | R'000     | R'000     | R'000           |
| <b>BIOLOGICAL ASSETS</b>                     | -               | -         | -         | -               |
| Biological assets                            | -               | -         | -         | -               |
| <b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b> | -               | -         | -         | -               |

### 33.4 Minor assets

#### MINOR ASSETS OF THE DEPARTMENT FOR 31 MARCH 2009

|              | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|--------------|-------------------|-----------------|-------------------------|-------------------|-------|
|              | R'000             | R'000           | R'000                   | R'000             | R'000 |
| Minor Assets | -                 | -               | -                       | -                 | -     |
| <b>TOTAL</b> | -                 | -               | -                       | -                 | -     |

|                        | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|------------------------|-------------------|-----------------|-------------------------|-------------------|-------|
| Number of minor assets | -                 | -               | -                       | -                 | -     |
| <b>TOTAL</b>           | -                 | -               | -                       | -                 | -     |

Refer to paragraph 11.4 in the Report of the Accounting Officer.

### 34. Intangible Capital Assets

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                        | Opening balance | Curr year adjustments to prior year balances | Additions | Disposals | Closing balance |
|----------------------------------------|-----------------|----------------------------------------------|-----------|-----------|-----------------|
|                                        | R'000           | R'000                                        | R'000     | R'000     | R'000           |
| <b>CAPITALISED DEVELOPMENT COSTS</b>   | -               | -                                            | -         | -         | -               |
| <b>COMPUTER SOFTWARE</b>               | -               | -                                            | -         | -         | -               |
| <b>MASTHEADS AND PUBLISHING TITLES</b> | -               | -                                            | -         | -         | -               |



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                       | Opening balance | Curr year adjustments to prior year balances | Additions | Disposals | Closing balance |
|-------------------------------------------------------|-----------------|----------------------------------------------|-----------|-----------|-----------------|
|                                                       | R'000           | R'000                                        | R'000     | R'000     | R'000           |
| PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS | -               | -                                            | -         | -         | -               |
| RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS        | -               | -                                            | -         | -         | -               |
| SERVICES AND OPERATING RIGHTS                         | -               | -                                            | -         | -         | -               |
| OTHER INTANGIBLES                                     | -               | -                                            | -         | -         | -               |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b>                | <b>-</b>        | <b>-</b>                                     | <b>-</b>  | <b>-</b>  | <b>-</b>        |



| Financial Performance |

### 34.1 Additions

#### ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                                       | Cash  | Non-cash | (Development work-in-progress current costs) | Received current, not paid (Paid current year, received prior year) | Total |
|-------------------------------------------------------|-------|----------|----------------------------------------------|---------------------------------------------------------------------|-------|
|                                                       | R'000 | R'000    | R'000                                        | R'000                                                               | R'000 |
| CAPITALISED DEVELOPMENT COSTS                         | -     | -        | -                                            | -                                                                   | -     |
| COMPUTER SOFTWARE                                     | -     | -        | -                                            | -                                                                   | -     |
| MASTHEADS AND PUBLISHING TITLES                       | -     | -        | -                                            | -                                                                   | -     |
| PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS | -     | -        | -                                            | -                                                                   | -     |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                     | Cash     | Non-cash | (Development work-in-progress current costs) | Received current, not paid (Paid current year, received prior year) | Total    |
|-----------------------------------------------------|----------|----------|----------------------------------------------|---------------------------------------------------------------------|----------|
|                                                     | R'000    | R'000    | R'000                                        | R'000                                                               | R'000    |
| RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS      | -        | -        | -                                            | -                                                                   | -        |
| SERVICES AND OPERATING RIGHTS                       | -        | -        | -                                            | -                                                                   | -        |
| OTHER INTANGIBLES                                   | -        | -        | -                                            | -                                                                   | -        |
| <b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b> | <b>-</b> | <b>-</b> | <b>-</b>                                     | <b>-</b>                                                            | <b>-</b> |

### 34.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                                       | Sold for cash | Transfer out or destroyed or scrapped | Total disposals | Cash received Actual |
|-------------------------------------------------------|---------------|---------------------------------------|-----------------|----------------------|
|                                                       | R'000         | R'000                                 | R'000           | R'000                |
| CAPITALISED DEVELOPMENT COSTS                         | -             | -                                     | -               | -                    |
| COMPUTER SOFTWARE                                     | -             | -                                     | -               | -                    |
| MASTHEADS AND PUBLISHING TITLES                       | -             | -                                     | -               | -                    |
| PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS | -             | -                                     | -               | -                    |
| RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS        | -             | -                                     | -               | -                    |
| SERVICES AND OPERATING RIGHTS                         | -             | -                                     | -               | -                    |
| OTHER INTANGIBLES                                     | -             | -                                     | -               | -                    |
| <b>TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS</b>    | <b>-</b>      | <b>-</b>                              | <b>-</b>        | <b>-</b>             |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

34.3 Movement for 2007/08

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

|                                                       | Opening balance | Additions | Disposals | Closing balance |
|-------------------------------------------------------|-----------------|-----------|-----------|-----------------|
|                                                       | R'000           | R'000     | R'000     | R'000           |
| CAPITALISED DEVELOPMENT COSTS                         | -               | -         | -         | -               |
| COMPUTER SOFTWARE                                     | -               | -         | -         | -               |
| MASTHEADS AND PUBLISHING TITLES                       | -               | -         | -         | -               |
| PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS | -               | -         | -         | -               |
| RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS        | -               | -         | -         | -               |
| SERVICES AND OPERATING RIGHTS                         | -               | -         | -         | -               |
| OTHER INTANGIBLES                                     | -               | -         | -         | -               |
| <b>TOTAL</b>                                          | <b>-</b>        | <b>-</b>  | <b>-</b>  | <b>-</b>        |



Refer to paragraph 11.4 in the Report of the Accounting Officer.

35. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                             | Opening balance | Curr year adjustments to prior year balances | Additions | Disposals | Closing balance |
|---------------------------------------------|-----------------|----------------------------------------------|-----------|-----------|-----------------|
|                                             | R'000           | R'000                                        | R'000     | R'000     | R'000           |
| <b>BUILDINGS AND OTHER FIXED STRUCTURES</b> | -               | -                                            | -         | -         | -               |
| Dwellings                                   | -               | -                                            | -         | -         | -               |
| Non-residential buildings                   | -               | -                                            | -         | -         | -               |
| Other fixed structures                      | -               | -                                            | -         | -         | -               |
| <b>HERITAGE ASSETS</b>                      | -               | -                                            | -         | -         | -               |
| Heritage assets                             | -               | -                                            | -         | -         | -               |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                | Opening balance | Curr year adjustments to prior year balances | Additions | Disposals | Closing balance |
|------------------------------------------------|-----------------|----------------------------------------------|-----------|-----------|-----------------|
|                                                | R'000           | R'000                                        | R'000     | R'000     | R'000           |
| <b>LAND AND SUBSOIL ASSETS</b>                 | -               | -                                            | -         | -         | -               |
| Land                                           | -               | -                                            | -         | -         | -               |
| Mineral and similar non-regenerative resources | -               | -                                            | -         | -         | -               |
| <b>INVESTMENT PROPERTY</b>                     | -               | -                                            | -         | -         | -               |
| Investment property                            | -               | -                                            | -         | -         | -               |
| <b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b> | -               | -                                            | -         | -         | -               |



### 35.1 Additions

#### ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                             | Cash  | Non-cash | (Capital work-in-progress current costs and finance lease payments) | Received current, not paid (Paid current year, received prior year) | Total |
|---------------------------------------------|-------|----------|---------------------------------------------------------------------|---------------------------------------------------------------------|-------|
|                                             | R'000 | R'000    | R'000                                                               | R'000                                                               | R'000 |
| <b>BUILDINGS AND OTHER FIXED STRUCTURES</b> | -     | -        | -                                                                   | -                                                                   | -     |
| Dwellings                                   | -     | -        | -                                                                   | -                                                                   | -     |
| Non-residential buildings                   | -     | -        | -                                                                   | -                                                                   | -     |
| Other fixed structures                      | -     | -        | -                                                                   | -                                                                   | -     |
| <b>HERITAGE ASSETS</b>                      | -     | -        | -                                                                   | -                                                                   | -     |
| Heritage assets                             | -     | -        | -                                                                   | -                                                                   | -     |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                             | Cash<br>R'000 | Non-cash<br>R'000 | (Capital work-in-progress current costs and finance lease payments)<br>R'000 | Received current, not paid (Paid current year, received prior year)<br>R'000 | Total<br>R'000 |
|-------------------------------------------------------------|---------------|-------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------|
| <b>LAND AND SUBSOIL ASSETS</b>                              | -             | -                 | -                                                                            | -                                                                            | -              |
| Land                                                        | -             | -                 | -                                                                            | -                                                                            | -              |
| Mineral and similar non-regenerative resources              | -             | -                 | -                                                                            | -                                                                            | -              |
| <b>INVESTMENT PROPERTY</b>                                  | -             | -                 | -                                                                            | -                                                                            | -              |
| Investment property                                         | -             | -                 | -                                                                            | -                                                                            | -              |
| <b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b> | -             | -                 | -                                                                            | -                                                                            | -              |



### 35.2 Disposals

#### DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

|                                                | Sold for cash<br>R'000 | Transfer out or destroyed or scrapped<br>R'000 | Total disposals<br>R'000 | Cash received Actual<br>R'000 |
|------------------------------------------------|------------------------|------------------------------------------------|--------------------------|-------------------------------|
| <b>BUILDINGS AND OTHER FIXED STRUCTURES</b>    | -                      | -                                              | -                        | -                             |
| Dwellings                                      | -                      | -                                              | -                        | -                             |
| Non-residential buildings                      | -                      | -                                              | -                        | -                             |
| Other fixed structures                         | -                      | -                                              | -                        | -                             |
| <b>HERITAGE ASSETS</b>                         | -                      | -                                              | -                        | -                             |
| Heritage assets                                | -                      | -                                              | -                        | -                             |
| <b>LAND AND SUBSOIL ASSETS</b>                 | -                      | -                                              | -                        | -                             |
| Land                                           | -                      | -                                              | -                        | -                             |
| Mineral and similar non-regenerative resources | -                      | -                                              | -                        | -                             |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                | Sold for cash<br>R'000 | Transfer out or<br>destroyed or<br>scrapped<br>R'000 | Total<br>disposals<br>R'000 | Cash received<br>Actual<br>R'000 |
|----------------------------------------------------------------|------------------------|------------------------------------------------------|-----------------------------|----------------------------------|
| <b>INVESTMENT PROPERTY</b>                                     | -                      | -                                                    | -                           | -                                |
| Investment property                                            | -                      | -                                                    | -                           | -                                |
| <b>TOTAL DISPOSAL OF IMMOVABLE<br/>TANGIBLE CAPITAL ASSETS</b> | -                      | -                                                    | -                           | -                                |

### 35.3 Movement for 2007/08

#### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

|                                                   | Opening<br>balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>balance<br>R'000 |
|---------------------------------------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| <b>BUILDINGS AND OTHER FIXED<br/>STRUCTURES</b>   | -                           | -                  | -                  | -                           |
| Dwellings                                         | -                           | -                  | -                  | -                           |
| Non-residential<br>buildings                      | -                           | -                  | -                  | -                           |
| Other fixed structures                            | -                           | -                  | -                  | -                           |
| <b>HERITAGE ASSETS</b>                            | -                           | -                  | -                  | -                           |
| Heritage assets                                   | -                           | -                  | -                  | -                           |
| <b>LAND AND SUBSOIL ASSETS</b>                    | -                           | -                  | -                  | -                           |
| Land                                              | -                           | -                  | -                  | -                           |
| Mineral and similar non-regenerative<br>resources | -                           | -                  | -                  | -                           |
| <b>INVESTMENT PROPERTY</b>                        | -                           | -                  | -                  | -                           |
| Investment property                               | -                           | -                  | -                  | -                           |
| <b>TOTAL TANGIBLE CAPITAL<br/>ASSETS</b>          | -                           | -                  | -                  | -                           |

## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

35.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2009

|                     | Buildings and other fixed structures | Heritage assets | Land and subsoil assets | Investment property | Total |
|---------------------|--------------------------------------|-----------------|-------------------------|---------------------|-------|
|                     | R                                    | R               | R                       | R                   | R     |
| R1 Immovable assets | -                                    | -               | -                       | -                   | -     |
| <b>TOTAL</b>        | -                                    | -               | -                       | -                   | -     |

Refer to paragraph 11.4 in the Report of the Accounting Officer.





DEPARTMENT OF DEFENCE - VOTE 19  
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ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

| NAME OF MUNICIPALITY                  | GRANT ALLOCATION |            |             | TRANSFER        |                 | SPENT                            |                                 |                              | 2007/08<br>Total Available |
|---------------------------------------|------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------------------|----------------------------|
|                                       | Amount           | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available funds Transferred | Amount received by Municipality | Amount spent by municipality |                            |
| Benede Oranje District Council        |                  |            |             |                 | 424             |                                  |                                 |                              |                            |
| Bo-Karoo Divisional Council           |                  |            |             |                 | 235             |                                  |                                 |                              |                            |
| Boland District Municipality          |                  |            |             |                 | 27              |                                  |                                 |                              |                            |
| Bosveld District Municipality         |                  |            |             |                 | 208             |                                  |                                 |                              |                            |
| Central Transitional District Council |                  |            |             |                 | 1 207           |                                  |                                 |                              |                            |
| Durban Corporation District Council   |                  |            |             |                 | 1 868           |                                  |                                 |                              |                            |
| Eastern Free State District Council   |                  |            |             |                 | 394             |                                  |                                 |                              |                            |
| Highveld District Council             |                  |            |             |                 | 634             |                                  |                                 |                              |                            |
| Indlove Regional Council              |                  |            |             |                 | 174             |                                  |                                 |                              |                            |
| Kalahari District Council             |                  |            |             |                 | 580             |                                  |                                 |                              |                            |
| OR Tambo District Municipality        |                  |            |             |                 | 618             |                                  |                                 |                              |                            |
| Osvaal District Council               |                  |            |             |                 | 447             |                                  |                                 |                              |                            |
| Overberg District Council             |                  |            |             |                 | 268             |                                  |                                 |                              |                            |
| Stormberg District Council            |                  |            |             |                 | 30              |                                  |                                 |                              |                            |

