

DEPARTMENT OF DEFENCE Annual Report FY 2009/10



defence

Department:
Defence:
REPUBLIC OF SOUTH AFRICA



Department of Defence

Annual Report



1 April 2009 to 31 March 2010

Safeguarding South Africa for a Better Life for all



defence

Department:
Defence:
REPUBLIC OF SOUTH AFRICA

Department of Defence

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, Parliamentary and Executive Direction

The Department of Defence Annual Report is available on the DOD website (www.dod.mil.za).

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REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF DEFENCE

ANNUAL REPORT FY 2009/10

Ms L.N. Sisulu, MP
Minister of Defence and Military Veterans
Private Bag X427
Pretoria
0001



Dear Minister

SUBMISSION OF THE ANNUAL REPORT OF THE DEPARTMENT OF DEFENCE FOR THE FY 2009/10

I have the pleasure of presenting the Annual Report of the Department of Defence for the 1 April 2009 to 31 March 2010.

The Annual Report has been prepared in compliance with the requirements of Section 40 (1) (d), read together with Treasury Regulation 18.3 of the Public Finance Management Act, 1999 (Act 1 of 1999). The Government-wide Framework of the Managing Programme Performance, the Public Service Regulations, 2001, Chapter 1 Part 111 and the guidelines given by the National Treasury were also complied with.

I hereby formally submit this report to the National Assembly as a statutory requirement for reporting to Parliament.

(N.Z.H. MPOFU)
SECRETARY FOR DEFENCE: DIRECTOR GENERAL

DOD ANNUAL REPORT FOR THE FY 2009/10

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

Following the fourth democratic election, the new administration has embarked on a march of working together with the South African population for a better life for all. The elections ushered in a new electoral mandate which clearly defines government's overall strategic objectives for the next five years. A medium term strategic framework to guide government's programme for the electoral period outlines the strategy for the improvement of the lives of all South Africans, in particular the poorest of the poor.

This fourth term of the democratic government coincided with a global economic crisis which affected many sectors of the South African society. This has had a negative impact on our plans as a government and in particular the defence sector. Whilst this crisis might curtail us from achieving our objectives, it offered opportunities for innovation on how we conduct our defence business.

The Department of Defence (DOD) is positioning itself to play a significant role in pursuit of Government objectives. To this end, we seek to promote the stability of the Republic, its constitutional order and its institutions; create an environment in which South Africans are and feel secure; and contribute towards creating a stable African continent enabling peace and development within a just and equitable world order.

Defence plays a crucial role in advancing and strengthening South Africa's international relations responses and proactive measures, within the context of a continuously changing and unpredictable world. Central to South Africa's international actions is our domestic agenda and priorities, and primarily the development and upliftment of our people so as to free them from fear and want. Our engagements will be premised on the axiom of "what we wish for South Africa, is what we wish for people everywhere". To this end, defence will continue to play a significant role in the advancement of the African agenda, support our multi-lateral engagements and the fostering of sound relations with our key strategic partners.

This Annual Report provides a clear indication of the



**MS L.N. SISULU
MINISTER OF DEFENCE AND
MILITARY VETERANS**

department's consistent performance in pursuit of its mandate as contemplated in the Constitution of the Republic of South Africa and the Defence Act.

Whilst defence and security issues remain top of the agenda, the DOD has taken on other objectives such as support to other government departments, and contributing to the economic development of South Africa. The DOD is positioning itself to offer essential skills that will grow the economy. In a country affected by skills-shortage, the programme of training and skills transfer that the South African National Defence Force (SANDF) can provide may advance the creation of an efficient and capable state. The SANDF can provide young people with the skills necessary to gain entry to various industries and government departments. The SANDF has continued to support government initiatives and departments in areas such as border safeguarding, safety and

security, disaster relief and aid, search and rescue and the protection of the 2010 Federation of International Football Association (FIFA) World Cup.

Our policy objectives ensure that the Defence Force is seized with the realities of our democracy and development. We take cognisance of the demands placed on the SANDF both inside and outside the country. Having broadened the concept of human security to include political, economic, social and environmental matters, we operate on the basis of collective security and collaboration with other states in defence and the protection of the existing security order from mutually recognised threats.

Since many of the insecurities faced by the region and continent transcend nation states, collective action must be undertaken within multilateral organizations to provide adequate response and lasting solutions. Security, peace and stability in the region and the continent are promoted not only through peace support operations, but also through humanitarian and disaster relief as well as post conflict reconstruction.

We have a responsibility to enhance and maintain comprehensive defence capabilities to ensure that the territorial integrity of South Africa and its sovereignty is pro-

tected. This is the constitutional imperative which requires the Defence Force to be kept in an appropriate state of readiness.

In order for the Defence Force to carry out its constitutional mandate and support government to carry out its objectives we need to ensure that we carry ourselves in accordance with the highest military standards and professionalism. We must maintain a balance between high morale and discipline to motivate our personnel to remain committed to achieving the required military outputs. The challenges that we face in the defence force require that we all work together. This is an opportune time for us to be very innovative in how we do our business, to achieve a better life for our people.



(L.N. SISULU)
MINISTER OF DEFENCE AND
MILITARY VETERANS



Strategic Overview

by the Secretary for Defence, Ms N.Z.H. Mpofo

INTRODUCTION

The Department of Defence (DOD) wishes to present to Parliament and the people of South Africa an Annual Report that reflects on the DOD performance for the year under review. This Annual Report also demonstrates the DOD's contribution towards the achievement of the initiatives and priorities of Government.

In the year under review, the DOD executed its mandate as contemplated in Section 200 (2) of the Constitution with a high sense of focus and purpose. The Constitution provides that the primary object of the SANDF is to defend the Republic, its territorial integrity and its people. The Defence Act, 2002 gives substance to this Constitutional provision. 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 conducts its business processes and delivers its mandate in a manner consistent with the set national precepts.



MS N.Z.H. MPOFU
SECRETARY FOR DEFENCE

STRUCTURE AND POST ESTABLISHMENT

The execution and delivery of the defence mandate as contemplated in the Constitution and the Defence Act requires the existence of effective and efficient DOD organisational structures. To that end, both the Chief of the SANDF (C SANDF) and the Secretary for Defence executed their distinct yet complementary roles and functions through their dedicated structures of the SANDF and the Defence Secretariat respectively. The implementation of the DOD structures introduced in 2008 has continued. These structures include Legal Services Division and the Defence International Affairs Division. The implementation of the Internal Audit Division could, however, not be concluded in the year under review and is now being finalised through the process of identification and recruitment of suitable people for this structure.

Since, internal audit is key to the promotion of good corporate governance in the DOD, the implementation of the Internal Audit function will be a priority for the Accounting Officer during the Financial Year (FY) 2010/11.

The delicate nature of the defence function requires adequate alignment of the roles, functions and structures of the SANDF and the Defence Secretariat. It is in view of this consideration that the Minister identified the alignment of the DOD structures as a priority for the FY 2010/11 for an improved delivery of the defence function.

To implement the May 2009 President's pronouncement on military veterans, the DOD, in support of the Minister, undertook work that led to the 28 December 2009 proclamation of the Department of Military Veterans. This proclamation was followed by the appointment of

the Director-General for the Department of Military Veterans in February 2010. Moving to the future, the organisational structures of the Department of Military Veterans, as a duly proclaimed department, will be independent of those of the DOD except for reporting directly to the Minister of Defence and Military Veterans.

MINISTER OF DEFENCE'S PRIORITIES FOR THE FY 2009/10

In the year under review, the DOD remained under the direction of the Minister. The Minister had identified specific priorities to be pursued by the DOD in the FY 2009/10. To that end, the DOD has carried out those priorities as follows:

Creation of a New Dispensation in the SANDF. In view of the uniqueness of the service provided by the SANDF and the conditions under which they serve the State, an appropriate new dispensation was deemed urgent and necessary. To that end, the newly established SANDF Service Dispensation made it possible for the improvement of salaries of certain sections of the SANDF.

Establishment of the Department of Military Veterans. The Department of Military Veterans was established and its Director-General appointed by Cabinet. A Task Team on Military Veterans, led by the Deputy Minister of Defence and Military Veterans, concluded its work and is finalising the necessary legislation to enable the Department to carry out its mandate.

Policy Framework on the Management of HIV and AIDS in the SANDF. The SANDF HIV and AIDS policy framework has been approved by Cabinet and is currently being implemented by all services in the SANDF.

Returning the SANDF to the Border Safeguarding Function. In 2009, Cabinet approved the SANDF's return to the border safeguarding function with effect from 1 April 2010. The SANDF is currently undertaking this function through a phase-in approach.

Corporate Governance Matters. The appointment of incumbents to the posts of Secretary for Defence, Director-General of the Department of Military Veterans and Chief Financial Officer of the Department of Defence was effected from 1 April 2010.

Revitalisation of the Reserves. In the year under review, the Defence Reserve Board monitored the implementation of the Reserve Strategic Plan by the Services and Divisions using Project PHOENIX Phase 3 as a mechanism. This has resulted in the total strength of the Reserves growing by 29% in the FY 2009/10, with a lesser growth of 18% of those classi-

fied as "active". This increase has enabled the ongoing external deployment of Reserves in peace support operations. Despite this achievement, Reserves are still affected by an inadequate feeder system to provide the required numbers of new Reserves.

Training and Skills Development. This is an important aspect in the DOD and will be covered in detail in the review of the White Paper on Defence. The DOD would be positioned as a government institution that contributes towards training of young people for future employment.

Working with the SAPS to Fight Crime. The SANDF continued to work together with the SAPS in cross border operations and other internal law enforcement operations, especially during the 2010 FIFA World Cup.

Peace Keeping Operations. The SANDF successfully participated in various external peacekeeping operations. South Africa celebrated 10 years of peace keeping missions on the continent and the President attended the parade in Bloemfontein to mark this occasion.

Defence Diplomacy. The Minister led delegations of Ministers in the Security Cluster to attend meetings of the Joint Permanent Commissions on Defence and Security with Namibia, Zimbabwe and Mozambique.

Infrastructure and DOD Works Regiment. The Minister has held extensive discussions with the Department of Public Works for the DOD to assume the responsibility for the maintenance and repair of its facilities and infrastructure portfolio. Subsequent to the establishment of the Defence Works Regiment to manage the DOD facilities' maintenance and repair, a Task Team was established to look after the amalgamation of the Defence Works Regiment, the Service Corps and Project LEBAKA of the SA Army to form a Defence Works Capability. In the meantime, reasonable progress has been made towards the improvement of the DOD's infrastructure and support to the people. The three bridges built and completed by the SANDF in the Eastern Cape bears testimony to the SANDF's capability.

Information Technology. In the year under review, progress was made in the integration of defence Information and Communication Technology (ICT) systems in line with the provisions of the Defence Enterprise Information Systems (DEIS) Master Plan. The DOD Information Strategy and the Information and Communication System Policy were finalised and promulgated in accordance with the Information and Communication System Policy Development Plan. Obsolescence remains one of the key challenges in the DOD ICT environment. Purchase of new generation ICT replacement systems requires more money

where limited funds are available. Improvement of the DOD ICT environment is also affected by the National Treasury moratorium placed on ICT systems purchase and the slow progress made by the Integrated Financial Management System (IFMS) project as driven by the National Treasury.

PARTICIPATION IN CLUSTERS AND FORUM FOR DIRECTOR-GENERALS OF SOUTH AFRICA

The DOD has actively participated in all activities of relevant government clusters, namely the Justice, Crime Prevention and Security (JCPS) Cluster and the International Cooperation, Trade and Security (ICTS) Cluster. The DOD is a member of the JCPS Cluster and, as such, has ensured DOD input to the process and execution of DOD obligations. In the ICTS Cluster, the DOD chairs the Cluster at a director-general level and the Minister is a chairperson of the Cluster, responsible for the co-ordination of the work of the Cluster and reporting to the President. By virtue of the Minister's and the Secretary for Defence's positions in the Cluster, the DOD carries out the secretariat function of the Cluster ensuring that the documentation and content for meetings is adequately prepared and presented.

During the last part of the period under review, the DOD ensured the alignment of the Cluster with the new government Outcomes-Based Methodology aimed at improving service delivery. As directed at the January 2010 Cabinet Lekgotla, Outcome 11 of "Creating a Better South Africa and Contributing to a Better and Safer Africa in a Better World" is currently being implemented by all member departments.

HUMAN RESOURCES

In the human resources environment, notable achievements during the period were mainly the improvements of the SANDF members' service conditions through a new service dispensation finalised and implemented in December 2009. This resulted in salary increases ranging from 2% to 65% for all members of the SANDF on salary levels 2 to 12, with effect from 1 December 2009. The Occupation Specific Dispensation (OSD) for specialised professions (Social Work Professionals, Technicians, Engineering and Medical Officers) was also implemented as a measure to retain scarce skills.

In the MOD's budget speech of 3 July 2009 the Minister undertook to establish a mechanism for the improvement of service conditions of the SANDF members. The mechanism would provide new service conditions that will replace the current service conditions issued in terms of the Public Service Act. August 2009 saw the

establishment of the Interim National Defence Force Service Commission (INDFSC). The legislation for the establishment of the permanent National Defence Force Service Commission was approved by Cabinet on 24 March 2010 for certification and tabling before Parliament. On passing of this legislation by Parliament, the INDFSC will hand over its role to the new permanent Commission. It is anticipated that this Commission will provide a legitimate mechanism, by which the Minister can deal with specificities of issues in the Defence Force.

Challenges encountered during the reporting period remained the recruitment and retention of scarce skills in the DOD. The revised HR Strategy 2010 specifically seeks to address these HR challenges as highlighted in the Services and Divisions reports. In order to further address the loss of highly skilled SANDF personnel, various measures have been adopted by the DOD aimed at ensuring that recruitment targets are met. These measures include the recruitment of a total of 4 883 Military Skills Development System (MSDS) members during this financial year.

FORCE EMPLOYMENT

EXTERNAL DEPLOYMENTS

The SANDF successfully participated in external operations by providing operational capabilities to the United Nations and African Union. The SANDF participated in five Peace Support Operations in the Democratic Republic of Congo (DRC), Burundi, Sudan, Nepal and Uganda. The SANDF further participated in two General Military Assistance operations in the DRC and the Central African Republic (CAR). On average, a total of 2 894 members, including 148 Reserve members, were successfully deployed in the various external missions stated above. Through the deployment of these operational capabilities, the SANDF contributed significantly to the maintenance of peace and security on the continent.

INTERNAL DEPLOYMENTS

In order to comply with the 2009 Cabinet decision for the SANDF to return to the border safeguarding function, the Minister ensured the preparedness of the SANDF to effectively undertake such function in FY 2010/11.

The SANDF successfully executed a total of nine joint, interdepartmental and multinational (JIM) exercises. One of the priorities was the preparation for and provision of security for the 2009 FIFA Confederation Cup, in collaboration with the South African Police Service (SAPS). In order to test the capability and readiness of the Southern Africa Standby Brigade, Exercise GOLFINGO was conducted, involving almost all the armed forces

of the SADC region. This culminated with the holding of the field training exercise in South Africa in September 2009.

In the year under review, the SANDF also provided security support for the 2009 national general elections. Various other internal operations took place. These included Operation CORONA (Border safeguarding) Operation KGWELE (Support during preparation and hosting of the 2010 FIFA World Cup), Operation PROSPER (Support to the SAPS and other government departments), Operation CHARIOT (Disaster aid and relief), Operation ARABELLA (Search and rescue) and Operation ITHEMBA (provision of services to provincial hospitals during the strike of doctors and other health care practitioners).

Through the utilization of the SANDF collateral capability, the SA Army Engineer Corps constructed bridges for some Eastern Cape rural communities. This initiative has, on the one hand, assisted the affected communities with the necessary road infrastructure for ease of access. On the other hand, it has demonstrated the practical application of the SANDF's support to the people of South Africa.

MULTINATIONAL EXERCISES

In the year under review, the Maritime Defence participated in three multi-national exercises that ensured that the South African Navy remains abreast of world standards, thus enhancing maritime relations and interoperability with other navies. These exercises were the Southern African Development Community (SADC) Exercise GOLFINHO, Exercise GOODHOPE IV (a multi-national exercise between the South African and German Navies) and Exercise BELL BUOY (a naval control and guidance of shipping exercise). For the first time, a Submarine Escape and Rescue Working Group, organised by the South African Navy, was held in Cape Town. A total of 150 delegates from 23 countries attended the Conference, which included North Atlantic Treaty Organisation (NATO) member countries and observer status countries.

LOGISTICS

It has been a very demanding year in which the focus was placed on the reduction of DOD logistics-related Audit Qualifications through the Logistic Intervention and Repositioning Programme (LIRP), as well as the development of life cycle management, supply chain management, logistic education, training and development and facilities management in the DOD. The DOD has managed to clear the environmental contingent liability qualification. Further work is being carried out as part of Operation CLEAN AUDIT on the other audit qualification with a view to reversing such qualifications in FY

2010/11. Progress on improvement and/ or integration of logistics related IT systems have, however, to contend with the slow progress being made by the National Treasury driven IFMS project.

FINANCE

In the period under review, the DOD continued to focus on the improvement of financial management, accountability, risk management, the state of internal controls and the cleaning of the audit report through Operation CLEAN AUDIT.

Another challenge is the inadequacy of the budget to cover all the requirements of the DOD. This budget limitation particularly affects the DOD facilities and infrastructure maintenance, integration and operationalisation of defence capital equipment and the acquisition of military consumables, has an adverse effect on the preparation and employment of the SANDF.

The assumption of the border safeguarding function by the SANDF, as determined by Cabinet in 2009, will require additional DOD funding to satisfy various operational requirements of this function.

CORPORATE GOVERNANCE, INTERNAL CONTROLS AND AUDIT MATTERS

The previous audit report has pointed out various weaknesses in the DOD internal control systems. These have, in some instances, led to audit qualifications. The DOD is fully seized with these internal control challenges and is committed to reversing such challenges through a thorough action plan. It is against this background that Operation CLEAN AUDIT has to be seen. Operation CLEAN AUDIT is a focussed programme to identify root causes of the DOD audit qualifications and to develop internal controls to address such audit qualifications.

In the reporting period, the DOD has conducted extensive work on each of the audit qualification areas with a view to reversing them. To that end, causes of many of the standing qualifications have been adequately addressed. In this regard, the following is reported:

Tangible and Intangible Assets. It has been realised that key to the problem is the issue of the systems that have been used which are geared to address mainly defence industry requirements other than those of the Accounting Standards developed by National Treasury. These systems include the:

Financial Management System (FMS) as the financial accounting system.

In addition, the DOD uses different logistical systems such as Operating Support Information

System (OSIS), Computerised Aided Logistical Management Information System (CALMIS), Logistical Information Management System (LIMS), Unit Information Management System (UIMS) and Depot Information Management System (DIMS). These systems are not integrated and do not support proper accrual principles.

In the absence of a proper asset register system, the DOD utilises manual systems and the above-mentioned logistical accounting systems to account for assets. These logistical systems were developed to manage item quantities according to the North Atlantic Organisation (NATO) prescripts and thus focus on quantities per National Stock Number (NSN) rather than on values per item with no segregation between inventory and capital assets. In addition to the values and segregation problems, other internal control weaknesses have been identified which include non-capturing of acquisition dates in some instances and absence of a unique identifier normally done through the bar coding of assets.

To address these deficiencies, the DOD has undertaken a full inventory and tangible, movable and immovable capital assets verification process. This process involves the identification of these assets, confirmation of ownership, correct valuation, condition assessment and recording these in a manner that meets the requirements of proper asset management. Similarly, the DOD is continuously engaging the National Treasury to obtain the necessary approvals with regard to implementing system changes and appropriate interfaces that will ensure that the outcome of the plan results in properly constructed asset registers, which meet the unique defence, international and industry standards.

Lease Commitments. Leased assets are spread throughout more than 1 000 Force Structure Elements (FSE's) across the country, and comprise of Land and Buildings, Labour Saving Devices, Cellular Telephones and Gas Bottles. Challenges include: capacity and skills constraints, lack of internal controls, insufficient systems and the reporting structure of the DOD. In the FY 2007/08, there was no lease register. The lease commitments disclosed in the Annual Financial Statements was Rm3.3, and there was a fundamental lack of supporting documentation to confirm any lease commitment within the DOD, particularly relating to Land and Buildings, which is a significant commitment. The management of the supporting documents for Land and Buildings resided with the Department of Public Works (DPW) until FY 2008/09. The current log systems do not cater for contract management principles, which is what lease management is based on. A manual process and sys-

tem for collecting, verifying and reporting on leased assets was therefore implemented. The current logistic information systems are being updated to manage the leased assets, but it still needs to be established whether the system can cater for the requirements of lease management.

Irregular Expenditure. This qualification relates to the incompleteness of irregular expenditure and a lack of documentation to support amounts that were disclosed in the financial statements for the FY 2008/09. The DOD has developed a policy, process and procedures for the prevention, identification, management and reporting of irregular expenditure. Cases of irregular expenditure identified and investigated are recorded in the register and appropriate reports are submitted to both the Auditor General and the National Treasury (where applicable) as soon as the matters are identified and determined as such. In addition, we have also instituted internal controls for the proper management of the consultants' expenditure to ensure that the records and documents required are kept and produced for auditing, recalculations to ensure accuracy of payments made are done, and value for money is realised from services rendered by consultants. Regarding the Aero Manpower Group (AMG) contract, full details of the actions undertaken have been provided in paragraph 1.1.2.17 of the report of Accounting Officer in the Annual Financial Statement section. Additional documentation required has been submitted to the AG in this regard.

Given the involved nature of some of these audit qualifications, the DOD is aware that additional time and effort will be required to reverse such qualifications. The DOD will continue to work tirelessly on all outstanding audit qualifications in FY 2010/11, in line with the directive of the Minister towards the achievement of financial statements that are free of audit qualifications.

One of the key pillars of good corporate governance is robust organisational internal control. Through the current DOD programme of strengthening of internal controls beyond areas of qualifications, the DOD will make great strides towards the realisation of sound corporate governance.

STRATEGIC CAPITAL ACQUISITION

The year under review saw the cancellation of the A400M strategic airlift capability programme due to excessive timescale slippages, increased cost and technical risks. The process to recover some of the money invested in the A400M programme is underway.

The delivery of the Strategic Defence Package (SDP) equipment is nearing completion and progress is according to plan. Most of the systems acquired

through the SDP programme have been delivered to the DOD and accordingly commissioned by the SA Air Force and the SA Navy.

Funding for the Rejuvenation and Upgrade of the Landward Programme is what the DOD had to contend with in the year under review. Despite funding for this being requested yearly from National Treasury, no positive response has been obtained. The border safeguarding function which commenced in April 2010, will present an additional financial burden to the Landward Programme.

DEFENCE DIPLOMACY

In pursuit of the defence diplomacy agenda, the DOD has, in the year under review, participated in various bilateral and multilateral engagements. The DOD hosted and visited various countries of defence common interests. The DOD also participated actively in defence related discussions and dialogue at multilateral institutions like SADC, African Union and United Nations levels. These engagements have contributed significantly towards the strengthening of defence co-operation between South Africa and other countries and multilat-

eral institutions. This in turn has fully supported and upheld the South African foreign policy.

CONCLUSION

The DOD's performance in the period under review was marked by significant progress in critical performance areas. As evident in the report, various challenges arose during the year but such challenges are being carefully addressed by various interventions instituted by the DOD.

I wish to express my sincere gratitude to all DOD personnel, stakeholders and the Minister for support to the defence cause in the year under review.



(N.Z.H. MPOFU)
SECRETARY FOR DEFENCE:
DIRECTOR GENERAL



Chapter 1

Information on the Ministry

INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

The following institutions report to the Minister:

- Department of Defence
- Armaments Corporation of South Africa (ARMSCOR)
- Castle Control Board
- Department of Military Veterans

BILLS SUBMITTED TO THE LEGISLATURE AND FINALISED DURING THE FINANCIAL YEAR

No bills were submitted or finalised during the period under review.

MINISTERIAL VISITS ABROAD FOR THE FY 2009/10

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

Table 1.1: International Visits by the Minister in the FY 2009/10

Date	Country	Purpose
22 - 23 June 2009	Swaziland	Meeting of the Southern African Development Community's (SADC's) Inter-State Defence and Security Committee (ISDSC)
26 - 28 August 2009	Mozambique	Meeting of the Joint-Permanent Commission on Defence and Security (JPCDS)
26 September - 3 October 2009	Brazil	Official visit to further strengthen relationships and closer cooperation in the areas of Research and Development, Acquisition and Logistical Support
12 to 13 November 2009	Zimbabwe	Meeting of the Joint-Permanent Commission on Defence and Security
29 November to 5 December 2009	Malaysia	Attendance of the International Maritime and Aerospace Exhibition and Bilateral meetings
27 February to 7 March 2010	United Kingdom	Accompanying the President on a State Visit
24 to 27 March 2010	Uganda	Accompanying the President on a State Visit

Table 1.2: International Visits by the Deputy Minister in the FY 2009/10

Date	Country	Purpose
14 - 15 May 2009	Ethiopia	Establishment of the African Standby Force and Military Staff Committee
2 - 4 June 2009	Swaziland	SADC Inter-State Defence and Security Committee
31 July - 3 August 2009	Swaziland	SADC Ministerial Committee of the Organ
30 August - 2 September 2009	Libya	Special Summit on Conflict Resolution in Africa
11 - 13 October 2009	Zimbabwe	4 th Session of the RSA/Zimbabwe JPCDS
12 - 18 October 2009	United States of America	Military Veterans
20 - 23 October 2009	Algeria	Meet government officials and experts on Military Veterans Administration

Date	Country	Purpose
8 - 13 March 2010	Uganda	Opening of Presidential Projects in Uganda
23 - 26 March 2010	Angola	To find out how the Angolan state has dealt with matters concerning Military Veterans

APPEARANCES BEFORE THE PARLIAMENTARY COMMITTEES

The Minister and Department appeared before the Portfolio Committee on Defence and Military Veterans on 19 occasions during the reporting period.

PARLIAMENTARY QUESTIONS

The Minister replied to 65 Parliamentary questions during the period under review.

COUNCIL ON DEFENCE

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



PART 1: STRATEGIC DIRECTION

Chapter 2

Strategic Profile and Defence Objectives

INTRODUCTION

The DOD's Annual Report FY 2009/10 provides the status of defence performance outcomes and measures as reflected on the DOD Strategic Business Plan 2009 (FY 2009/10 to FY 2011/12).

This Annual Report has a special significance for the DOD because it covers the eventful period of transition to the new administration after the fourth democratic elections. New principals were appointed in government, Cabinet and the Department to improve the lives of the citizens of the Republic of South Africa.

The Defence outcomes have been fully aligned with Government policy to enhance national, regional and global security through the deployment of combat ready defence capabilities. Peace, stability and security on the continent are advanced through support to multinational organisations such as the United Nations (UN), the African Union (AU) and the Southern African Development Community (SADC).

During the period under review, some of the significant achievements that deserve to be mentioned are: strategic defence co-operation through defence diplomacy, contribution to internal security, participation and investment in the defence industry through the delivery of the Strategic Defence Packages (SDP), increase of the SANDF members' salaries and the establishment of the Department of Military Veterans. The DOD also ensured the rejuvenation of the SANDF by contributing to youth development, job creation and alleviation of poverty as well as reduction of unemployment through the Military Skills Development System (MSDS).

In the year under review, the Minister and the Accounting Officer demonstrated their commitment to consolidation of good corporate governance. In this regard effective management, administration and accounting were pursued in a manner consistent with the existing regulatory framework and government policy.

The DOD continued to execute its mandate and performed in key areas despite the challenge of limited budgetary allocation.

MANDATE OF THE DEPARTMENT OF DEFENCE

The DOD derives its mandate primarily from section 200 (2) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This mandate is given substance by the Defence Act, 2002 (Act 42 of 2002), the White Paper on Defence (1996), the Defence Review (1998), delegated legislation and other 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 Executive Direction.

The above will be provided through the proper management, provision, preparedness and employment of defence capabilities that are in line with the domestic and global needs of South Africa.

THE DEPARTMENT OF DEFENCE'S SHARED VALUE SYSTEM

The DOD has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion.

Individual Values

- Patriotism
- Loyalty
- Human dignity
- Professionalism
- Integrity
- Leadership
- Accountability

Organisational Values

In delivering the defence mission, the DOD will follow the principles set out below and expect to be judged on

its performance against them:

Service standards. Service standards are based on clear direction and strong leadership. Our priority is, and will always be, to maximise our defence capability and our contribution to peace and security. We will maintain high standards of excellence and professionalism in everything we do.

Excellence. We will build on what we do well and actively foster a climate of success. We will invest in our people and encourage innovation. We will provide the right incentives and recognise individual and team contributions.

Ethics. We will adopt and encourage reasonable working practices. We will not be deflected by the demands of vested interests. We will foster fairness and trustworthiness in all that we do. We will not ignore difficult issues.

Openness and transparency. We will ensure clear communication and better understanding. We will ensure that our messages are understood. We will listen to clients' concerns and make sure we understand what they are saying to us. We will aim to create a climate of trust and transparency in our decision-making.

Consultation rooted in effective and efficient partnership and collaboration. We will encourage and improve links with other Government departments and other relevant organs of state. We will strengthen partnerships with industry, allies and the community at large. We will promote collaboration within the DOD, harmonise activities and systems and, where sensible, share knowledge.

People. We will uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.

Teamwork. Within the DOD we are one team and embrace one purpose. We will debate issues fully, whilst rigorously representing our individual responsibilities. Our overriding aim, however, is to reach conclusions that are best for the entire department and then to act on them.

Accountability. We will create a learning organisation in which all employees seek and share knowledge and information, whilst committing themselves to personal growth. We will lead by example and influence others to follow these principles. We will be sensible to the demands we make on people and recognise the unique commitments they make.

Discipline. We will consistently strive towards upholding a high level of discipline. We will individually and collectively rebuild the profile and image of the defence establishment as the best-disciplined profession.

DEFENCE OUTCOME

The DOD delivers all outputs as specified in the DOD Strategic Business Plan for the FY 2009/10, to achieve the outcome: "Effective defence for a democratic South Africa".

STRATEGIC FOCUS

As directed by Government's imperatives, the DOD focused on the migration to a "Core Growth - One Force" concept that is flexible, multi-skilled and appropriately equipped in order to:

- meet the ordered commitments stipulated in the Constitution, of defending and protecting the Republic of South Africa (RSA) and its people;
- support Government's diplomatic initiatives on the Continent and in the Region; and
- provide support to other Government departments when required.

These will be met in accordance with the principles of international law, the MTSF and the MTEF of Government.

- While emphasising its constitutional obligation, the DOD also embraces Government's initiatives and priorities to combat poverty and underdevelopment through various socio-economic development programmes, as a necessary condition for lasting peace and stability nationally, subregionally and continentally.

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 precepts 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 DOD equipment and facilities.

DEFENCE OUTPUTS

The outputs 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 unforeseeable, for which no provision have 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 United Nations (UN), and the African Union (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.

DOD'S ALIGNMENT WITH CABINET AND CLUSTER PRIORITIES

The DOD, in collaboration with other organs of state, contributed substantially towards the national priorities by submitting all progress reports on DOD obligations

arising from Clusters on time. The DOD was represented during the Forum of South African Director-Generals (FOSAD) workshops to prepare for the January 2009 Cabinet Lekgotla. During the latter part of the period under review, the DOD geared itself towards implementing and aligning with the new Outcomes-Based Methodology on Monitoring and Evaluation of Government, which is aimed at improving service delivery.

In addition, the role of the DOD in the international relations arena was enhanced by the appointment of the Minister as the Chairperson of the International Cooperation, Trade and Security (ICTS) Cluster. Subsequent to the Cabinet decision in November 2009 to confirm the long-term responsibility of the SANDF for border safeguarding, the DOD will be greatly involved in the Justice, Crime Prevention and Security (JCPS) Cluster.

MINISTER OF DEFENCE'S PRIORITIES FOR THE FY 2009/10

The Ministerial Priorities were reconfirmed for the FY 2009/10 as follows:

Creation of a New Dispensation in the SANDF. In view of the uniqueness of the service provided by the SANDF and the conditions under which they serve the State, an appropriate new dispensation was deemed urgent and necessary. To that end, the newly established SANDF Service Dispensation made it possible for the improvement of salaries of certain sections of the SANDF.

Establishment of the Department of Military Veterans. The Department of Military Veterans was established and its Director-General appointed by Cabinet. A Task Team on Military Veterans, led by the Deputy Minister of Defence and Military Veterans, concluded its work and is finalising the necessary legislation to enable the Department to carry out its mandate.

Policy Framework on the Management of HIV and AIDS in the SANDF. The SANDF HIV and AIDS policy framework has been approved by Cabinet and is currently being implemented by all services in the SANDF.

Returning the SANDF to the Border Safeguarding Function. In 2009, Cabinet approved the SANDF's return to the border safeguarding function with effect from 1 April 2010. The SANDF is currently undertaking this function through a phase-in approach.

Corporate Governance Matters. The appointment of incumbents to the posts of Secretary for Defence, Director-General of the Department of Military Veterans and Chief Financial Officer of the

Department of Defence was effected from 1 April 2010.

Revitalisation of the Reserves. In the year under review, the Defence Reserve Board monitored the implementation of the Reserve Strategic Plan by the Services and Divisions using Project PHOENIX Phase 3 as a mechanism. This has resulted in the total strength of the Reserves growing by 29% in the FY 2009/10, with a lesser growth of 18% of those classified as "active". This increase has enabled the ongoing external deployment of Reserves in peace support operations. Despite this achievement, Reserves are still affected by an inadequate feeder system to provide the required numbers of new Reserves.

Training and Skills Development. This is an important aspect in the DOD and will be covered in detail in the review of the White Paper on Defence. The DOD would be positioned as a government institution that contributes towards training of young people for future employment.

Working with the SAPS to Fight Crime. The SANDF continued to work together with the SAPS in cross border operations and other internal law enforcement operations, especially during the 2010 FIFA World Cup.

Peace Keeping Operations. The SANDF successfully participated in various external peacekeeping operations. South Africa celebrated 10 years of peace keeping missions on the continent and the President attended the parade in Bloemfontein to mark this occasion.

Defence Diplomacy. The Minister led delegations of Ministers in the Security Cluster to attend meetings of the Joint Permanent Commissions on Defence and Security with Namibia, Zimbabwe and Mozambique.

Infrastructure and DOD Works Regiment. The Minister has held extensive discussions with the Department of Public Works for the DOD to assume the responsibility for the maintenance and repair of its facilities and infrastructure portfolio. Subsequent to the establishment of the Defence Works Regiment to manage the DOD facilities' maintenance and repair, a Task Team was established to look after the amalgamation of the Defence Works Regiment, the Service Corps and Project LEBAKA of the SA Army to form a Defence Works Capability. In the meantime, reasonable progress has been made towards the improvement of the DOD's infrastructure and support to the people. The three bridges built and completed by the SANDF in the Eastern Cape bears testimony to the SANDF's capability.

Information Technology. In the year under review, progress was made in the integration of defence Information and Communication Technology (ICT)

systems in line with the provisions of the Defence Enterprise Information Systems (DEIS) Master Plan. The DOD Information Strategy and the Information and Communication System Policy were finalised and promulgated in accordance with the Information and Communication System Policy Development Plan. Obsolescence remains one of the key challenges in the DOD ICT environment. Purchase of new generation ICT replacement systems requires more money where limited funds are available. Improvement of the DOD ICT environment is also affected by the National Treasury moratorium placed on ICT systems purchase and the slow progress made by the Integrated Financial Management System (IFMS) project as driven by the National Treasury.

SERVICES RENDERED

The services rendered by the DOD are detailed in Chapter 2 to 10 of the Annual Report.

DISCONTINUED SERVICES

The Accounting Officer 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/OUTPUTS TO BE SCALED UP

New Services/Outputs 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 the FY 2008/09, in the report on the financial performance of the DOD.

EVENTS AFTER THE ACCOUNTING DATE

In the Accounting Officer's report on the financial performance of the DOD to the Executive Authority and Parliament of the Republic of South Africa, events after the accounting date are outlined in par 12.1 of the Report of the Accounting Officer, page 164.

PART 2: PROGRAMME PERFORMANCE

Chapter 3

Defence Vote

AIM OF THE VOTE

The aim of the Vote is to provide insight into the allocation of funds between programmes in order to execute Defence's approved Strategic Business Plan, highlighting trends and providing an estimate of revenue to be

collected during the financial year.

Main Programmes

The outputs of Defence are provided through the programmes as indicated in Table 3.1.

Table 3.1: Defence Programmes

Programme	Purpose
Administration	Develop policy, manages and administer the department
Landward Defence	Provide prepared and supported landward defence capabilities for the defence and protection of South Africa
Air Defence	Provide prepared and supported air defence capabilities for the defence and protection of South Africa
Maritime Defence	Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa
Military Health Support	Provide prepared and supported health capabilities and services for the defence and protection of South Africa
Defence Intelligence	Provide a defence intelligence and counter intelligence capability
General Support	Provide general support capabilities and services to the department
Force Employment	Provide and employ defence capabilities, including an operational capability to successfully conduct all operations and joint, interdepartmental and multinational (JIM) military exercises

DEFENCE VOTE 19

Voted Funds

Details of the final DOD Medium-term Expenditure

Framework (MTEF) Allocation are reflected in the Defence Vote for the FY 2009/10, according to Table 3.2.

Table 3.2: Defence Vote for the FY 2009/10 MTEF

Defence Vote	2009/10 R'000	2010/11 R'000	2011/12 R'000
Defence Vote per Main Programme			
Administration	2 860 790	3 142 128	3 505 220
Landward Defence	8 749 271	9 502 567	9 988 817
Air Defence	10 272 007	8 885 148	9 402 353
Maritime Defence	1 968 284	2 102 241	2 145 103

Defence Vote	2009/10 R'000	2010/11 R'000	2011/12 R'000
Military Health Support	2 440 600	2 605 947	2 791 788
Defence Intelligence	589 759	612 906	646 766
General Support	3 341 866	3 676 391	3 960 102
Force Employment	1 801 807	1 861 976	1 978 475
Total Expenditure Estimates	32 024 384	32 389 304	34 418 624
Defence Vote per Economic Classification			
Current Payments	20 249 210	21 772 538	23 979 638
Transfers and Subsidies	11 114 516	10 061 645	9 725 585
Payments for Capital Assets	660 658	555 121	713 401
Total Expenditure Estimates	32 024 384	32 389 304	34 418 624

Executive Authority	Minister
Accounting Officer	Secretary for Defence

BUDGET ALLOCATION

Total Defence Budget

The total Defence budget for the 2009/10 MTEF is reflected in Table 3.3.

Table 3.3: Total Defence Budget

Defence Vote	2009/10 R'000	2010/11 R'000	2011/12 R'000
2009/10 MTEF	32 024 384	32 389 304	34 418 624

Additional Funds Requested

Table 3.4 summarises the policy proposals for additional funding that the DOD submitted during the course of the 2009/10 MTEF process.

Table 3.4: Policy Proposals for Additional Funding

Policy Proposal	2009/10 R'000	2010/11 R'000	2011/12 R'000
FIFA World Cup 2010	465 598	387 266	0
Maintenance of the Operational Vehicle Fleet	240 814	254 058	266 507
Enhancing the Defence Intelligence Capability	151 000	155 000	267 000
Renewal of Landward Defence Capabilities	450 483	940 091	1 544 557
Implementation of the DEIS Master Plan	62 000	85 000	90 000
Operationalisation of the SDPs	170 500	210 000	302 000
Procurement of Strategic Ammunition	387 464	498 040	579 015
Continuation Training for Reserves	129 517	135 864	142 521
Total Policy Proposals	2 057 376	2 665 319	3 191 600

Additional Funds Received

After the 2009/10 MTEF process was completed the DOD only received additional funding as reflected in Table 3.5.

Table 3.5: Additional Funding Received by the DOD

Additional Funding Received	2009/10 R'000	2010/11 R'000	2011/12 R'000
2008 Defence Baseline Allocation	29 860 567	32 200 473	34 231 388
Continuation Training for Reserves	0	30 000	50 000
Infrastructure AFB Waterkloof	250 000	100 000	250 000
Compensation of Employees Inflation Adjustment	300 504	286 376	295 133
Payment for Capital Assets Inflation Adjustment	24 852	48 547	62 183
Fuel Inflation Adjustment	56 156	28 163	0
Special Defence Account Adjustment	1 904 548	122 970	0
Budget Reductions	-372 243	-427 225	-470 080
Total Additional Funding Received	32 024 384	32 389 304	34 418 624

DEPARTMENTAL REVENUE

Collection of Departmental Revenue

The general improvement in revenue management processes is a direct consequence of Operation CLEAN AUDIT. The substantial increase in Transfers received was a result of the collection of arrears from the United Nations reimbursements for foreign deployments.

Sources of Revenue for the FY 2009/10

The sources of revenue are reflected in Table 3.6.



Table 3.6: Sources of Revenue

Economic Classification	2006/07 Actual R'000	2007/08 Actual R'000	2008/09 Actual R'000	2009/10 Target R'000	2009/10 Actual R'000	% Deviation from Target
Tax revenue	0	0	0	0	0	0
None						
Non-tax revenue	0	0	0	0	0	0
Sale of goods and services other than capital assets	169 763	172 784	193 553	252 265	209 606	-18.8%
Fines, penalties and forfeits	2 272	1 157	1 058	2 547	3 724	36.7%
Interest, dividends and rent on land	813	1 710	1 398	1 667	2 750	65.0%
Sales of capital assets	5 749	128 913	122 066	19 285	19 481	26.6%
Financial transactions in assets and liabilities	314 195	22 965	20 662	242 863	236 097	-2.8%
Transfers received		224 626	290 653	158 122	228 291	44.4%
Total	492 792	551 855	629 390	676 749	699 949	3.4%

TRANSFER PAYMENTS FOR THE FY 2009/10

Transfer Payments

The DOD provided transfer payments to the following institutions during the course of 2009/10:

- The Armaments Corporation of South Africa Ltd (ARMSCOR) to subsidise them in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence materiel, related products and services. Audited financial statements for 2008/09 were submitted according to payment conditions.
- The Safety and Security Sector Education and Training Authority (SASSETA), who acts as the Sector Educational Training Authority (SETA) for Defence, to subsidise their administrative expenditure in terms of the Skills Development Act, No 97 of 1998. Audited financial statements for 2008/09 were submitted according to payment conditions.
- The Reserve Force Council to subsidise them in their mission to obtain and secure community and private sector support for the Reserves
- The St John's 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 2008 were submitted according to payment conditions.
- The Special Defence Account (SDA) to acquire, procure and develop armament and technology. Audited financial statements for 2008/09 were submitted according to payment conditions.
- To Defence members that are being separated from the department through the Mobility Exit Mechanism in terms of the employment benefits due to them.

The estimated expenditure and actual amounts transferred for the FY 2009/10 are reflected in table 3.7.

Table 3.7: Transfer Payments for the FY 2009/10

Institution	Estimated Expenditure R'000	Amount Transferred R'000
Special Defence Account	8 619 190	8 619 190
Armaments Corporation of South Africa Ltd (ARMSCOR)	603 608	603 608
Social Benefits	126 350	126 350
Safety and Security Sector Education and Training Authority (SASSETA)	9 938	9 938
Reserve Force Council	4 002	4 002
St John's Ambulance Brigade	400	340
Total Transfer Payments	9 363 488	9 363 428

DEPARTMENTAL EXPENDITURE FOR THE FY 2009/10

The departmental expenditure for the FY 2009/10 is reflected in table 3.8.

Table 3.8: DOD Expenditure for the FY 2009/10

Programme	Vote R '000	Total Additional Appropriation R '000	Adjusted Appropriation R '000	Shifting of Funds	Virement R '000	Final Appropriation R '000	Actual Expenditure R '000	Variance R '000
Administration	2 860 790	19 847	2 880 637	0	33 453	2 914 090	2 914 090	0
Landward Defence	8 749 271	159 824	8 909 096	0	133 130	9 042 226	9 042 226	0
Air Defence	10 272 007	-1 215 579	9 056 427	0	-412 666	8 643 761	8 643 761	0
Maritime Defence	1 962 284	43 030	2 011 314	0	-13 860	1 997 454	1 997 454	0
Military Health Support	2 440 600	42 197	2 482 797	0	125 392	2 608 189	2 608 129	60
Defence Intelligence	589 759	9 805	599 564	0	-4 860	594 704	594 704	0
General Support	3 341 866	119 084	3 460 950	0	176 393	3 637 343	3 637 343	0
Force Employment	1 801 807	122 664	1 924 471	0	-36 982	1 887 489	1 886 540	949
Total	32 018 384	-699 128	31 325 256	0	0	31 325 256	31 324 247	1009

OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR THE FY 2009/10

Additions to Main Appropriation. The Defence Vote was decreased by Rm699 to Rm31 325 through the Adjustments Vote for the following:

- **Roll-over.** Roll-over amounting to Rm82 for Programme 7: General Support for the upgrading of the runway at AFB Waterkloof.
- **Unforeseeable and Unavoidable Expenditure.** An additional Rm380 is allocated for higher than budgeted for salary increases:
 - Programme 1: Administration Rm28
 - Programme 2: Landward Defence Rm154
 - Programme 3: Air Defence Rm52.5
 - Programme 4: Maritime Defence Rm35
 - Programme 5: Military Health Support Rm46.6
 - Programme 6: Defence Intelligence Rm5.5
 - Programme 7: General Support Rm35.7
 - Programme 8: Force Employment Rm22.6
 - Programme 8: Force Employment Rm100 for the withdrawal of the peace support operation in Burundi.
- **Other Adjustments.** Other adjustments amounting to Rm1 261.

Self-financing expenditure: Rm238.7 Departmental revenue was collected from selling equipment and spares procured through the Special Defence Account. This amount will be used for special defence activities as follows:

- Programme 2: Landward Defence Rm5.
- Programme 3: Air Defence Rm231.8.
- Programme 4: Maritime Defence Rm1.8.

Declared savings: Programme 3: Air Defence. Rm1 000 has been declared owing to delays in the strategic airlift capability (A400M) and Rm500 due to exchange rate gains in the strategic defence packages.

REASONS FOR ADDITIONS TO OR VIREMENT BETWEEN MAIN APPROPRIATION ALLOCATIONS

Approved by the National Treasury (NT):

- The reallocation of Rm1 037 from Goods and Services to Transfers and Subsidies for additional payment to the SASSETA.
- The reallocation of Rm35 494 from Transfers and Subsidies to Compensation of Employees to partly finance the salary adjustments.
- The reallocation of Rm446 930 from Transfers and Subsidies to Compensation of Employees to finance the majority of the salary adjustments. The saving on Transfers and Subsidies is due to the cancellation of the A400M airlift capability.

Approved by the Accounting Officer:

- The reallocation of Rm2 997 from programme General Support to programme Military Health Support for the establishment of a Public Private Partnership.

SIGNIFICANT DEVELOPMENTS EXTERNAL TO THE DOD

The following factor describes 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 unforeseeable and unavoidable Peace Support Operation (PSO) activity OP CURRICULUM (Burundi) led to the reprioritisation of activities:
 - Due to a delay in the negotiation process, the deployment of the SANDF was extended until 31 March 2009. The political process is, however, completed and it is hence necessary for the SANDF to withdraw from the mission. The C SANDF instructed that the forces cease all operations on 30 June 2009 and to start the

withdrawal process. At the request of the RSA facilitator in the peace process, the C SANDF also instructed that a small element of VIP Protectors remain until the end of December 2009, after which the operation would be closed down completely. The whole close-down process would thus be extended over a six-month period.

- A shortfall of Rm202 arose as a result of this request. The NT was requested to augment Defence's allocation through the adjustments budget process for OP CURRICULUM. The NT supplemented the DOD's budget with Rm100 during the adjustments budget.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Capital Investment. Thirty eight building projects were initiated during FY 2009/10, of which 17 have been finalised, 20 are still in progress and one will be finalised during January 2012. Details of building projects that are currently in progress for the FY 2009/10 are reflected in Table 3.9 below.

Table 3.9: Building Projects Currently in Progress for the FY 2009/10

Location	Project Description	Progress Status	Expected Completion Date
Bloemfontein	Upgrading of 3 Military Hospital	According to plan	January 2012
Various	Replacement of kitchen equipment (5 Projects)	According to plan	Completed
Bloemfontein	De Brug Training Area: Upgrading of electrical power	According to plan	Completed
Simon's Town	SA Navy Armament Depot: Upgrading of water supply	According to plan	August 2010
Langebaan	Construction of new boat park	According to plan	November 2010
Various	Security projects (9 projects)	According to plan	Completed
Lohattha	Replacement of water pipes	According to plan	Completed
Phalaborwa	Construction of new ammunition storage facility	According to plan	September 2010
Pretoria	1 Military Hospital: Upgrading of fire detection and prevention systems	Project progressed slower than planned due to RAMP at same time at Hospital	December 2010
Pretoria	Construction of urban training facility	According to plan	Completed
Various	Facilities for disabled members (15 projects)	Progress slower than planned due to poor planning by the Department of Public Works	December 2010
Pretoria	Upgrading of Military Police School	According to plan	May 2010

Plans to Close Down or Downgrade Current Facilities. A total of 309 Accounting and Force Structure Elements were closed down during the period.

Current Maintenance Backlog. The current facility maintenance backlog has been estimated to be Rb13. The accuracy of this figure will be improved by the condition assessments currently in process.

Developments relating to the Above that are expected to impact on DOD's Current Expenditure. The DOD's readiness will continue to be negatively influenced by the backlog in facility maintenance until the DOD's own facility maintenance capability has been established and fully working.

Maintenance

Actual Maintenance Expenditure:

- **Planned Maintenance.** The DOD expressed its dissatisfaction with the resources allocated by DPW for maintenance projects. Figures provided by DPW on 26 February 2010 indicated the following for the FY 2009/10:
 - Projected expenditure - Rm138.7.
 - Funds committed - Rm128.5.
 - Expenditure - Rm113.
- **Repair and Maintenance Programme (RAMP).** The actual expenditure for the reporting period amounts to Rm262.9. This amount is lower than planned due to a strategy change at DPW to replace the RAMP with a Refurbishment Programme.
- **Recoverables.** These funds are decentralised to Services/Divisions. The amount spent during the reporting period is approximately Rm231.6 as the final figures will be submitted once the latest Programme for Accelerated Capital Expense Report is available.

Maintenance Backlog. The facility maintenance budg-

et has been increased over the MTEF period to address the facility maintenance backlog. DPW has embarked on a Refurbishment Programme in place of the RAMP, which will help to address the backlog challenge. The DOD works capability will also supplement DPW's capacity.

Asset Management

Changes in Asset Holdings. Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft:

- Disposals to the total of Rm65.6 were conducted during the reporting period. This consisted of Category 1 equipment disposed via ARM-SCOR to the value of Rm52 and Category 2 equipment disposed via auctions to the value of Rm13.6.
- A total of 95 disposal boards, 11 donations and 55 transfers were approved and nine material aid authorities were issued.
- Altogether 67 tonnes of all ammunition calibres were destroyed and/or deformed to scrap metal.

Asset Register. Contractors were appointed to assist in verifying all DOD assets, which will lead to a complete Asset Register for the DOD. Functional specifications for a National Treasury compliant Integrated Asset and Inventory Management System were developed, including requirements for the lease and asset register and Standard Chart of Accounts (SCOA) mapping.

State of Capital Stock. The CSIR project on the condition assessment of the DOD facilities footprint continued in the year under review. Ownership of the assets lies with the different Services and Divisions.

Major Maintenance Projects that were undertaken during the FY 2009/10. The details of the major maintenance projects that have been undertaken during FY 2009/10 are reflected in Table 3.10.

Table 3.10: Major Maintenance Projects undertaken during the FY 2009/10

Location	Project Description	Status
Pretoria	1 Military Hospital: Repair and maintenance to hospital	Construction phase
Pretoria	Air Force Base Waterkloof: Repair and maintenance to facilities	Construction phase
Cape Town	2 Military Hospital: Repair and maintenance to hospital	Construction phase
Dunnottar	35 Engineer Support Regiment: Repair and maintenance to facilities	Construction phase
Middelburg	4 SA Infantry Battalion: Repair and maintenance to facilities	Construction phase

Facilities that were Closed Down or Down-graded during the Period. Five units are in the process of being closing down but are awaiting Inspectors General (DOD) finalisation audits. These units are, General Support Base Tel el Kalil, 84 Technical Services Depot,

Military Museum Cape Town, Military Museum Castle and Division Headquarters Ministry of Defence Stores.

Projects Carried Forward. Details of projects carried forward to the new financial year are reflected in Table 3.11.

Table 3.11: Projects Carried Forward to the FY 2010/11 from the FY 2009/10

Location	Project Description	Reason
Bloemfontein	Upgrading of 3 Military Hospital	Multi-year project
Simons Town	SA Navy Armament Depot: Upgrading of water supply	Multi-year project
Langebaan	Construction of new boat park	Multi-year project
Phalaborwa	Construction of new ammunition storage facility	Multi-year project
Pretoria	1 Military Hospital: Upgrading of fire detection and prevention systems	Multi-year project
Various	Facilities for disabled members (15 Projects)	Poorly managed by NDPW
Pretoria	Upgrading of Military Police School	Multi-year project

New Projects to Commence. The details of projects that will commence in the FY 2010/11 are reflected in Table 3.12.

Table 3.12: New Projects that will commence in the FY 2010/11

Location	Project Description
Simons Town	Refurbishment of Naval Base Simons Town
Mafikeng	Refurbishment of 21 SA Infantry Battalion
Doornkop	Refurbishment of 10 SA Infantry Battalion
Various	Security Projects (10 projects)
Various	Disability Projects (2 projects)

Tendering Processes. Treasury compliant procurement processes are followed by the department.

The User Immovable Asset Management Plan has ensured that:

- **Accountable, Fair and Transparent Management of Immovable Assets.** The User Asset Management Plan ensures easy accountability, a more fair and transparent management of immovable assets of the DOD as in accordance to the Government Immovable Asset Management Act (GIAMA) paragraph 6(b) "a user must prepare a user immovable asset management plan, which relates to all the immovable assets which the user uses or intends to use in support of its own service delivery objectives".
- **Effective, Efficient and Economic use of Immovable Assets.** Because the User Asset Management Plan was compiled after a physical ground audit and condition assessment was conducted on the DOD immovable assets, this will ensure effectiveness, efficiency and economic usage and management of the DOD Immovable Assets as required by GIAMA (paragraph 8.a-d).
- **Reduced overall Cost of Service Delivery.** In the past the DOD Immovable Asset Register was not verified and the costs for payment of municipal services and rates/ taxes was devolved and not paid according to the square meters utilized, but as from the next FY when all the condition assessment is completed by the CSIR, monies paid will be according to what the DOD Immovable Asset Register has. There will be a reduction of cost on the service delivery.
- Reduced Demand for new immovable assets.