**DEPARTMENT OF DEFENCE - VOTE 19**  
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**ANNEXURE 1A**  
**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES (continued)**

| NAME OF MUNICIPALITY                           | GRANT ALLOCATION |            |             | TRANSFER        |                 | SPENT                            |                                 | 2007/08<br>Total Available |                              |                                            |
|------------------------------------------------|------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------------------------------|----------------------------|------------------------------|--------------------------------------------|
|                                                | Amount           | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available funds Transferred | Amount received by Municipality |                            | Amount spent by municipality | % of available funds spent by municipality |
| Uthukela Regional Council                      |                  |            |             |                 | 603             |                                  |                                 |                            |                              |                                            |
| Uthungule Regional Council                     |                  |            |             |                 | 582             |                                  |                                 |                            |                              |                                            |
| Fezile Dabi District Municipality              |                  |            |             |                 | 425             |                                  |                                 |                            |                              |                                            |
| Nelson Mandela Metropolitan Municipality       |                  |            |             |                 |                 |                                  |                                 |                            |                              | 2 262                                      |
| Ekurhuleni Metropolitan Municipality           |                  |            |             |                 |                 |                                  |                                 |                            |                              | 1 380                                      |
| Fancs Baard District Municipality              |                  |            |             |                 |                 |                                  |                                 |                            |                              | 1 398                                      |
| City of Cape Town Metropolitan Municipality    |                  |            |             |                 |                 |                                  |                                 |                            |                              | 5 371                                      |
| Southern District Municipality                 |                  |            |             |                 |                 |                                  |                                 |                            |                              | 1 324                                      |
| City of Johannesburg Metropolitan Municipality |                  |            |             |                 |                 |                                  |                                 |                            |                              | 1 448                                      |
| City of Tshwane Metropolitan Municipality      |                  |            |             |                 |                 |                                  |                                 |                            |                              | 19 477                                     |
| Capricon District Municipality                 |                  |            |             |                 |                 |                                  |                                 |                            |                              | 3 156                                      |
| West Coast District Municipality               |                  |            |             |                 |                 |                                  |                                 |                            |                              | 894                                        |



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ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES (continued)

| NAME OF MUNICIPALITY             | GRANT ALLOCATION |            |             | TRANSFER           |                    | SPENT                                     |                                       |                                    | 2007/08<br>Total<br>Available |
|----------------------------------|------------------|------------|-------------|--------------------|--------------------|-------------------------------------------|---------------------------------------|------------------------------------|-------------------------------|
|                                  | Amount           | Roll Overs | Adjustments | Total<br>Available | Actual<br>Transfer | % of<br>Available<br>funds<br>Transferred | Amount<br>received by<br>Municipality | Amount<br>spent by<br>municipality |                               |
| Ehlanzeni District Council       |                  |            |             |                    | 443                |                                           |                                       |                                    |                               |
| Motheo District Municipality     |                  |            |             |                    | 4541               |                                           |                                       |                                    |                               |
| East Griqualand Joint Serv       |                  |            |             |                    | 3                  |                                           |                                       |                                    |                               |
| Mnamakwa District Municipality   |                  |            |             |                    | 47                 |                                           |                                       |                                    |                               |
| Sedibeng District Municipality   |                  |            |             |                    | 3                  |                                           |                                       |                                    |                               |
| Western Gauteng Services Council |                  |            |             |                    | 45                 |                                           |                                       |                                    |                               |
| <b>TOTAL</b>                     |                  |            |             |                    | <b>13 806</b>      |                                           |                                       |                                    | <b>36 710</b>                 |

\* Prior year figures were restated from conditional to unconditional grants and transfers to municipalities.

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**ANNEXURE 1B**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

| DEPARTMENTS/AGENCY/<br>ACCOUNT                                           | TRANSFER ALLOCATION                       |                     |                      | TRANSFER                 |                          | 2007/08<br>Final<br>Appropriation<br>Act<br>R'000 |                                             |
|--------------------------------------------------------------------------|-------------------------------------------|---------------------|----------------------|--------------------------|--------------------------|---------------------------------------------------|---------------------------------------------|
|                                                                          | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 |                                                   | % of Available<br>Funds<br>Transferred<br>% |
| Safety and Security Sector Education and<br>Training Authority (SASSETA) | 8 800                                     | -                   | -                    | 8 800                    | 8 800                    | 100.0%                                            | 8 391                                       |
| Special Defence Account                                                  | 8 087 808                                 | -                   | -                    | 8 087 808                | 8 087 808                | 100.0%                                            | 9 079 260                                   |
| <b>TOTAL</b>                                                             | <b>8 096 608</b>                          | <b>-</b>            | <b>-</b>             | <b>8 096 608</b>         | <b>8 096 608</b>         |                                                   | <b>9 087 651</b>                            |



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ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

| PUBLIC CORPORATION/PRIVATE ENTERPRISE | TRANSFER ALLOCATION                 |                     |                      |                          | EXPENDITURE              |                                           |                    | 2006/07<br>Total Available<br>R'000 |
|---------------------------------------|-------------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------------------------|--------------------|-------------------------------------|
|                                       | Adjusted Appropriation Act<br>R'000 | Roll Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | % of Available Funds Transferred<br>R'000 | Capital<br>Current |                                     |
| <b>PUBLIC CORPORATION</b>             |                                     |                     |                      |                          |                          |                                           |                    |                                     |
| Transfers                             | -                                   | -                   | -                    | -                        | -                        | -                                         | -                  | -                                   |
| Armaments Corporation of South Africa | 565 754                             | -                   | -                    | 565 754                  | 565 754                  | 100.0%                                    | -                  | 473 826                             |
| <b>TOTAL</b>                          | <b>565 754</b>                      | <b>-</b>            | <b>-</b>             | <b>565 754</b>           | <b>565 754</b>           |                                           | <b>-</b>           | <b>473 826</b>                      |

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**ANNEXURE 1D**  
**STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS**

| NON PROFIT ORGANISATION    | TRANSFER ALLOCATION                       |                     |                      | EXPENDITURE              |                          | 2007/08<br>Final<br>Appropriation<br>Act<br>R'000 |
|----------------------------|-------------------------------------------|---------------------|----------------------|--------------------------|--------------------------|---------------------------------------------------|
|                            | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 |                                                   |
| <b>Transfers</b>           |                                           |                     |                      |                          |                          |                                                   |
| SA First League            | -                                         | -                   | -                    | -                        | -                        | 50                                                |
| St Johns Ambulance Brigade | 360                                       | -                   | -                    | 360                      | 312                      | 86.7%                                             |
| Red Cross Society          | -                                         | -                   | -                    | -                        | -                        | 125                                               |
| Medical Fund               | 220                                       | -                   | -                    | 220                      | -                        | 0.0%                                              |
| Reserve Force Council      | 3 886                                     | -                   | -                    | 3 886                    | 3 886                    | 100.0%                                            |
| <b>TOTAL</b>               | <b>4 466</b>                              | <b>-</b>            | <b>-</b>             | <b>4 466</b>             | <b>4 198</b>             | <b>3 772</b>                                      |



DEPARTMENT OF DEFENCE - VOTE 19  
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ANNEXURE 1E  
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

|                  | TRANSFER ALLOCATION                       |                     |                      | EXPENDITURE              |                          | 2007/08<br>Final<br>Appropriation<br>Act<br>R'000 |
|------------------|-------------------------------------------|---------------------|----------------------|--------------------------|--------------------------|---------------------------------------------------|
|                  | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 |                                                   |
| <b>Transfers</b> |                                           |                     |                      |                          |                          |                                                   |
| DOD members      | 121 018                                   |                     | 31 736               | 152 754                  | 152 754                  | 100.0%                                            |
| <b>TOTAL</b>     | <b>121 018</b>                            |                     | <b>31 736</b>        | <b>152 754</b>           | <b>152 754</b>           | <b>100.0%</b>                                     |
|                  |                                           |                     |                      |                          |                          | <b>170 036</b>                                    |
|                  |                                           |                     |                      |                          |                          | <b>170 036</b>                                    |





DEPARTMENT OF DEFENCE - VOTE 19

Annexures to the annual financial statements

for the year ended 31 March 2009

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED  
FOR THE YEAR ENDED 31 March 2009

| NAME OF ORGANISATION    | NATURE OF GIFT, DONATION OR SPONSORSHIP                   | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-------------------------|-----------------------------------------------------------|------------------|------------------|
| <b>Received in cash</b> |                                                           |                  |                  |
| Various institutions    | Sponsorships and donations for sport and/or social events | 286              | -                |
| <b>Subtotal</b>         |                                                           | <b>286</b>       | <b>-</b>         |
| <b>Received in kind</b> |                                                           |                  |                  |
| Capitec Bank            | Pens                                                      |                  | 3                |
| Le Coco                 | Water bottle                                              |                  | 1                |
| Capitec Bank            | Medals                                                    |                  | 1                |
| Capitec Bank            | Hi - Gas cooker                                           |                  | 1                |
| Various institutions    | Various gifts R1 000,00 and less                          |                  | 5                |
| Various institutions    | Gifts in kind to DOD Units or officials                   | 80               |                  |
| <b>Subtotal</b>         |                                                           | <b>80</b>        | <b>11</b>        |
| <b>Total</b>            |                                                           | <b>366</b>       | <b>11</b>        |



**DEPARTMENT OF DEFENCE - VOTE 19**  
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**ANNEXURE 1G**

**STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 March 2009**

| NAME OF DONOR                                                                                                    | PURPOSE                                                                       | OPENING BALANCE R'000 | REVENUE R'000 | EXPENDITURE R'000 | CLOSING BALANCE R'000 |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------|---------------|-------------------|-----------------------|
| Received in kind                                                                                                 |                                                                               |                       |               |                   |                       |
| Government of the United States of America (National Institute of Allergy and Infectious Disease)                | Sponsorship of anti-retroviral drugs (Project PHIDISA)                        | -                     | 11 543        | 11 543            | -                     |
| Government of the United States of America (Emergency Programme for AIDS relief)                                 | Sponsorship of anti-retroviral drugs for patients not part of project PHIDISA | -                     | 4 219         | 4 219             | -                     |
| Government of the United States of America                                                                       | Training courses                                                              | -                     | 7 029         | 7 029             | -                     |
| Government of the United Kingdom of Great Britain & Northern Ireland                                             | Training courses                                                              | -                     | 1 584         | 1 584             | -                     |
| Government of the Federal Republic of Germany                                                                    | Training courses                                                              | -                     | 1 756         | 1 756             | -                     |
| Government of the Peoples Republic of China                                                                      | Training courses                                                              | -                     | 1 620         | 1 620             | -                     |
| Government of the Kingdom of Spain                                                                               | Training courses                                                              | -                     | 950           | 950               | -                     |
| Government of the United Kingdom of Great Britain and Northern Ireland (Department of International Development) | Capacity building and training in anti retroviral drugs treatment             | -                     | 404           | 404               | -                     |
| Government of the Federal Republic of Nigeria                                                                    | Training courses                                                              | -                     | 80            | 80                | -                     |
| Government of the Republic of India                                                                              | Training courses                                                              | -                     | 80            | 80                | -                     |
| Government of the Islamic Republic of Pakistan                                                                   | Training courses                                                              | -                     | 80            | 80                | -                     |
| Government of the republic of Tunisia                                                                            | Training courses                                                              | -                     | 66            | 66                | -                     |
| Government of the Italian Republic                                                                               | Training courses                                                              | -                     | 50            | 50                | -                     |

**DEPARTMENT OF DEFENCE - VOTE 19**  
Annexures to the annual financial statements  
for the year ended 31 March 2009

**ANNEXURE 1G**  
**STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 March 2009 (continued)**

| <b>NAME OF DONOR</b>                                                                                 | <b>PURPOSE</b>                                                                                                               | <b>OPENING BALANCE R'000</b> | <b>REVENUE R'000</b> | <b>EXPENDITURE R'000</b> | <b>CLOSING BALANCE R'000</b> |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------|--------------------------|------------------------------|
| Uganda National Academy of Science and the Sloan Foundation                                          | Sponsorship for the attendance of an International Workshop in East Africa on promoting bio-security within the life Science | -                            | 20                   | 20                       | -                            |
| United Nations AIDS and National Institute for Health (Henry Jackson Institute for Medical Research) | Sponsorship for the attendance of United Nations Uniformed Services HIV Task Force                                           | -                            | 20                   | 20                       | -                            |
| International Medicine                                                                               | Sponsorship for the attendance of the XVII International AIDS conference                                                     | -                            | 20                   | 20                       | -                            |
| AstraZeneca (SA Pharmaceutical Company)                                                              | Sponsorship for the attendance of a Digestive Disease meeting                                                                | -                            | 20                   | 20                       | -                            |
| Southern Africa Region Network and SADC Roll Back Malaria Partnership                                | Sponsorship for the attendance of a Malaria managers meeting                                                                 | -                            | 20                   | 20                       | -                            |
| World Health Organisation                                                                            | Sponsorship for the attendance of the Global Forum on Human Resources for Health International Conference                    | -                            | 20                   | 20                       | -                            |
| AstraZeneca (SA Pharmaceutical Company)                                                              | Sponsorship for the attendance of the Respiratory Society Annual Congress                                                    | -                            | 20                   | 20                       | -                            |
| Government of the Federative Republic of Brazil                                                      | Training courses                                                                                                             | -                            | 13                   | 13                       | -                            |
| Government of the Republic of Chile                                                                  | Training courses                                                                                                             | -                            | 13                   | 13                       | -                            |
| Government of the Republic of Argentina                                                              | Training courses                                                                                                             | -                            | 13                   | 13                       | -                            |
| <b>TOTAL</b>                                                                                         |                                                                                                                              | -                            | <b>29 640</b>        | <b>29 640</b>            | -                            |

Note: Totals do not form part of the totals as on the face of the Statement of Financial Performance

DEPARTMENT OF DEFENCE - VOTE 19

Annexures to the annual financial statements

for the year ended 31 March 2009

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 2009

| NATURE OF GIFT, DONATION OR SPONSORSHIPS                                      | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-------------------------------------------------------------------------------|------------------|------------------|
| <b>Made in kind</b>                                                           |                  |                  |
| Vehicles, clothing and tools - Central African Republic                       | -                | 40 931           |
| General equipment - South African Police Service                              | -                | 1 274            |
| Tactical radio equipment - Namibian Defence Force                             | -                | 699              |
| Containers - Democratic Republic of Congo                                     | -                | 360              |
| <b>Game - Gauteng Department of Agriculture, Culture and Environment</b>      | <b>2 758</b>     | <b>-</b>         |
| <b>Samil 20 vehicles and general equipment – South African Police Service</b> | <b>337</b>       | <b>-</b>         |
| <b>Ammunition – Swaziland Defence Force</b>                                   | <b>248</b>       | <b>-</b>         |
| <b>General commodities – South African Police Service</b>                     | <b>188</b>       | <b>-</b>         |
| <b>Obsolete medals and decorations – SA Museum for Military History</b>       | <b>1</b>         | <b>-</b>         |
| <b>TOTAL</b>                                                                  | <b>3 532</b>     | <b>43 264</b>    |

Note: Totals do not form part of the totals as on the face of the Statement of Financial Performance



**DEPARTMENT OF DEFENCE - VOTE 19**

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for the year ended 31 March 2009

**ANNEXURE 2A**

**STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 March 2009 (Only Public and Private Entities)**

| Name of Public Entity                                                                                                                                                             | State Entity's PFMA Schedule type (state year end if not 31 March) | % Held 08/09 | % Held 07/08 | Number of shares held                                                                                            |                                                                                                                  | Cost of investment |               | Net Asset value of investment |                | Profit/(Loss) or the year |               | Losses guaranteed Yes/No |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------|--------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------|---------------|-------------------------------|----------------|---------------------------|---------------|--------------------------|
|                                                                                                                                                                                   |                                                                    |              |              | 2008/09                                                                                                          | 2007/08                                                                                                          | 2008/09            | 2007/08       | 2008/09                       | 2007/08        | 2008/09                   | 2007/08       |                          |
| <b>National/Provincial Public Entity</b>                                                                                                                                          |                                                                    |              |              |                                                                                                                  |                                                                                                                  |                    |               |                               |                |                           |               |                          |
| Castle Control Board (under control of the Minister of Defence)                                                                                                                   | 3A                                                                 | 100.0%       | 100.0%       |                                                                                                                  |                                                                                                                  | -                  |               | 10 351                        | 8 530          | 1 822                     | 1 871         | 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                                                                  | 100.0%       | 100.0%       | 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        | 552 557                       | 514 631        | 37 926                    | 44 000        | No                       |
| South African National Defence Force Fund                                                                                                                                         | 3A (Not listed)                                                    | 100.0%       | 100.0%       |                                                                                                                  |                                                                                                                  | -                  | -             | 10 638                        | 9 575          | 1 063                     | 835           | No                       |
| <b>Subtotal</b>                                                                                                                                                                   |                                                                    |              |              |                                                                                                                  |                                                                                                                  | <b>75 000</b>      | <b>75 000</b> | <b>573 546</b>                | <b>532 736</b> | <b>40 811</b>             | <b>46 706</b> |                          |
| <b>TOTAL</b>                                                                                                                                                                      |                                                                    |              |              |                                                                                                                  |                                                                                                                  | <b>75 000</b>      | <b>75 000</b> | <b>573 546</b>                | <b>532 736</b> | <b>40 811</b>             | <b>46 706</b> |                          |

DEPARTMENT OF DEFENCE - VOTE 19  
Annexures to the Annual Financial Statements  
for the year ended 31 March 2009

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 March 2009 (Only Public and Private Entities)

| Name of Public Entity                                                                                                       | Nature of business                                                                                                                                                                                                                                                                                                                                             | Cost of investment<br>R'000 |               | Net Asset value of<br>Investment<br>R'000 |                | Amounts owing to<br>Entities<br>R'000 |          | Amounts owing<br>by Entities<br>R'000 |              |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------|-------------------------------------------|----------------|---------------------------------------|----------|---------------------------------------|--------------|
|                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                | 2008/09                     | 2007/08       | 2008/09                                   | 2007/08        | 2008/09                               | 2007/08  | 2008/09                               | 2007/08      |
| <b>Controlled entities</b>                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                |                             |               |                                           |                |                                       |          |                                       |              |
| South African National Defence Force Fund                                                                                   | The SANDF Fund is established in terms of the Fund Raising Act, Act 107 of 1968. The aim of the fund is to render aid to SA National Defence Force and Auxiliary Services and their dependants who suffer financial hardship and distress as a result of duties in terms of the Defence Act.                                                                   | -                           | -             | 10 638                                    | 9 575          | -                                     | -        | -                                     | -            |
| 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.                                                                          | -                           | -             | 10 351                                    | 8 530          | -                                     | -        | -                                     | -            |
| Armaments Corporation of South Africa (managed and controlled by a Board of Directors appointed by the Minister of Defence) | To acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manage the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidiary companies which directly support technology and acquisition strategies. | 75 000                      | 75 000        | 552 557                                   | 514 631        | 7 603                                 | -        | 7 312                                 | 5 031        |
| <b>TOTAL</b>                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                | <b>75 000</b>               | <b>75 000</b> | <b>573 546</b>                            | <b>532 736</b> | <b>7 603</b>                          | <b>-</b> | <b>7 312</b>                          | <b>5 031</b> |

**DEPARTMENT OF DEFENCE - VOTE 19**  
Annexures to the annual financial statements  
for the year ended 31 March 2009

**ANNEXURE 3A**

**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 March 2009 - LOCAL**

| Guarantor Institution                     | Guarantee in respect of Housing | Original Guaranteed capital amount | Opening balance as at 1 April 2008 | Guarantee drawdowns during the year | Guarantee repayments/ cancelled/ reduced/ released during the year | Re-valuations | Closing balance 31 March 2009 | Guaranteed interest outstanding as at 31 March 2009 | Realised losses not recoverable |
|-------------------------------------------|---------------------------------|------------------------------------|------------------------------------|-------------------------------------|--------------------------------------------------------------------|---------------|-------------------------------|-----------------------------------------------------|---------------------------------|
|                                           |                                 | R'000                              | R'000                              | R'000                               | R'000                                                              | R'000         | R'000                         | R'000                                               | R'000                           |
| ABSA                                      | -                               | -                                  | 8 761                              | 55                                  | 3 089                                                              | -             | 5 727                         | -                                                   | 21                              |
| African Bank                              | -                               | -                                  | 335                                | -                                   | 213                                                                | -             | 122                           | -                                                   | -                               |
| BOE Bank (Boland)                         | -                               | -                                  | -                                  | -                                   | -                                                                  | -             | -                             | -                                                   | -                               |
| Business Partners                         | -                               | -                                  | 5                                  | -                                   | -                                                                  | -             | 5                             | -                                                   | -                               |
| Cape of Good Hope Bank                    | -                               | -                                  | -                                  | -                                   | -                                                                  | -             | -                             | -                                                   | -                               |
| Ciskei Peoples Development Bank           | -                               | -                                  | -                                  | -                                   | -                                                                  | -             | -                             | -                                                   | -                               |
| First National/First Rand Bank            | -                               | -                                  | 6 885                              | 28                                  | 2 273                                                              | -             | 4 640                         | -                                                   | 11                              |
| Free State Development Corporation        | -                               | -                                  | 924                                | -                                   | 139                                                                | -             | 785                           | -                                                   | -                               |
| Grahamstown Building Society              | -                               | -                                  | -                                  | -                                   | -                                                                  | -             | -                             | -                                                   | -                               |
| Greenstart Home Loans                     | -                               | -                                  | 1 113                              | -                                   | 45                                                                 | -             | 1 068                         | -                                                   | -                               |
| Ithala Development Finance Corporation    | -                               | -                                  | 483                                | -                                   | 43                                                                 | -             | 440                           | -                                                   | -                               |
| Khayaletu Home Loans                      | -                               | -                                  | -                                  | -                                   | -                                                                  | -             | -                             | -                                                   | -                               |
| Masikhenthi                               | -                               | -                                  | 179                                | -                                   | 18                                                                 | -             | 161                           | -                                                   | -                               |
| Perm/Peoples Bank/Nedcor                  | -                               | -                                  | 12 008                             | -                                   | 2 258                                                              | -             | 9 750                         | -                                                   | 15                              |
| Northern Province Development Corporation | -                               | -                                  | 9                                  | -                                   | -                                                                  | -             | 9                             | -                                                   | -                               |



DEPARTMENT OF DEFENCE - VOTE 19  
Annexures to the annual financial statements  
for the year ended 31 March 2009

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 March 2009 - LOCAL (continued)

| Guarantor Institution                  | Guarantee in respect of Housing | Original Guaranteed capital amount R'000 | Opening balance as at 1 April 2008 R'000 | Guarantee drawdowns during the year R'000 | Guarantee repayments/ cancelled/ reduced/ released during the year R'000 | Re-valuations R'000 | Closing balance 31 March 2009 R'000 | Guaranteed interest outstanding as at 31 March 2009 R'000 | Realised losses not recoverable R'000 |
|----------------------------------------|---------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------|---------------------|-------------------------------------|-----------------------------------------------------------|---------------------------------------|
| Old Mutual Bank                        |                                 | -                                        | 1 774                                    | -                                         | 1,326                                                                    | -                   | 448                                 | -                                                         | 9                                     |
| Risima Housing Corporation             |                                 | -                                        | 9                                        | -                                         | -                                                                        | -                   | 9                                   | -                                                         | -                                     |
| SA Development Corporation LTD         |                                 | -                                        | -                                        | -                                         | -                                                                        | -                   | -                                   | -                                                         | -                                     |
| SA Homeloans                           |                                 | -                                        | 18                                       | -                                         | -                                                                        | -                   | 18                                  | -                                                         | -                                     |
| South Fin                              |                                 | -                                        | 339                                      | -                                         | 26                                                                       | -                   | 313                                 | -                                                         | -                                     |
| Standard Bank                          |                                 | -                                        | 4 775                                    | -                                         | 870                                                                      | -                   | 3 905                               | -                                                         | -                                     |
| Venda Building Society                 |                                 | -                                        | 192                                      | 49                                        | 43                                                                       | -                   | 198                                 | -                                                         | -                                     |
| Venda National Development Corporation |                                 | -                                        | 82                                       | -                                         | -                                                                        | -                   | 82                                  | -                                                         | -                                     |
| <b>Subtotal</b>                        |                                 | -                                        | <b>37 891</b>                            | <b>132</b>                                | <b>10 343</b>                                                            | -                   | <b>27 680</b>                       | -                                                         | <b>56</b>                             |
| <b>TOTAL</b>                           |                                 | -                                        | <b>37 891</b>                            | <b>132</b>                                | <b>10 343</b>                                                            | -                   | <b>27 680</b>                       | -                                                         | <b>56</b>                             |

**DEPARTMENT OF DEFENCE - VOTE 19**  
Annexures to the annual financial statements  
for the year ended 31 March 2009

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 March 2009**

| Nature of Liability                  | Opening Balance<br>1 April 2008<br>R'000 | Liabilities incurred during<br>the year<br>R'000 | Liabilities paid/<br>cancelled/reduced during<br>the year<br>R'000 | Liabilities recoverable<br>R'000 | Closing Balance<br>31 March 2009<br>R'000 |
|--------------------------------------|------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------|----------------------------------|-------------------------------------------|
| <b>Claims against the department</b> |                                          |                                                  |                                                                    |                                  |                                           |
| Civil claims                         | 315 813                                  | 284 042                                          | 182 957                                                            | -                                | 416 898                                   |
| Motor vehicle accident claims        | 4 716                                    | 342                                              | 659                                                                | -                                | 4 399                                     |
| <b>Subtotal</b>                      | <b>320 529</b>                           | <b>284 384</b>                                   | <b>183 616</b>                                                     | <b>-</b>                         | <b>421 297</b>                            |
| <b>Environmental Liability</b>       |                                          |                                                  |                                                                    |                                  |                                           |
| Environmental Liability              | 54 400                                   | 53 391                                           | -                                                                  | -                                | 107 791                                   |
| <b>Subtotal</b>                      | <b>54 400</b>                            | <b>53 391</b>                                    | <b>-</b>                                                           | <b>-</b>                         | <b>107 791</b>                            |
| <b>Other</b>                         |                                          |                                                  |                                                                    |                                  |                                           |
| Regional Service Councils Levies     | 20 248                                   | -                                                | 8 433                                                              | -                                | 11 815                                    |
| <b>Subtotal</b>                      | <b>20 248</b>                            | <b>-</b>                                         | <b>8 433</b>                                                       | <b>-</b>                         | <b>11 815</b>                             |
| <b>TOTAL</b>                         | <b>395 177</b>                           | <b>337 775</b>                                   | <b>192 049</b>                                                     | <b>-</b>                         | <b>540 903</b>                            |

**DEPARTMENT OF DEFENCE - VOTE 19**

Annexures to the annual financial statements  
for the year ended 31 March 2009

**ANNEXURE 4**

**INTER-GOVERNMENTAL RECEIVABLES**

| Government Entity                   | Confirmed balance |            | Unconfirmed balance |            | Total      |            |
|-------------------------------------|-------------------|------------|---------------------|------------|------------|------------|
|                                     | 31/03/2009        | 31/03/2008 | 31/03/2009          | 31/03/2008 | 31/03/2009 | 31/03/2008 |
|                                     | R'000             | R'000      | R'000               | R'000      | R'000      | R'000      |
| <b>Department</b>                   |                   |            |                     |            |            |            |
| Department of Foreign Affairs       | -                 | -          | -                   | 33 563     | -          | 33 563     |
| Department of Public Works          | -                 | -          | -                   | -          | -          | -          |
| National Treasury                   | -                 | -          | 514                 | 356        | 514        | 356        |
| Department of Education             | 6                 | 6          | 12                  | -          | 12         | 6          |
| Department of Health                | -                 | -          | 240                 | 364        | 240        | 364        |
| Department of Social Development    | -                 | -          | -                   | 3          | -          | 3          |
| Department of Correctional Services | -                 | -          | -                   | 18         | -          | 18         |
| National Intelligence               | -                 | -          | -                   | 3          | -          | 3          |
| Department of Home Affairs          | -                 | -          | -                   | 135        | -          | 135        |
| Department of Safety and Security   | -                 | -          | 132                 | 140        | 132        | 140        |
| Department of Agriculture           | -                 | 10         | 906                 | 906        | 906        | 916        |
| Department of Justice               | -                 | -          | -                   | 14         | -          | 14         |
| Department of Environmental Affairs | -                 | -          | -                   | 80         | -          | 80         |
| Department of Transport             | -                 | -          | 423                 | 423        | 423        | 423        |
| Local Government Western Cape       | -                 | -          | -                   | 12         | -          | 12         |



**DEPARTMENT OF DEFENCE - VOTE 19**  
Annexures to the annual financial statements  
for the year ended 31 March 2009

**ANNEXURE 4**  
**INTER-GOVERNMENTAL RECEIVABLES (continued)**

| Government Entity                | Confirmed balance |            | Unconfirmed balance |            | Total      |            |
|----------------------------------|-------------------|------------|---------------------|------------|------------|------------|
|                                  | 31/03/2009        | 31/03/2008 | 31/03/2009          | 31/03/2008 | 31/03/2009 | 31/03/2008 |
|                                  | R'000             | R'000      | R'000               | R'000      | R'000      | R'000      |
| Department of Trade and Industry | -                 | -          | 1                   | 12         | -          | 12         |
| <b>Subtotal</b>                  | -                 | 16         | 2 228               | 36 029     | 2 227      | 36 045     |
| <b>Other Government Entities</b> |                   |            |                     |            |            |            |
| South African Revenue Services   |                   | 24 029     | 26                  | -          | -          | 24 029     |
| <b>Subtotal</b>                  |                   | 24 029     | 26                  | -          | -          | 24 029     |
| <b>TOTAL</b>                     |                   | 24 045     | 2 254               | 36 029     | 2 227      | 60 074     |



**DEPARTMENT OF DEFENCE - VOTE 19**  
Annexures to the annual financial statements  
for the year ended 31 March 2009

**ANNEXURE 5**  
**INTER-DEPARTMENTAL PAYABLES - CURRENT**

| Government Entity                                              | Confirmed balance |            | Unconfirmed balance |               | Total          |               |
|----------------------------------------------------------------|-------------------|------------|---------------------|---------------|----------------|---------------|
|                                                                | 31/03/2009        | 31/03/2008 | 31/03/2009          | 31/03/2008    | 31/03/2009     | 31/03/2008    |
|                                                                | R'000             | R'000      | R'000               | R'000         | R'000          | R'000         |
| <b>Department</b>                                              |                   |            |                     |               |                |               |
| <b>Amounts not included in Statement of Financial Position</b> |                   |            |                     |               |                |               |
| Department of Public Works                                     | 9 271             | -          | 210 737             | 5             | 210 737        | 5             |
| National Treasury                                              | -                 | -          | -                   | 940           | -              | 940           |
| Department of Health                                           | -                 | -          | 31                  | 49            | 31             | 49            |
| Department of Correctional Services                            | -                 | -          | -                   | 9             | -              | 9             |
| Department of Justice and Constitution                         | -                 | -          | 12                  | 6             | 12             | 6             |
| Department of Safety and Security                              | -                 | -          | -                   | 35            | -              | 35            |
| Department of Agriculture                                      | -                 | -          | 7                   | -             | 7              | -             |
| Department of Foreign Affairs                                  | 3 400             | -          | -                   | 17 807        | -              | 17 807        |
| Government Garage Transport                                    | -                 | -          | -                   | 106           | -              | 106           |
| Free State Provincial Government                               | -                 | -          | -                   | 1             | -              | 1             |
| Department of Social Services and Population                   | -                 | -          | -                   | 12            | -              | 12            |
| Government Communications Systems                              | -                 | -          | -                   | 18            | -              | 18            |
| National Prosecuting Authority                                 | -                 | -          | 4                   | -             | 4              | -             |
| Department of Transport                                        | -                 | -          | 382                 | -             | 382            | -             |
| <b>TOTAL</b>                                                   | <b>12 671</b>     | <b>-</b>   | <b>211 173</b>      | <b>18 988</b> | <b>211 173</b> | <b>18 988</b> |



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2009

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Special Defence Account which comprise the balance sheet as at 31 March 2009, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 360 to 374.