The newly developed, compiled DOD Immove-able Asset register will assist in determining what facilities are under utilised and have to be handed over to NDPW or what

facilities need to be demolished to assist in the non essential facilities that surplus to core business and strategic requirements which should be disposed of.



Chapter 4

Programme 1: Defence Administration

INTRODUCTION

The primary objective of this programme is to facilitate the overall management of 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 Programme is in alignment with all the DOD Strategic Outputs and Objectives for the year under review (FY 2009/10).

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, while Departmental Direction is the responsibility of the Secretary for Defence.

The Defence Administration consists of the following subprogrammes (Divisions):

- Ministerial Direction
- Departmental Direction*²
- Government Information Technology Officer (GITO)*
- Policy and Planning (Defence Policy, Strategy and Planning)*
- Financial Services*
- Human Resource Support Services**³
- Legal Services**
- Inspection Services (Inspector General of the DOD)**
- Acquisition Services (Defence Materiel)*
- Defence Supply Chain Integration*
- Defence International Affairs*

The following subprogrammes within the Defence

Administration Programme fall within the responsibility of the SANDF:

- SANDF Command and Control
- Corporate Staff Division
- 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 FY 2009/10.

PURPOSE

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

OUTPUT

The main outputs of the Defence Administration Programme are ministerial and departmental direction, defence policy advice, strategic direction, corporate planning and reporting.

SUBPROGRAMME: MINISTERIAL DIRECTION

OVERVIEW

In the year under review, the Minister has continued to uphold and fulfil the DOD's mission, as spelt out in the Constitution of South Africa. This was done by maintain-

² * Defence Secretariat

³ ** Shared Staff

ing cost effective defence capabilities, in order to be prepared and equipped to undertake operations as ordered and funded by government. Through political direction, the Minister has ensured that the DOD contributes to global security and peace by means of the deployment of the SANDF in peacekeeping missions, and by participating in defence related bilateral and multilateral engagements. The Minister ensured mission ready SANDF internal deployment capabilities to respond to internal security requirements such as the 2009 Soccer Confederation Cup and the FIFA 2010 World Cup. In respect of the SANDF provision of security to the 2010 FIFA World Cup, the Minister directed the successful display of the SANDF's capability to secure the airspace and sea borders as well as to partner the SAPS in securing all the activities of the World Cup.

In compliance with the 2009 Cabinet decision on the SANDF's return to the border safeguarding function, the Minister ensured the preparedness of the SANDF to effectively undertake such function in the FY 2010/11. As directed by the Minister, the SANDF has adopted the phased-in approach plan in taking over this function. This phased-in approach plan is meant to ensure that the capabilities required by the SANDF are gradually developed. The Minister will approach the National Treasury for additional funding to fully satisfy the requirements of the SANDF for the border safeguarding function.

At the beginning of her term of office, the Minister established the Ministerial Task Team under the leadership of the Deputy Minister to make recommendations on the creation and functioning of a Department of Military Veterans. In January 2010, the Ministerial Task Team presented its report. The Department of Military Veterans has since been legally established. The Minister supported the President in his appointment of the Director-General of the Department of Military Veterans during February 2010.

Following the Minister's instruction on 3 July 2009 on the establishment of a unique dispensation for the Defence Force, Cabinet was requested on 9 September 2009 to approve the creation of a National Defence Force Service Commission.

Because of the urgent work that needed to be undertaken, an interim National Defence Force Service Commission was established to craft the legal framework and parameters of a permanent Commission. The interim Commission was also given powers to make recommendations to the Minister and to submit a report to Cabinet on conclusion of its work.

This dispensation, away from the Public Service, will respond to the special needs of the Defence Force, which needs are not catered for within the Public Service dispensation. The said dispensation will determine the terms of engagement (conditions of service)

that are sensitive to the uniqueness of the obligations in the relationship between the State and Members of the SANDF. Negotiations with the Public Service Commission in this regard were undertaken and concluded.

Within the DOD, the Minister pursued the consolidation of good corporate governance, effective administration and accounting. In this regard, the Minister directed the DOD efforts, primarily, towards the eradication of the DOD audit qualifications. As evident in the Auditor-General's report, the DOD's audit standing has improved from that of the previous years. The outstanding audit qualifications will be addressed in the FY 2010/11 as indicated in the Minister's FY 2010/11 priorities. In order to enhance effective DOD management, the Minister secured the appointment of a new Secretary for Defence.

In October 2009, the President appointed the Minister as the chairperson of the ICTS Cluster. As a consequence of this position, the Minister has the responsibility of giving direction and co-ordinating the work of this Cluster. The role of the Minister in this Cluster elevates defence diplomacy within the South African foreign policy, as is evidenced by the definition of the ICTS Outcome 11 as "Creating a Better South Africa and Contributing to a Better and Safer Africa in a Better World".

In the area of defence policy, the Minister has, during the Ministerial Worksession of 19-22 March 2010, directed that the White Paper on Defence and the Defence Review documents be revised for the purpose of bringing them in line with current realities. Work in this regard will progress during the FY 2010/11.

The inadequate defence budget is a matter that has concerned the Minister in the year under review. The critical nature of the defence function necessitates that an appropriate budget be allocated to the DOD. Various positive initiatives that could be undertaken by the DOD to effectively execute its mandate are frustrated by the lack of funding. Though the Minister would want to see increased DOD funding levels, the Minister would also want to see corresponding efficiencies in the DOD business processes and capital investment decisions. It is against this backdrop that, in the reporting period, the Minister realised the cancellation of the A400M programme, which was a subject of excessive timescale slippages, increased costs and technical risks.

In the reporting period, the Minister worked on the improvement of relations between the DOD and its stakeholders. These, *inter alia*, include the defence industry and Parliament. In respect of Parliament, there were 19 appearances by the Minister and the DOD

before the relevant Committees of Parliament.

and providing appropriate defence capabilities.

OBJECTIVES AND MEASURES

The Ministerial Direction Subprogramme provides political direction to the DOD to ensure the defence of South Africa by meeting the ordered defence commitments

OUTPUT DETAIL

Table 4.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.1: Ministerial Direction Output Detail for the FY 2009/10

Output	Performance Indicators	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Ministerial direction to the Department of Defence (DOD)	Alignment of the DOD's priorities and activities with Government's Programme of Action and Cabinet Makgotla resolutions	Full implementation of the Minister's guidelines	<p>Ensured the realisation of the DOD priorities as determined in the Defence Budget Vote 2009.</p> <p>Ensured the DOD's compliance with applicable national legislation Government regulations, policies and imperatives.</p> <p>Provided capacity for the Secretary for Defence and the C SANDF to discharge their statutory responsibilities.</p> <p>Ensured the DOD's accountability to Parliamentary committees.</p> <p>Issued planning guidelines to the Department.</p> <p>DOD corporate governance and accountability were institutionalised and improved for effective responses to ruling regulatory framework.</p> <p>Ensured the preparation and deployment of the SANDF both internally and externally as determined by government.</p>	Achieved
Defence policy advice	Timeliness, relevance and quality of policy updates, inputs and proposals to the Cabinet Makgotla, Portfolio Committee on Defence, and Parliament	Properly developed Defence policy that is aligned with Government policy	Refocused the policy direction of the DOD by giving guidelines on key policy priorities to be pursued by the DOD	Achieved

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

SUBPROGRAMME: DEPARTMENTAL DIRECTION

OVERVIEW

In the year under review, Mr T.E. Motumi continued to serve as the Acting Secretary for Defence until 23 February 2010, whereupon Lt Gen T.T. Matanzima was appointed as Acting Secretary for Defence for the remainder of the reporting period. In the spirit of co-operative governance, the Secretary for Defence engaged in further efforts to improve co-operation between the DOD and other government departments and relevant stakeholders. These efforts have had a positive result 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.

The Secretary for Defence consistently provided strategic direction to the DOD through various activities and interventions. These, *inter alia*, included timeous decision-making on strategic matters like the A400M programme cancellation, effective consideration and processing of documents, attendance of high-profile Director-Generals meetings and chairing of the DOD's command bodies meetings. Furthermore, the Secretary for Defence continually ensured alignment of the DOD's strategic plans to Government programmes and objectives, and ensured that the DOD honoured its engagements and obligations with Parliamentary Committees. The Secretary for Defence also participated in the Cabinet Lekgotla in May 2009 to usher in the new electoral mandate and to define strategic objectives and targets of government for the period 2009 - 2014. In addition, the Secretary for Defence attended the January 2010 Cabinet Lekgotla where direction was set for the FY 2010/11.

In order to consolidate good corporate governance in the DOD, the Secretary for Defence continued to implement Operation CLEAN AUDIT. This initiative is aimed at ensuring that the DOD's performance on audits, as carried out by the Auditor-General, improves. In the reporting period, the DOD carried out extensive work on each of the audit qualification areas with a view to addressing them. Causes of many of the outstanding qualifications have been adequately addressed. The DOD is well aware that some of the qualifications on tangible and intangible assets are so intense that they would require added time, effort and resources to address. The DOD will continue striving to achieve the Minister's directive for a qualification-free audit in the FY 2010/11.

In the area of defence diplomacy, the Secretary for Defence participated in a number of activities. These included undertaking visits to and/or hosting countries in order to strengthen bilateral relations and Defence co-operation with those countries. Amongst others the Secretary for Defence led defence delegations to the United States, France and Sudan. The Secretary for Defence further pursued the defence diplomacy agenda through participating in various defence related discussions held at various multilateral organisations like SADC, the African Union and the United Nations.

As Head of the Department, the Secretary for Defence complied with standing statutory requirements like the preparation and submission of DOD Strategic Plan, Budget, Annual Report and Financial Statements. The Secretary for Defence supported the Minister with the preparation and presentation of answers to Parliamentary questions as well as with the compilation of reports required by Parliament on various aspects of the defence function.

The Minister's position as the chairperson of the ICTS Cluster requires the Secretary for Defence to co-ordinate the work of the ICTS Cluster, particularly the DG Cluster, in support of the Minister. Since the appointment of the Minister as the chairperson of the Cluster, the Secretary for Defence has conducted a lot of work in the drafting and refinement of the ICTS Cluster Outcome 11 document. As directed at the January 2010 Cabinet Lekgotla, Outcome 11 of "Creating a Better South Africa and Contributing to a Better and Safer Africa in a Better World" was pursued to its full conclusion by the ICTS Secretariat.

OBJECTIVES AND MEASURES

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 DOD's participation in Clusters, as well as implementation of DOD obligations arising therefrom.
- Management of defence policy in the DOD.
- Management of National Convention Arms Control Committee (NCACC) support activities.

OUTPUT DETAIL

Table 4.2 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.2: Departmental Direction Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence policy advice to the Minister	Defence policies aligned with Government priorities	Ministerial directives to the DOD	<p>Provided policy advice to the Minister.</p> <p>Ensured that DOD policies are aligned with South African foreign, defence and security policies.</p> <p>Ensured that 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> <p>Ensured that there was continuous interaction and engagement with the corporate offices of the Minister, the C SANDF, ARMSCOR and other Government departments.</p> <p>Ensured that the DOD honoured its engagements and obligations with Parliamentary Committees.</p>	Achieved
	Timeliness, relevance and quality of policy advice to the Minister	Complete client satisfaction	<p>Ensured that Parliamentary Committees' recommendations were disseminated to the Department for implementation.</p> <p>Ensured that inputs to the core clusters (ICTS & JCPS) were duly submitted for incorporation in the respective clusters.</p>	Achieved
Departmental direction to the DOD	Quality of directives to the Department and planning guidelines to the Department as a whole	Timeous directives to the Department and the delegation of financial authority to the C SANDF	<p>Comprehensive, professional, credible directives were given and accepted per instance to higher authorities</p> <p>Continued financial delegations were issued to the C SANDF.</p> <p>Strategic planning guidelines were issued.</p> <p>Timeous instructions were prepared on various matters to give directives to the DOD.</p>	Achieved

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
			<p>Strategic direction was provided to the Defence Secretariat through the Secretariat Council (SC).</p> <p>Instructions emanating from the SC decisions were issued to relevant Divisions/Services for implementation and feedback.</p> <p>A total of 5 562 documents were received and processed over the reporting period, which cover documents for submission and enquiries.</p>	
	Quality of directives to the Department and planning guidelines to the Department as a whole	Evaluate the implementation of the structure for accounting and reporting by C SANDF and make improvements	The implementation of the structure for accounting and reporting by C SANDF was consolidated.	Achieved

Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The Subprogramme Departmental Direction successfully provided corporate direction to the DOD.

SUBPROGRAMME: GOVERNMENT INFORMATION TECHNOLOGY OFFICER (GITO)

OVERVIEW

The Defence Enterprise Information System Management (DEISM) Division is responsible for the DOD strategic governance of the resource information, its enablers Information and Communications System (ICS) and IT. This Division is headed by the Government Information Technology Officer (GITO). GITO supports the Secretary for Defence in his duties as the Information Officer of the DOD, giving strategic direction to the DOD and accounting for departmental resources. GITO supports the DOD business through the ability to effectively support command and control as well as defence administration.

In the year under review, the GITO made further strides in overseeing the integration of defence IT systems in line with the provisions of the DEIS Master Plan. The GITO finalised and promulgated the DOD Information

Strategy in collaboration with all Services and Divisions. The GITO also finalised and promulgated the Information and Communication System Policy in accordance with the Information and Communication System Policy Development plan. It should be emphasised that although the current ICT inventory of the DOD has a high level of obsolescence and non-standardisation, given the current budget, a progressive approach has been adopted. This approach will, however, be dependent on the availability of resources and the ability of the ICT industry to provide solutions in accordance with the DEIS Master Plan schedule.

OBJECTIVES AND MEASURES

The DEISM Division conducts policy development, management and administration of the DEIS.

OUTPUT DETAIL

Table 4.3 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.3: GITO Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
DOD Information Strategy	Effective and efficient information management in the DOD	Monitor and maintain the DOD Information Strategy	DOD Information Strategy was reviewed, approved and promulgated on 18 January 2010 by the PDSC	Achieved
		Continuous monitoring of the execution of the DEIS Master Plan	The DEIS Master Plan has been monitored and is being executed according to plan.	Achieved
Information and Communication Systems policies	Manage Information and Communication Systems and related policies for the DOD	Review and improve the Information and Communication Systems' regulatory framework	The ICS Regulatory Framework Enabler Project, which will enable the DOD to track and trace ICS Governance, has been analysed for necessary improvements. The ICS Regulatory Framework enabler will support the DOD to align its ICS Governance with National and International regulatory requirements. Interaction with the DOD Policy Board, D PSP, DIMS and the A/CFO are in process to ensure that the ICS Regulatory Framework is aligned with the DOD Regulatory Framework, Risk and Compliance Management initiatives.	Partly achieved as the ICS Regulatory Framework Enabler will only be rolled out by the end of 2010 and alignment with the DOD Regulatory Framework process must be finally assured. Good progress was made with the manual compilation of the ICS Regulatory Framework that impacts on the DEIS Strategic Direction and Information Management.

Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The Subprogramme Defence Enterprise Information System Management successfully conducted policy development, and management and administration of the Defence Enterprise Information System in the DOD.

SUBPROGRAMME: SANDF COMMAND AND CONTROL

OVERVIEW

The Office of the C SANDF accomplished all the set objectives and targets for the year under review. The C SANDF provided effective strategic direction and execution of command and control over the SANDF. This was enhanced through staff visits to the SANDF contingents supporting the peace missions and internal operational deployments.

In the year under review, the C SANDF devoted his efforts towards advancing defence diplomacy through supporting various multilateral initiatives of Government in multinational organisations like 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. Military policy advice to the Minister and Deputy Minister was a constant activity, but the advice and interaction intensified with the appointment of the INDFSC.

Externally, an average total of 2 894 members, including 148 Reserves, were successfully deployed in five Peace Support Operations in the Democratic Republic of Congo (DRC), Burundi, the Sudan, Nepal and Uganda as well as two general military assistance operations in the DRC and the Central African Republic (CAR). Operation CURRICULUM in Burundi was successfully completed and terminated at the end of 2009. Under

the direction of the C SANDF, the mandate for Operation VIMBEZELA (military assistance to the CAR) was revised, resulting in the SANDF's continued involvement. Operation TEUTONIC was terminated at the end of March 2010 after the successful integration of combatants into the Defence Force of the DRC. The SA Army successfully trained one Infantry Battalion, one Artillery Battery, one Intelligence Troop and support personnel of the Congolese Defence Force. The SANDF's involvement in peace missions over the past ten years was commemorated with a parade in Bloemfontein with the Commander-in-Chief, President Zuma, as the chief functionary. This commemoration gave recognition to the role of the SANDF in the advancement of the African agenda. The SANDF also provided support to Mozambique during the general elections.

Internally, several missions in support of other Government departments continued, with the emphasis on safety and security support, search and rescue on sea and land, and border safeguarding. A total of 133 036 person days were used during internal operations. The SANDF continued with the deployment of a sub-unit along the South African/Zimbabwe border and also provided safety and security support during the 2009 FIFA Confederation Cup, as well as during the preparation for the 2010 FIFA World Cup.

During the year under review the C SANDF paid visits to six Defence Forces, namely, Brazil, Ethiopia, Angola, Tanzania, Zambia as well as Mozambique to strengthen ties and advance defence diplomacy. The Chiefs of the

Royal Thai Armed Force, Uganda and Jamaica visited the C SANDF. To further enhance harmonisation of common policy and interoperability, the C SANDF attended the Inter-State Defence and Security Committee Meeting for African Chiefs of Defence Forces in Swaziland with a representative attending in Harare.

In implementing Government priorities, the C SANDF attended the following engagements during the period under review: the Cabinet Lekgotla, the FOSAD Workshop, the ICTS Cluster and the JCPS Cluster activities.

To improve command internal communication in the SANDF, C SANDF issued an Internal Communication Plan to ensure that SANDF members were kept informed of developments in the DOD on a continuous basis. He also participated in a Workshop on Discipline in the SANDF. 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 continued to provide relevant and timeous military advice to the Minister while simultaneously executing command and control of the SANDF effectively.

OUTPUT DETAIL

Table 4.4 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.4: SANDF Command and Control Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
SANDF Command and Control				
Military policy advice to the MOD	Timeliness, relevance and quality of military policy advice to the Minister	Military policy advice provided to the Minister as and when required	Military policy advice was provided to the Minister as and when required	Achieved
Command and control of the SANDF	Provision of strategic direction on operational readiness according to SANDF force employment requirements	Readiness maintained in accordance with force employment guidelines	Readiness was maintained in accordance with force employment guidelines	Achieved
	Level of success of ordered commitments	Successfully conduct ordered commitments	Ordered commitments were successfully conducted	Achieved

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

Through the Subprogramme, SANDF Command and Control has successfully provided relevant and timeous military advice to the Minister 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.

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

OVERVIEW

In the period under review, the Division successfully achieved its core objectives by ensuring that the policy, strategic planning and reporting on defence are aligned with the Medium Term Strategic Framework (MTSF), government priorities, national policy and related pre-prescripts.

As instructed by the Minister of Defence, the Division played an important role in the drafting of a seminal document (Defence Strategy) on the long term defence strategy as the basis for a future national policy on defence. The Division also ensured that all SANDF commitments undertaken and those terminated were duly authorised by Cabinet and the President as required by the Constitution, national legislation and the Handbook on the Executive Acts of the President.

In so far as Clusters are concerned, the Division ensured thorough preparation and co-ordination of DOD inputs into the ICTS and JCPS Clusters, as well as the alignment of the DOD with the MTSF and national priorities. Alignment was also ensured with the new outcomes based monitoring and evaluation approach of Government.

In October 2009, the President appointed the Minister as the chairperson of the ICTS Cluster. As of 1 December 2009, the Division effectively took over the secretariat function of the ICTS from the Department of International Relations and Cooperation. Positive support was rendered to both Director-Generals and Ministerial meetings. As directed at the January 2010 Cabinet Lekgotla, Outcome 11 of "Creating a Better South Africa and Contributing to a Better and Safer Africa in a Better World" was pursued to its full conclusion by the ICTS Secretariat.

In the area of strategic management, the Division has ensured compliance with the national pre-prescripts on the timely submission of the DOD's Strategic Plan and Annual Report. In order to deliver effectively on the defence mandate, the Division has consistently pursued the alignment of the DOD organisational structures. The Division also provided support in the military veterans' arena. This was done through serving on the Ministerial Task Team, drafting the recommendations report and

through the proclamation of the Department of Military Veterans.

The Division has also ensured the provision of administrative and secretariat support services to the National Conventional Arms Control Committee (NCACC) and its subcommittees. Through this function, an effective regulation of arms transfer in South Africa has been achieved.

In the reporting period, the Division has had to contend with some challenges in the execution of its core objectives. These challenges included, firstly, the lack of office space in the Defence Headquarters to accommodate members of the Division. Secondly, the human resources capacity constraints as a consequence of a limited personnel budget and high staff turnover, as well as a long and cumbersome staffing procedure. In order to deal with these challenges, the Division is engaging with the relevant DOD authorities for a positive adjustment of its financial base line and securing of additional office space.

No current organisational structure exists for the ICTS Secretariat within the DOD Macro Design. Consequently, the Division has completed a full work study in order to structure and staff a comprehensive ICTS Secretariat in the next financial year to render assistance to the ICTS DGs Cluster and the ICTS Cabinet Committee. This will, however, further depend on an increase to the Division's personnel budget.

OBJECTIVES AND MEASURES

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 its subcommittees.

OUTPUT DETAIL

Table 4.5 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.5: Policy and Planning Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Provide Defence policy to the DOD	Timeliness, relevance and quality of policy advice and support to the DOD	Properly developed Defence policy that is aligned with government policy	Comprehensive, professional and credible advice was given and accepted per instance to higher authorities Policy Board operated as per its constitution and schedule.	Achieved per instance Policy Board Supported at each Sitting
	The extent to which DOD operational commitments are authorised through Presidential Minutes, Ministerial Directives and Cabinet Memoranda	All SANDF deployments properly mandated by law	Timely Presidential authorisation and Cabinet approval secured for each mission Correctly terminated defence operational commitments with all aspects of the termination covered in the Ministerial Directive.	Achieved for all missions Achieved per instance
Direct inter-governmental relations within the Forum of South African Director-Generals (FOSAD) system	The quality, effectiveness and efficiency with which the DOD serves on clusters	Efficient and effective cluster management system established in the DOD	DOD representatives were adequately prepared for cluster meetings Accurate reports submitted according to defined target dates	Achieved for each meeting Achieved per instance
Defence Strategy and Plan	Timeliness, relevance and quality of DOD Strategic Plans and supporting plans	Ensure that planning instruments are aligned with the requirements of the Presidency	DOD FY 2009/10 - FY 2011/12 Strategic Business Plan collaboratively developed, consulted and approved by command bodies, accounting authority and executive authority. Timely tabling of Strategic Business Plan FY 2009/10 - FY 2011/12 in Parliament.	Achieved
	Defence Strategy aligned with Constitutional mandate and Government priorities	DOD position paper on DOD Strategy by November 2009	The draft DOD Strategy 2010 - 2030 was proposed and presented to the PDSC for approval. The approval was, however, placed on hold awaiting further guidance by the MOD.	Achieved
Performance monitoring and control	Timeliness, relevance and quality of DOD performance reports	DOD performance reports as per government requirement	The DOD Annual Report for the FY 2008/09 approved and tabled in Parliament. The DOD Quarterly Reports FY 2009/10 approved and submitted to the Auditor-General.	Achieved

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Structure Management	Efficient, effective and economical DOD business architecture that optimises related policy and advice	DOD business architecture in line with government prescripts	Draft Macro Structure Management, Organisation Structure Design and Business Process Management policies are complete for presentation to the Policy Board. 35 Reports were assessed for compliance through critical design review process. 28 Reports were submitted through the approval channels. 66 Reports and system changes implemented on SMCS/OIS 200 Management Information Reports provided to DIMS clients	Achieved
Risk management	Effective enterprise risk management in the DOD	Enterprise risk management plan developed in line with Government requirements	Draft DOD ERM Framework has been developed. The draft is currently under consideration.	Underachievement has been experienced in this aspect due to changes that had to be effected to ensure alignment with the Public Sector Risk Management Framework.
Conventional Arms Control, administrative and logistic support	Properly authorised conventional arms transfer permits	Timeous issuing of permits in terms of applicable standards	A total of 6 344 permits were issued to regulate arms transfers in South Africa.	Achieved
		Finalise regulations giving effect to the national conventional arms control amendment act by 31 March 2010	Regulations were formulated and refined to an advanced phase.	Partially achieved as certain aspects of the Regulations require further attention.
Effective regulation of provision of military-related services, as well as the enlisting of foreign armed forces in terms of the Prohibition of Mercenary Activities Act	Finalisation and implementation of the regulations to the Act	Finalisation of the regulations to the Prohibition of Mercenary Activities Act by 30 June 2009	Regulations were finalised and submitted to the office of the Minister for approval. The MOD has directed that these regulations be forwarded to the current National Conventional Arms Control Committee for further consideration.	Partially achieved

Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The Policy, Strategy and Planning Subprogramme successfully provided defence policy, strategy and planning capability to the DOD.

SUBPROGRAMME: FINANCIAL SERVICES

OVERVIEW

The Finance Management Division is the platform through which the Department secures prescribed deliverables in financial reporting. These prescribed products include products such as Estimates of Revenue and Expenditure, Annual and Interim Financial Statements, and related reports. These must be delivered in accordance with the prescribed guidelines, formats and timescales ensuring that the Accounting Officer's accountability is not compromised. All prescribed deliverables were submitted to both internal and external stakeholders.

The Division strives to enhance compliance with the regulatory framework that governs the outputs. The test whether these outputs are compliant lies within the annual audit and any qualifications emanating therefrom. In the period under review, the Division focussed on the continuous improvement of service delivery and support to the clearing of audit qualifications through Operation CLEAN AUDIT. Operation CLEAN AUDIT is a joint effort by the DOD and an external service provider to identify the root causes of the DOD's current qualifications and to develop and ensure robust internal control measures to eradicate present and possible future qualifications.

At present, the DOD as a whole is being educated through Operation CLEAN AUDIT and it is hoped that the benefits of this project will filter through to performance across all DOD activities, improving not only reporting but also the approach to doing business.

Policy and processes are continuously improved. The development of the Accounting Manual is a major initiative in this area.

The Division strives to recruit competent and skilled people on time, despite high staff turnover. An HR delegation is to be provided to speed up the staffing

process. The Division is also in the process of ensuring that all the financial functional courses are SAQA accredited.

The Financial Accounting function paid suppliers of goods and services and remunerated personnel within the determined time frames. Financial transactions were recorded and reported as required. Initiatives are in progress to improve payment processes and reduce cash in circulation through the introduction of electronic methods of payment, for which a purchase card is currently under investigation.