### The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the entity specific basis of accounting, as set out in note 1.1 of the accounting policy notes to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Defence Special Account Act, 1974 (Act No. 6 of 1974) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 5 of the Defence Special Account Act, 1974 (Act No. 6 of 1974), as amended, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. My audit of certain sensitive expenditure incurred in connection with special defence activities per section 2(2)(a) of the Defence Special Account Act, 1974, as amended, has been limited to those procedures necessary for the purpose of expressing an opinion on the financial statements and was not extended to include the details of underlying transactions, or compliance with any legislation and approvals.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2009 (continued)

## Opinion

8. In my opinion the financial statements of the Special Defence Account as at 31 March 2009 have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1.1 and in the manner required by the PFMA.

## Emphasis of matters

Without qualifying my opinion, I draw attention to the following matters:

### Basis of accounting

9. The entity's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in the accounting policy note 1.1.

### Significant uncertainties

### Contingent liability

10. With reference to note 10 to the financial statements the Special Defence Account, through the department, and its service providers are the defendants in certain lawsuits. The ultimate outcome of these matters cannot currently be determined and no provision for any liability that may result from these lawsuits was made in the financial statements.

### Irregular expenditure

11. As disclosed in note 7.3 to the financial statements irregular expenditure to the amount of R2,9 billion was incurred, as the accounting officer did not obtain the necessary exemption from National Treasury as required by section 92 of the PFMA to deviate from the standard tender process.

### Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Non-compliance with applicable legislation

#### Defence Special Account Act, 1974 (Act No. 6 of 1974)

12. According to section 3 of the Defence Special Account Act, 1974 (Act No. 6 of 1974) any moneys to the credit of the account which are not required for immediate use or as a reasonable working balance, must be invested. During the period under review the Special Defence Account did not comply with this requirement.

### Governance framework

13. The governance principles that impact on the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2009 (continued)

## Key governance responsibilities

14. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

| No.                                                                                                         | Matter                                                                                                                                                                                                | Y | N |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| <b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>     |                                                                                                                                                                                                       |   |   |
| 1.                                                                                                          | No significant difficulties were experienced during the audit concerning delays or the availability of requested information.                                                                         | √ |   |
| <b>Quality of financial statements and related management information</b>                                   |                                                                                                                                                                                                       |   |   |
| 2.                                                                                                          | The financial statements were not subject to any material amendments resulting from the audit.                                                                                                        |   | √ |
| 3.                                                                                                          | The annual report was submitted for consideration prior to the tabling of the auditor's report.                                                                                                       | √ |   |
| <b>Timeliness of financial statements and management information</b>                                        |                                                                                                                                                                                                       |   |   |
| 4.                                                                                                          | The annual financial statements were submitted for auditing as per the legislated deadlines as set out in section 40 of the PFMA.                                                                     | √ |   |
| <b>Availability of key officials during audit</b>                                                           |                                                                                                                                                                                                       |   |   |
| 5.                                                                                                          | Key officials were available throughout the audit process.                                                                                                                                            | √ |   |
| <b>Development and compliance with risk management, effective internal control and governance practices</b> |                                                                                                                                                                                                       |   |   |
| 6.                                                                                                          | Audit committee                                                                                                                                                                                       |   |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>The Special Defence Account had an audit committee in operation throughout the financial year.</li> </ul>                                                      | √ |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>The audit committee operates in accordance with approved, written terms of reference.</li> </ul>                                                               | √ |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.</li> </ul> | √ |   |
| 7.                                                                                                          | Internal audit                                                                                                                                                                                        |   |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>The Special Defence Account had an internal audit function in operation throughout the financial year.</li> </ul>                                              | √ |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>                                                                   | √ |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.</li> </ul>                       | √ |   |
| 8.                                                                                                          | There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.                                                               | √ |   |
| 9.                                                                                                          | There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.                                             | √ |   |
| 10.                                                                                                         | The information systems were appropriate to facilitate the preparation of the financial statements.                                                                                                   | √ |   |

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2009 (continued)

| No.                                | Matter                                                                                                                                                                                   | Y | N |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| 11.                                | A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2. | √ |   |
| 12.                                | Powers and duties have been assigned, as set out in section 44 of the PFMA.                                                                                                              | √ |   |
| <b>Follow-up of audit findings</b> |                                                                                                                                                                                          |   |   |
| 13.                                | The prior year audit findings have been substantially addressed.                                                                                                                         | √ |   |
| 14.                                | SCOPA resolutions have been substantially implemented.                                                                                                                                   | √ |   |

### Appropriate governance framework

15. There were no significant findings in governance framework. Material adjustments to financial statements were as a result of weakness in monitoring controls and a lack of communication between the relevant role players.

### APPRECIATION

16. The assistance rendered by the staff of the Department of Defence and Armscor during the audit is sincerely appreciated.



*Auditor - General*

Pretoria  
31 July 2009



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## SPECIAL DEFENCE ACCOUNT BALANCE SHEET as at 31 March 2009

|                                     | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|-------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                       |      |                  |                  |
| <b>Non-current assets</b>           |      |                  |                  |
| Trade and other receivables         | 2    | 25 000           | 24 000           |
| <b>Current assets</b>               |      |                  |                  |
| Advances                            | 1    | 14 737           | 14 727           |
| Trade and other receivables         | 2    | 68 172           | 49 668           |
| Cash and cash equivalents           | 3    | 2 760 661        | 4 127 957        |
| Investments                         | 4    | 20 769           | 18 653           |
| <b>Total assets</b>                 |      | <b>2 889 339</b> | <b>4 235 005</b> |
| <b>EQUITY AND LIABILITIES</b>       |      |                  |                  |
| <b>Equity</b>                       |      |                  |                  |
| Reserves                            |      | 2 115 954        | 3 973 106        |
| <b>Current liabilities</b>          |      |                  |                  |
| Creditors                           | 5    | 773 385          | 261 899          |
| <b>Total equity and liabilities</b> |      | <b>2 889 339</b> | <b>4 235 005</b> |



## SPECIAL DEFENCE ACCOUNT INCOME STATEMENT for year ended 31 March 2009

|                                         | Note | 2008/09<br>R'000   | 2007/08<br>R'000 |
|-----------------------------------------|------|--------------------|------------------|
| <b>Revenue</b>                          |      | 8 177 205          | 8 277 772        |
| Transfer from Department of Defence     |      | 8 087 808          | 8 235 711        |
| Other revenue                           | 6    | 89 381             | 42 048           |
| Interest received                       |      | 16                 | 13               |
| <i>Less:</i> Expenditure                | 7    | 10 041 358         | 7 747 631        |
| <b>Net profit/(loss) for the period</b> |      | <b>(1 864 153)</b> | <b>530 141</b>   |



## SPECIAL DEFENCE ACCOUNT STATEMENT OF CHANGES IN EQUITY for year ended 31 March 2009

|                                   | Note | 2008/09<br>R'000   | 2007/08<br>R'000 |
|-----------------------------------|------|--------------------|------------------|
|                                   |      | <b>Reserves</b>    | <b>Reserves</b>  |
| Balance at beginning of the year  |      | 3 973 106          | 3 441 586        |
| Prior year adjustment             | 8    | 7 000              | 1 379            |
| Restated balance                  |      | <b>3 980 1067</b>  | <b>3 442 965</b> |
| Net profit/(loss) for the year    |      | <b>(1 864 153)</b> | 530 141          |
| <b>Balance at end of the year</b> |      | <b>2 115 954</b>   | <b>3 973 106</b> |



## SPECIAL DEFENCE ACCOUNT CASHFLOW STATEMENT for year ended 31 March 2009

|                                                        | Note | 2008/09<br>R'000 | 2007/08<br>R'000 |
|--------------------------------------------------------|------|------------------|------------------|
| <b>Cash flow from operating activities</b>             |      |                  |                  |
| Net profit/(loss)                                      |      | (1 864 153)      | 530 141          |
| Adjustment for investment income                       |      | (16)             | (13)             |
| Operating profit/(loss) before working capital changes |      | (1 864 169)      | 530 128          |
| Working capital changes                                |      | 498 973          | (299 354)        |
| (Increase) / decrease in trade and other receivables   |      | (19 504)         | 43 398           |
| Increase in advances                                   |      | (10)             | (2 678)          |
| Prior year adjustment                                  | 8    | 7 000            | 1 379            |
| Increase / (decrease) in creditors                     |      | 511 487          | (341 453)        |
| Cash generated from operations                         |      | (1 365 196)      | 230 774          |
| Interest received                                      |      | 16               | 13               |
| Net cash flow from operating activities                |      | (1 365 180)      | 230 787          |
| <b>Cash flow from investing activities</b>             |      |                  |                  |
| Investment                                             |      | (2 116)          | (1 723)          |
| Net cash outflow from investing activities             |      | (2 116)          | (1 723)          |
| Net increase/(decrease) in cash and cash equivalents   |      | (1 367 296)      | 229 064          |
| Cash and cash equivalents at beginning of the year     |      | 4 127 957        | 3 898 893        |
| Cash and cash equivalents at end of the year           | 3    | 2 760 661        | 4 127 957        |



# SPECIAL DEFENCE ACCOUNT ACCOUNTING POLICY for year ended 31 March 2009

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies in the preparation of the financial statements are set out below. These policies have been modified with respect to reporting the year under review, to ensure fair presentation and completeness of all relevant elements of the financial statements.

### 1. Underlying assumption

#### 1.1 Basis of preparation

The Special Defence Account's (SDA) financial statements have been prepared in accordance with the entity-specific basis, wherein a modified accrual basis of accounting is applied.

#### 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. Foreign currency transactions have been translated into the financial currency using the exchange rates prevailing at the dates of the transactions.

#### 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's 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.

### 2. Revenue

#### 2.1 Transfer from General Vote

The Minister of Defence approves an annual budget in accordance with the provisions of the Special Defence Account Act, 1974 (Act No. 6 of 1974) as amended, whereafter the budgeted amount is dealt with as a transfer payment from the Department of Defence. The Voted funds are recognised only when funds are drawn from National Treasury.

The transfer is presented in the Statement of Financial Performance.

Unutilised funds are retained for financing future operating activities.



## SPECIAL DEFENCE ACCOUNT ACCOUNTING POLICY for year ended 31 March 2009 (continued)

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### 2.2 Other revenue

Other revenue is derived as follows:

The main source of other income is sales made through Armscor. Proceeds from other sales comprise items such as scrap metal.

When the cash is received by Armscor and the risk and rewards of ownership have been passed, Armscor will notify the DOD and the DOD will issue an invoice. At this point the DOD will recognise the sale and the transactions relating to other revenue as reflected in the statement of financial performance.

#### 2.2.1 Fines, Penalties and Other Income

Penalties are levied when the supplier contravenes contractual obligations. Such penalties are calculated in terms of the contractual arrangements and initially recorded in a suspense account. The suspense account is cleared upon receipt of a credit note and recognised as other revenue in the statement of financial performance.

#### 2.2.2 Interest received



Amount represented by interest is calculated on a daily basis, capitalised and recorded on a monthly basis. The amount is recognised in the statement of financial performance.

#### 2.2.3 Sale of capital assets

The revenue from the sale of capital assets is recognised in the statement of financial performance.

#### 2.2.4 Foreign exchange profit

Foreign exchange gains resulting from the settlement of assets and from the translation at year-end are determined using the difference between the exchange rate ruling at the date of delivery of the goods/services and the spot rate on the day of actual transaction/payment. Foreign exchange gains are recognised in the statement of financial performance.

### 3. Expenditure

#### 3.1 Expenditure on fixed assets

For the purpose 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.

## SPECIAL DEFENCE ACCOUNT ACCOUNTING POLICY for year ended 31 March 2009 (continued)

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### 3.2 Foreign exchange rate losses

Foreign exchange losses resulting from the settlement of assets and from the translation at year-end are determined using the difference between the exchange rate ruling at the date of delivery of the goods/services and the spot rate on the day of actual transaction/payment. Foreign exchange losses are recognised in the statement of financial performance.

### 3.3 Fruitless expenditure

Fruitless expenditure relates to amendments to orders/contracts which result in increased costs without a corresponding benefit. Expenditure without a corresponding benefit arises when the same service or product will be delivered at a higher price than what was originally contracted.

When the delivery date or period of a contract/order has been extended and work that was supposed to be done in a specific financial year or date has to be done in the following financial year or date at a higher labour rate or price, it is considered to be expenses without a corresponding benefit.

Expenditure without a corresponding benefit is identified when the amendment to the order is approved. The value is calculated using the difference between the costs originally contracted and the amended costs.

Fruitless expenditure is recognised as an expenditure in note 7.2 of the financial statements.

## 4. Assets

### 4.1 Cash and cash equivalents

Cash and cash equivalents are recognised in the statement of financial position at cost.

### 4.2 Prepayments

Amounts made as prepayments, except for the Strategic Defence Procurement Programme (SDP) related amounts, are recognised in the statement of financial position when the payments are made. SDP related amounts are recognised in the statement of financial performance as expenditure.

Outstanding prepayments at the end of the financial year are recognised at cost in the statement of financial position.

## **SPECIAL DEFENCE ACCOUNT ACCOUNTING POLICY for year ended 31 March 2009 (continued)**

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### **4.3 Receivables**

Receivables represent invoices charged to Armscor once they have made sales on behalf of the Department of Defence. Receivables also represent milestone payments payable by a debtor as per arrangement with Armscor on behalf of the Department of Defence with agreed payment terms.