Budget Management provided advice and support in giving effect to both government priorities and Departmental initiatives within appropriate adjustments during the year of execution. These initiatives included general modernisation, MSDS, improved infrastructure, training of Reserves, compensation of employees and peace support operations within a limited budget. The division also focussed on improving revenue management by enhancing existing policies, providing comprehensive monthly data from the logistic and personnel feeder systems, despite them being outdated legacy systems. Budget Management also participated in the development of the IFMS, while at the same time enhancing the existing Financial Management System to ensure compliance with the new economic reporting framework.

OBJECTIVES AND MEASURES

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

Table 4.6 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.6: Financial Services Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Cost-effective financial management service to the DOD	Compliance with regulatory framework	A budget management service to the Department according to the current regulatory framework and programme/budget structure	ENE was submitted on 4 February 2009. Defence in-year programme adjustment budget was submitted in September 2009. Monthly Early Warning Reports were submitted as prescribed. Financing unfunded mandates as directed by Section 64 of the PFMA. 99.9% of the Defence budget was spent.	Achieved

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Cost-effective financial management service to the DOD	Compliance with regulatory framework	A financial accounting service to the Department according to the current regulatory framework and programme/budget structure	Prepared and in process of finalising Annual Financial Statements by 31 May 2010	Achieved
Cost-effective financial management service to the DOD	Compliance with regulatory framework	A financial control and support service to the DOD according to the current regulatory framework and programme/budget structure	<p>Consortium continues to assist with enhancement of controls throughout the DOD.</p> <p>AG Steering Committee meeting took place as planned.</p> <p>Posts were advertised and filled according to plan. Functional and development courses continue as planned.</p> <p>The FMD participated in IFMS work groups with the National Treasury.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Partially Achieved</p>
Cost-effective financial management service to the DOD	Compliance with regulatory framework	An effective multi-disciplinary financial management service to the C SANDF according to the current regulatory framework and programme/budget structure	Provided an effective multi-disciplinary financial management service to the C SANDF according to the current regulatory framework and programme/budget structure	Achieved
Multi-pronged strategy that ensures the realisation of a qualification-free audit	Reduction of qualifications and Emphasis of Matters (EOMs) in the DOD	Implementation of Operational CLEAN AUDIT	Most transactions executed per regular framework	Achieved
Effective and efficient provision of departmental support through the timeous settlement of financial obligations by the Department	Timeous payments of claims against the Department	Within 30 days of receipt of a court order	Transactions executed per regular framework	Achieved
	Timeous payments for external auditing for services rendered to the Department	Within 30 days of receipt of a substantiating invoice	Transactions executed per regular framework	Achieved
	Timeous payments of transaction costs, including bank charges	Within 30 days of receipt of a substantiating documentation	Transactions executed per regular framework	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

SUBPROGRAMME: ACQUISITION SERVICES (DEFENCE MATÉRIEL)

OVERVIEW

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

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 Chief of Defence Matériel (C Def Mat). Based on the priorities allocated by the C SANDF, 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.

In the period under review, C Def Mat supported the Minister continuously by means of interactive briefings on strategic issues and challenges, with specific reference to the Defence Industry, and more specifically to the recapitalisation programme of Denel (Pty) Ltd.

The focus of Defence Acquisition was on acquiring new equipment and upgrading existing equipment, as prioritised by the C SANDF, to support ordered commitments assigned to the DOD. Some of these equipment items and/or systems have played an integral role in the DOD's participation in the provision of security for the 2010 Soccer World Cup event.

Projects in the Landward Defence portfolio were managed according to the requirements stated by the SA Army. Owing to funds allocated towards the renewal of landward capabilities not meeting the full requirements, a strategy of partial acquisition was adopted by the SA Army.

System implementation of the major aircraft projects is progressing well. The Hawk Lead-in Fighter Trainer, the Lynx Maritime Helicopter and the A109 Light Utility Helicopter projects have all completed the Operational Test and Evaluation phase, and are ready to be handed over. The maritime underwater range project is progressing well, with Phase 1 completed and Phase 2 nearing completion. The technology projects continue to nurture the technical "know-how" in line with the Constitutional requirement for a "balanced, modern, technologically advanced military force" focussed on the prescribed strategically essential capabilities.

In the area of project management, the following were the main achievements:

- **Landward Defence Acquisition.** The last upgraded ZT3 anti-tank missiles, upgraded Rooikat armoured cars and upgraded Casspir armoured protected personnel carriers were delivered and commissioning of these product systems into the SA Army was successfully completed. Operational Test and Evaluation on the tactical intelligence processing system was successfully completed and the project can progress to commissioning the system into the SA Army.
- **Air Defence Acquisition**
 - **Strategic Defence Packages.** The last of 30 Agusta A109 Light Utility Helicopters was delivered. A retrofit programme was executed to correct deficiencies identified during Operational Testing and Evaluation. The ninth and last dual seat SAAB Gripen Advanced Light Fighter was delivered and the first two of 17 single seat SAAB Gripen Advanced Light Fighters were also delivered. Training of the first group of aircrew was completed and relevant ground crew have also been trained. Phase 1 handover of the 24 BAE Systems Hawk Lead-in Fighter Trainers to the SA Air Force was concluded.
 - **Other.** The Westland Super Lynx Maritime Helicopter was successfully integrated into the SA Navy Meko 200 Frigates with full operational capability expected by the end of 2010. The acquisition of a heavy-lift transport capability in the form of eight A400M airlift aircraft, was terminated by Cabinet in November 2009. The major contributing factors for this decision were excessive timescale slippages, increased cost and technical risks. The process to recover some of the money invested in this programme is underway. The development of the A-Darter infra-red air-to-air missile was continued as a successful joint venture with the Brazilian Air Force.
- **Naval Acquisition.** With the SA Navy's Strategic Defence Package programmes approaching completion, having operationalised four Meko 200 Frigates and delivering three Class 209 Type 1400 Submarines, the focus of Naval Acquisition was directed towards upgrading and sustaining the SA Navy's patrol vessel, hydrographic vessel and submarine torpedo replacement capabilities.

Phase 1 of the underwater range was completed and handed over to the project team. Phase 2 is progressing as planned with a successful deperming trial of a submarine.

- **Common Weapon Acquisition.** The continued development of the concepts and designs for the Department's Information and Communications Infrastructure programmes is leading to the integration of the new and legacy systems. The level of integration is being achieved with the designs of both the static and tactical electronic warfare support measures systems. The production of and planned delivery of the first digitised command and control systems to the DOD was boosted by the integration of specific communications sub-systems.
- **Defence Technology Development.** The Technology Development programme undertook successful trials of the low-cost precision-

guided munitions at the Overberg Test Range. The Landward Electronic Defence System tested well under competitive trials in the United States of America. The locally conceived dual-band radar led by Reutech Radar Systems of Stellenbosch and supported by the Engineering Faculty of the University of Cape Town was also successfully demonstrated.

OBJECTIVES AND MEASURES

The Acquisition Services Subprogramme optimally 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 4.7 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.7: Defence Matériel Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence Acquisition Management	Timeliness, relevance and quality of advice and direction provided with respect to Defence acquisition matters.	Advice and direction provided as and when required	Advice and direction provided to principals, clients and staff as and when required through official acquisition boards and committees, briefings and written correspondence	Achieved
	Execution of Defence acquisition projects as approved on Strategic Capital Acquisition Master Plan (SCAMP)	Defence acquisition projects executed as approved on Strategic Capital Acquisition Master Plan (SCAMP)	Defence acquisition projects were executed in accordance with the prescripts of DAP 1000 ⁴ . All projects were authorised for their particular phase and all expenditure took place according to approved business plans and within the bounds of the financial allocations awarded to each project <i>Some of these acquired / upgraded systems will play an integral role in the SA National Defence Force's participation in providing security for the 2010 Soccer World Cup event</i>	Achieved
Technology Development	Technology development projects approved and funded by the Defence Research and Development Board (DRDB)	Technology development projects approved and funded	Programme approved and projects funded Landward capital projects funded the Combat Vehicle Electric Drive, the Dual Band Radar XL-Band and the Blast Range upgrade where shortfalls were prioritised	Critical concepts for landward capital projects concept and definition phases were addressed via technology development

⁴ DAP 1000 = Process and Procedure for the Acquisition of Armaments.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Timeliness, relevance and quality of advice provided during the execution of technology development projects	Advice provided as and when required	Advice and direction provided to principals, clients and staff as and when required through official technology development boards and committees, briefings, "show and tells" and written correspondence <i>The technology advice on Chemical Defence ensured adequate support measures (decontamination) were in place for the 2010 Soccer World Cup event</i>	Achieved The Defence Science, Engineering and Technical "know how" is focussed on strategically essential requirements of the SANDF

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

OVERVIEW

In the period under review, the Defence Supply Chain Management Integration (DSCMI) made great progress in supporting the Secretary for Defence in the oversight environment. The recorded progress is in the identification of policy gaps with a view to entrenching compliance in the supply chain milieu. These policy gaps are being addressed through the review of the Matériel Governance policy framework. The moratorium placed on contracts and tender allocations in 2008 had a recurring negative impact on the delivery dates, payments and cash flow during the period under review. There are

no serious deviations on subprogramme objectives that need to be reported on. The operations of the Division are relatively successful despite the personnel shortage that it faces.

OBJECTIVES AND MEASURES

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

OUTPUT DETAIL

Table 4.8 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.8: Defence Supply Chain Integration Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence industry participation	Industry contribution to the Republic of South Africa's (RSA) economy	Positive and measurable economic spin-offs	The Directorate of Defence Industry Governance was established to deal with matters pertaining to Defence Industry (DI). The DI Framework was also developed and implemented	Achieved
Call centre	Improved BBBEE participation	Reflection of demographics of the RSA 65% participation	The project of establishing a call centre was put on hold pending the approval of DSCI structure	The call centre project was put on hold by Defence Authorities.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Supply chain management (SCM)	System integrity and effectiveness of materiel movement Integrated supply chain management	Shortened procurement lead times	Development of Policy Framework covering areas such as acquisition, procurement, and disposal has been developed. Finalisation and approval is awaited	Achieved
Defence Industry Support (DIS)	Improved local industry capability	Defence Industry Support Policy Framework developed	The policy on Defence Industry Support is at its advanced stages of completion	Achieved

Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The Subprogramme Defence Supply Chain ensured effective and efficient procurement and disposal of goods and services in the DOD.

SUBPROGRAMME: DEFENCE INTERNATIONAL AFFAIRS

OVERVIEW

Defence International Affairs Division is mandated to provide International Affairs strategic direction relating to defence, establish bilateral and multilateral relations in the field of defence, as well as to provide specialist advice and support on international legal instruments.

In the period under review, the Defence International Affairs Division provided policy advice to the Department, drafted, negotiated, and facilitated the conclusion of various bilateral and multilateral Defence Agreements with other States and International Organisations. The Division also coordinated and supported the South African foreign policy through participation in Department of International Relations and Cooperation led meetings and activities.

In the year under review, the Division was instrumental in the following areas:

- Drafted and facilitated the signing of the Statement of Intent on 28 August 2009, between RSA and Mozambique in relation to the South African Department of Defence's pledge to provide defence related material dedicated for the execution of border safeguarding duties to the Mozambican Ministry of National Defence.
- Drafted and facilitated an Arrangement between SANDF and the Spanish Air Force

relating to the Provision of Support for Exercise Southern Cross on during May 2009.

- Drafted and facilitated the Declaration of Intent on co-operation in promoting and assisting the development of good Sector Governance in the Southern Africa region between the DOD and the Geneva Centre for the Democratic Control of Armed Forces (DCAF) in October 2009.
- Drafted the Status of Forces Agreements for SADC member states who participated in the SADC Exercise GOLFINHO.
- Service various standing international legal instruments, such as the Binational Com-missions, Defence Co-operation Agreements and Memoranda of Understandings (MOUs) with other countries. These countries include Swaziland, Mozambique, Namibia, Zimbabwe, USA, Russian Federation, France, Sweden and Malaysia.

OBJECTIVES AND MEASURES

The Defence International Affairs Subprogramme manages all defence international affairs and related activities.

OUTPUT DETAIL

Table 4.9 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.9: Defence International Affairs Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Aligned foreign relations policy with Government and Defence needs	Timeless, relevance and quality advice and support to the DOD	Collaboratively developed Defence Foreign Policy that is aligned with Government policy	Developed Defence Foreign Policy	Achieved
Marketing strategy and plan of the Defence foreign relations policy	Improved compliance with the policy	Information campaign targeting DOD and other social partners	Information campaign targeting DOD and particularly oversight structures	Achieved
Foreign Relations Strategy	Defence diplomacy informed by foreign Relations policy and DOD foreign Relations Strategy	Position paper on DOD Foreign Relations Strategy by March 2010	1st Draft of position paper on DOD Foreign Relations Strategy developed	Underachievement due to personnel shortages
Legal instruments to inform Defence Diplomacy	Legal instruments in line with the constitutional mandate, Government prescripts and international law	Timely, relevant and quality servicing of legal instrument	Timely, relevant and quality servicing of legal instrument	Achieved

Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The Sub-programme Defence International Affairs successfully provided advice to the Minister and the DOD on key Defence International Affairs Policy issues.

SUBPROGRAMME: INSPECTION SERVICES

OVERVIEW

The Defence Inspectorate Division consists of regulatory/compliance, performance, anti-corruption and anti-fraud sections, reporting to the C SANDF. 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.

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

- Project MOUNTING, which conducted final closing down audits on commando units as and when the Services and Divisions have finalised their pre-closure audits was finally declared having achieved its mandate in the FY 2009/10.
- The Defence Inspectorate Division is subject to an annual audit by the South African Bureau of Standards (SABS) to retain the International Standards Organisation (ISO 9001:2008) certification. A surveillance audit was conducted in June 2008. The Defence Inspectorate satisfied



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

- Increased acceptance of the Inspectorate reports by clients without any queries. In addition, the Defence Inspectorate Division is receiving a large number of requests to conduct *ad hoc* audits, quantitative and focus group assessments at various units. This is the demonstration of confidence that clients have on the professional work of the Inspectorate.
- Trained 14 officers and two civilians from the Angolan Armed Forces (FAA) as part of the agreement between the Ministers of Defence for the Republic of South Africa and the Republic of Angola, to train 24 members of the Angolan Armed Forces in Auditing and Inspection.
- The Inspector General of the Department of Defence was tasked by the Defence Inspectorate Working Group (DIWG) of the SADC Standby Force to draft an Inspection manual. The draft was presented and accepted by the DIWG Troika meeting that was held in Dar Es Salaam, Tanzania in November 2009.

REGULATORY/COMPLIANCE AND PERFORMANCE AUDIT

Audits consist of compliance and performance audits and reviewing aspects of economy, efficiency and effectiveness. In order to conduct this function, the Division followed a risk-based approach over three years, in accordance with the rolling three-year internal audit strategy.

EXTENT OF AUDITS

Auditing is a process carried out to evaluate the measures put in place by management, or the lack of measures, to ensure that resources have been acquired economically and utilised efficiently and effectively and to report this to management and its legislative body.

During the FY 2009/10, 121 audits were planned. 115 audits were completed, with the bulk of the cancelled audits due to the RSA contingent's withdrawal from Burundi and not expanding its operations in the Central African Republic as was anticipated. In some instances audits were cancelled at the request of the Service/Division. Five *ad hoc* audits were executed as planned.

Apart from Internal Quality Manual System (ISO 9001: 2008) audits, audits were conducted in the following main risks areas:

- Management risk.
- Combat readiness risk.
- Force Employment risk.
- Policy risk.

Internal Quality Manual System Audits. Four ISO 9001: 2008 audits were conducted on the adherence to quality standards. Minor discrepancies were highlighted and procedural Manuals were corrected to reflect the practice that is followed by the Defence Inspectorate Division.

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 established the Directorate Anti-Corruption and Anti-Fraud in 2002, 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 the Anti-Corruption and Anti-Fraud Strategy. This strategy is based on principles of preventing corruption, combating corruption, building integrity and raising awareness.

As part of the strategy, it was planned in the detection investigations to conduct 30 investigations. 56 investigations were completed. 12 cases were investigated fur-

ther, two cases were referred to the SAPS Commercial Branch and ten cases were referred to the Military Police Division for further investigations. A trend that emerged from these investigations was an increase in procurement fraud.

Awareness training was conducted at 70 units, where 12 559 members of the DOD were addressed.

69 incidents were reported through the whistle-blowing Toll-free number.

CLOSING-DOWN AUDITS

The Directorate is responsible for conducting final closing down audits on units/commando Headquarters (HQs) that are ready for closure. 183 Commando units were audited and 168 units were closed down. There were 20 Group HQs that needed to be audited, and after being audited, 14 units required rectification plans for their Human Resources (HR) and logistic activities, while three were closed down. Three group HQs are still to be audited. 49 units of the SA Navy were audited and 48 units were closed down. One unit required a rectification plan for HR and logistic activities. Nine units of Joint Operations (J Ops) were audited, seven units were closed down and two required rectification plans for the HR and logistic activities. Measures were put in place during the FY 2009/10 to ensure effective reporting of units/HQs closed down. New members attended in-post training with SITA on the procedures to be followed when conducting closing-down audits.

QUALITATIVE AND QUANTITATIVE RESEARCH (PERCEPTION SURVEYS)

Directorate Effect Analysis undertook longitudinal and cross-sectional qualitative and quantitative perception research projects in communication, management psychology, sociology and perception. 28 qualitative morale perception research projects and six quantitative research projects were completed. During these focus group interviews, the attitude and opinions of the respondents are written down *verbatim* and are reported in such a way that the original opinions are expressed. The following areas were covered: discipline, training of MSDS, leadership, condition of DOD facilities, medical and psychosocial services and career management in the DOD.

AUDIT COMMITTEE

The Defence Inspectorate Division provided secretarial services to the Audit Committee.

OBJECTIVES AND MEASURES

The Inspection Services ensure the validity and veracity of the management information of the DOD.



OUTPUT DETAIL

Table 4.10 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.10: Inspection Services Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Inspection Services				
Verified and validated command information to the Department of Defence corporate management	Increased reliance on information systems in the DOD	Promote effective utilisation of human and other resources	Promoted the effective utilisation of human and other resources Provided secretariat services to the Audit Committee	Achieved
Nodal point for the training of SADC auditors/ inspectors and the establishment of SADC Inspectors-General Forum	Training provided to SADC countries and the establishment of the SADC Inspectors-General Forum	Train SADC auditors/inspectors and present the concept of the SADC Inspectors-General Forum for approval to the AU	Trained SADC auditors/inspectors and presented the concept of the SADC Inspectors-General Forum for approval to the AU	Achieved
Verified and validated performance audit-related command information	A well-coordinated Performance Audit Schedule and the extent to which the risks pertaining to the DOD Risk Register have been covered	Completion of 36 performance audits throughout the wide spectrum of the DOD Risk Register	Completed 34 performance audits throughout the wide spectrum of the DOD Risk Register	Achieved
Verified and validated compliance audit-related command information	The extent to which the risks pertaining to the DOD Risk Register have been covered in terms of the associated loss indicator within the Three-Year Rolling Strategy	Completion of 60 internal audit (compliance) reports, excluding <i>ad hoc</i> audits	Completed 81 internal audit (compliance) reports, excluding <i>ad hoc</i> audits	Achieved
Anti-Fraud and Anti-Corruption Strategy	Increased reporting on fraud and corruption in the DOD	Increased awareness campaign within the DOD, culminating in a national conference on fraud and corruption	Campaigned to increase awareness within the DOD that culminated in a national conference on fraud and corruption	Achieved
Closing-down capability	The degree to which closing-down audits are conducted/completed	Close down units/headquarters and commando headquarters that are no longer serving their purpose	Closed down units/headquarters and commando headquarters that no longer served their purpose	Achieved
<p>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</p>				

SUBPROGRAMME: CORPORATE STAFF OFFICE

OVERVIEW

The Corporate Staff Office continued throughout the period to provide a centralised staff capability to serve the C SANDF and thereby ensured that the planned targets for the various outputs were met. The Chief of Corporate Staff was actively involved in the deliberations of the INDFSC.

The additional management responsibilities that were delegated to the Corporate Staff Office which included the performance management of the Reserve Force Council, command and control of the supporting services provided by the DOD Headquarters unit and the management of the Specialist Advisory Team deployed to assist in capacity building of the Democratic Republic of the Congo (DRC) Defence Force, have been fully executed. The Chief of Corporate Staff and Acting Chief

of Corporate Staff's involvement in five bilateral and multilateral agreements of Defence Committee meetings had a direct impact in enhancing international military to military relations and to portray a positive image of the DOD and specifically the SANDF.

The Specialist Advisory Team (Team BULISA) assisting with capacity building in the DRC Defence Force has made significant progress with the completion of the respective strategy documents. The translation conducted in collaboration with the translators in the DRC is, however, progressing slowly, as the translators, who are not necessarily military personnel, are not familiar with many of the concepts in the documents.

OUTPUT DETAIL

Table 4.11 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.11: Administration Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Corporate Staff Office⁵				
Corporate staff capability for C SANDF	Timeliness, relevance and quality of strategic advice to the C SANDF	Strategic advice provided to C SANDF as and when required	Strategic advice was provided to C SANDF as and when required	Achieved
	Timeliness, relevance and quality of direction provided to the Divisions and Offices within the Corporate Staff Division	Direction provided as and when required	Direction was provided as and when required	Achieved
	Timeliness, relevance and quality of staff coordination of the Supporting Divisions, as delegated by C SANDF	Staff coordination provided as and when required	Staff coordination was provided as and when required	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.

⁵ Budgeted within Policy and Planning

SUBPROGRAMME: MILITARY POLICY, STRATEGY AND PLANNING OFFICE

OVERVIEW

The outputs of the Military Policy, Strategy and Planning Office (MPSPO) have contributed positively to the achievement of C SANDF strategic planning objectives and targets in compliance with the government timelines and the goals of the DOD.

During this year under review, the MPSPO was the leader in the development of the SANDF Readiness Index Strategy. The Readiness Index User Requirement was defined and will be used for the Balanced Scorecard Measures. The SA Air Force was assisted with the drafting of the new Air Transport Plan after the

cancellation of the Airbus A400M transport aircraft project. The MPSPO was also instrumental in compiling the Draft Defence Strategy, which was presented to the DOD internally. A major role was also played by members of MPSPO in aligning the different perspectives on the National Treasury Framework for strategic planning and Annual Performance Plans. Annual Report templates were developed for respective Services/Divisions to improve the accuracy of information during the reporting process.

OUTPUT DETAIL

Table 4.12 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.12: Military Policy, Strategy and Planning Office Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Military Policy, Strategy and Planning Office⁶				
Managing the strategic planning/control and programming process of the SANDF	Level of managing SANDF annual planning and reporting process	SANDF plans and reports submitted timeously	SANDF plans and reports were submitted timeously	Achieved
Providing a military strategising capability and service for the C SANDF	Validity and alignment of the Military Strategy with National Security Strategy imperatives	Monitoring of compliance with Military Strategy in the SANDF	Compliance with Military Strategy in the SANDF was monitored	Achieved
Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement 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.				

SUBPROGRAMME: RELIGIOUS SERVICES

OVERVIEW

The Religious Services achieved their planned objectives. There was a continuous improvement of support to SANDF members as stipulated within the mandate of the Chaplain Services. The focus of the ministry of the Chaplain General Division (Religious Services) was on following a holistic religious approach to all DOD members as well as those on internal and external deployment and their dependants.

The Chaplain General attended the Interstate Defence and Security Council in Swaziland as chair of the Spiritual and Moral Support Workgroup. He also chaired the Steering Committee of the world body of Chaplain Generals in Australia where planning and international co-operation between chaplaincies were enhanced and strengthened. In a follow-up to the International Military Chiefs of Chaplains Conference held in Cape Town during the previous year, the Chaplain General also chaired the Executive Committee meeting in Spain to discuss resolutions adopted at the conference. In Zambia, the South African delegation attended the Inter-State Defence and Security

⁶ Budgeted within Policy and Planning

Committee Spiritual and Moral Support Work Group worksession where matters of mutual moral and spiritual cooperation within SADC defence forces were discussed and where the Chaplain General was re-elected as chairperson. The Chaplain Services continued to play a leading role in SADC with the support to the possible establishment of the Chaplain Services in Mozambique, Lesotho and Tanzania while Namibia and Lesotho were also assisted in the writing of their religious policies.

Strong and effective interdepartmental ties have been developed between the DOD and the Department of Environmental Affairs judged by the regularly requests for services by the Chaplain Services and the support provided during the research missions to the Gough Island, Marion Island and SANAE bases respectively. Chaplain Services furthermore played an active role in contributing to the Government's Moral and Regeneration Programme by the running of specific ethical programmes in all units.

Positive interaction took place between Chaplain Services and religions which were not represented in the DOD previously, especially with the African traditional religions.

Thirteen chaplains were deployed externally and three

interns were given internship opportunities. The implementation of Reserve Chaplains' regional organisers was introduced in the Reserve Regional Offices in all provinces. Twenty-seven Reserve Chaplains underwent training on different courses.

One of the main challenges that the Chaplain Services continued to be confronted with is the growing number of religious ministry opportunities versus the small number of Religious Services Headquarters staff, which made it difficult for the division to perform optimally.

In the light of the above, it is apparent that the Chaplain Services provided a religious 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 dependants. Throughout the year, the Chaplain Services has successfully 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 4.13 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.13: Religious Services Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Religious Services				
Religious policy advice and chaplain capability and service for the SANDF	Relevance and credibility of religious policies and guidelines according to national and departmental policy as well as Religious Advisory Board (RAB) guidelines	Monitoring of compliance with religious policies and guidelines in the SANDF	Compliance with religious policies and guidelines in the SANDF was monitored	Achieved
	Level of acceptance by RABs of religions represented within the DOD	DOD religious policy accepted by all RABs	DOD religious policy was fully accepted by all RABs	Achieved
	Availability of effective spiritual, ethical and social support at all levels of the DOD	A chaplain available to ensure support at 90% of units	A chaplain was available to ensure support at 95% of units	Regular chaplains force multiplied by Reserve chaplains ensured support at 95% of units

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: COMMUNICATION SERVICES (CORPORATE COMMUNICATION)

OVERVIEW

Defence Corporate Communication (DCC) continued to achieve most of its planned outputs and objectives in the FY 2009/10. The media covered several DOD events to showcase the capabilities of the SANDF and portrayed the DOD as an organisation that cares. These events included the SANDF participation in National Freedom Day, the Inauguration of the President and the Opening of Parliament, National Youth Day Celebrations and the passing out parade of MSDS members held in Saldanha. Other high-profile corporate events reported on included Celebrating 10 Years of Participation in Peace Missions Parade, the SANDF hosting of Exercise GOLFINHO on behalf of the SADC countries, the SANDF participation in Mandela Day Celebrations, Ministerial clean-up initiative of Mthatha as part of the 67 minutes initiative, SA Military Health Services hosting of the International Military Nursing Conference, launch of the SANDF Hospice by the Deputy Minister, and the Handing Over of Bridges Ceremony in the Eastern Cape.