Receivables are recognised in the statement of financial position at cost .

### **4.4 Investments**

Investments are initially recorded at cost. Interest earned is capitalised on a monthly basis and recognised in the statement of financial position.

### **4.5 Advances**

Monetary items denominated in foreign currencies are converted at the exchange rate ruling at the balance sheet date. Gains and losses arising on conversion are recognised in the statement of financial performance.



## **5. Liabilities**

### **5.1 Payables**

Creditors represent amounts owing to suppliers at year-end. Payables are recognised at the settlement value, which is the value of invoices, in the statement of financial position.

### **5.2 Provisions**

Provisions are recognised when the Department of Defence has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been estimated reliably. Provisions are recognised at the settlement value, which is the value of the invoices, in the statement of financial position.

In respect of invoices from foreign contractors, the ZAR values are determined using the exchange rate ruling at 31 March of the relevant financial year.

Provision for creditors are recognised at the settlement value, which is the value of the invoices, in the statement of financial position.

### **5.3 Revenue payable to the National Revenue Fund**

The cash portion of income is the amount owing to the National Revenue Fund at the end of the financial year and is recognised in the statement of financial position at cost.

# SPECIAL DEFENCE ACCOUNT ACCOUNTING POLICY for year ended 31 March 2009 (continued)

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## 6. Disclosure Notes

### 6.1 Commitments

Commitments are not recognised as a liability in the statement of financial position but are reflected in the disclosure notes. The outstanding commitments as at 31 March comprise the amount still outstanding on delivery plus estimated related costs based on historical information, as well as contracts approved but not yet contracted.

The commitments for the SDP represent the capital amount outstanding as at 31 March. The foreign portion is converted to ZAR at the prevailing exchange rates at year-end. The local and foreign portions exclude escalation and other related costs.

Commitments are thus reflected at net present value (fair value) as at 31 March.

### 6.2 Contingent Liabilities

Contingent liabilities are measured at cost which is based on the fixed contract value including the legal costs. Contingent liabilities are reflected on the disclosure notes (note 10).

### 6.3 Defence Industrial Participation (DIP)

**Obligations.** DIP obligations are formalised in a DIP agreement and concluded in either the foreign currency of the main agreement, or in USD. For reporting purposes, DIP obligations are converted to ZAR at the exchange rate ruling on the date of the signature of the DIP agreement, of which the rate is fixed.

**Credits.** DIP credits are converted to the currency of the obligation using the exchange rate ruling on the date of the transaction and set off against the DIP obligation. For reporting purposes, DIP credits are converted to ZAR at the same fixed rate than the DIP obligation.

**Planned DIP credits.** Planned DIP credits are the difference between the contractually agreed milestone achievement at the end of the reporting period and the cumulative DIP credits at the beginning of the reporting period.

**Outstanding DIP obligations.** Outstanding DIP obligations are the difference between the DIP obligation and the cumulative DIP credits awarded.

### 6.4 Strategic Defence Procurement Programme (SDP)

The SDPs form part of the Defence Vote. SDP foreign expenditure is financed from a loan by National Treasury and expensed by Armscor. To recognise the SDP transactions in the books of the SDA, Armscor (on behalf of the DOD) records the expense against the expenditure ledgers of the SDA and the contra account is the National Treasury account in the books of the DOD.

The loan is recognised in the books of the National Treasury.

SDP local expenditure is recognised in the statement of financial performance.

## SPECIAL DEFENCE ACCOUNT NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2009

|                                                        | 2008/09       | 2007/08       |
|--------------------------------------------------------|---------------|---------------|
|                                                        | R'000         | R'000         |
| <b>1. Advances</b>                                     | <b>14 737</b> | <b>14 727</b> |
| National Defence Force projects                        | 10 987        | 10 522        |
| Strategic Defence Procurement Programme (SDP)          | 3 750         | 4 205         |
| Subsistence & Travel advances                          |               |               |
| <b>2. Trade and other receivables</b>                  | <b>93 171</b> | <b>73 668</b> |
| Trade debtors                                          | 43 085        | 28 000        |
| Non-current                                            | 25 000        | 24 000        |
| Current                                                | 18 085        | 4 000         |
| Intelligence division                                  | 26 275        | 31 085        |
| Special forces                                         | 8 781         | 9 007         |
| Clearing account                                       | 14 488        | 5 576         |
| Provision for unrealised profit                        | 542           | -             |
| <b>3. Cash and cash equivalents</b>                    |               |               |
| Paymaster-General Account                              | 2 760 661     | 4 127 957     |
| <b>4. Investments</b>                                  | <b>20 769</b> | <b>18 653</b> |
| Corporation for Public Deposits                        | 156           | 140           |
| Corporation for Public Deposits (Compliance Programme) | 20 613        | 18 513        |



| Financial Performance |

## SPECIAL DEFENCE ACCOUNT NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2009 (continued)

|                                                                          | 2008/09        | 2007/08        |
|--------------------------------------------------------------------------|----------------|----------------|
|                                                                          | R'000          | R'000          |
| <b>5. Creditors</b>                                                      | <b>773 385</b> | <b>261 899</b> |
| Compliance programme as per agreement between the USA and SA Governments | 20 613         | 18 513         |
| Opening balance at beginning of year                                     | 18 513         | 16 803         |
| Interest earned on investment                                            | 2 100          | 1 710          |
| Contract fines                                                           | 19 174         | 17 120         |
| Revenue payable to the National Revenue Fund                             | 238 663        | 120 480        |
| Provision for Trade creditors                                            | 435 506        | 90 987         |
| Provision for Strategic Defence Procurement Programme                    | 55 166         | 11 520         |
| Other                                                                    | 4 263          | 3 279          |

5.1 Included in the provision of R 55 165 505 is R 46 626 949 for the foreign component of the Strategic Defence Procurement Programme consisting of USD 3 117 888, GBP 526 820 and SEK 6 887 211. This amount relates to invoices and goods received prior to 31 March 2009 in respect of the Strategic Defence Procurement Programme. The amount is contractually payable in the 2009/2010 financial year and will be funded from the 2009/2010 Department of Defence transfer payment. No forward cover was utilised.

|                                               | 2008/09          | 2007/08          |
|-----------------------------------------------|------------------|------------------|
|                                               | R'000            | R'000            |
| <b>6. Other Revenue</b>                       | <b>89 381</b>    | <b>42 048</b>    |
| Other revenue                                 | 328 044          | 162 528          |
| Sales of strategic equipment                  | 20 101           | 23 564           |
| Fines                                         | 89 030           | 56 410           |
| Unrealised foreign exchange profit            | 542              | -                |
| Foreign exchange profit on SDP                | 204 290          | 74 980           |
| Sensitive projects                            | -                | 2 972            |
| Sundry                                        | 14 081           | 4 602            |
| <i>Less: Payable to National Revenue Fund</i> | <i>(238 663)</i> | <i>(120 480)</i> |

## SPECIAL DEFENCE ACCOUNT NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2009 (continued)

|                         | 2008/09<br>R'000  | 2007/08<br>R'000 |
|-------------------------|-------------------|------------------|
| <b>7. Expenditure</b>   | <b>10 041 358</b> | <b>7 747 631</b> |
| Major projects          | 7 725 113         | 5 820 711        |
| Other projects          | 549 073           | 769 490          |
| Landward Defence        | 73 923            | 142 363          |
| Air Defence             | 49 578            | 94 774           |
| Maritime Defence        | 77 873            | 321 474          |
| Military Health Support | 758               | 1 805            |
| Command and Control     | 338 824           | 207 145          |
| Joint Support           | 8 117             | 1 929            |
| Operating projects      | 1 195 519         | 964 934          |
| Sensitive projects      | 99 066            | 79 360           |
| Other expenses          | 398 254           | -                |
| Foreign exchange loss   | 74 333            | 113 136          |



- 7.1 General expenditure such as auditor's remuneration is included in the General Defence Account.
- 7.2 The total fruitless and wasteful expenditure amounts to R149 824 (2007/08: R9 800).
- 7.3 Possible irregular expenditure may have occurred in the acquisition process of the A400 aircraft contracted in 2005/2006 financial year as per a Cabinet decision and Ministerial instruction

Included in expenditure is R1 162 484 847 (2007/2008: R610 548 902) and prior year's (2006/2007: R 430 908 996; 2005/2006: R 721 891 544) for the acquisition of the A400 aircraft.

- 7.4 Included in expenditure for sensitive projects is a foreign exchange loss of R413 693 (2007/2008: R840 964).

|                                                      | 2008/09<br>R'000 | 2007/08<br>R'000 |
|------------------------------------------------------|------------------|------------------|
| <b>8. Prior Year Adjustment</b>                      |                  |                  |
| 8.1 Adjustments to prior years: Sensitive projects   | -                | 1 379            |
| 8.2 Adjustments to prior years: Long term receivable | 7 000            | -                |



## SPECIAL DEFENCE ACCOUNT NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2009 (continued)

|                                                            | 2008/09<br>R'000  | 2007/08<br>R'000  |
|------------------------------------------------------------|-------------------|-------------------|
| <b>9. Future expenditure approved by Armscor</b>           | <b>15 126 782</b> | <b>18 816 492</b> |
| Strategic Defence Procurement Programme capital commitment | 1 727 283         | 4 268 881         |
| Commitments                                                | 13 399 499        | 14 547 611        |
| Commitments in respect of contracts entered into           | 10 316 458        | 8 775 087         |
| Commitments approved, but contracts not yet entered into   | 3 083 041         | 5 772 524         |

9.1 The amount relating to the 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 R1 727 283 000 (2007/2008: R4 268 881 000) is a foreign component of EUR Nil, USD 47 672 829, GBP 35 526 668 and SEK 580 313 270 (2007/2008: EUR 5 311 450, USD 115 970 293, GBP 76 678 567 and SEK 1 414 398 749). No forward cover was utilised.

ARCHIVE FOR JUSTICE

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.

|                                 | 2008/09<br>R'000 | 2007/08<br>R'000 |
|---------------------------------|------------------|------------------|
| <b>10. Contingent liability</b> |                  |                  |
| Claims against the state        | <u>2 479 638</u> | <u>2 533 228</u> |

10.1 Included in claims against the state is a claim of EUR 192 180 623 (R 2 467 637 633) relating to a commission claim. The claim will be defended in a civil court in Lisbon, Portugal.

## SPECIAL DEFENCE ACCOUNT NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2009 (continued)

|                                                              | 2008/09<br>R'000                                                                                                                                                                                                                                                                                              | 2007/08<br>R'000 |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>11. Defence Industrial Participation (DIP)</b>            |                                                                                                                                                                                                                                                                                                               |                  |
| <b>11.1 DIP credits awarded and planned for current year</b> |                                                                                                                                                                                                                                                                                                               |                  |
| DIP credits awarded                                          | 743 870                                                                                                                                                                                                                                                                                                       | 1 407 770        |
| DIP credits awarded - SDPP                                   | 652 070                                                                                                                                                                                                                                                                                                       | 1 088 118        |
| DIP credits awarded - Non-SDPP                               | 91 800                                                                                                                                                                                                                                                                                                        | 319 652          |
| DIP credits planned                                          | 969 335                                                                                                                                                                                                                                                                                                       | 1 381 942        |
| DIP credits planned - SDPP                                   | 951 134                                                                                                                                                                                                                                                                                                       | 1 037 250        |
| DIP credits planned - Non-SDPP                               | 18 201                                                                                                                                                                                                                                                                                                        | 344 692          |
| <b>11.2 Previous years DIP credits awarded and planned</b>   |                                                                                                                                                                                                                                                                                                               |                  |
| Cumulative DIP credits awarded                               | 18 454 001                                                                                                                                                                                                                                                                                                    | 17 710 131       |
| Cumulative DIP credits awarded-SDPP                          | 13 157 899                                                                                                                                                                                                                                                                                                    | 12 505 829       |
| Cumulative DIP credits awarded-Non-SDPP                      | 5 296 102                                                                                                                                                                                                                                                                                                     | 5 204 302        |
| Cumulative DIP planned                                       | 18 672 564                                                                                                                                                                                                                                                                                                    | 17 014 881       |
| Cumulative DIP credits planned-SDPP                          | 13 456 963                                                                                                                                                                                                                                                                                                    | 11 814 482       |
| Cumulative DIP credits planned-Non-SDPP                      | 5 215 601                                                                                                                                                                                                                                                                                                     | 5 200 399        |
| <b>11.3 Outstanding DIP obligations</b>                      |                                                                                                                                                                                                                                                                                                               |                  |
| Outstanding DIP obligations                                  | 2 213 940                                                                                                                                                                                                                                                                                                     | 2 761 958        |
| Outstanding DIP obligations - SDPP                           | 1 952 862                                                                                                                                                                                                                                                                                                     | 2 604 932        |
| Outstanding DIP obligations - Non-SDPP                       | 261 078                                                                                                                                                                                                                                                                                                       | 157 026          |
| <b>11.4</b>                                                  | The DIP programme applies to all foreign defence purchases with an imported content exceeding 2 million USD and is subject to 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. |                  |
| <b>11.5</b>                                                  | DIP represents the obligations of foreign Original Equipment Manufacturers that supply military equipment to the DOD through Armscor. The obligation represents the value of orders to be placed on SA industry, and technology to be transferred.                                                            |                  |

| Financial Performance |

# SPECIAL DEFENCE ACCOUNT NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2009 (continued)

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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 2008/2009 financial year, as disclosed in note 6, will be refunded in the 2009/2010 financial year.



# SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009

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# **SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009 (continued)**

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## **INTRODUCTION**

### **Background**

The SANDF Fund was established in terms of the Fund Raising Act, 1978 (Act No. 107 of 1978) as amended. The aim of the Fund is to render aid to members and former members of the South African National Defence Force and Auxiliary Services, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act, 2002 (Act No. 42 of 2002) and to provide facilities and matters connected therewith to such members and former members who perform such services or duties.

## **STRATEGIC DIRECTION**

### **Vision**

The SANDF Fund's vision is aid to all beneficiaries of the Fund suffering hardship or financial distress.

### **Mission**

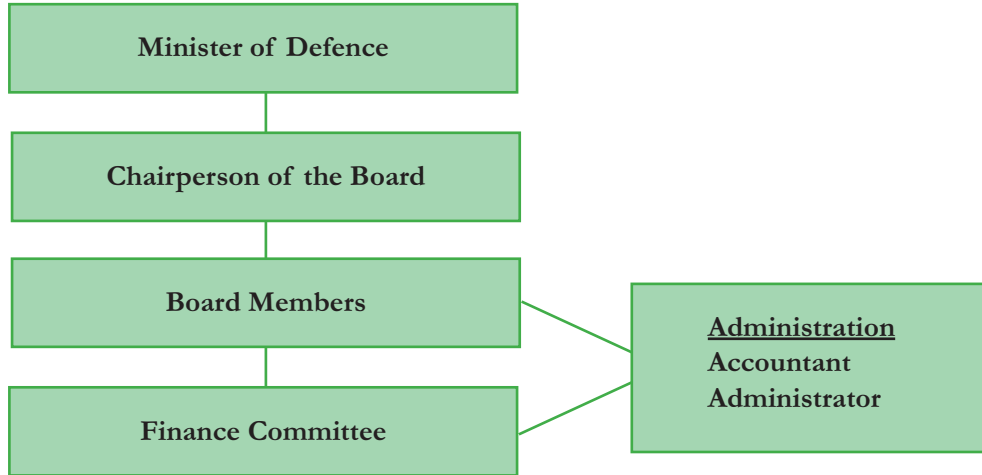
The SANDF Fund's mission is, with due regard to the financial position of the Fund and the requirements of each case, to render such aid as the Board may deem fair and reasonable to members and former members of the South African National Defence Force and Auxiliary Services established in accordance with the Defence Act, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act, 2002 (Act No. 42 of 2002), performed by such members, and to provide facilities to or for such members and former members who perform such services or duties.

### **Legislative Mandate**

The Fund is mandated in terms of the Fund Raising Act, 1978 (Act No. 107 of 1978) as amended.

# SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009 (continued)

## ORGANISATIONAL STRUCTURE



### Board members



The following are officially appointed members of the Board:

| Full Time Members                                |
|--------------------------------------------------|
| Lt Gen J.L. Jansen van Rensburg - (Chairperson)  |
| Lt Gen T.T. Matanzima                            |
| Maj Gen J.C. van der Poel – (Deputy Chairperson) |
| Maj Gen L.C. Pepani                              |
| Brig Gen J.C. Beukus                             |
| Brig Gen N.E. Motumi                             |
| R Adm (JG) J.G. Barker                           |
| Col M.J. Louw                                    |
| Col R.C.J. Wood – (Secretary)                    |
| Part Time Members                                |
| Prof D.F.S. Fourie                               |
| Lt Gen (Ret) D.P. Knobel                         |
| R Adm (JG) (Ret) L.M. Bakkes                     |

The position of most of the Board members has changed due to internal transfers and appointments and retirement. Subsequent to the official appointment of the Board, there were various persons acting as Board members including the chairpersons Lt Gen Ramlakan and Lt Gen Matanzima.

A submission was forwarded to the Minister of Defence on 18 February 2009 for the appointment of the following persons who are acting as Board members.

# SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009 (continued)

| Financial Performance |

| Members                                 | Representing                      |
|-----------------------------------------|-----------------------------------|
| <b>Full Time Members</b>                |                                   |
| Lt Gen D.M. Mgwebi (Chairperson)        |                                   |
| Brig Gen N. Yengeni                     | SA Army                           |
| Maj Gen H.A. Bhembe                     | SA Air Force                      |
| R Adm (JG) A.E. Kubu                    | SA Navy                           |
| Brig Gen M.D. Myamya                    | SA Medical Health Service         |
| T.T. Molotsi                            | Secretary for Defence             |
| WO1 F.J.S. Scheepers                    | Warrant Officer of the SANDF      |
| Col M.J. Louw (Secretary)               | HR                                |
| <b>Part Time Members</b>                |                                   |
| Prof D.F.S. Fourie - Deputy Chairperson | Military Veterans                 |
| Lt Gen (Ret) D.P. Knobel                | Military Veterans                 |
| Brig Gen (Dr) K.O.P. Matseki            | Reserve Force                     |
| R Adm (JG) L.M. Bakkes                  | Reserve Force                     |
| Lt Col (Ret) L. Poorter                 | Council of Military Organisations |
| Lt Col M.A. Thulare                     | Reserve Force                     |
| Ms M.N. Tsotsi                          | Military Veterans                 |

## Finance Committee members

| Members                               | Representing                      |
|---------------------------------------|-----------------------------------|
| <b>Full Time Members</b>              |                                   |
| Lt Col (Ret) L. Poorter – Chairperson | Council of Military Organisations |
| Brig Gen N. Yengeni                   | SA Army                           |
| Brig Gen M.D. Myamya                  | SA Medical Health Service         |

## Administration personnel

| Personnel                     | Representing  |
|-------------------------------|---------------|
| Col E.S. Harrison (Res Force) | Administrator |
| Asst Dir P.J. du Bois         | Accountant    |

## CORPORATE GOVERNANCE

### Audit Committee

An Audit Committee has not yet been appointed. Endeavours are underway to obtain the services of the Audit Committee of the Department of Defence.



## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009 (continued)

### Internal audit

The Inspector General, DOD (IG DOD) of the Department of Defence, on request, indicated that an internal audit function will be provided in the future. For the year under review there were no internal audits done.

### Attendance of Board meetings

The Board is established in terms of the Fund Raising Act, 1978 (Act No. 107 of 1978) as amended to manage the Fund. The Board is required to meet 4 times per annum.

Board meetings during the financial year were attended as follows:

| Members                                                    | No of meetings attended | Meetings held |
|------------------------------------------------------------|-------------------------|---------------|
| Lt Gen D.M. Mgwebi<br>(Chairperson)                        | 2                       | 2             |
| Brig Gen N. Yengeni                                        | 2                       | 2             |
| Maj Gen H.A. Bhembe<br>(Brig Gen A.P. Staunton – secundes) | 1                       | 2             |
| R Adm (JG) A.E. Kubu<br>(Capt (SAN) L. van Wyk – secundes) | 1<br>1                  | 2             |
| Brig Gen M.D. Myamya                                       | 1                       | 2             |
| T.T. Molotsi                                               | -                       | 2             |
| WO1 F.J.S. Scheepers                                       | -                       | 2             |
| Col M.J. Louw (Secretary)                                  | 2                       | 2             |
| Prof D.F.S. Fourie (Deputy - Chairperson)                  | 2                       | 2             |
| Lt Gen (Ret) D.P. Knobel                                   | 1                       | 2             |
| Brig Gen K.O.P. Matseki                                    | -                       | 2             |
| R Adm (JG) L.M. Bakkes                                     | 2                       | 2             |
| Lt Col L Poorter                                           | 2                       | 2             |
| Lt Col M.A. Thulare                                        | -                       | 2             |
| Ms M.N. Tsotsi                                             | -                       | 2             |

The object of the Board is, with due regard to the financial position of the Fund and the requirements of each case, to render such aid as the board may deem fair and reasonable to members and former members of the South African National Defence Force and Auxiliary Services established in accordance with the Defence Act, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act, 2002 (Act No. 42 of 2002), performed by such members, and to provide facilities to or for such members and former members who perform such services or duties.

# SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009 (continued)

## Statement of responsibility

The Board members are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this Annual Report.

The Auditor-General South Africa is responsible for auditing and reporting on the financial statements.

The financial statements are prepared in accordance with statements of South African Generally Accepted Accounting Practice and incorporate disclosure in line with the accounting philosophy of the entity. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board members believe that the entity will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the entity's annual financial statements.

## PERFORMANCE

### Strategic objectives

The object of the Board is, with due regard to the financial position of the Fund and the requirements of each case, to render such aid as the board may deem fair and reasonable to members and former members of the South African National Defence Force and Auxiliary Services established in accordance with the Defence Act, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act, 2002 (Act No. 42 of 2002), performed by such members, and to provide facilities to or for such members and former members who perform such services or duties.

| Key objective                                                            | Strategy                                                                                                                                            | Output        | Performance measure | Actual performance |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|--------------------|
| Provide aid to qualifying members.                                       | To enable military social workers and veterans' organisations to identify and process the need and applications for aid.                            | Persons aided | Expended budget     | R0.00              |
| Provide financial aid for provision of facilities.                       | To enable military social workers and veterans' organisations to identify and process the need and applications for aid on behalf of beneficiaries. | Facilities    | Expended budget     | R0.00              |
| Provide financial support for projects in support of qualifying members. | To enable military social workers, military units and veterans' organisations to identify and process the need and applications for aid.            | -             | Expended budget     | R0.00              |

The reason for non- performance is the non promulgation of the SANDF Order which regulate the management and operation of the Fund.

# **SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009 (continued)**

## **MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2009**

The Board presents their Annual Report, which form part of the audited financial statements of the Fund for the year ended 31 March 2009.

### **Nature and aim of the SANDF Fund**

The SANDF Fund was established in terms of the Fund Raising Act, 1978 (Act No. 107 of 1978) No 107 of 1978 as amended. The aim of the Fund is to render aid to members and former members of the South African National Defence Force and Auxiliary Services, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act, 2002 (Act No. 42 of 2002) and to provide facilities and matters connected therewith to such members and former members who perform such services or duties.

### **General review**

The activity in the SANDF Fund is still low due to the fact that the finalisation of the Department of Defence Instruction/Ministerial Instruction and the Rules for the Financial Committee must be promulgated before the SANDF Fund can be marketed and applications for aid be processed. The aim is to promulgate this Instruction by the end of August 2009.

It is anticipated that the increasing demands on members of the South African National Defence Force for peace operations in Africa coupled with the economic recession in South Africa, will increase the necessity and the activity of the SANDF Fund in terms of the aid that it should provide.

A serious effort is made to put the structures in place to enable the Fund to render aid to the beneficiaries of the Fund within the latter part of the 2009/2010 financial year.

### **Financial results**

Income for the financial year consisted of interest received mainly on investments. Interest on investments was capitalised. This resulted in the investment capital increasing by 11.39%. (9.79% in 2007/2008). The substantial increase was partly due to the economic factors which resulted in increased investment rates.

Expenditure for the financial year consisted of Audit Fees and the Honorarium of the Accountant.

The non-current assets with a book value of R3.26 were written off. Certain assets were beyond economic repair, while others were outdated or badly soiled. The badly soiled items were destroyed. The outdated items were donated to the SA Military Museum, Saxonwold.

### **Interest of the Board members**

Board members do not have any interest in the SANDF Fund.

### **Auditors**

The Auditor of the SANDF Fund is the Auditor-General South Africa.

# SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2009 (continued)

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## Address

Armcor Building, Nossob Street, Erasmusrand.



LIEUTENANT GENERAL D.M. MGWEBI  
CHAIRPERSON OF THE SANDF FUND BOARD



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND for the year ended 31 March 2009

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the South African Defence Force Fund which comprise the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 388 to 398.

### The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the *Auditor-General audit circular 1 of 2007*, the Fund Raising Act, 1978 (Act No. 107 of 1978) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 22(8) of Fund Raising Act, 1978 (Act No. 107 of 1978), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND for the year ended 31 March 2009

## Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the South African Defence Force Fund as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by section 22 (7) of the Fund Raising Act, 1978 (Act No. 107 of 1978).

## Other matters

Without qualifying my opinion, I draw attention to the following matters that relates to my responsibilities in the audit of the financial statements:

### Non-compliance with applicable legislation

#### Fund Raising Act, 1978 (Act No. 107 of 1978)

8. The fund did not comply with the following requirements of the Fund Raising Act, 1978 (Act No. 107 of 1978):
- Board members were not appointed by the Minister including the Chairperson and the Deputy Chairperson of the board, as required by Section 17(1) and (9).
  - The board did not hold the required number of meetings as required by Section 17C (5).
  - The fund was incorrectly named in the annual report as the South African National Defence Force Fund. The South African Defence Fund was established in terms of the Fund Raising Act, 1978 (Act No. 107 of 1978) and in terms of section 16(b) of this act the Fund is to be known as the South African Defence Force Fund.

#### Public Audit Act, 2004 (Act No. 25 of 2004)

9. The fund did not comply with the following requirements of the Public Audit Act, 2004 (Act No. 25 of 2004):
- The fund's annual report was not tabled to the relevant legislature as required by Section 21(3). In terms of section 22(8) of the Fund Raising Act, 1978 (Act No. 107 of 1978) the fund shall be audited by the Auditor - General of South Africa (AGSA). Section 21(3) of the Public Audit Act, 2004 (Act No. 25 of 2004) provides that those reports audited by the AGSA must be tabled in the relevant legislature.

## Key governance responsibilities

10. The Fund Raising Act, 1978 (Act No. 1978) and *Audit Circular 1 of 2007* (Issued in terms of section 14(2)(b) of the Public Audit Act, 2004 (Act No. 25 of 2004)) tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND for the year ended 31 March 2009

| No.                                                                                                         | Matter                                                                                                                                                                                                                                                                                                                                                                                    | Y | N |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| <b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>     |                                                                                                                                                                                                                                                                                                                                                                                           |   |   |
| 1.                                                                                                          | No significant difficulties were experienced during the audit concerning delays or the availability of requested information.                                                                                                                                                                                                                                                             | √ |   |
| <b>Quality of financial statements and related management information</b>                                   |                                                                                                                                                                                                                                                                                                                                                                                           |   |   |
| 2.                                                                                                          | The financial statements were not subject to any material amendments resulting from the audit.                                                                                                                                                                                                                                                                                            | √ |   |
| 3.                                                                                                          | The annual report was submitted for consideration prior to the tabling of the auditor's report.                                                                                                                                                                                                                                                                                           | √ |   |
| <b>Timeliness of financial statements and management information</b>                                        |                                                                                                                                                                                                                                                                                                                                                                                           |   |   |
| 4.                                                                                                          | The annual financial statements were submitted for auditing as per the deadline in terms of <i>Auditor-General audit circular 1 of 2007</i> .                                                                                                                                                                                                                                             | √ |   |
| <b>Availability of key officials during audit</b>                                                           |                                                                                                                                                                                                                                                                                                                                                                                           |   |   |
| 5.                                                                                                          | Key officials were available throughout the audit process.                                                                                                                                                                                                                                                                                                                                | √ |   |
| <b>Development and compliance with risk management, effective internal control and governance practices</b> |                                                                                                                                                                                                                                                                                                                                                                                           |   |   |
| 6.                                                                                                          | Audit committee                                                                                                                                                                                                                                                                                                                                                                           |   |   |
|                                                                                                             | <ul style="list-style-type: none"> <li>• The Fund had an audit committee in operation throughout the financial year.</li> <li>• The audit committee operates in accordance with approved, written terms of reference.</li> <li>• The audit committee substantially fulfilled its responsibilities for the year, as set out in <i>Auditor-General audit circular 1 of 2007</i>.</li> </ul> |   | √ |
|                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                           |   | √ |
|                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                           |   | √ |
| 7.                                                                                                          | There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.                                                                                                                                                                                                                                                   | √ |   |
| 8.                                                                                                          | There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.                                                                                                                                                                                                                                 |   | √ |
| 9.                                                                                                          | The information systems were appropriate to facilitate the preparation of the financial statements.                                                                                                                                                                                                                                                                                       | √ |   |
| 10.                                                                                                         | Powers and duties have been assigned.                                                                                                                                                                                                                                                                                                                                                     |   | √ |
| <b>Follow-up of audit findings</b>                                                                          |                                                                                                                                                                                                                                                                                                                                                                                           |   |   |
| 11.                                                                                                         | The prior year audit findings have been substantially addressed.                                                                                                                                                                                                                                                                                                                          |   | √ |
| <b>Issues relating to the reporting of performance information</b>                                          |                                                                                                                                                                                                                                                                                                                                                                                           |   |   |
| 12.                                                                                                         | The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.                                                                                                                                                                                                                                                             |   | √ |
| 13.                                                                                                         | Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.                                                                                                                                                                                                                                       |   | √ |
| 14.                                                                                                         | A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Fund against its mandate, predetermined objectives, outputs, indicators and targets.                                                                                                                              |   | √ |



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND for the year ended 31 March 2009

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

11. I have reviewed the performance information as set out on page 380.

### The accounting authority's responsibility for the performance information

The accounting authority has additional responsibilities as required by *Auditor-General audit circular 1 of 2007*, to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the fund.