DCC has established a good relationship with the external media that secured free airtime from Soweto TV and SABC 2 Morning Live programmes. This provided the DOD the opportunity to increase public awareness on the department's support to government priorities. Defence TV took the initiative to approach other depart-

ments to establish an audio-visual forum, in order to share scarce resources in the audio-visual environment. The DVD titled "A Season for Goodwill" was entered into the Polish as well as the Italian International Military Film Festival and won the 1st Prize in the Humanitarian category and Peace Support Operations category respectively. The DVD on "Celebrating a Decade of Peace Missions" was aired on SABC 1 and 2 for two weeks in December 2009 which elicited positive feedback from various viewers. The launch of the DVD, "Advocates of African Peace" and one TV advertisement were produced with positive acknowledgement from the Commander-in-Chief and Minister. The DOD exhibition at the Pretoria Show was awarded the Gold Medal for both indoor and outdoor exhibitions and it was also judged to be the best overall exhibition at the show.

The decision on the location of the Corporate Communication Organisational structure is still awaited from the Minister. DCC continued to be affected by the shortage of skills. Recruitment to fill vacancies on the present DCC structure was however put on hold until the new structure had been approved. Altogether 10 Reserve members were utilised during the reporting period to assist in the achievement of the restructuring work-study objectives.

OUTPUT DETAIL

Table 4.14 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.14: Communication Services Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Communication Services (Corporate Communication)				
Corporate Communication Policy, Strategy and specialist advice	Timeliness, relevance and quality of corporate communication advice to the DOD	Corporate communication advice provided as and when required	Corporate communication advice was provided as and when required	Achieved
	Degree of integrated and aligned DOD Communication Strategy, Policy and Guidelines provided to the DOD	Promulgated and implemented Corporate Communication Strategy and Policy	Corporate Communication Strategy and Policy was promulgated and implemented	Achieved
Corporate communication products and services	Percentage compliance with annual requirements in terms of media liaison, communication information products and services as well as marketing and communication support requirements	95%	95%	Achieved
Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The various achievements of the Subprogramme Communication Services Output contributed positively to the Administration Programme's Purpose to execute the DOD's overall management, administration and policy development.				

SUBPROGRAMME: DEFENCE RESERVE DIRECTION

OVERVIEW

The Defence Reserve Division achieved its objectives set for the FY 2009/10. Strategic and policy advice was continuously provided during the year to the Minister as well as to the DOD. The Minister was informed on the State of Readiness of the Reserves and the Reserve Force Council was kept informed of developments and consulted on policy changes. This included the General Regulations to the Defence Act, for the Reserves, which were promulgated on 31 July 2009 in Government Gazette no 32453 and revised draft legislation on the call-up of Reserves in times other than war was prepared for submission to the Cabinet and thereafter Parliament.

The Defence Reserve Board monitored the implementation of the Reserve Strategic Plan by the Services and Divisions using Project PHOENIX Phase 3 as a mechanism. This has resulted in the total strength of the Reserves growing by 29% in the FY 2009/10, with a lesser growth of 18% of those classified as "active". This has enabled the ongoing external deployment of Reserves in peace support operations. During the year four infantry companies and three engineer troops were deployed in peace support operations. Reserves were also successfully deployed on internal operations and were involved in three Military Tattoos. The Division also supported the Services and Divisions with the challenge of finding job opportunities for members exiting the MSDS and entering the Reserve System.

The University Reserve Training Unit's first candidates were readied for commissioning. An implementation instruction was issued to the Services and a Steering Committee was established to implement the University Reserve Training Programme as from 01 Apr 2010 with full implementation and budget in the FY 2011/12.

A Reserve Force Symposium was conducted with the theme "Enhancing of the Reserve System". Papers were presented by representatives from countries such as the USA, Canada, UK, Australia and Tanzania, as well as NATO Reserves.

In terms of marketing the Reserves the following were achieved:

- Two editions of the "Reserve Force Volunteer" were published and distributed while the web-site www.rfdiv.mil.za was updated weekly.
- Reserve information kiosks were manned at the Pretoria, Pietermaritzburg and Robertson shows.
- A large number of Reserves participated in the Freedom Regiments' parade in Soweto, the Celebrating 10 Years of Participation in Peace Missions Parade in Bloemfontein and the commemoration of the Relief of the Siege of Ladysmith.
- Marketing and physical support were provided to the expanded annual Combat Rifle Shooting Competition in Bloemfontein in which 28 Reserve units participated, as well as to the Military Skills Competitions in Potchefstroom and Bulgaria.
- A number of Captains of Industry and local decision makers attended marketing and promotional activities of Defence Reserves, such as the SA Navy seagoing days and the SA Army Artillery open day.
- The main challenges experienced were the inadequate feeder system to provide the required number of new Reserve members and the limited continuation training budgets. The 22% pay differential between Regulars and Reserves remains a concern, but is expected to be resolved in the near future.

In conclusion it can be stated that Defence Reserve Direction has made good progress with both the marketing of and the revitalisation of the Reserves to the benefit of the Services and Divisions.

OUTPUT DETAIL

Table 4.15 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.15: Defence Reserves Division Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence Reserve Direction				
Strategic direction to the development and maintenance of the Reserve system	Timeliness, relevance and quality of Reserve strategic and policy advice to the DOD	Reserve strategic and policy advice provided as and when required	Reserve strategic and policy advice provided as and when required	Achieved

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Reserve promotion and employers' support service to the Chief of the SANDF	The number of provincial Reserve Liaison Councils structures functional	6	0	Defence Reserves Direction is in process with Project MISTHOS to map the exact functions and responsibilities of these councils
	The number of information flow sessions to internal and external stakeholders	6	9	More sessions were held than planned. This includes briefings at Sea going days, Artillery open day, Durban, Cape Town and Johannesburg Tattoos, as well as briefings to Business Leadership SA and the Honorary Colonels

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

SUBPROGRAMME: DEFENCE FOREIGN RELATIONS

OVERVIEW

The Defence Foreign Relations (DFR) Subdivision has increased South Africa's defence representation abroad by opening a Defence Attaché Office in Pakistan. With this the objective of 37 military diplomacy missions abroad was realised and it provides the SANDF with capacity in dealing with the bilateral relations with Pakistan. It also contributed to the promotion of the South African foreign relation policy by facilitating the convening of the annual meeting of the RSA/ Zimbabwe Joint Permanent Commission on Defence and Security. The Defence Attachés supported the SA Defence Related Industry abroad through facilitation of trade meetings. The Subdivision was involved in the arrangements of various bilateral and multilateral meetings with particular emphasis on SADC and its related organs.

In order to provide strategic direction staff teams visited Defence Attaché offices abroad. The offices evaluated included those in the United States of America, Saudi Arabia, United Arab Emirates and Italy. Although it was planned that ten offices would be visited, the moratorium placed by the Minister on foreign visits prevented such a target being reached.

The DOD Very Important Person (VIP) Lounge at the O.R. Tambo International Airport was opened during the period under review. The facility allows the DOD to apply reciprocity wrt treatment that own members receive in most countries and to enhance the image of

the department and the RSA. This facility was used to welcome and facilitate the activities of smaller groups, and delegations attending international conferences. They included visitors attending the SAAF Air Symposium, Exercise GOLFINHO Open Day and the Regional Police Chiefs Cooperation Organisation. The Minister conducted the official opening of the Lounge on 19 March 2010.

Eight Reserve members were utilised for limited periods to assist where a shortage in capacity was experienced. Defence Attaché focused on preparation and not training, thus no course was presented. DAs designated for the changeovers at the end of 2010 have already been trained and the next course will be presented in the first quarter of 2011 for DAs deploying in June 2011 and December 2011.

Despite the structure not being aligned and the insufficient budget allocation for the operational requirements of Defence Attaché offices, Defence Foreign Relations has managed to reach the performance outputs that were within its control. It is believed that defence foreign relations have been maintained through the various actions of Services and Divisions within the broader of context of defence diplomacy and that Defence Foreign Relations has contributed positively to the Administration Programme's purpose.

OUTPUT DETAIL

Table 4.16 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.16: Defence Foreign Relations Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence Foreign Relations				
Defence foreign relations capability and services	Number of Defence diplomatic missions	37	37	Achieved
	Level of compliance with timely and accurate delivery of consular services, as required	Full compliance with requirements for consular services	Complied fully with requirements for consular services	Achieved
	Number of Military Attaché and Advisor Corps (MAAC) activities executed, based on the annual programme	11	12	In view of FIFA World Cup 2010, the long tour scheduled for the FY 2010/11 was brought forward. The number of activities for the FY 2010/11 will therefore be reduced by one
	Number of bilateral and multilateral obligations whose execution was facilitated	42	13	Became increasingly difficult to accommodate the target in one year, since the same officers to attend most of the 42 meetings. It has become necessary to adjust the target downward to a more realistic number of meetings per annum. The determination of the dates for the meetings lies with CDIA and thus beyond the control of DFR. The impact hereof implies that all bilateral/multilateral meetings cannot be serviced annually. The cooperation between these countries/organisations, however, continued in spite of the Defence Committee meetings not taking place

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

SUBPROGRAMME: HUMAN RESOURCE SUPPORT SERVICES

OVERVIEW

The Division continued to focus on putting programmes (including control mechanisms) in place to ensure provision of human resource support in the DOD. In the year under review, this has been achieved by means of, *inter alia*, the development of the DOD Corporate HR Support Plan; the provisioning of HR strategic inputs for the DOD Strategic Direction Process; the development of the DOD HR Strategy; continuous monitoring of the

implementation of the DOD HR Strategy; the continuous monitoring of the implementation of HR Strategy 2010; provision of advice on equal opportunity issues, monitoring of the implementation of equity legislation and monitoring the execution of HR Support Plans and budgets through the monthly HR Planning Committee.

The HR Division successfully performed its first international assignment during the SADC Brigade exercise, Exercise GOLFINHO, by providing translation and interpreting services to members of the participating armed forces of Mozambique, Angola and the Democratic Republic of the Congo.

The DOD continued to participate in Government's Kha Ri Gude literacy project mainly by embarking on an awareness campaign to make members and employees of the DOD aware of the necessity of numeric and literacy training. The DOD also participated in a National Workshop where further guidelines for implementation were received. During the reporting period 759 learners throughout the DOD enrolled for Adult Basic Education and Training.

During August 2009 the HR Division convened and hosted the annual DOD Gender Conference with the theme "Inspired and Empowered to Advance Gender Equity" that was attended by 320 members of the DOD in order to reflect on progress made.

The HR Division continued to coordinate the management of HR related audit queries and also established a nodal point for communication with AG on HR related matters that has already resulted in fewer negative AG findings.

Subsequent to the establishment of the Defence Works Regiment to manage DOD facilities, a Task Team was constituted to investigate and advise on the amalgamation of the Defence Works Regiment, the Service Corps and Project LEBAKA of the SA Army to migrate and form a Defence Works Capability. The HR Division is an active participant within the work group investigating the establishment, whilst Chief Logistics is the lead agent for the project.

The Military Bargaining Council and Military Arbitration Board continued to remain non-functional as none of these Military Trade Unions meet the required threshold of 15 000 members as stipulated in Chapter 20 of the General Regulations of the SANDF, to be admitted to the Military Bargaining Council. The DOD, however, continued to engage the Military Trade Unions outside the Military Bargaining Council to discuss issues of mutual interest.

A total of 240 SANDF members have been transferred to the South African Police Service, which ultimately contributes to the rejuvenation of the SANDF while 93 members completed training as inspectors by the South African Revenue Services and are deployed at Ports of Entry.

In August 2009, the Minister dealt decisively with soldiers that portrayed the SANDF military discipline in bad light by undertaking an illegal protest march to the Union Buildings. The Minister ensured that those involved in the illegal protest march were subjected to the military disciplinary code.

A new Individual Grievance Procedure was approved by the Plenary Defence Staff Council during February 2010. This Procedure is now electronically supported and encompasses one process for both the military and

civilian members of the DOD and will lead to improved finalisation of grievances.

The Cabinet Memorandum on the issue of the 5% member contribution; 50% benefit for service under 10 years and Special Pensions versus NSF Pensions was approved by Cabinet during April 2009. However, the Rules of the Government Employees Pension Fund need to be amended before the implementation thereof can take place. In the interim, as at the end of March 2010, due to outstanding documents and errors on completed documents, only 4 449 members could be paid their Non-Statutory Forces pension benefits. The Dispute Resolution Committee was able to resolve 204 reported cases during the FY 2009/10.

South Africa, as one of the top thirteen Troop Contributing Countries, has taken the implementation of the UN Security Council Resolution 1325 to the next level by deploying 346 (on average) female peacekeepers per month, and by breaking new ground with the deployment of the first military Gender Advisor. A Gender Advisors course was developed to equip future Gender Advisors with the necessary skills.

The HR Division successfully represented the DOD at the Public Health Social Development Sectoral Bargaining Council, which resulted in the signing of the Occupation Specific Dispensation on Social Work Professionals, Technicians, Engineering and Medical Officers, as well as Pay Progression for employees not covered by any Occupation Specific Dispensation. In addition an agreement for a cost of living salary adjustment on a sliding scale of between 10% and 13% was signed.

The significant loss of highly skilled SANDF personnel resulted in measures ensuring that recruitment targets are met and that MSDS recruitment is focussed at specific Tertiary Institutions. The HR Division also utilised 93 Reserves on a non-continuous basis in a number of environments and for specific projects for a total of 21 374 man-days.

Under funding was the biggest challenge experienced as only 8% of the HR Division's budget could be utilised for discretionary operating costs. The Division had to furthermore overspend on its personnel related costs by Rm19.7 which necessitated a management intervention on corporate level. Rm11 was due to the salary adjustments during December 2009, Rm2 was overspent on Mobility Exit Mechanism (MEM) and Employer Initiated Severance Package (EISP) and the HR Division was not adequately funded for the FY 2009/10 which resulted in an additional Rm6.7 over expenditure.

Due to serious infrastructure shortcomings at Personnel Services School it cannot be accredited as a training facility and the accredited curricula for the training of Human Resource Practitioners cannot be implemented.

This situation is crippling the entire DOD in terms of the training of Human Resource Practitioners. An amount of R600 000 has, however, been allocated towards the upgrading of the facilities during the FY 2010/11.

Notwithstanding much effort in this regard the conclusion of the migration of the corporate Physical Training, Sport and Recreation and Occupational Health and Safety functions from the SA Military Health Services to the HR Division is still outstanding. Staff work and staff liaison to speed up the process is ongoing.

Despite a concerted effort being made 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. Notwithstanding, the HR Division continues to ensure that its activities support the overall strategic goals of the DOD as a whole..

OUTPUT DETAIL

Table 4.17 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.17: Human Resource Support Services Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Transformation management service to the DOD	Level of compliance with DOD equity policy	85% compliance at Level 4	79.7% compliance at Level 4	Inadequate funding due to the decline of the Defence Budget. CD Transformation Services does not have incumbents responsible for the provision of transformation Services at Level 3 and 4
Human Resources (HR) strategic direction and plans	Compliance with DOD HR Policy, Strategy and plans	85% compliance	85% compliance achieved	Achieved
	Facilitation of collective participation by recognised labour mechanisms in the Military Bargaining Council (MBC)	Monthly facilitation	Not facilitated every month	The last meeting was held in October 2009. The meetings were not held monthly as the Chairperson of the MBC ruled that no meetings should be convened until the dispute regarding the SANDF Union's threshold is resolved. Currently the audit firm KPMG is auditing the South African National Defence Union's membership to determine if it does meet the threshold.
HR management and military veterans' administrative service to the DOD	Percentage decline in negative HR-related audit reports	90% decline	Declined 90%	Achieved
	Establishment of the Military Veterans Agency (MVA) to be fully functional by 31 March 2011	80% established	0% established	Deviation due to Policy change. A Task Team was established to investigate the establishment of the MVA, but no results were forthcoming. The establishment of the MVA is now fully dependant on the establishment of the Department of Military Veterans

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	The facilitation of the amending of the Military Veterans Act to make provision for the legal status of the South African National Military Veterans Agency (SANMVA)	80% facilitation	0% facilitation	The Ministerial Task Team on Mil Vet Affairs (MTMVA) is addressing the matter. The MTMVA have acquired the services of the Defence Legal Services Division to assist with overseeing the changes to the Act. It is envisaged that the amendment of the Mil Vet Act will be finalised after the final report of the MTMVA wrt policy recommendations on benefits, eligibility and institutional structures for Mil Vets has been finalised
Direct, orchestrate and control HR development for the DOD	Percentage alignment of DOD HR development policies with the revised National HR	70%	60%	Due to structural changes and new guidelines issued by the DPSA, the new set target for the HR Development Strategy is April 2010. There is also a lack of capacity to develop HRD Strategy, which is now addressed through mitigating action
Professional and non-combat/mission-common functional education training and development for the DOD	Development Strategy Number of learners on planned Joint Military Professional Programmes	3 900	3 126	Poor academic performance by students. Moderations and assessments on Education Training and Development Practitioners courses done by College of Educational Technology are not yet completed. Programmes were cancelled due to non-reporting of nominated learners, theft of training material (Computers) and non-availability of facilitators
Labour market entry enablement and redeployment capability for the SANDF	Level of compliance with the re-skilling requirements of military members who are exiting the SANDF for alternative	100%	57%	The lack of skilled members trained for specific labour requirements (Trained as Code 10-requirement Code14 qualified), decline in beneficiary interest and lack of skills of the instructors.
	Percentage facilitation of the placement of re-skilled military members and employees in other State departments or the private sector	65% facilitated placement	12.96% facilitated placement	Low level of skills for all beneficiaries exiting, decline in beneficiary interest and lack of skills. The current recession nationally also contributes to the situation as there is not sufficient jobs available for appointments.
British Peace Support and Training Team⁷				
Peace Mission Training Centre (PMTTC)	Progress in terms of the operationalisation of the Peace Mission Training Centre	70% operationalisation	73% operationalisation has been achieved	Achieved
Effect of Programme/Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. 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.				

⁷ Chief Human Resources manages the outputs of the subprogramme. Funding is provided within the General Support Programme. The British Peace Support and Training Team provide for the personnel from the United Kingdom Department of Defence who provide services to the SANDF.

SUBPROGRAMME: LEGAL SERVICES

OVERVIEW

In the period under review, the Legal Service's Division provided operational law support and legal advice to 69 strategic operations, six ongoing external operations, 53 internal operations and 17 exercises and the drafting of eight bilateral and multilateral memoranda of understanding. A total of 3 310 requests for legal advice were received and 3 250 of those were attended to by original deadlines set. Two of the three Bills drafted were approved by Cabinet and the five drafted Regulations were finalised and submitted for consideration and approval.

The administration of military justice was also managed very well. The Court of Military Appeals finalised the 44 cases that were set down for hearing. Performance Indicators were formulated to monitor on a monthly basis the backlog of case output in the Military Courts. Performance reports are submitted monthly to monitor progress and staff visits are also scheduled to evaluate the process. Management has made a concerted effort

to deal with challenges facing the Division, especially the recruitment and staffing of vacant posts. In the short term, in post training of current staff, together with the utilisation of Reserve members has to a certain extent addressed this problem. Reserve members were effectively used as a force multiplier and repository of scarce skill. There are 309 Reserve members of whom 118 are fully trained and utilised. The remaining 190 are attending courses or receive mentorship training.

The School of Military Justice, for the first time since its existence, received full SA Qualification Authority (SAQA) accreditation as a service provider for three subjects. The school presented eight Military Law courses. The Division facilitated 40 refresher law training sessions and 45 specialised lectures.

OUTPUT DETAIL

Table 4.18 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 4.18: Defence Legal Services Output Detail for the FY 2009/10

Table 4.18: Defence Legal Services Output Detail for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence Legal Service capability and services	Degree to which military justice inputs and legal support have been provided, as prescribed in the Military Discipline Supplementary Measures Act (MDSMA), the Defence Act, 2002 (Act 42 of 2002) and any other applicable legislation	Military justice inputs and legal support provided as prescribed	Military justice inputs and legal support were provided as prescribed	Achieved
	Degree to which a comprehensive legal advice service and capability are provided to the MOD, Sec Def and C SANDF	100% of all requested legal advice provided	98% of all requested legal advice was provided	Mainly due to vacant posts. A concerted effort was made to recruit and staff the vacant entry level posts
	Compliance with C SANDF requirements with regard to operational legal advice and support for all external and internal operations	100% of all facilitated litigation must be attended to	100% of all facilitated litigation was attended to	Achieved
		100% compliance with C SANDF requirements	Complied 100% with C SANDF requirements	Achieved

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Legal advice and support service to the Department of Defence	Timeliness and quality with which HR, policy, MOU and legislative legal advice complies with DOD legislation, policy prescripts and instructions	Full compliance with regulatory framework	Fully complied with regulatory framework	Achieved
	The degree to which operations and force preparations legal advice, policy and procedures comply with DOD legislation and instructions	Full compliance with regulatory framework to ensure deployable operational legal advice and support services to the SANDF (CJ Ops) and relevant Divisions	Fully complied with regulatory framework to ensure deployable operational legal advice and support services to the SANDF (CJ Ops) and relevant Divisions	Achieved
Military judiciary service to the SANDF	The degree to which DLSD plans and procedures in respect of military judges, presiding officers and assessors comply with the provisions of Defence Act, 2002 (Act 42 of 2002) and the MDSMA, 1999 (Act 16 of 1999)	Full compliance with regulatory framework	Fully complied with regulatory framework	Achieved
Military Defence Counsel service to the SANDF	The degree to which Military Defence Counsel (MDC) sectoral policy with regard to military defence counsel and procedures complies with the Defence Act, 2002 (Act 42 of 2002) and the MDSMA Act, 1999 (Act 16 of 1999) and instructions	Full compliance with regulatory framework	Fully complied with regulatory framework	Achieved
Military judicial review process to the SANDF	The degree to which Military Judicial Review (MJR) policy and procedures comply with the Defence Act, 2002 (Act 42 of 2002) and the MDSMA Act, 1999 (Act 16 of 1999)	Full compliance with regulatory framework	Fully complied with regulatory framework	Achieved
Defence Legal Services support	The degree to which an Education, Training and Development (ETD) service (legal training) is provided to the DOD and the DLSD	Provide and implement an effective Education, Training and Development service, "in accordance with DOD policy and prescripts" Expressed in terms of the percentage of functions conducted	Provided and implemented an effective Education, Training and Development service, "in accordance with DOD policy and prescripts"	Achieved

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.

Chapter 5

Programme 2: Landward Defence

OVERVIEW

In the year under review, the South African Army (SA Army) fulfilled all its internal and external commitments, notwithstanding the fact that it is overstretched, especially in the infantry, engineer and support capabilities. The SA Army's commitments included, inter alia, the deployment of landward forces in the Democratic Republic of the Congo (DRC), Sudan, training missions in the Central African Republic (CAR) and the DRC, deployment on the RSA-Zimbabwe border and internal deployment in co-operation with the South African Police Service (SAPS). The SA Army successfully concluded a ten year long deployment in Burundi after the United Nations (UN) deemed the security situation fairly stable in that country. The SA Army contingent of instructors, in support of bilateral agreements between the RSA and the CAR, successfully presented fourteen different courses. The SA Army contingent of instructors in the DRC successfully trained one Infantry Battalion, one Artillery Battery, one Intelligence Troop and support personnel of the Congolese Defence Force.

The SA Army provided 9 699 members for deployment to the UN, the African Union (AU) Missions in Africa, border safeguarding and internal deployment. Furthermore, the SA Army provided support to the training of foreign forces, e.g. Exercise LIGHTNING WARRIOR (Singapore) and Exercise AFRICAN THORN (United Kingdom).

The commissioning of the South African manufactured GV2 Gun System into the Namibian Army Artillery and the continued training support of Namibian Field Gunners by SA Army Gunner instructors elevated the SA Army - Namibian Army relations to greater heights. A project team is currently advising the Namibian Army Artillery on doctrine, with the focus on establishing a School of Artillery in Namibia.

The SA Army provided the bulk of the forces and equipment required for the successful execution of a multinational Exercise GOLFINHO for the SADC region. The exercise revealed that the SANDF has a leading role to play in the development and maintenance of a rapid deployment capability at the disposal of all on the

African continent, and in particular, the SADC region.

The SA Army successfully exercised its major operations capability in the integrated landward Exercise SEBOKA. During this exercise, the SA Army confirmed the training of its MSDS members in landward operations and achieved all its objectives. Remarkable in the exercise was the inclusion of a contingent of environmental practitioners from the Logistics Division to prevent any possibility of damage on the training areas utilised during the exercise.

The implementation of simulation training has gained momentum in most of the SA Army capabilities, especially training institutions. Distance learning has improved through the introduction of more Distance Training Centres. The SA Army qualified 24 291 learners in its Centres of Excellence, which included 102 members from six other defence forces.

To ensure the availability of more deployable personnel and alleviate the pressure on especially the Infantry and Engineer Corps, the SA Army converted all its January 2009 MSDS intake of 2 237 to the Core Service System. This, however, delays the already slow progress on the rejuvenation of the Reserves even further. The 2 238 members from the January 2009 MSDS intake and 2 746 (including other Divisions) MSDS members from the January 2010 intake are undergoing training in the SA Army.

The SA Army utilised its Reserve component substantially to augment shortages in its human resources Regular component for deployments externally and internally, especially in the infantry and engineer musters. An amount of Rm195 was spent on various outputs of the SA Army Reserves. A total of 4 011 members attended formal courses in SA Army training institutions, 6 414 were utilised on guard duties, whilst 6 947 were called up for administrative duties. The defined end state for the SA Army Reserves could not be achieved, due to the low rate of Reserves entering the SA Army and the funding in general.

The SA Army Infantry Formation has successfully trained, and declared 2 134 members belonging to

deploying units, competent in terms of the Weapons Control Act. All the SA Army Infantry Formation shooting ranges have also been accredited, according to the Weapons Control Act, giving the SA Army the ability to ensure full compliance with the Act.

The modernisation of the Landward Defence Programme, based on the 'Enablement of Landward Defence Systems' submission to the Minister, is dependent on final approval and appropriate funding by Government. Meanwhile, the partial acquisition approach, based on the approved MTEF capital funds originating from the current Strategic Capital Acquisition Master Plan, will continue. Newly commissioned equipment is brought into preservation stores, as there is not sufficient ammunition to operate the system.

The SA Army finalised the commissioning of 24 Olifant Main Battle Tanks, 13 ZT3 missile systems and 80 Rooikat Armoured Cars, which started in the FY2007/08. This is a positive development in the survival of the major combat operations capabilities, as the SA Army is on the verge of losing all these capabilities. The South African Very Short Range Air Defence system missile was successfully fired at Overberg Test Centre, Bredasdorp. The future commissioning of this system will provide the necessary impetus for the establishment of a light Air Defence Artillery.

With the additional funding of Rm261 for operational vehicles, the SA Army maintained 2 469 B-vehicles and completed 110 B-vehicle repairs in support of its force preparation effort as planned, and spent all the additional funds. The SA Army successfully procured Rm100 worth of ammunition, as provided for by National Treasury, to support its force preparation efforts.

The decision by the National Department of Public Works to stop the Repair and Maintenance Programme, brought the SA Army efforts to address its facilities challenges to a halt. As a result, the deterioration of SA Army facilities remains a challenge and safety in the workplace is being monitored.

The SA Army is about to hand over the DOD Works Capability with a promulgated strategy and a clear migration path to Chief Logistics, with other entities as stipulated in the strategy. In the period under review, the Works Capability sustained 442 learners country-wide at different stages of development. Two hundred and ninety are engaged in practical training with the industry and 156 are busy with theoretical training at seven different accredited training institutions.

The SA Army has displayed a critical collateral capacity by contributing to the construction of three Bailey and improvised bridges for Eastern Cape Province communities who could not access basic social amenities like schooling because of flooded rivers. During the past year the SA Army experienced an undisciplined action when a substantial number of SA Army members

engaged in an illegal protest march at the Union Buildings and were then sent on special leave. This has resulted in three battalions not being deployable as homogenous battalions until such time as the members' cases are finalised and they have either been reinstated or discharged.

The main challenges faced by the SA Army remained the critical shortage and continued loss of scarce skills, the age and health status of the HR component and the status of the A, B and D vehicle fleets, prime mission equipment and facilities. These challenges are being addressed through various initiatives, but owing to the cost and time, it will not be fully mitigated in the near future.

Notwithstanding complex challenges and limited resources, the SA Army provided combat-ready forces and supported landward operations as were required. The SA Army remains committed to the achievement of its constitutional obligations.

PURPOSE OF THE PROGRAMME

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

SUBPROGRAMMES

- *Strategic Direction* directs, orchestrates and controls the South African Army in achieving its mission to provide prepared and supported landward capabilities for the defence and protection of South Africa. Funding is based on the cost of operating the landward defence headquarters and managing centralised funds for scarce commodities and specialist services.
- *Infantry Capability* provides combat-ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Armour Capability* provides combat-ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Artillery Capability* provides combat-ready artillery capabilities through training, preparing,

exercising and supporting composite and light artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

- *Air Defence Artillery Capability* provides combat-ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Engineering Capability* provides combat-ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments, through training, preparing, exercising and supporting field and construction engineer units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Intelligence* provides combat-ready operational intelligence capabilities to enable successful planning and execution of operations, through training, preparing, exercising and supporting intelligence units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Command and Control Capability* provides combat-ready tactical command and control capabilities for integrated forces during force preparation and force employment. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Support Capability* provides first and second line support capabilities to units and bases and ensures support to deployed combat units through training, preparing, exercising and supporting of first and second line maintenance units and workshops. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, the number of force

preparation exercises and training courses and product systems requirement.

- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the Training Depot (and decentralised units), SA Army Gymnasium, the Combat Training Centre and the SA Army College. Funding is distributed according to the number and size of units, equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Signal Capability* provides combat-ready signal capabilities to ensure command, control and communications during exercises and deployments, through training, preparing, exercising and supporting signal units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

OBJECTIVES AND MEASURES

Defend and protect South Africa and its territory by:

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

OUTPUT DETAIL

Table 5.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 5.1: Landward Defence Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Infantry Capability				
Mechanised Capability	Number of units prepared according to force requirements	One battalion combat-ready for conventional exercises	One battalion was combat-ready for conventional exercises (Exercise SEBOKA)	Achieved
Airborne Capability	Number of units prepared according to force requirements	One parachute battalion combat-ready for conventional exercises and C SANDF reserve	One parachute battalion was combat-ready for conventional exercises (Exercise YOUNG EAGLE) and 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 were combat-ready for peace support operations (sustained)	Achieved
		Two battalions combat-ready for conventional exercises	Two battalions were combat-ready for conventional exercises (Exercise SEBOKA)	Achieved
		Two battalions combat-ready at all times for internal reserve (sustained)	Two battalions were combat-ready at all times for internal reserve (sustained)	Achieved
Armour Capability				
Tank Capability	Number of units prepared according to force requirements	One tank regiment (minus) combat-ready for conventional exercises	One tank regiment (minus) was combat-ready for conventional exercises	Achieved
Armoured Car Capability	Number of units prepared according to force requirements	One armoured car regiment (minus) combat-ready for conventional exercises	One armoured car regiment (minus) was combat-ready for conventional exercises	Achieved
Artillery Capability				
Composite Artillery	Number of units prepared according to force requirements	One composite artillery regiment (minus) combat-ready for conventional exercises (sustained)	One composite artillery regiment (minus) was combat-ready for conventional exercises (Exercise SEBOKA) (sustained)	Achieved.
		One light (parachute) artillery battery combat-ready for conventional exercises and C SANDF reserve (sustained)	One light (parachute) artillery battery was combat-ready for conventional exercises (Exercise YOUNG EAGLE) and C SANDF Reaction Force (sustained)	Achieved.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Air Defence Artillery Capability				
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) was combat-ready for conventional exercises but not sustainable. Only one sub-unit declared combat ready	No mechanised air defence artillery capability available Air mobile battery was not equipped No very short range air defence system or sensors available Mobile air defence artillery capability consisting of only 35mm gun product system and restricted 35mm Mk V gun use
		One light (parachute) air defence artillery battery combat-ready for conventional exercises and C SANDF reserve	One light (parachute) air defence artillery battery trained for conventional exercises and C SANDF reserve	The air mobile battery did not have prime mission equipment (PME) and was therefore not equipped for its role
Engineer Capability				
Field Engineer Capability	Number of units prepared according to force requirements	One engineer regiment (minus) combat-ready for conventional exercises	One engineer regiment (minus) was combat-ready for conventional exercises	Achieved
		Three composite squadrons combat ready for peace support operations (sustained)	Three composite squadrons were combat ready for peace support operations (sustained)	Achieved
		One light (parachute) field engineer squadron combat-ready at all times for C SANDF reserve and conventional exercises (sustained)	Not achieved.	No approved structure for Parachute Squadron. Paratroopers, however, structured in virtual structure and participated in Exercise YOUNG EAGLE
General Training Capability				
General training for Regular and Reserve members ⁸	Number of learners on planned courses	4 375	4 978	More learners were qualified due to additional training requirements determined during short term refinement
Signal Capability				
Signal Capability	Number of units prepared according to force requirements	Two signal regiments (minus) combat-ready for conventional exercises and peace support operations	Two signal regiments (minus) were combat-ready for conventional exercises and peace support operations	Achieved
Effect of Programme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Landward Defence Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported landward defence capabilities for the defence and protection of South Africa.				

⁸ This training excludes the specialised functional training being conducted within the Infantry, Armour, Artillery, Air Defence, Engineer and Signal subprogrammes

PLANNED EXERCISES (SERVICE UNIQUE)

Table 5.2 provides feedback on Landward Defence Programme unique exercises that were planned for the FY 2009/10.

Table 5.2: Landward Defence Programme Planned Exercises (Service Unique) for the FY 2009/10

Exercise: Name and Aim	Target	Actual Achievement
Exercise SEBOKA: Conventional exercise for one Brigade (minus)	November	Conventional SA Army objectives were achieved. However, integrated SA Army/SAAF objectives were not achieved due to the unavailability of strike aircraft. Only a Bde (minus) could be exercised due to the non-availability of prime mission equipment and budget constraints
Exercise YOUNG EAGLE: Conventional exercise for one airborne Brigade (minus) in compliance with C SANDF reserve	February	Airborne objectives could not be achieved due to the unavailability of transport aircraft. Only limited landward objectives for intervention were achieved



Chapter 6

Programme 3: Air Defence

OVERVIEW

The Air Force was, to a large extent, still able to execute its mandate and achieve the required combat readiness levels despite the various challenges faced during the FY 2009/10. The dedication and commitment of Air Force personnel ensured that 76.4% of the planned daily availability of aircraft could be achieved and 98.7% of the planned flying hours could be flown. A total of 32 866 flying hours were generated. This included training and operational missions in the RSA, as well as support to contingents of the SANDF abroad in support of Government initiatives. In total, the Reserve Squadrons flew 2 685 hours (8.2% of the Air Force's total hours and 16.3% of the force employment hours).

Defence Diplomacy remained high on the Air Force's priority list, with 444 hours flown transporting the President and Deputy President on external flights, while the VIP fleet flew a total of 934 hours during the reporting period. The output of Air Force Reserve Squadrons in the VVIP transport role was more than double that of the previous year, satisfying the requirement where the organic capacity of the Air Force's VIP fleet was insufficient to meet the demand.

External operations included sustainment flights to the Democratic Republic of Congo, Burundi, the Central African Republic and Sudan. Successful exercises with foreign countries included participation in the SADC exercise held in Lohattha and Namibia, as well as a binational exercise with the German Air Force and Navy in the Western Cape.

The Air Force provided support to the people by executing 43 flights in fire-fighting operations, 32 flights during medical- and casualty evacuations, 12 flights searching for persons, aircraft and vessels and three flood relief flights.

The Air Force contributed to the success of the SANDF support to the FIFA Confederation Cup by flying a total of 459 hours. Similar support was provided during the FIFA 2010 soccer draw in Cape Town.

The main runway upgrade of Air Force Base Waterkloof was completed and the President presided at the inau-

guration of the VVIP Movements building at Air Force Base Waterkloof on 29 October 2009. Nearly all operations at Air Force Base Waterkloof have been resumed.

Following the delivery of all 24 Hawk Fighter trainers in the previous financial year, the unit became fully operational for combat training and made significant progress in establishing an operational flight to conduct the collateral roles allocated to Hawk, in particular in the air policing role. The Hawk System was handed over from the project to the Air Force, which is now fully responsible for management of the system.

Nine dual seat and two single seat Gripen aircraft have been delivered to date and a total of 10 pilots, including a reserve member, have been type qualified, with varying levels of experience and competency. The Gripen aircraft system was furthermore qualified to deliver bombs and missiles during this period. Both the Gripen and the Hawks participated successfully in Navy co-operation exercises, the first in a number of years.

The last three of 30 A109 were delivered, and, together with the four Lynx helicopters delivered in 2007, should be fully released to service in the 3rd quarter of 2010. The electronic warfare capability and self-protection weapon on the A109 is, however, only expected to be released in the last quarter.

During the period, 26 pilots qualified for wings, enhancing representivity with 80% of the recipients being Black pilots and 12% female. The first *ab initio* pilot training on a light, economical, side-by-side training aircraft was started during the year.

The Reserves once again proved to be an indispensable component of the Air Force, offsetting the impact of the shortage of skills caused by poor retention of personnel, especially in the core musteringings. In total, 579 Reserve members generated 109 297 man-days for the year in virtually all spheres of the Air Force.

The commercialisation of Air Force messes has brought about a 20% saving on the rations budget. The Air Force also made good progress with migration of asset management from the Logistical Information Management System to the Operational Support Information System.

The Air Force unfortunately suffered a major accident with the fatal Agusta A109 helicopter crash on 12 May 2009. Aviation safety training, however, continued to be provided, with Air Force members obtaining 702 aviation safety qualifications and foreign learners from various Southern African Development Community Member States obtaining 109 qualifications on the various courses during the year.

The major challenges facing the Air Force remained those of affordability, perennial underfunding, the development and retention of specialist skills and operational and domestic infrastructure maintenance. The impact of underfunding is especially of concern in the air transport capability, which is faced with huge obsolescence problems brought about by aircraft systems more than 60 years old. It also impacts on the combat and helicopter capabilities engaged in integrating the Special Defence Package aircraft without the benefit of adequate operating funds.

At current funding levels, the continued retention of the combat system hangs in the balance and will require an intervention to prevent the loss of the required capability. The Hawk and Gripen systems were initially partially protected from the impact of low funding levels by system warranties being in effect, but these will cease during the next two years. Combined with the recent cuts to funding for the MTEF period, the Air Force will only be able to sustain one system effectively - the Hawk system. This will result in a very limited intake of new Gripen pilots, whilst the Hawk system will have to retain current aircrew numbers, thereby absorbing a very limited number of new recruits. In the Electronic Warfare field, obsolescence still plays a major role in the availability of systems and some critical electronic warfare capabilities could be lost in future.

The first combined Air Force/Air Traffic Navigational Services Aerodrome Control course was successfully presented at the Air Force Command and Control School and is the first step towards achieving a combined Human Resources strategy to address the general skills shortage in the aviation industry. The loss of experienced pilots has resulted in an imbalance between aircraft commanders and co-pilots, and a normal flying career progression cannot be achieved. The experience level of technical members is low, compounded by a shortage of technical personnel. Aircraft maintenance activities are taking longer to conduct owing to the low technical experience levels, with a resultant negative impact on aircraft availability. The slow career path growth, coupled to the unabated recruitment of experienced personnel by the local and foreign aviation industry, again impacted negatively on the development and retention of specialist skills and slowed the pace of representivity improvement.

The possible relocation of Air Force Base Durban to La

Mercy has still not been resolved, placing the continuation of fixed wing operations from Air Force Base Durban in jeopardy due to the unavailability of fuel and airport services after August 2010.

Although the Air Force has achieved the required output during the period under review, continuous achievement of the required output will, however, not be sustainable in the medium to long term. Without adequate levels of funding being provided, 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. The unwanted reality is that portions of aircraft fleets may have to be placed in long-term storage, and certain capabilities, units or bases may have to be closed down.

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* provides strategic direction to the Air Defence programme by formulating and controlling strategies, policies and plans via the Air Force Office to prepare and provide the capabilities required by C SANDF. Funding is based on the cost of operating the air defence headquarters.
- *Operational Direction* provides operational direction to the Air Defence programme by means of an air command. Funding is based on the cost of operating the air command.
- *Helicopter Capability* provides and sustains combat-ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Transport and Maritime Capability* provides and sustains combat-ready transport and maritime aircraft, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Air Combat Capability* provides and sustains combat-ready advanced light fighter aircraft, crewed by appropriately qualified personnel.

Funding is distributed according to the number and size of units, systems, and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection support, intelligence systems and counter-intelligence support to the South African Air Force (SAAF) through protection squadrons, intelligence subsystems and air force-unique intelligence training. Funding is distributed according to the number and size of squadrons, systems and equipment operating and maintenance requirements, and training courses.
- *Command and Control Capability* supplies and maintains combat-ready command and control elements in support of air battle space operations. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and of force preparation and training courses.
- *Base Support Capability* provides airbase infrastructure facilities to squadrons and resident units on bases, including maintenance of all relevant systems and personnel, to support flying operations. Funding is distributed according to the number and size of air force bases and units, systems, and equipment operating and maintenance requirements, and the number of training courses.
- *Command Post* renders command and control over all missions flown. Funding is distributed according to the number and size of command posts and deployments, and readiness and aircraft chartering requirements.

- *Training Capability* provides for the general education, training and development of SAAF personnel. Funding is distributed according to the number and size of units, systems, and equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.
- *Technical Support Services* establishes, maintains and prepares optimised technical and tactical logistic support capabilities to provide support to system groups and to manage air service units. Funding is distributed according to the number and size of units, systems, and equipment operating and maintenance requirements, and contracted human resources and product system requirements.

OBJECTIVES AND MEASURES

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

OUTPUT DETAIL

Table 6.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 6.1: Air Defence Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Helicopter Capability				
Medium and Light Transport Capability Combat Support Capability	Number of flying hours	11 920	10 431	Low availability of systems due to funding shortages. Low experience levels of ground crew resulted in services taking longer to complete. Production errors on A109 fleet decreased availability. Ratio of Oryx commanders to copilots unbalanced with too few commanders.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of squadrons available 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
Transport and Maritime Surveillance Capability				
Very important persons (VIP) Transport Capability	Number of flying hours	11 825	11 179	Scheduled and unscheduled maintenance activities, technical failures, accidents, a lightning strike, long lead times on spares and insufficient technical personnel to maintain required servicing schedules. Financial constraints on some maintenance activities
Medium and Light Transport Capability				
Maritime Capability	Number of squadrons available according to force requirements	Three medium transport squadrons, including one VIP squadron	Three medium transport squadrons, including one VIP squadron	Achieved
		One maritime surveillance and transport squadron	One maritime surveillance and transport squadron	Achieved
		One light transport squadron	One light transport squadron	Achieved
		Nine Air Force Reserve squadrons	Nine Air Force Reserve squadrons	Achieved
Air Combat Capability				
Fighter Capability	Number of flying hours	950	715	Substantial under-funding of systems. Long lead-times on spares. Gripen support package has not been fully delivered. Major software upgrade was performed to ensure all aircraft are on same modification baseline. Software upgrades on Hawk affected availability. Long turn-around time of components in repair loop
	Number of squadrons available according to force requirements	One combat squadron	One combat squadron	Achieved
Air Base Support Capability				
Base Support Capability countrywide	Number of air bases/stations provided throughout the year, ensuring compliance with force requirements	Eight air bases	Eight air bases	Achieved
		One air station	One air station	Achieved

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Command and Control Capability				
Air Defence Management Capability	Number of mission-ready mission controllers available daily	22	16.75	Insufficient members met all requirements. Mission Control ratings sufficient for the Soccer World Cup
	Percentage availability of two mission-ready static control centres at all times	90%	100%	The serviceability was better than expected during the reporting period, due to the dedication of the personnel
	Number of radar systems available at all times	10	10	Achieved
Air Traffic Management Capability	Number of mission-ready air traffic controllers available daily	64	34.5	3 Resignations during 2009 and a severe shortage of qualified controllers. No courses were presented during the 1st quarter of 2009, due to a shortage of personnel
	Percentage availability of air traffic management systems at all times	98%	58.44 %	AFB Waterkloof airfield-upgrade, Phase 1, was completed in Oct 09. Tower operational. Trailer of mobile tower unstable for transportation. User Requirement Specification is in process to rectify the problem. 4 Non-directional beacons (NDB) withdrawn from service. Overberg NDB transmitter unserviceable due to lightning strike
Training Capability				
General education, training and development of SAAF personnel	Number of learners on planned courses	2 290	1 734	Budget limited number of learners. Some courses stopped, as there were no facilitators, some are ad hoc, only presented when need arises. Candidates not meeting entry requirements of courses - referred back for additional training. Shortages of acceptable accommodation limited the number of students attending some courses. Law of Armed Conflict modules now embedded in developmental courses
<p>Effect of Programme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Air Defence Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported air defence capabilities for the defence and protection of South Africa.</p>				

PLANNED EXERCISES (SERVICE UNIQUE)

Table 6.2 provides feedback on Air Defence Programme unique exercises that were planned for the FY 2009/10.

Table 6.2: Air Defence Programme Planned Exercises (Service Unique) for the FY 2009/10

Exercise: Name and Aim	Target	Actual Achievement
Air Power Demonstration	May and Sep	A successful Air Capability Demonstration was held at Roodewal Bombing Range on 02 Apr 09. Military and civilian opinion makers as well as the Executive National Security Programme and the Joint Senior Command and Staff Course learners attended the event. Participating Air Force aircraft flew a total of 110 hrs. The second exercise was conducted successfully at Roodewal bombing range over the period 30 Sep to 01 Oct 09



Chapter 7

Programme 4: Maritime Defence

OVERVIEW

The FY 2009/10 was a successful but demanding year that saw the SA Navy meet most of its commitments. The SA Navy has, for most of the financial year, concentrated its efforts on eliminating the backlog of maintenance, reconfigured its technical training process so as to accelerate the qualification of technical personnel and, through concerted self-help projects, maintained those facilities under its control. Considerable effort was also made to ensure that focused recruiting from the MSDS intake reduced the personnel shortages in the SA Navy. This has contributed to alleviating some of the staffing shortages on board the frigates and submarines.

Apart from several operational deployments within South Africa's maritime borders, and participation in three multinational exercises, the SA Navy concentrated its efforts in preparing two frigates, one submarine and elements of the Maritime Reaction Squadron to be used for maritime security during the FIFA 2010 World Cup as ordered. The Directed Levels of Capability ordered by the SA Navy for the respective force structure elements for the financial year were achieved. This resulted in the Maritime Defence Programme meeting the Short Term Force Employment Requirements. Force Preparation was also enhanced with the integration and deployment of the Special Forces on board a frigate and a submarine during Exercise GOLFINHO, the introduction of the Rogue remote-controlled 12,7mm guns for force protection on all the frigates, and consecutive successful practice torpedo firings from the submarine SAS QUEEN MODJAJI I. Visits by ships from the American, French and German navies, including 338 international guests to the RSA, further contributed to the fostering of good relations, promoting co-operation, collaboration and the exchange of information that is vital to collectively address the maritime security challenges being experienced globally. A total of 50 members were deployed in Peace Support Operations in the Democratic Republic of the Congo, Burundi, the Sudan, the Central African Republic and Ethiopia.

The SA Navy participated in three multinational exercis-

es that ensured that the SA Navy remained abreast of world standards, thus enhancing maritime relations and interoperability with other navies. These exercises were the SADC Brigade exercise, Exercise GOLFINHO - a multinational exercise between the SA and German Navies; Exercise GOODHOPE IV, and a naval control and guidance of shipping exercise, Exercise BELL BUOY. The SA Navy also participated in the inaugural Land-locked States Maritime Conference organised by the Standing Maritime Committee held in Gaborone, Botswana, and presented a naval co-ordination and guidance of shipping team course for SADC members at Silvermine.

For the first time, a Submarine Escape and Rescue Working Group, organised by the SA Navy, was held in Cape Town. A total of 150 delegates from 23 countries attended the Conference, which included NATO member countries and observer status countries. The main aspects covered during the conference included international and national exercises and topical issues pertaining to submarine escape and rescue equipment.

Captain (SA Navy) A. Kampfer, the SA Navy Hydrographer, was awarded the Alexander Dalrymple Award for his outstanding contribution to hydrographic survey work conducted in the Southern African region. Captain (SA Navy) Kampfer is the fourth recipient of this award, which was introduced in 2006 by the United Kingdom Hydrographic Office.

The SA Navy was also involved in a number of social responsibility programmes within the previously disadvantaged communities around Cape Town area. The membership of the SA Navy's initiative sailing club has increased complemented by excellent race results. The sailing boat Izivunguvungu won the best achievement in ocean sailing and seamanship nationally. Two trophies for the best contribution to sailing in the Western Cape were bestowed on Izivunguvungu. Two members represented South Africa at the Mirror Class World Championships in Wales, two represented South Africa at the 420 European Championships in Hungary and two represented South Africa at Lazer 5P3 World Championship in Portugal and at the Cowes week in the

UK. All achieved very credible results. Even more important was the positive impression that these members made on the international sailing fraternity. A new school has been started in Gordon's Bay. An agreement in respect of sail training with the Sea Cadets in Durban will also be implemented in the FY 2010/11.

The two schools in Simon's Town and Saldanha are now well equipped with instruments donated by Rotary International, the Dutch Marechaussee Band that visited South Africa, the Bundeswehr Big Band and the German Ships that participated in Exercise GOOD HOPE IV brought a number of instruments collected in Germany. These bands play on a regular basis in the communities and regular reports appear in the local newspapers. Highlights for the band were the performances at the Knysna Oyster Festival and the Navy Festival. Two new bands, in Kuruman and Knysna, will be supported during the next financial year.

The SA Navy cooperated with the SAPS in conducting anti-poaching and border safeguarding operations, with further assistance being provided during the Underwater Improvised Explosive Course presented by the United States anti-terrorist Task Team during an East Coast patrol. Force Preparation also included a patrol by the submarine, SAS CHARLOTTE MAXEKE, and the off-shore patrol vessel SAS ISAAC DYOBHA, off the East coast. This was the first time that the new class of submarine called on East London, and the patrol showcased the SA Navy to the public.

The Maritime Reaction Squadron revealed its new forward deployable base to various dignitaries from the Ministry of Defence and Military Veterans, Defence Related Industries, SANDF Senior Officers and the media, at a show-and-tell event at SAS SALDANHA. The forward deployable base concept forms part of a project aimed at establishing a fully integrated, balanced and deployable system.

There has been a gradual decrease in the number of people leaving the SA Navy. This could be attributed to the impact of the global financial crisis on the local economy, as well as the recent implementation of new salary initiatives. However, the training and certification of personnel recruited at entry level is time-consuming and will only address the vacant posts in the medium term. The SA Navy personnel strength has increased to 7 336 members (6 061 Defence Act Personnel and 1 275 Public Service Act Personnel) during this financial year. This growth is attributed to an increase in the number of Public Service Act Personnel recruited, as well as the awarding of 546 Core Service System contracts to former Military Skills Development System members. This augurs well for the medium term in addressing the personnel shortages presently being experienced in the SA Navy. Reserve personnel have played a crucial role in supplementing critical vacancies within the SA Navy.

There are, however, problems in calling up Reserves to undergo training on the new technologies because of employer reluctance to release their employees for extended periods of time. It is expected that new regulations in this domain will negate this problem. The SA Navy utilised 61 225 man-days in the FY 2009/10 and trained 52 Reserves.

The funding of the Maritime Logistic Support capability was increased by Rm70 from the Maritime Combat Capability to allow for essential maintenance and repair to be undertaken by external service providers. External service providers are needed owing to the depletion of in-house technical capacity over the years. Major efforts are being made to create capacity within the ARMSCOR Dockyard and by recruiting MSDS members with technical skills and qualifications to address this situation.

Funding constraints, mainly in the facilities domain, influenced the optimal success of the Base Support Capability. This has resulted in overcrowded accommodation spaces on board SA Navy vessels, as well as in existing accommodation facilities. The problem was exacerbated by the general deterioration of the existing facilities because of age and backlogs in the maintenance and repair of these facilities. Whilst short-term solutions have been implemented, it is imperative that this matter enjoys priority attention within the SANDF. The SA Navy remained involved in several social responsibility programmes within the previously disadvantaged communities, mainly in the Cape Town area.

Several initiatives have been implemented to ensure compliance with the Occupational Health and Safety Act. The system of reporting injuries and diseases on duty within the SA Navy is fully functional. The establishment of Occupational Health and Safety committees amongst force structure elements has contributed to an improvement in Occupational Health and Safety awareness. The SA Navy is the first Service to have a 100% submission of the annual Hazard Identification and Risk Analysis per force structure element within the DOD, and, with the assistance of the South African Tertiary Medical Health Training Formation, was also the first Service to present decentralised Occupational Health and Safety Representative Training.

The SA Navy achieved a payment figure of 98% by purposefully executing the Plan and by complying with the provisions of the Public Finance Management Act. The two main factors influencing the achievement of the objectives of the SA Navy's objectives and targets, however, were the shortage of qualified scarce skilled personnel (engineers, technical personnel, submariners, divers and other support personnel) and the underfunding of the SA Navy budget, specifically in the support contract, maintenance and repair, and facilities domains. Despite these challenges, the SA Navy remains committed to pursuing its primary objective of

providing a credible maritime defence to the people of South Africa.

PURPOSE OF THE PROGRAMME

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

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 C 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 in support of the fleet, ships, shore units and other identified clients.

OBJECTIVES AND MEASURES

Defend and protect South Africa and its maritime zones by

- providing surface combat capability of four frigates, one combat support vessel, three off-shore patrol vessels, three inshore patrol vessels and a maritime reaction squadron in each annual operational cycle;
- providing a sub-surface combat capability of three submarines in each annual operational cycle;
- providing two mine countermeasures systems in each annual operational cycle to ensure safe access to South African harbours, and where mine clearance may be required; and
- providing an ongoing hydrographical survey capability to ensure safe navigation in charted areas and to meet an international obligation.