### The Auditor-General's responsibility

13. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

### Findings on performance information

#### Content of strategic performance plan

16. The strategic plan of the fund did not include predetermined measurable objectives, outcomes and targets.

#### Lack of effective, efficient and transparent systems and internal controls regarding performance management

17. The accounting authority did not ensure that the South African Defence Force Fund has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the entity's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed as required in terms of *Auditor-General audit circular 1 of 2007 paragraph 16*.

#### Usefulness and reliability of reported performance information

18. The following criteria were used to assess the usefulness and reliability of the information on the fund's performance with respect to the objectives in its strategic plan:

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND for the year ended 31 March 2009

- Consistency: Has the fund's reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit findings relate to the above criteria:

- The fund did not include any targets in the annual report, and actual performance was indicated as Nil for all objectives.
- Measures included in the annual report, is not well defined to enable verification.

## APPRECIATION

19. The assistance rendered by the staff of the South African Defence Force Fund during the audit is sincerely appreciated.



*Auditor-General*

Pretoria  
15 July 2009



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2009

|                                     | Note | 2008/2009<br>R    | 2007/2008<br>R   |
|-------------------------------------|------|-------------------|------------------|
| <b>Assets</b>                       |      |                   |                  |
| <b>Non current assets</b>           |      |                   |                  |
| Property, plant and equipment       | 2    | -                 | 3                |
| <b>Current assets</b>               |      |                   |                  |
| Cash and cash equivalents           | 3    | 80 066            | 95 107           |
| Investments in financial assets     | 4    | 10 562 635        | 9 482 227        |
| <b>TOTAL ASSETS</b>                 |      | <b>10 642 701</b> | <b>9 577 337</b> |
| <b>Equity</b>                       |      |                   |                  |
| Retained earnings                   |      | 10 637 700        | 9 574 917        |
|                                     |      | 10 637 700        | 9 574 917        |
| <b>Current liabilities</b>          |      |                   |                  |
| Accounts payable                    |      | 5 001             | 2 420            |
| Provision                           | 5    | 1                 | -                |
|                                     |      | 5 000             | 2 420            |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>10 642 701</b> | <b>9 577 337</b> |



## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2009

|                                   | Note | 2008/2009<br>R   | 2007/2008<br>R |
|-----------------------------------|------|------------------|----------------|
| Other income                      | 6    | 1 085 771        | 850 795        |
| Administration expenses           |      | (22 988)         | (15 474)       |
| Profit for the year               | 7    | 1 062 783        | 835 321        |
| <b>Total comprehensive income</b> |      | <b>1 062 783</b> | <b>835 321</b> |



## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2009

|                                  | Note | 2008/2009<br>R           | 2007/2008<br>R    |
|----------------------------------|------|--------------------------|-------------------|
|                                  |      | <b>Retained earnings</b> | Retained earnings |
| Balance at beginning of the year |      | 9 574 917                | 8 739 596         |
| Total comprehensive income       |      | 1 062 783                | 835 321           |
| Balance at the end of the year   |      | 10 637 700               | 9 574 917         |



## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND CASH FLOW STATEMENT for the year ended 31 March 2009

|                                                     | Note | 2008/2009<br>R | 2007/2008<br>R |
|-----------------------------------------------------|------|----------------|----------------|
| <b>Cash flow from Operating activities</b>          | 8    | (20 404)       | (15 254)       |
| Cash generated by operating activities              |      | (20 404)       | (15 254)       |
| <b>Cash flow from Investing activities</b>          |      | 5 363          | 5 346          |
| Income from investment                              |      | 1 080 408      | 845 449        |
| Increase in investment                              |      | (1 080 408)    | (845 449)      |
| Finance income                                      |      | 5 363          | 5 346          |
| Net increase in cash and cash equivalents           |      | (15 041)       | (9 908)        |
| Cash and cash equivalents at the beginning of year  |      | 95 107         | 105 015        |
| <b>Cash and cash equivalents at the end of year</b> | 3    | 80 066         | 95 107         |



# SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2009

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#### 1 Accounting Policy

##### 1.1 Basis of Preparation

The financial statements are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice. This basis is consistent with that of the previous year and as set out below.

##### 1.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss.

##### 1.3 Investments in financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the fund's management has the positive intention and ability to hold to maturity. Held to maturity is included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, these are classified as current assets.

##### 1.4 Financial Instruments



###### 1.4.1 Recognition

Financial assets and financial liabilities are recognised on the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

###### 1.4.2 Measurement

Financial instruments are initially measured at fair value. Subsequent measurement of financial instruments is determined based on the category of financial instruments. Held to maturity investments are subsequently measured at amortised cost.

###### 1.4.3 Investment in Financial Assets

The Fund's principle financial assets are investments and cash and cash equivalents.

###### Investments in financial assets:

Financial instruments are initially measured at fair value. Subsequent measurement of financial instruments is determined based on the category of financial instruments. Held to maturity investments are subsequently measured at amortised cost.

###### Cash and cash equivalents:

Cash and cash equivalent are measured at fair value.



## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 1.5 Revenue recognition

#### 1.5.1 Other income

Other income is measured at the fair value of consideration received or receivable. Other income is recognised when it is probable that future economic benefits will flow to the Fund and these benefits can be measured reliably.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

#### 1.5.2 Revenue

Revenue is measured at fair value of consideration received or receivable. Revenue comprises of donations received.

### 1.6 Provisions

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

### 1.7 Cash and cash equivalents



Cash and cash equivalents are stated at their fair value.

### 1.8 Tax

The Fund is exempted from tax in terms of section 10(1)(cN) of the Income Tax Act, Act 58 of 1962.

## 2 Property, plant and equipment

| 2009                                               | Furniture<br>R | Equipment<br>R | Total<br>R |
|----------------------------------------------------|----------------|----------------|------------|
|                                                    | 1              | 2              | 3          |
| <b>Carrying value at the beginning of the year</b> |                |                |            |
| Cost                                               | 2 618          | 19 123         | 21 741     |
| Accumulated depreciation                           | (2 617)        | (19 121)       | (21 738)   |
| <b>Movement during the year</b>                    | <b>(1)</b>     | <b>(2)</b>     | <b>(3)</b> |
| Write off                                          | (1)            | (2)            | (3)        |
| Depreciation                                       | -              | -              | -          |
| <b>Carrying value at the end of the year</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>   |
| Cost                                               | -              | -              | -          |
| Accumulated depreciation                           | -              | -              | -          |

## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

| 2008                                               | Furniture<br>R | Equipment<br>R | Total<br>R |
|----------------------------------------------------|----------------|----------------|------------|
| <b>Carrying value at the beginning of the year</b> | <b>1</b>       | <b>2</b>       | <b>3</b>   |
| Cost                                               | 2 618          | 19 123         | 21 741     |
| Accumulated depreciation                           | (2 617)        | (19 121)       | (21 738)   |
| <b>Movement during the year</b>                    | <b>-</b>       | <b>-</b>       | <b>-</b>   |
| Depreciation                                       | -              | -              | -          |
| <b>Carrying value at the end of the year</b>       | <b>1</b>       | <b>2</b>       | <b>3</b>   |
| Cost                                               | 2 618          | 19 123         | 21 741     |
| Accumulated depreciation                           | (2 617)        | (19 121)       | (21 738)   |

Furniture and equipment with a carrying amount of R3 were written off as they were beyond economic repair and no future benefits were estimated to flow to the entity.

### 3 Cash and cash equivalent



|                                        | 2008/2009<br>R | 2007/2008<br>R |
|----------------------------------------|----------------|----------------|
| SA National Defence Force Fund         | 3 508          | 3 217          |
| SA National Defence Force Welfare Fund | 76 525         | 91 857         |
| Petty cash                             | 33             | 33             |
|                                        | 80 066         | 95 107         |

### 4 Investment in financial assets

#### 4.1 Fixed term deposit

|                               | 2008/2009<br>R | 2007/2008<br>R |
|-------------------------------|----------------|----------------|
| 4.1.1 Maturity date: 09/05/08 |                |                |
| Interest rate: 10.5%          |                |                |
| Opening balance               |                | 7 560 903      |
| Re-invested ( refer 4.1.2)    |                | 1 112 766      |
| Interest earned               |                | 808 559        |
| Closing balance               |                | 9 482 227      |

## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

|                                                                      | 2008/2009  | 2007/2008   |
|----------------------------------------------------------------------|------------|-------------|
|                                                                      | R          | R           |
| 4.1.2 Maturity date 29/08/2007                                       |            |             |
| Interest rate: 8.3%                                                  |            |             |
| Opening balance                                                      |            | 1 075 875   |
| Interest earned                                                      |            | 36 891      |
| Re-invested ( refer 4.1.1)                                           |            | (1 112 766) |
| Closing balance                                                      |            | -           |
| 4.1.3 Maturity date: 09/05/08                                        |            |             |
| Interest rate: 10.5%                                                 |            |             |
| Opening balance                                                      |            | 9 482 227   |
| Interest earned                                                      |            | 103 003     |
| Closing balance re-invested (refer 4.1.4)                            |            | 9 585 230   |
| 4.1.4 Maturity date: 08/07/08                                        |            |             |
| Interest rate: 11.1%                                                 |            |             |
| Opening balance                                                      | 9 585 230  |             |
| Interest earned                                                      | 174 897    |             |
| Closing balance re-invested (refer 4.1.5)                            | 9 760 127  |             |
| 4.1.5 Maturity date: 08/09/08                                        |            |             |
| Interest rate: 11.9%                                                 |            |             |
| Opening balance                                                      | 9 760 127  |             |
| Interest earned                                                      | 197 288    |             |
| Closing balance transferred to Investment call account (refer 4.1.6) | 9 957 415  |             |
| 4.1.6 Investment call account (15 days)                              |            |             |
| Interest rate: 11%                                                   |            |             |
| Opening balance                                                      | 9 957 415  |             |
| Interest earned                                                      | 45 013     |             |
| Closing balance transferred to Investment (refer 4.1.7)              | 10 002 428 |             |



| Financial Performance |

## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

Financial Performance

|                                                                      | 2008/2009<br>R | 2007/2008<br>R |
|----------------------------------------------------------------------|----------------|----------------|
| 4.1.7 Maturity date: 27/10/08                                        |                |                |
| Interest rate: 11.7%                                                 |                |                |
| Opening balance                                                      | 10 002 428     |                |
| Interest earned                                                      | 109 013        |                |
| Closing balance transferred to Investment call account (refer 4.1.8) | 10 111 441     |                |
| 4.1.8 Call account (46 days)                                         |                |                |
| Opening balance                                                      | 10 111 441     |                |
| Interest earned 11%                                                  | 140 667        |                |
| Call account (56 days)                                               |                |                |
| Interest earned 10.5%                                                | 165 703        |                |
| Call account (27 days)                                               |                |                |
| Interest earned 9.5%                                                 | 127 739        |                |
| Call account (7 days)                                                |                |                |
| Interest earned 8.5%                                                 | 17 085         |                |
| Closing balance                                                      | 10 562 635     |                |



### 5 Provision for accounting fees

A provision for accounting fees has been recognised to be incurred in the 2009/10 financial year.

|                 | 2008/2009<br>R | 2007/2008<br>R |
|-----------------|----------------|----------------|
| Accountant fees |                |                |
| Opening balance | 2 420          | 2 200          |
| Additions       | 5 000          | 2 420          |
| Used            | (2 420)        | (2 200)        |
| Closing balance | 5 000          | 2 420          |

### 6 Other income

|                                                   |           |         |
|---------------------------------------------------|-----------|---------|
| Other income includes interest earned on:         | 1 085 771 | 850 795 |
| Investment income on held to maturity investments | 1 080 408 | 845 448 |
| SA National Defence Force Fund                    | 326       | 93      |
| SA National Defence Force Welfare Fund            | 5 037     | 5 254   |

Interest earned on investment is capitalised

## SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

### 7 Profit for the year

|                                               | 2008/2009 | 2007/2008 |
|-----------------------------------------------|-----------|-----------|
|                                               | R         | R         |
| Profit for the year includes expenditure for: |           |           |
| Audit fees                                    | 14 387    | 10 204    |
| Furniture and equipment written off           | 3         | -         |

### 8 Cash flow from operating activities

|                      |             |           |
|----------------------|-------------|-----------|
| Profit for the year  | 1 062 783   | 835 321   |
| Adjusted for:        |             |           |
| Interest received    | (1 085 771) | (850 795) |
| Non- current assets  | 3           |           |
| Increase in payables | 2 581       | 220       |
|                      | (20 404)    | (15 254)  |

### 9 Financial instruments



#### Interest Rate Risk

The Fund's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

|                                        | 2008/2009     | 2007/2008     |
|----------------------------------------|---------------|---------------|
|                                        | Floating Rate | Floating Rate |
|                                        | %             | %             |
| <b>Assets</b>                          |               |               |
| Investment                             | 11.4          | 9.8           |
| SA National Defence Force Fund         | 10.1          | 3.1           |
| SA National Defence Force Welfare Fund | 5.5           | 5.2           |

Other risk:

Due to the nature and extent of the Fund's financial instruments, the Fund is not unduly exposed to price risk, cash flow risks and liquidity risks.

# SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009 (continued)

10 Related parties

Related party transactions are limited to those Department of Defence (DOD) personnel serving on the Board or representatives who provide services to the SANDF Fund during DOD official working hours without compensation from the SANDF Fund.

| 2008/2009 | 2007/2008 |
|-----------|-----------|
| R         | R         |
| 7 320     | 14 601    |



# ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON COMPLIANCE WITH SECTION 4 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT OF 2002 for the year ended 31 March 2009

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## Introduction

1. I have performed my limited assurance engagement on the compliance by the National Conventional Arms Control Committee (NCACC) with section 4 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002) (Act), as required by section 12 of the Act.

To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than Parliament, for my work, for this report, or for the conclusions I have formed.

## NCACC's responsibility

2. The NCACC is responsible for compliance with the Act and related regulations.

## Auditor-General's responsibility

3. As required by section 12 of the Act, my responsibility is to conclude on compliance by the NCACC with section 4 of the Act. I performed my assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000), *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*. That standard requires me to comply with ethical requirements and plan and perform my assurance engagement to obtain sufficient appropriate evidence regarding the subject matter of the engagement to support my assurance conclusion, expressed below.