OUTPUT DETAIL

Table 7.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 7.1: Maritime Defence Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Maritime Combat Capability				
Surface Warfare Capability	Number of vessels operated in the annual operational cycle	Four frigates	Four frigates	Achieved
Submarine Warfare Capability	Number of submarines operated in the annual operational cycle	Three submarines	Three submarines	Achieved
Combat Support and Sealift Capability	Number of combat support vessels operated in the annual operational cycle	None ⁹	None	SAS DRAKENBERG in 1st phase of half life refit
Mine Warfare Capability	Number of mine counter-measure vessels operated in the annual operational cycle	Three vessels	Three vessels	Achieved

⁹ One Combat Support Ship in refit over period February 2009 to March 2010

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Hydrographical Services Capability	Number of hydrographical vessels and mobile hydrographical survey teams operated in the annual operational cycle	One vessel	One vessel	Achieved
		One mobile hydrographical survey team	One mobile hydrographical survey team	Achieved
Patrol Capability	Number of patrol vessels operated in the annual operational cycle	Three inshore vessels	Three inshore vessels	Achieved
		Three offshore vessels	Three offshore vessels	Achieved
Maritime Reaction Squadron Capability	Number of teams of the Operational Boat Division prepared in accordance with the Navy Force Design	Three	Three	Achieved
	Number of teams of the Operational Diving Division prepared in accordance with the Navy Force Design	Three	Three	Achieved
	Number of platoons of the Naval Reaction Division prepared in accordance with the Navy Force Design	Three	Three	Achieved
Maritime Training Capability				
General education, training and development of Navy personnel	Number of learners on planned courses	4 923	3 955	Operational tempo resulted in 52 learning opportunities being cancelled. These opportunities have been rescheduled for the FY 2010/11
Base Support Capability				
Base Support Capability	Number of Naval Bases/Stations provided, ensuring compliance with force requirements	One Naval Base	One Naval Base	Achieved
		Two Naval Stations	Two Naval Stations	Achieved
<p>Effect of Programme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Maritime Defence Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.</p>				

PLANNED EXERCISES (SERVICE UNIQUE)

Table 7.2 provides feedback on Maritime Defence Programme service unique exercises that were planned for the FY 2009/10.

Table 7.2: Maritime Defence Programme Planned Exercises (Service Unique) for the FY 2009/10

Exercise: Name and Aim	Target	Actual Achievement
Exercise RED LION. Annual Task Force exercise	February/March	The Exercise was successfully executed alongside
DIVEX. Annual diving exercise	September	The DIVEX was conducted in Simon's Town under the umbrella of Exercise GOOD HOPE



Chapter 8

Programme 5: Military Health Support

OVERVIEW

During the FY 2009/10, the SA Military Health Service (SAMHS) achieved most of the outputs, performance indicators and targets as set in the strategic plan, and also addressed the performance gaps that impacted on service delivery and the force readiness of the SANDF during the previous reporting period. The formalisation of the SAMHS strategy and the revision and development of policies and plans have enhanced the ability of the SAMHS to prepare and provide health capabilities required by the SANDF.

The SAMHS hosted the 10th SADC Military Health Annual General Meeting in December 2009, during which the Surgeon General took over the chairpersonship. The establishment of a SADC Military Health Secretariat and the process to develop a joint military health doctrine for the SADC countries was initiated by the SAMHS. Enhanced cooperation in the military health field is taking place through the Military Health Workgroup of the Interstate Defence Security Committee. A delegation from Gabon visited the SAMHS in August 2009, during which a Memorandum of Agreement was drafted to facilitate future cooperation. The SAMHS continued its involvement and participation in the International Congress on Military Medicine. A first DOD International Military Nurses Conference took place in August 2009. Liaison and networking with the nursing fraternity of ten SADC countries, namely Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe, were formalised.

The SAMHS continued to network with government departments and non-governmental organisations. Regular contributions were made by SAMHS to the National Outbreak Response Team meetings for communicable diseases and SAMHS was also involved in the National Multi-sectoral Cholera and Influenza 2009 Control Committee and the development of the RSA Malaria Elimination Strategy 2010 to 2015. Liaison took place with the Departments of Health and Agriculture to initiate the instituting of international health regulations and requirements at military seaports and airports.

Providing health services to provincial hospitals during the strike of doctors and other health care practitioners during Operation Ithemba I and Operation Ithemba II demonstrated the collateral utility of the SAMHS to government. During Operation Ithemba II, 1 103 members of the SAMHS rendered services to 20 provincial hospitals.

The annual SAMHS Skills Competition was executed successfully at the Combat Training Centre in Lohatla in August 2009. Two Chemical, Biological and Radiological Defence Teams were deployed to render support during the FIFA Confederations Cup Tournament. An Assistance and Protection course was presented on behalf of the Organisation for the Prohibition of Chemical Weapons.

The management initiatives and interventions to focus on increasing the SAMHS's training capability have materialised in the completion of the temporary accommodation and classrooms at the Military Health Training Formation and the opening of the training facility for Military Skills Development System members at Lephalale. The accreditation of the Education, Training and Development practitioners, however, remained a challenge.

The military study scheme has been revised to make provision for the expansion of student posts in the SAMHS and consequently 120 members will study at state expense during 2010. The SAMHS facilitated an intake of 54 Clinical Associates from the University of Pretoria and initiated talks with the Universities of the Witwatersrand, Limpopo and Walter Sisulu for the training of more clinical associates.

The critical shortage of health care practitioners continues to impact on the combat readiness of the SAMHS. Sustaining geographic and specialist military health services has become increasingly difficult owing to the challenge of recruiting and retaining health care practitioners. The management interventions that have been put in place will only bear fruit in the medium to long term.

Funding of renewal projects from the operating budget

has become increasingly difficult. The SAMHS has procured main medical equipment according to the Technology Improvement Master Plan, as part of the recapitalisation of the military hospitals. The SAMHS interventions to replace the current non-operational ambulance fleet with 51 new ambulances have improved the capability to deliver a more effective military health service. The procurement of field hospitals could, however, not be funded from within the SAMHS budget allocation. National Treasury has approved additional funding to address the midlife upgrade of the Mfezi ambulance as a medium-term solution, whilst new platforms for an operational vehicle fleet are being developed as part of the landward renewal project.

The SAMHS has built regional capacity for the marketing and recruitment of members for the MSDS through decentralised recruitment drives and selections. The system has contributed to the rejuvenation of the SAMHS, especially in the training and utilisation of Emergency Care Technicians. Thirty-five students have qualified as Emergency Care Technicians. The development and rejuvenation of the Reserves in the SAMHS through the recruitment of health care practitioners remains a challenge as the low staffing levels and the loss of skills in the reserve medical battalion groups are of concern.

The SAMHS is committed to the endeavours of the DOD Comprehensive Care, Management and Treatment Plan to intensify the campaign against communicable diseases and the treatment of patients. Antiretroviral treatment is being implemented as part of comprehensive health care. Donor funding was allocated for the procurement of 6 mobile clinics over a period of 3 years for the provision of health care services to eligible patients in remote rural areas. The first mobile clinic was procured in the FY 2009/10. A Military Health Resource Centre, for research on HIV, AIDS and tuberculosis, was officially opened at 1 Military Hospital.

SAMHS health care facilities are dilapidated and do not comply with occupational health and safety regulations. The categorising and prioritisation of facilities for capital renewal projects or renovation work in the SAMHS Facility Master Plan have yielded results. The upgrade of the Military Health Base Depot has been initiated. Donor funding has been utilised to upgrade health care facilities and pharmacies for the antiretroviral roll-out programme and 20 health care facilities are in different phases of renovation and upgrading.

The comprehensive restructuring of the SAMHS in accordance with prescripts has progressed according to plan. A meta-model was followed to include work on the total value chain of governance, strategy, structure and performance management. The first deliverables have

been submitted for approval.

Health information systems have been developed to enhance patient record keeping, optimise epidemiological data and improve service delivery. The digital scanning project was deployed at six SAMHS units. The establishment of a Monitoring and Evaluation Centre was finalised and is central to the monitoring of the execution and progress of master plans and other taskings directed at addressing and mitigating risks in the SAMHS.

The ability of the SAMHS to renew its capabilities within a 2% capital budget remains a challenge and has negatively impacted on the SAMHS's ability to sustain services and meet the SAMHS commitments. The shortages of health care practitioners and obsolete or unsuitable equipment have also compromised the establishment of capabilities for participating in multinational peace support operations.

The vision of the SAMHS to establish a Healthy Military Community remains unchanged. The SAMHS is committed to health service delivery in the DOD and to be of assistance to other government departments. Focus areas for the next five years and the management interventions and solutions to current challenges and risks were discussed and captured in a clear plan for the FY 2010/11 and beyond.

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 C SANDF. Funding is based on the cost of operating the military health headquarters.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. Funding is distributed according to the number and size of units, systems, and equipment operating and maintenance requirements, and the number of force preparation activities¹⁰.
- *Area Military Health Service* provides a comprehensive, self-supporting, multidisciplinary geographic military health service through a formation headquarters for those commanding

¹⁰ The Area Military Health Service and the Specialist/Tertiary Health Service renders health care during and prior to force preparation exercises/training. This health support is referred to as force preparation exercises.

and controlling nine area military health units to ensure a healthy military community. Funding is distributed according to the number and size of units and health care facilities, systems and equipment operating and maintenance requirements, the number and type of patient health services rendered as well as force preparation activities.

- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation as contained in the South African Military Health Service (SAMHS) strategy. Funding is distributed according to the number and size of military hospitals and specialist units, systems, and equipment operating and maintenance requirements, the number of and type of patient health services rendered as well as force preparation activities.
- *Military Health Product Support Capability* provides for warehousing pharmaceuticals, sundries, military health mobilisation equipment, unique stock, procuring unique military health products, materials and services, an asset management service, military health product systems and cooperative common military health logistics. Funding is distributed according to the number and size of units and the use of military health products, equipment and consumables and the requirements for maintaining strategic military health reserves.
- *Base Support Capability*¹¹ provides general base support services to identified SAMHS

units to sustain and maintain the approved force design and structure. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements.

- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of relevant legislation and policies. Funding is distributed according to the training inputs of the sub-units, equipment operating and maintenance requirement, the number of force preparation exercises and training courses presented to SADC countries.

OBJECTIVES AND MEASURES

These contribute to the defence and protection of South Africa by

- providing a health support capability of five medical battalion groups, including one specialist medical battalion group, for deployed and contingency forces; and
- providing a military health service which provides for a comprehensive multidisciplinary health service to a projected patient population of 230 000 members per year.

OUTPUT DETAIL

Table 8.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 8.1: Military Health Support Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Mobile Military Health Support Capability				
Combat ready Military Health Support elements for deployed and contingency forces	Number of units prepared according to force requirements	One conventional medical battalion group	One conventional medical battalion group (minus)	The combat readiness of the SAMHS is compromised by the inability to retain scarce skills, especially health care practitioners, and the inability to procure and upgrade main medical equipment from the 2% capital budget
		One specialist battalion group	One specialist battalion group (minus)	45% of the unit strength. The shortage of health care practitioners, e.g. medical officers, the lack of airborne and parachute qualified members and the inability to procure and upgrade main medical equipment from the 2% capital budget impact on the achievement of the target

¹¹ SAMHS Maintenance Capability.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
		Three Reserve medical battalion groups	Three Reserve medical battalion groups (minus)	25% of the unit strength. Although there was an increase in the level of staffing, the correct profile of members, e.g. health care practitioners, remains difficult to recruit and retain
Area Military Health Service				
Comprehensive, self supporting, multidisciplinary geographic military health service	Number of health care activities ¹² at the 88 geographic health care facilities	1 300 000	1 148 720	Demands for health services were met. Fewer patients were referred for outsourced health care. Worksite and community-based programmes targeting the unhealthy lifestyle behaviour in the military community continue to be initiated to improve the health of the military population
	Number of health assessment activities executed at the 88 geographic health care facilities	125 000	65 507	All the demands for health assessments were met. The target needs to be reformulated and re-determined. Only health assessments are reflected in the Actual Target Achieved. Other activities such as medical classifications, duty restrictions and medical boards are reflected as part of the number of health care activities at the geographic health care facilities
	Number of medical support activities ¹³ at the 88 geographic health care facilities	2 200	4 138	The demand for medical support activities during force preparation training and activities has increased. Data capturing of the medical support activities has also improved
Specialist/Tertiary Military Health Service				
Specialist/Tertiary military health services and capabilities by means of military hospitals, institutes and a unit for dignitary and VIP health services	Number of health care activities ¹⁴ at the three military hospitals	990 000	755 915	The demands for health care services were met, although the Repair and Maintenance Programmes at the three military hospitals impacted on health care service delivery and led to a decrease in the actual number of health care activities. Medical outsourcing took place to augment the service during the Repair and Maintenance Programmes. Cold cases were referred until the respective departments were re-opened
	Number of aviation health care activities ¹⁵	21 000	13 660	The target is demand driven and was achieved due to the fact that all demands for services were met. The annual target for the FY 2010/11 has been changed. The hyperbaric oxygen treatment regimes and the G-tolerance training for aviators are still not resolved due to the obsolete equipment

¹³ Number of medical support activities includes patient evacuations, e.g. ambulance service, and medical support to force preparation activities such as training and exercises.

¹⁴ Number of health care activities at the three military hospitals includes health assessment activities, pharmacy, ancillary health, medical, nursing, laboratory services, social work and psychology activities.

¹⁵ Number of aviation health activities includes aviation assessments and flight medicals, medical boards, confirmations and certifications of A & B licenses and medical selections for aircrews.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of maritime health care activities ¹⁶	60 000	59 449	Demands for service delivery were met
	Number of Military Psychological Institute (MPI) contacts	10 200	10 756	Demands for service delivery were met
	Number of animal health activities ¹⁷	3 240	3 750	Met all the demands for service delivery. Over-achieved the target in spite of the shortage of veterinary officers and dog handlers
	Number of national and international dignitary and VIP medical support and health care activities	584	1 525	The Presidential Medical Unit performed more medical support than expected. The structure of the unit has been analysed and changes to structure have been submitted for approval so that the increased demands can be met

Military Health Product Support Capability

Warehousing of pharmaceuticals and sundries and military health mobilisation and unique stock	Percentage availability of stock at all times	75%	43%	Stock of pharmaceuticals, especially tablets and capsules, has been in short supply. The tender RT289/2009, Rate Term Contract for solid dosage forms, was delayed and only sent to suppliers on 15 December 2009. Manufacturers had the annual shut-down and only started manufacturing medication in January 2010 to be delivered in March 2010, after which the percentage availability of stock would increase drastically
Procurement of unique military health products, materials and services	Percentage compliance with stock procurement and delivery requirements	80%	86%	The Procurement section attended to the refinement of current processes and has also continuously followed up on items to be procured. Overall the companies have delivered according to the set timelines
Asset and life-cycle management of main medical equipment	Number of main medical equipment assets verified and registered	17 853	18 515	The initial target was determined according to the equipment registered on the asset registers. Equipment that was procured during the financial year was also verified and registered and it is for this reason that the actual achievement was better than the target

¹⁶ Number of maritime health activities includes diving and submarine medicals, medical support to ship deployments, medical boards, primary health care service and health assessments.

¹⁷ Number of animal health activities includes animal health clinical consultations and health-related training of dogs and personnel.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Base Support Capability¹⁸				
Common logistics capability for the SAMHS	Percentage completion of establishing a common logistic capability in the SAMHS	60%	30%	The closure of the GSB Thaba Tshwane is progressing slowly. The unit is only 48% staffed. A rectification plan was compiled. Clients in the Pretoria area are being trained before the rollback of functions are to be implemented
Military Health Training Capability				
Military health training capability	Number of learners on planned courses	3 966	4 530	The Military Health Training Capability has exceeded most of the training targets, except for specific military health training. The percentage of learners successfully completing the courses is high. Training slots for military skills development members were increased. The SAMHS focused on the expansion and enhancement of the training capability through the allocation of financial resources for improved facilities at the Military Health Training Formation and the Lephahale training centre
Effect of Programme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Military Health Support Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported health capabilities and services for the defence and protection of South Africa.				

PLANNED EXERCISES (SERVICE UNIQUE)



Table 8.2 provides feedback on Military Health Support Programme Force Unique Exercises that were planned for the FY 2009/10.

Table 8.2: Military Health Support Programme Planned Exercises (Service Unique) for the FY 2009/10

Exercise: Name and Aim	Target	Actual Achievement
Exercise LANCET: force preparation exercise	February/March	Exercise LANCET did not take place due to SAMHS participation in Exercise GOLFINHO
Exercise WAYSIDE: force preparation exercise	September	Decontamination and detection exercises took place as part of the Chemical Biological and Radiological Defence capability in preparation of the FIFA Confederation Cup and FIFA World Cup 2010. Exercise WAYSIDE 1 of 2009 took place at Ditholo over the period 26 to 31 July 2009 to train the second SA Navy Team from Durban. Exercise WAYSIDE 2 took place from 19 to 23 October 2009 and Exercise WAYSIDE 3 from 22 to 26 February 2010 at Ditholo. The objectives were met for all the exercises

¹¹ SAMHS Maintenance Capability.

Chapter 9

Programme 6: Defence Intelligence

OVERVIEW

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

DI remained involved in the peace processes in Africa in support of the South African government's peace initiatives, both by providing intelligence on the current security situation and by being directly involved in peace talks. The involvement mainly centred 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 DOD external missions in Burundi, the Central African Republic, the Democratic Republic of Congo and the Sudan, as well as in Mozambique and Lesotho.

At regional level, DI participated in various forums and processes, e.g. the SADC Defence Subcommittee and the SADC Defence Intelligence Standing Committee, in which common issues of security and governance were discussed. DI was also involved in meetings of the Defence Intelligence Standing Committee Technical Subcommittee on the Regional Intelligence Estimate. The process of writing the Regional Intelligence Estimate proceeded well and a comprehensive estimate was compiled. An Intelligence Course for International Students was facilitated, while members of an African Defence Force were trained in the monitoring of marine traffic along the African coastline.

Relationships with DI clients were promoted through liaison with the Joint Standing Committee on Intelligence and the National Intelligence Coordinating Committee (NICOC). DI's support to NICOC elicited positive feedback from the Coordinator for Intelligence. The intelligence support provided to interdepartmental structures such as NICOC and the National Joint Operations and Intelligence Structure was related to providing stability programmes at national major events and border safeguarding operations with regard to the FIFA World Cup 2010.

The Defence Intelligence Annual Estimate was used as an input to the National Intelligence Estimate at the NICOC, as well as the Defence Environmental Scan. Integrated intelligence within the NICOC environment continued to be promoted through the participation of DI members in integrated departmental task teams and workshops.

Defence Intelligence successfully executed its mandate to provide defence-related national strategic intelligence to the highest level of decision-makers through briefings to the President, Council on Defence and the Inter-ministerial Security Committee. Impromptu briefings in flashpoint areas were, inter alia, provided to the Minister of Defence, the Joint Emergency Evacuation Committee, the Inspector-General of Intelligence and the Joint Operations Division.

The lack of language proficiency experienced by members in the locally spoken languages in the different deployment areas remained a challenge. This was, and continues to be addressed through training in these languages.

The factors that affected the retention of DI members in the past, remained valid. Qualified DI members still left the organisation, partly due to better remuneration packages offered by both the private sector and other government organisations. The new remuneration dispensation for the SANDF that was implemented in December 2009 has only addressed this problem to a certain degree. The focus was on junior levels and hardly made a difference at the senior and experienced levels, where the problem is much more evident. This high personnel turnover rate, as well as the low staffing percentage experienced at present, will negatively affect intelligence production in the long term.

DI remained a key role player in the South African Government's efforts to stabilise Africa and bring peace to the continent through international liaison and cooperation with other intelligence organisations, both within and outside the borders of the RSA.

PURPOSE OF THE PROGRAMME

The Defence Intelligence Programme provides a defence intelligence and counter-intelligence capability.

SUBPROGRAMMES

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision-making and policy formulation processes. Funding is based on the cost of operating the defence intelligence headquarters.
- *Operations* provide timely defence prediction, intelligence and counter-intelligence capabilities and services. Funding is distributed based on the number and size of intelligence offices, systems and equipment operational and maintenance requirements, and the number of intelligence products produced.

- *Defence Intelligence Support Services* provide human resource, logistic, planning, security, labour relations, and training and information support services to the defence intelligence community. Funding is distributed according to the number and size of units and offices, equipment operational and maintenance requirements, and the number of force preparation exercises and training courses.

OBJECTIVES AND MEASURES

Output detail regarding Defence Intelligence is classified and not available to the public.

OUTPUT DETAIL

Table 9.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 9.1: Defence Intelligence Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Operations				
Intelligence processing capability	Number of Defence Intelligence products according to the annual schedule and client requirements	322	496	Overachievement due to requests not planned for but submitted and completed according to their requirements
Counter-Intelligence capability	Number of security clearances issued in accordance with requirement	5 000	5 226	Excess of 226 due to better structure and systems in place

Effect of Programme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Defence Intelligence's Outputs has contributed positively to the Programme's purpose to provide a defence intelligence and counter-intelligence capability

Chapter 10

Programme 7: General Support

OVERVIEW

The General Support Programme is divided into six separate subprogrammes, viz Joint Logistic Services, Command and Management Services, Military Police, Technology Development, Departmental Support, and British Peace Support and Training (BPST) Team.

PURPOSE OF THE PROGRAMME

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

SUBPROGRAMMES

- *Joint Logistic Services* provide logistic services to the department. Funding is distributed according to the number and size of units, use and warehousing requirements for ammunition, main equipment and stores, the defence facility repair and maintenance programme and the number of training courses.
- *Command and Management Information Services* provide command and management information and related service to the department. Funding is distributed according to the number and size of mainframe systems, the communication infrastructure operated by the department, and maintenance and upgrading requirements.
- *Military Police* provides a military policing capability to the department. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Technology Development*¹⁹ provides for estab-

lishing and sustaining selected science and technology capabilities in the defence industry. Funding is distributed according to the requirements for strategically essential research about sensors, signal processing, protection, chemical biological defence and information warfare and security.

- *Departmental Support*²⁰ provides for the payment of corporate departmental obligations such as transfer payments to public entities, legal fees, external Audits, public private partnership transaction advisors, and bank charges. Funding is distributed according to the service level agreement with the public entity, expected interaction with the Auditor-General and State Attorney, historical banking costs and public private partnership expectations.
- *British Peace Support and Training Team*²¹ provides for the personnel from the United Kingdom Department of Defence who provide services to the SANDF. Funding is distributed based on the Memorandum of Understanding with the United Kingdom.

OBJECTIVES AND MEASURES

Contribute to the defence and protection of South Africa by providing:

- **General support capabilities to** ensure 90 per cent serviceability of deployed equipment by providing a joint logistic operational support group; and repair and maintain the department's infrastructure at 33 bases over the next 3 years (12 in 2009/10, 9 in 2010/11 and 12 in 2011/12).

¹⁹ Details captured within the Acquisition Services subprogramme (Defence Matériel) in the Administration Programme.

²⁰ Details captured within the Financial Services subprogramme in the Administration Programme.

²¹ Details captured within the Chief of Human Resources subprogramme in the Administration Programme.

○ **Key information and communication systems by**

ensuring that the mainframe service is available 98 per cent of the time and the Wide Area Network 95 per cent of the time; and

providing Information and Communication Systems solutions in accordance with the DEIS Master Plan, as per the programme and project milestones and associated deliverables.

- One provost company for deployment, 22 area offices and 22 detachments for investigations and crime prevention, 2 military correctional facilities as well as reducing the number of new criminal cases under investigation by the military police by 5 per cent a year.

SUBPROGRAMME: JOINT LOGISTIC SERVICES

OVERVIEW

For the Logistic Division, FY 2009/10 was once again a very demanding year in which the Division nevertheless met most of its commitments. Focus was placed upon the reduction of DOD logistics-related Audit Qualifications through the Logistic Intervention and Repositioning Programme (LIRP), as well as the development of life cycle management, supply chain management, logistic education, training and development and facilities management in the DOD.

The main achievements of the LIRP in the FY 2009/10 were the development of a new Logistic Process Framework, a single Logistic Process based on Supply Chain Management and Life Cycle Management, and a draft macro-structure for the future SANDF logistics organisation. The new Logistic Strategy for the DOD is progressing according to plan, with all DOD role players participating.

The DOD has embarked on various programmes to improve the management of its assets and related information, and to accurately disclose depreciated values, accruals, contingent liabilities and leases. Logistic accounting systems were enhanced to improve inventory verification and disclosure of accruals.

A total of 1 161 MSDS members were trained on logistic courses at the DOD Logistic School of Training and the DOD Catering School during the period. The development of a DOD facility maintenance capability has also progressed well during this period.

A total of 95 disposal boards, 11 donations and 55 transfers were approved and nine material aid authorities have been issued. To improve the DOD's ammunition

disposal capability, infrastructure at DOD Ammunition Depots was upgraded. Delivery and qualification of inert deforming facilities at all three ammunition depots were finalised.

As part of the execution of Project UMTOMBO, the Madimbo area will be rehabilitated from munitions and unexploded ordnance by June 2011. However, owing to internal issues within the community regarding the settlement, the land claim has not yet been finalised.

The DOD concluded the Nokeng Co-operation agreement with the Gauteng Provincial Department, ensuring participation of the Ditholo Training Area in the Dinokeng Game Reserve initiative. The draft Guidebook on "Outreach for Mission Sustainability" (a joint project under the auspice of the Environmental Security Working Group of the RSA/USA Defence Committee) has been implemented in the DOD as a general guide and model for handling encroachment issues around military bases, units and training areas.

The main runway at Air Force Base Waterkloof was successfully rebuilt. Construction of an urban warfare training facility was completed in Pretoria, enabling training of specialised members in urban warfare. DOD facilities at large remained exposed to deterioration due to insufficient funding, inadequate internal capabilities and sub-optimal National Department of Public Works (NDPW) performance. NDPW discontinued the Repair and Maintenance Programme during the reporting period. Scheduled projects did not materialise, adding to the already large maintenance and repair backlog.

The lack of a DOD single, compliant logistic information system remained a challenge. Possible enhancements to current DOD systems are being considered until the implementation of a single system.

The structure and staffing of the Logistic Division remained a challenge, as they do not enable the numerous tasks and functions at hand. The centralised strategic logistic direction and functional authority are, in particular, not supported. Similarly, Services and Divisions are unable to take up their full logistic delegations due to a lack of suitable structures.

During this reporting period, the Logistic Division has done well in preparing for effective logistic management in the DOD, especially in the areas of supply chain management and life cycle management. This will lead to more focused and efficient logistic support to all elements of the DOD, irrespective of their location and / or function.

PURPOSE OF THE PROGRAMME

Joint Logistic Services is a subprogramme of the General Support Programme, and serves to provide logistic services to the department.

OBJECTIVES AND MEASURES

Contribute to the defence and protection of South Africa by providing general support capabilities to

- ensure 90 per cent serviceability of deployed equipment by providing a joint logistic operational support group; and
- repair and maintain the department's infra-

structure at 33 bases over the next 3 years (12 in 2009/10, 9 in 2010/11 and 12 in 2011/12).