## Summary of work performed

4. As the auditor of the NCACC, I have also audited the Department of Defence, which provides the Secretariat to the NCACC, for the period ended 31 March 2009. My limited assurance procedures included the following specific procedures:
  - Inspecting the processes and structures established by the NCACC for effective control of trade in conventional arms.
  - Inspecting the guidelines, structures and processes established by the NCACC for the scrutiny and assessment of the application for the issue of a permit.
  - Confirming that the committee liaises with relevant government agencies regarding the enforcement of the Act.
  - Inspecting cases where the issue of a permit has been refused by the NCACC and confirming that this has been done as required by section 14 of the Act.
  - Inspecting on a sample basis permits issued and confirming that these permits comply with the conditions as indicated in the regulations.



# ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON COMPLIANCE WITH SECTION 4 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT OF 2002 for the year ended 31 March 2009 (continued)

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- I have not performed compliance procedures in the following areas of the NCACC's responsibilities:
    - The evaluation of end user certificates received.
    - Control evaluation at development and manufacturing companies.
    - Compliance visit reports, conclusion and recommendations.
  - Inspecting the register that must be kept in the prescribed form indicating persons involved in the trade of conventional arms.
  - Inspecting the register for all permits issued and performing the following:
    - Selecting a sample of permits issued and following it through to the register.
    - Selecting a sample of entries in the register and following it through to the issued permits.
  - Confirming that all reports issued, have been issued as required by section 23 of the Act.
  - An analysis to identify anomalies in reported data.
  - Determination whether information supplied is relevant, reliable, comparable and understandable.
5. For the purpose of my limited assurance conclusion, my evidence gathering procedures were more limited than for a reasonable assurance engagement, and therefore less assurance was obtained than in a reasonable assurance engagement.
6. I believe that the evidence obtained as part of my assurance engagement of the NCACC for the period ended 31 March 2009 is sufficient and appropriate to provide a basis for my conclusion expressed below.

## Conclusion

7. Based on the work I performed, except for the items listed below, nothing came to my attention to indicate that the NCACC did not comply with section 4 of the Act.
- Not all reporting requirements as per section 23 of the Act were complied with as the following matters relating to non-compliance with section 23 of the Act were identified:
    - Section 23(1)(b) of the Act requires that the NCACC should submit quarterly reports to the Cabinet and a committee of Parliament. For the period under review no such quarterly reports were submitted. The Directorate of Conventional Arms Control (DCAC) only submitted an annual report to Parliament which contained the information for all quarters.
    - Section 23(1)(c) of the Act requires that the annual report to Parliament should be submitted in the first quarter of the following period. The report for the period January 2008 to December 2008 was not submitted to Parliament within the first quarter of the following period.

# ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON COMPLIANCE WITH SECTION 4 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT OF 2002 for the year ended 31 March 2009 (continued)

- Section 15 of the Act requires that the NCACC must review every permit application on its own merits in line with the case-by-case principle. If the NCACC cannot meet, the chairperson of the NCACC and one member can consider and take decisions on matters on the agenda of the NCACC meeting that did not occur. However, section 6(2)(b) of the Act still requires a quorum consisting of the chairperson or deputy chairperson and three other members to be present for all decisions taken on the agenda of the NCACC. Thus all matters approved by the chairperson and one member must be ratified during the next NCACC meeting.

Only two NCACC meetings were held in April 2008 and May 2008. Furthermore, the operating procedures of the DCAC require that the NCACC must meet on a monthly basis to consider and make decisions on permit applications.

- Sections 5(4)(a) and (c) of the Act deals with the termination of membership of the NCACC. It states that a member must vacate office if that member resigns, is removed or was appointed by the President, and ceases to be a minister or deputy minister. After the South African national elections held on 22 April 2009, a new NCACC has not yet been appointed as required at the date of this report.



## APPRECIATION

8. The assistance rendered by the staff of the DCAC during the engagement is sincerely appreciated.

*Auditor - General*

Pretoria  
29 July 2009



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Glossary of Abbreviations


|                                  |                                                                                                                            |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| AAD                              | Africa Aerospace and Defence                                                                                               |
| AACB                             | Armaments Acquisitions Control Board                                                                                       |
| AASB                             | Auditing and Assurance Standards Board                                                                                     |
| FI5 AC                           | FI5 Aircraft                                                                                                               |
| ACCORD                           | African Centre for the Constructive Resolution of Disputes                                                                 |
| AFB                              | Air Force Base                                                                                                             |
| ALFA                             | Advanced Light Fighter Aircraft                                                                                            |
| AMC                              | Accountability Management Committee                                                                                        |
| AMD                              | Aerospace, Maritime and Defence Industries Association                                                                     |
| AMHU                             | Area Military Health Unit                                                                                                  |
| ARMSCOR                          | Armaments Corporation of South African Ltd                                                                                 |
| ARV                              | Antiretroviral                                                                                                             |
| ASB                              | Army Support Base                                                                                                          |
| ASGISA                           | Accelerated and Shared Growth Initiative for South Africa                                                                  |
| AU                               | African Union                                                                                                              |
| BEE                              | Black Economic Empowerment                                                                                                 |
| BOST                             | Basic Operational Sea Training                                                                                             |
| BPST                             | British Peace Support Training                                                                                             |
| BSC                              | Balanced Scorecard                                                                                                         |
| C <sup>2</sup>                   | Command and Control                                                                                                        |
| CAR                              | Central African Republic                                                                                                   |
| C Def Mat                        | Chief Defence Matériel                                                                                                     |
| CD HR                            | Chief Director Human Resource                                                                                              |
| CFO                              | Chief Financial Officer                                                                                                    |
| C HR                             | Chief of Human Resources                                                                                                   |
| CHATSEC                          | Combating HIV/Aids through Spiritual and Ethical Conduct                                                                   |
| CI                               | Counter-Intelligence                                                                                                       |
| C <sup>4</sup> I <sup>2</sup> RS | Command and Control, Communications, Computers, Information, Intelligence, Infrastructure, Reconnaissance and Surveillance |
| CJ Ops                           | Chief Joint operations                                                                                                     |
| C Log                            | Chief Logistics                                                                                                            |
| CMSI                             | Command and management Information Systems                                                                                 |
| COTS                             | Commercial Off-the-Shelf                                                                                                   |
| CPX                              | Command Post Exercise                                                                                                      |
| C SANDF                          | Chief of the South African National Defence Force                                                                          |
| CSIR                             | Council for Scientific and Industrial Research                                                                             |
| CSND                             | Council for Support to National Defence                                                                                    |
| CSS                              | Core Service System                                                                                                        |
| DEIS                             | Defence Enterprise Information System                                                                                      |
| DEISA                            | Diversity and Equity Interventions in South Africa                                                                         |
| DEISM                            | Defence Enterprise Information System Management                                                                           |
| DERI                             | Defence Evaluation and Research Institute                                                                                  |
| DFR                              | Defence Foreign Relations                                                                                                  |
| DI                               | Defence Intelligence                                                                                                       |
| DICTA                            | Defence Information Communication Technology Architectures                                                                 |
| DIMS                             | Directorate Integrated Management Systems                                                                                  |
| DISC                             | Defence Intelligence Standing Committee                                                                                    |
| DI Div                           | Defence Intelligence Division                                                                                              |



## | Department of Defence |

|        |                                                                                                      |
|--------|------------------------------------------------------------------------------------------------------|
| DLSA   | Defence Legal Services Division                                                                      |
| DOD    | Department of Defence                                                                                |
| DPBEC  | Departmental Programme and Budget Evaluating Committee                                               |
| DPE    | Department of Public Enterprise                                                                      |
| DPSA   | Department of Public Service and Administration                                                      |
| DPSP   | Defence Policy, Strategy and Planning                                                                |
| DPW    | Department of Public Works                                                                           |
| DRC    | Democratic Republic of Congo                                                                         |
| DRI    | Defence-Related Industry                                                                             |
| DSA    | Defence Services Asia                                                                                |
| DSC    | Defence Staff Council                                                                                |
| DST    | Department of Science and Technology                                                                 |
| DTI    | Department of Trade and Industry                                                                     |
|        |                                                                                                      |
| EFQM   | European Foundation for Quality Management                                                           |
| EIS    | Enterprise Information System                                                                        |
| ENE    | Estimate of National Expenditure                                                                     |
| ETD    | Education, training and Development                                                                  |
| EX     | Exercise                                                                                             |
|        |                                                                                                      |
| FAZSIO | Forces Armées de la Zone Sud de l'Océan Indien<br>(French Armed Forces in the Southern Indian Ocean) |
| FIFA   | Fédération Internationale de Football Association                                                    |
| FMD    | Financial Management Division                                                                        |
| FMS    | Financial Management System                                                                          |
| FOSAD  | Forum of South African Director-Generals                                                             |
| FSE    | Force Structure Element                                                                              |
| FY     | Financial Year                                                                                       |
|        |                                                                                                      |
| GEPP   | Government Employees Pension Fund                                                                    |
| GITO   | Government Information Technology Officer                                                            |
| GOCs   | General Officers Commanding                                                                          |
|        |                                                                                                      |
| HQ     | Headquarters                                                                                         |
| HR     | Human Resources                                                                                      |
|        |                                                                                                      |
| IBSA   | India, Brazil and South Africa                                                                       |
| ICS    | Information and Communications System                                                                |
| ICT    | Information and Communications Technology                                                            |
| IFMS   | Integrated Financial Management System                                                               |
| IG     | Inspector General                                                                                    |
| IP     | Intellectual Property                                                                                |
| IRPS   | International Relations, Peace and Security                                                          |
| ISDSC  | Inter-State Defence Security Committee                                                               |
| ISS    | Information Security System                                                                          |
| IT     | Information Technology                                                                               |
|        |                                                                                                      |
| JCPS   | Justice, Crime Prevention and Security                                                               |
| JDC    | Joint Defence Committee                                                                              |
| JIM    | Joint, Interdepartmental and Multinational                                                           |
| JIPSA  | Joint Initiative for Priority Skills Acquisition                                                     |
|        |                                                                                                      |
| LHD    | Landing Helicopter Dock                                                                              |
| LIALLS | Lessons Identified and Lessons Learnt Systems                                                        |
| LIRP   | Logistics Intervention and Realignment Programme                                                     |



|                                                                                     |                                                      |
|-------------------------------------------------------------------------------------|------------------------------------------------------|
| LPD                                                                                 | Landing Platform Dock                                |
| MAAC                                                                                | Military Attaché and Advisor Corps                   |
| MAB                                                                                 | Military Arbitration Board                           |
| MBC                                                                                 | Military Bargaining Council                          |
| MDSMA                                                                               | Military Discipline Supplementary Measure Act        |
| MEDUNSA                                                                             | Medical University of Southern Africa                |
| MOD                                                                                 | Minister of Defence                                  |
| MOU                                                                                 | Memorandum of Understanding                          |
| MP                                                                                  | Member of Parliament                                 |
| MP DIV                                                                              | Military Police Division                             |
| MPSP                                                                                | Military Policy, Strategy and Planning Office        |
| MRCC                                                                                | Maritime Rescue Co-ordination Centre                 |
| MSDS                                                                                | Military Skills Development System                   |
| MSF                                                                                 | Mission Success Factors                              |
| MTEF                                                                                | Medium-Term Expenditure Framework                    |
| MTSF                                                                                | Medium-Term Strategic Framework                      |
|                                                                                     |                                                      |
| NATO                                                                                | North Atlantic Treaty Organisation                   |
| NB SMST                                                                             | Naval Base Simon's Town                              |
| NCACC                                                                               | National Conventional Arms Control Committee         |
| NCAGS                                                                               | Naval Co-ordination and Guidance of Shipping         |
| NDOT                                                                                | National Department of Transport                     |
| NDPW                                                                                | National Department of Public Works                  |
| NEPAD                                                                               | New Partnership for Africa's Development             |
| NICOC                                                                               | National Intelligence Co-ordinating Centre           |
| NIAID                                                                               | National Institute of Allergy and Infectious Disease |
| NQF                                                                                 | National Qualification Framework                     |
| NSI                                                                                 | National System of Innovation                        |
|  |                                                      |
| OBS                                                                                 | Operational Boat Squadron                            |
| OC                                                                                  | Officer Commanding                                   |
| OHS                                                                                 | Occupational Health and Safety                       |
| OSD                                                                                 | Occupational Specific Dispensation                   |
|                                                                                     |                                                      |
| Para                                                                                | Parachute                                            |
| PCD                                                                                 | Portfolio Committee on Defence                       |
| PDSC                                                                                | Plenary Defence Staff Council                        |
| PEPFAR                                                                              | President's Emergency Plan for Aids Relief           |
| PFMA                                                                                | Public Finance Management Act                        |
| PME                                                                                 | Prime Mission Equipment                              |
| PMTC                                                                                | Peace Mission Training Centre                        |
| POA                                                                                 | Programme of Action                                  |
| PSO                                                                                 | Peace Support Operations                             |
| PXD                                                                                 | Post-Exercise Discussion                             |
|                                                                                     |                                                      |
| R&D                                                                                 | Research and Development                             |
| RAB                                                                                 | Religious Bodies and Advisory Boards                 |
| RAMP                                                                                | Repair and Maintenance Programme                     |
| Regt                                                                                | Regiment                                             |
| RSA                                                                                 | Republic of South Africa                             |
|                                                                                     |                                                      |
| SAAF                                                                                | South African Air Force                              |
| SABS                                                                                | South African Bureau of Standards                    |

| **Department of Defence** |

|           |                                                             |
|-----------|-------------------------------------------------------------|
| SACAA     | South African Civil Aviation Authority                      |
| SADC      | South African Development Community                         |
| SADC BRIG | South African Development Community Brigade                 |
| SADESO    | South African Defence Export Support Organisation           |
| SADRI     | South African Defence-Related Industry                      |
| SAI       | South African Industry                                      |
| SAMHS     | South African Military Health Service                       |
| SAN       | South African Navy                                          |
| SANAD     | South African Naval Armaments Depot                         |
| SANDF     | South African National Defence Force                        |
| SANMWA    | South African National Military Veterans' Association       |
| SAPS      | South African Police Service                                |
| SAQA      | South African Qualification Authority                       |
| SASSETA   | Safety and Security Sector Education and Training Authority |
| SBP       | Strategic Business Plan                                     |
| SC        | Secretariat Council                                         |
| SCAMP     | Strategic Capital Acquisition Master Plan                   |
| SCOA      | Standard Chart of Accounts                                  |
| Sec Def   | Secretary for Defence                                       |
| SG        | Surgeon-General                                             |
| SITA      | State Information Technology Agency                         |
| SMCS      | Structure Management Control System                         |
| SME       | Small-to-Medium Enterprises                                 |
| SMS       | Senior Management Service                                   |
| SMJ       | School of Military Justice                                  |
| SSR       | Security Sector Reform                                      |
| TBD       | To Be Determined                                            |
| UK        | United Kingdom                                              |
| UN        | United Nations                                              |
| UNISA     | University of South Africa                                  |
| USA       | United States of America                                    |
| USAF      | United States Air Force                                     |
| UNSC      | United Nations Security Council                             |
| VIP       | Very Important Person                                       |
| WAN       | Wide Area Network                                           |
| WATC      | West African Training Cruise                                |
| WHO       | World Health Organisation                                   |
| YFTP      | Youth Foundation Training Programme                         |