OUTPUT DETAIL

Table 10.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 10.1: Joint Logistic Services Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Joint Logistic Services				
Centralised Logistic Capabilities	Number of units prepared and maintained to support force employment requirements	One joint logistic operational support unit	One joint logistic operational support unit	Achieved
		One main ordnance depot	One main ordnance depot	Achieved
		Two ordnance sub-depots	Two ordnance sub-depots	Achieved
		Three ammunition depots	Three ammunition depots	Achieved
		One technical service unit	One technical service unit	Achieved
	One mobilisation centre	One mobilisation centre	Achieved	
	Annual minimum percentage serviceability of deployed equipment serviceable at all times	90%	67.2%	Obsolescence, limited spares availability, limited technical support due to the scarcity of artisans, the diversity of deployed equipment and the resultant high required skills level constrained the serviceability of deployed equipment
Centralised Logistic Services	Percentage compliance with Repair and Maintenance Programme	50%	42%	Repair work on only five bases executed. NDPW halted RAMP and introduced in place a Refurbishment Programme, causing repair work only to be completed on five bases. Planning already completed had to be amended to comply with the new Refurbishment strategy
	Percentage compliance with environmental services project requirements	10%	55%	Over-achievement was due to the concerted effort made by Services and Divisions to become compliant with legislation
	Percentage compliance with DOD codification requirements	85%	50%	The National Codification Bureau requires an improved codification tool, pending National Treasury authorisation due to the moratorium on IT development

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of tonnes of ammunition disposed	395	67	A critical safety failure occurred on the powergel explosives, leading to the cessation of conventional disposal of ammunition in August 2009. The development and proofing of a replacement commercial explosive is in process
Property Management²²				
Payment of accommodation charges, leases and municipal services	Percentage compliance with service level agreements with National Department of Public Works (NDPW)	100%	100%	Achieved
Effect of Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Joint Logistic Services' Outputs has contributed positively to the General Support Programme's Purpose to provide general support capabilities and services to the department.				

SUBPROGRAMME: COMMAND AND MANAGEMENT INFORMATION SYSTEMS

OVERVIEW

The CMIS Division continued to be a diverse, dynamic and unique organisation with dedicated personnel. The CMIS Division has succeeded during the past year to provide Information Systems support and Joint Information Warfare capability to the DOD. Part of the successful service delivery can be found in the Department's Wide Area Network availability that was 99.66% core and 98.33% access. Twenty-eight local area networks infrastructure projects at various military bases were successfully completed. The CMIS Division has also managed to replace the obsolete Private Automatic Branch Exchange (PABX) systems, ensuring a reliable telephone service throughout the DOD.

The CMIS Division successfully hosted the Annual Inter-State and Defence Security Committee's Telecommunications and Information Systems Work Group meeting that was attended by 12 nations from the SADC region. The inaugural meeting of the Information Communication Systems and Services capability control board defined the troubled responsibility boundary between Joint Operations Division and CMIS in terms of interoperability of processes and applications.

The establishment of the Interoperability Development Environment²³ at the CSIR was a major milestone in the development of interoperability and connectivity for the

DOD. The CMIS Division provided Information Systems and Interoperability Development Environment support for the DOD in order to render support to the Confederations Cup during 2009.

CMIS Division took ownership for the execution of the DEIS Master Plan (DEIS MP) and has made a positive contribution to the DOD through the roll-out of Information Communication Systems and Services (ICS & S). The additional Rm200 allocated by National Treasury (NT) for the fin year 2009/10 has been mainly utilized in the upgrade and replacement of Defence Information Communication Infrastructure in the DOD. The investigation of the usage of the Free Open Source Software continued and tests have been conducted on numerous Open Source operating systems.

The lack of adequate storage space for the DOD Archives combined with the moratorium placed on the destruction of records remains an obstacle to the achievement of the objective with regard to the safe-keeping of DOD records in the DOD Archives. An Electronic Content Management project has, however, been registered to make all "information" electronically available in future. A pilot site at Defence Intelligence is in the process of being developed.

Unsuitable infrastructure includes the Blenny facility for the DOD mainframe system, which is an obstacle to ensuring 98% availability of mainframe related applications to the clients.

The new CMIS Division Structure and force structure is

²² The Chief of Logistics manages this function as a result of the devolution of a portion of the National Department of Public Works' budget to national departments. Funding is provided within the Administration Programme.

²³ The Interoperability Development Environment provides a platform whereby the Information and Communication Technology information systems (administration) can be tested and integrated into the Battle Space System.

awaiting the Minister's approval. The current personnel shortage experienced by the CMIS Division can only then be addressed via the staffing process. Reserve members were utilised in CMIS Division during the reporting period in mainly the non-specialist environments like personnel, projects and policy writing.

Owing to the successful acquisition of the necessary skills to activate certain DEIS Master Plan deliverables, and the involvement of the Information and Communication Technology establishment in the enablement of the Force Employment Strategy, the CMIS Division has ensured a common view, understanding and centralised registration of all Information and Communication Technology within the DOD. It remains, however, of the utmost importance for CMIS Division that fund allocation be granted against a continuous, increased baseline in order to avoid the degradation of the DOD Information and Communication Technology infrastructure and Archiving Services.

PURPOSE OF THE PROGRAMME

Command and Management Information Systems is a subprogramme of the General Support Programme and

is to provide command and management information systems and related service to the department.

OBJECTIVES AND MEASURES

These contribute to the defence and protection of South Africa by providing key information and communication systems through

- ensuring that the mainframe service is available 98 per cent of the time and the Wide Area Network 95 per cent of the time; and
- providing Information and Communication Systems solutions in accordance with the DEIS Master Plan, as per the programme and project milestones and associated deliverables.

OUTPUT DETAIL

Table 10.2 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 10.2: CMIS Division Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Command and Management Information Systems				
Integrated Information and Communication Systems (ICS) solutions and enablers for the DOD	Level of compliance with the DOD ICS Project Portfolio (DEIS Master Plan) with regard to ICS solutions	90%	75%	Reprioritisation of funds and procurement/ approval issues caused project shifts to the right. Budget cuts caused reprioritisation and reallocation of funds to ensure that only core modules are developed and maintained. Procurement delays and outstanding approvals caused serious delays in projects and overall achievement
Supported DOD ICS and Joint Command and Control Product System Capability	Minimum percentage availability of ICS support capability at all times	98% availability of mainframe service	99.66% availability of mainframe service	Achieved
		95% availability of the Wide Area Network (WAN)	98.99% availability of the Wide Area Network (WAN)	Upgrading of the routers and reconfiguration (optimisation) of the network
Joint Information Warfare (JIW) Capability for the DOD	Annual percentage Implementation of JIW policies, strategic plans and controls in the DOD ²⁴	30%	30%	Achieved

²⁴ This capability is being investigated for migration to another capability area.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Minimum percentage secured Information System Security (ISS) solutions provided for DOD Information and Communication Technology Projects ²⁵	80% satisfaction of all requirements	80% of all requirements were satisfied	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Command and Management Information Systems' Outputs has contributed positively to the General Support Programme's Purpose to provide general support capabilities and services to the department.

SUBPROGRAMME: MILITARY POLICE

OVERVIEW

Most objectives of the Military Police Division (MP Division) were successfully achieved. Members of the Division were involved in external and internal deployments throughout the year. A total of 197 members were deployed in the Democratic Republic of the Congo (DRC), Burundi and the Sudan, while 122 were deployed internally during operations and exercises. Ten female MP members, of whom two were sector commanders, were deployed in the DRC.

The Provost Marshal General is planning to enhance defence relations by visiting Military Police in countries of the region. During Exercise GOLFINHO, the Division provided leadership in the planning and execution of the exercise in the RSA. It also successfully managed the command and control of strategic movements from the ports of entry to Lohattha without any serious accidents.

Six members completed various courses abroad (Italy) and a USA delegation was hosted for bilateral talks on training and development. Within the MP Division, proactive steps have been taken to develop and accelerate women within the senior officer's and Warrant Officer's levels.

The MP Division assisted with security in the opening of Parliament, the inauguration of the President and also rendered support during the FIFA Confederations Cup. Escort services were provided to the Services and Divisions as required, while assistance was also provided to the SAPS by controlling illegal military protestors who forced their way to the Union Building. A total of 533 deliberate crime prevention operations were conducted jointly with the SAPS and traffic departments throughout the country, ranging from roadblocks and checkpoints to searches and targeting of identified hot spots. A total of 6 116 cases (criminal and disciplinary) were carried over from the FY2008/09 and 1 336 new

cases were reported. A total of 1 185 were finalised.

The monetary value of assets that were reported stolen or lost was Rm1.4 compared to Rm15.1 reported during the FY2008/09. A total of 175 DOD members were arrested and 30 illegal immigrants were arrested and handed over to the SAPS. 180 members were detained at the SAPS because of the lack of a holding cell capacity at a number of the MP structures.

The Division played a critical role in the Finance Management Division's upgrading of security measures at Cash Offices nationwide and evaluated security measures of Cash Offices in the deployment areas outside the RSA (DRC, Central African Republic and the Sudan).

MP Reserve members were deployed across the borders of South Africa for the first time in the history of the Division. A total of 142 Reserve members were recruited to strengthen the Reserve unit, 1 Provost Regiment. Eighty-nine members of the Regiment were active, of which 60 were trained.

The MP Division managed to standardise the DOD Anti-Criminality Compliance Plans, objectives and reporting throughout all Services and Divisions of the DOD.

The limited specialist investigation capability of 13 Provost Company remained a concern. This was addressed by continuing the multi-skills process, in which members were sent on investigation courses and detached duty to the MP Area Offices to obtain practical experience in specialist investigation. The non-availability of operational vehicles, as specified in the Establishment Tables, again proved to be challenging. The procurement of Landrovers and other vehicles from operating funds has only partially mitigated this challenge.

The functioning of the MP Division is still hampered by the 275 non-funded posts in the structure of the MP Division and the deteriorating facilities of the MP

²⁵ No project can be released if it is not 100% ISS secured.

Division structures due to budgetary constraints.

The MP Division performed relatively well during the FY 2009/10. The striving towards the down-management of case dockets, the management of crime in the DOD and the participation by the MP Division in events of national and international importance, bear testimony to this effect. Despite the main challenges related to staffing and equipment, the MP Division remained focused and committed to rendering an effective Policing service to the DOD.

PURPOSE OF THE PROGRAMME

The Military Police is a subprogramme of the General Support Programme and provides a military policing capability to the department.

OBJECTIVES AND MEASURES

These include one Provost Company for deployment, 22 area offices and 22 detachments for investigations and crime prevention, two military correctional facilities and the intention to reduce the number of new criminal cases under investigation by the military police by five per cent a year.

OUTPUT DETAIL

Table 10.3 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 10.3: Military Police Division Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Military Police				
Military Policing (MP) Capability to the DOD	Number of military policing service units	Four regional headquarters	Four regional headquarters	Achieved
		22 area offices	22 area offices	Achieved
		22 detachments	22 detachments	Achieved
		Two military correctional facilities	Two military correctional facilities	Achieved
	Percentage reduction of the number of new criminal cases under investigation by the MP that go to court	5%	4%	As a result of complex cases, large number of cases on hand and shortage of investigators
Military Policing Combat Capability	Number of combat ready provost companies available according to force requirements	One	One	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Military Police's Outputs has contributed positively to the General Support Programme's Purpose to provide general support capabilities and services to the department.

Chapter 11

Programme 8: Force Employment

OVERVIEW

During the FY 2009/10 the Joint Operations Division focused on enhancing and maintaining comprehensive defence capabilities, promoting peace, stability and security in the region and on the continent and supporting the people of South Africa. 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 for the promotion of peace, stability and security.

On average, a total of 2 894 members (including 148 Reserve members) were successfully deployed in five Peace Support Operations in the Democratic Republic of Congo (DRC), Burundi, the Sudan, Nepal and Uganda, as well as two general military assistance operations in the DRC and the Central African Republic (CAR). Operation CURRICULUM in Burundi was terminated at the end of 2009, which serves as proof of its success. As directed by the C SANDF, the mandate for Operation VIMBEZELA (military assistance to the CAR) was revised, resulting in the SANDF's continued involvement. Operation TEUTONIC had integrated 173 651²⁶ combatants into the Defence Force of the Democratic Republic of Congo by the end of 2010 and is expected to terminate during the next financial year. In October 2009, the SANDF held a parade in Bloemfontein, with President Zuma as the chief functionary, to commemorate and celebrate the SANDF's involvement in United Nations and African Union peace missions in the past ten years. In addition, the SANDF also contributed to stability and security by deploying helicopters and fixed-wing aircraft and 47 members during the general elections in Mozambique.

Internally, missions in support of other Government departments continued to be successfully conducted. The SANDF provided assistance with fire-fighting in the Western Cape, Eastern Cape and Limpopo Provinces, as well as search-and-rescue at sea and on land in the Eastern Cape, Free State and KwaZulu-Natal Provinces. In support to the people, three Bailey

bridges were donated and built by SA Army Engineers in the Eastern Cape to provide safe and easy access to the communities.

The SANDF continued to partner the SAPS in their effort to maintain safety and security during a number of major events, inter alia the general elections, the 2009 Presidential inauguration, the presentation of the Indian Premier League cricket, hosting of the 2009 FIFA Confederations Cup, the final draw for the 2010 FIFA World Cup as well as the official opening of Parliament in February 2010. Support was provided during visits by United States of America's submarine and warships, as well as French warships, and also with Operation FESTIVE SEASON during December 2009 and January 2010. Further support included the creation and equipping of especially the Command and Control systems and communications of the National Joint Operations Centre for the FIFA Confederations Cup. The SANDF continued with the deployment of a sub-unit along the South African/Zimbabwe border under Operation INTEXO. This operation was terminated at the end of March 2010 and will be replaced by Operation CORONA (border safeguarding). The SANDF had to change the concept with regard to border safeguarding to that of border safeguarding through Operation CORONA, which encompassed all three environments, viz, land, air and maritime.

The SANDF successfully executed a total of seven joint, interdepartmental and multinational (JIM) exercises, excluding Special Forces exercises and support to foreign defence forces exercises. The conducting of exercises in support of the SAPS to secure the safety for the hosting of the 2010 FIFA World Cup continued in the environment of airspace control and the placement of teams to address any Chemical, Biological or Radiological threats. Special Forces also participated, together with the SAPS Special Task Force, in interdepartmental exercises in preparation of the 2009 FIFA Confederations Cup and the final draw of the 2010 FIFA World Cup. Exercise GOLFINHO, the exercise to test

²⁶ This figure represents the number of combatants integrated during FY2009/10.

the capability of the Southern Africa Standby Brigade, culminated with the holding of the field training exercise in the RSA in September 2009. Both the civilian and top military personnel from the SADC member states hailed Exercise GOLFINHO as an overwhelming success.

Special Forces continued with the accreditation of its courses with the South African Qualification Authority, accrediting the certificate for Special Forces Combat Capabilities. Further progress was made with the rebuilding of the Salamander Boat Park at 4 Special Forces Regiment and work should be completed in October 2010. The building of the ammunition storage facility at 5 Special Forces Regiment continued and should be completed by July 2010.

Various unsuccessful meetings were scheduled between the Department of Rural Development and Land Reform, the Regional Land Claims Commissioner and the DOD to resolve the land claim on the Madimbo training area. Special Forces erected notice boards indicating that the area is still under control of the SANDF in order to ensure the safety of population due to unexploded ordnance in the area. If this land claim succeeds, it will leave a gap on the border that could be exploited for the illegal crossing of people and merchandise, and thereby undermine the SANDF deployment for Operation CORONA. It will furthermore disrupt Special Forces' training activities specifically tailored for this environment.

The Joint Operations Division utilised 340 Reserve members, including 132 utilised by Special Forces, over the FY 2009/10. These members were mainly utilised to alleviate staff shortages and to address structural inadequacies in the various support environments.

The strategic airlift capability remains a challenge and impacts on the deployment and sustainment of SANDF external operations, as well as the deployment and sustainment of the SANDF's reaction force, should such a deployment take place. The chartering of aircraft and ships addressed this challenge, but at a very high cost to the DOD. The authorisation for Operation CORDITE sustainment flights has improved since the FY 2008/09, with the placement of an SA Air Force representative in the Sudan.

The SANDF's deployment partially met the Memoranda of Understanding requirements. Equipment shortage and serviceability problems in all the missions resulted in the United Nations not fully reimbursing the RSA government for the use of additional or non-compliant equipment.

Funding for the SANDF's support during the preparation and hosting of the 2010 FIFA World Cup, (Operation KGWELE) remains a major challenge, as the Joint Operations Division did not receive funds for the Operation.

During this period, the Joint Operations Division focused on ensuring the safety and security of the RSA and its people by maintaining the employment of military capabilities. The SANDF will continue to defend the RSA's sovereignty and its territorial integrity.

PURPOSE OF THE PROGRAMME

The Force Employment Programme provides and employs defence capabilities, including an operational capability, to successfully conduct all operations and joint, interdepartmental and multinational (JIM) military exercises.

SUBPROGRAMMES

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating a joint operations division headquarters.
- *Operational Direction* provides operational direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. Funding is distributed according to the number and size of tactical headquarters and the number of joint, interdepartmental and multinational military exercises.
- *Special Operations* provides and employs a special operations capability within the approved Special Forces mandate for the SANDF. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of Special Forces operations, force preparation exercises and training courses.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirements.
- *Support to the People* provides for the internal deployment of forces in cooperation with the South African Police Service and in support of other government departments. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirement.
- *Defence Capability Management* provides for the planning and control of JIM military force

preparation exercises. Funding is distributed according to the needs of exercise control equipment for JIM military exercises and contractual obligations for the development of joint force employment command and control plans as well as capability development²⁷.

OBJECTIVES AND MEASURES

Provide and manage defence capabilities, including an operational capability, to conduct operations and JIM military exercises by

- providing and employing a special operations capability in accordance with national requirements;

- conducting an average of 12²⁸ external peace missions per year in accordance with requirements to promote peace and security;
- conducting 24 JIM military force preparation exercises over the next three years (excluding Special Forces exercises); and
- undertaking missions in support of other government departments, and complying with international obligations.

OUTPUT DETAIL

Table 11.1 below provides details on the outputs, performance measures and targets as specified in the DOD Strategic Business Plan FY 2009/10.

Table 11.1: Force Employment Programme Output for the FY 2009/10

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Regional Security				
Peace Support Operations	Number of large ²⁹ to Medium ³⁰ -scale Peace Support Operations	4	3	The SANDF participated in three large to medium scale Peace Support Operations namely Operations MISTRAL (DRC), CORDITE (Sudan) and CURRICULUM (Burundi). The SANDF received no further requests to participate in large to medium scale Peace Support Operations. Note. Deployments in Peace Support Operations are dependent on requests from the United Nations and/or the African Union and the security situation that can change at any moment, leading to additional requests being received
	Number of small scale Peace Support Operations	4	2	The Commission of the African Union terminated Operation BONGANE (Uganda) on 15 July 2009 (Refer to letter from African Union AU LOS/JUBA/23/06/2009 dated 19 June 2009). The United Nations terminated Operation INDULI (Nepal) on 23 July 2009 (Refer to letter DPKO/OMA/FGS/LP/124-08 dated 30 December 2008). The SANDF received no further requests to participate in small scale Peace Support Operations

²⁷ Services and Divisions are primarily responsible for their own budget when participating in joint, interdepartmental and multinational exercises.

²⁸ The SANDF were instructed by means of C SANDF's Directive 171/2007, 167/2008 and 133/2009: Short and Medium Term Force Employment Guidelines to participate in 4 large to medium-scale, 4 small-scale Peace Support Operations and 4 small-scale General Military Assistance Operations.

²⁹ Large-scale deployment. Unit-size joint task force/formed elements with command and control capabilities, main equipment including tailor-made support and specialist elements from the force providers.

³⁰ Medium-scale deployment. Unit-size (minus) joint task force/formed elements with command and control capabilities, main equipment including tailor-made support and specialist elements from the force providers.

³¹ Small-scale deployment. Sub-unit joint task force/formed elements including specialised elements and tailor-made support from force providers.

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of small-scale general military assistance operations	4	3	Conducted three small-scale general military assistance operations, namely Operations TEUTONIC (DRC), VIMBEZELA (CAR) and AGUENTAR (MOZ). As directed by the C SANDF, the mandate for Operation VIMBEZELA was revised with instructions for the SANDF's continued involvement in this operation. Operation TEUTONIC was terminated on 31 March 2010 as all the military objectives were met. Operation AGUENTAR successfully provided assistance to the Mozambique government during their elections over the period 23 Oct 09 to 04 Nov 09. Note. Deployments in general military assistance operations are dependent on requests from the United Nations and/or African Union and the security situation that can change at any moment leading to additional requests being received

Regional Security

Internal Operations	Percentage compliance with approved border-safeguarding tasks (Operation CORONA)	100%	100%	Achieved
	Percentage compliance with approved safety and security support requests (Operation PROSPER)	100%	100%	Achieved
	Percentage compliance with approved disaster aid and disaster relief requests (Operation CHARIOT)	100%	100%	Achieved
	Percentage compliance with approved search and rescue requests (Operation ARABELLA)	100%	100%	Achieved
	Percentage compliance with requirements for support to the 2010 FIFA World Cup (Operation KGWELE)	100%	100%	Achieved

Regional Security

Controlled JIM Exercises	The number of JIM exercises (excluding Special Forces exercises) controlled annually	9	7	Exercise FAIRWAY BUOY was cancelled at the 15th meeting of the Standing Maritime Committee of the Interstate Defence and Security Committee over the period 17 to 21 August 2009. Exercise IBSAMAR - only planning commenced in October 2009 in Mumbai, India. Final planning for the exercise will take place in South Africa, in August 2010. The exercise is now scheduled for September 2010 in South Africa
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Effect of Programme Output Achievement on ENE Vote 19 Purpose, Objectives and Measures. The achievement of the Force Employment Programme's Outputs has contributed positively to the Programme's Purpose to provide and employ defence capabilities, including an operational capability to successfully conduct all operations and joint, interdepartmental and multinational (JIM) military exercises.

JOINT, INTERDEPARTMENTAL AND MULTINATIONAL EXERCISES


Table 11.2 provides feedback on Force Employment Programme Joint, Interdepartmental and Multinational Exercises for the FY 2009/10³².

Support to Foreign Defence Forces. The Joint Operations Division's responsibility towards foreign defence forces exercises is only to facilitate the exercise between the foreign forces and the SANDF. The Joint

Table 11.1: Force Employment Programme, Joint Interdepartmental and Multinational Exercises for the FY 2009/10

Exercise Name	Aim	Scheduling 2009/10	Actual Achievement
Interdepartmental Exercises			
Exercise AMANZI	Maintain and exercise interdepartmental procedures, coordination, liaison and communication for the execution of search-and-rescue operations through the conduct of an annual command post exercise	Date to be determined	Joint Operations Division cancelled the planned SANDF Command Post Exercise (Exercise AMANZI) for 2009 and incorporated the exercise into Exercise SAREX under the auspices of the National Department of Transport as custodian of Search and Rescue Services in South Africa. (Refer to Joint Operation Division Directive 181/2009: Regional Search-and-Rescue Exercise). Exercise SAREX took place over period 25 October 2009 until 01 November 2009 and the aim of the exercise was to clear the procedures between all role players involved with search-and-rescue in the KwaZulu-Natal area. During the exercise the SANDF provided staff officers, one helicopter and one fixed wing aircraft. All objectives were met.
Exercise SHIELD 4	Command post and field training exercise in preparation for operation KGWELE	August in KwaZulu-Natal	The Joint Operations Division decided during July 2009 that the remaining two SHIELD exercises would be combined with a national air space security management exercise, viz, Exercise SHIELD 6. However, the SA Air Force determined that there was still a requirement for the SA Air Force to exercise the air space security management at the last two venues (Nelspruit and Durban respectively). The SA Air Force combined Exercise SHIELD 4 and SHIELD 5 as a result of specific challenges regarding the geographical nature of the terrain in KwaZulu-Natal and Mpumalanga. This was also a first opportunity for the SA Air Force to test the deployment of the Gripen. It was therefore predominantly an SA Air Force exercise with a small contingent from the SA Army participating over the period 17 to 22 August 2009. (Refer to Chief of Joint Operations Directive 126/2009: Operation KGWELE: Exercise SHIELD 4 and Directive 177/2009: Operation KGWELE: Exercise SHIELD 5
Exercise SHIELD 5	Command post and field training exercise in preparation for operation KGWELE	September in Mpumalanga	Comment above also applicable

³² Excludes Special Forces exercises and support to foreign defence forces exercises.

Exercise Name	Aim	Scheduling 2009/10	Actual Achievement
Multinational Exercises			
Exercise TRANS-OCEANIC	Command post exercise to exercise naval control and guidance of shipping (Naval Coordination and Guidance of Shipping (NCAGS)) and to represent the SANDF as a full-time member of the Transoceanic Organisation	August in the Republic of South Africa (RSA)	The SA Naval Reserve conducted this command post exercise during August 2009 with other nations in South America (Argentina, Uruguay and Brazil). All the exercise objectives were met. Three SA Navy reserve units took part in the exercise. South Africa will be withdrawing from the exercise in 2011.
Exercise BELL BUOY	Command post exercise to exercise NCAGS and to represent the SANDF as a full-time member of the Pacific and Indian Ocean Ship Work Group	April/May in RSA	The command post exercise took place over the period 20 April - 2 May 2009 in Cape Town. Naval delegations from eight countries, i.e. Canada, Argentina, USA, Chile, UK, Brazil, Australia and New Zealand, participated in the exercise. All the exercise objectives were met. This exercise will be conducted on an annual basis under the guidance of the Joint Operations Division.
Exercise FAIRWAY BUOY	Command Post Exercise to exercise NCAGS within Southern Africa Development Community context	June in RSA	Due to a lack of satisfactory participation, the exercise was cancelled. At the 15th meeting of the Standing Maritime Committee of the Interstate Defence and Security Committee over the period 17 to 21 August 2009, it was decided that the exercise would be hosted by Namibia.
Exercise GOOD HOPE	Field training exercise to enhance and maintain the comprehensive defence capabilities of the RSA through the exercising of its maritime and air conventional capabilities, in conjunction with the German Navy and Air Force	January/February in RSA 	The exercise was conducted between the navies and air forces of South Africa and Germany over the period 15 February until 15 March 2010. The exercise is considered to be of extreme importance to the SANDF and in particular the SA Navy. The exercise's objectives are expanded every time to gain more experience from the interaction with the German Bundeswehr. It is envisaged that the exercise will be conducted again in 2012, with planning commencing in 2011.
Exercise IBSAMAR	Maintain and promote maritime cooperation between the SAN and the navies of Brazil and India	Date to be determined	Only planning commenced in October 2009 in Mumbai, India. Final planning for the exercise will take place in South Africa, in August 2010. The exercise is now scheduled for September 2010 in South Africa.
Exercise GOLFINHO	Command post and field training exercise to exercise the South African Development Community Standby Brigade (SAD-CBRIG) capability.	April in Mozambique Final phase hosted in September in RSA	Eleven SADC Member States attended this exercise, the first SADC military exercise of its kind in Southern Africa. The exercise to test the capability of the SADC BRIG, culminated with the holding of the Command Post Exercise in Mozambique over period 13 to 25 April 2009. The Field Training Exercise was held at the SA Army Combat Training Centre in the RSA over period 01 to 23 September 2009. It was considered to be very successful and an excellent base on which to develop the Operational capability of the SADC. The exercise was preceded by numerous planning conferences in Botswana, Angola, South Africa and Mozambique.

Operations Division facilitated Exercise DORSAY, AFRICAN THORN and LIGHTNING WARRIOR. The SANDF Services/Divisions provided support to the

armed forces of the United Kingdom and Singapore. All support to foreign defence forces exercises are against repayment.

PART 3: ORGANISATIONAL STRUCTURE AND HUMAN RESOURCE MANAGEMENT

Chapter 12

Organisational Structure and Human Resources

OVERVIEW

During the FY 2009/10, the implementation of the Department of Defence Human Resource Strategy 2010 continued to guide human resource strategic direction in the Department, with specific reference to the ongoing rejuvenation of the SANDF's human resources and the rightsizing of the Department's human resource composition.

A total of 4 883 young members were appointed in the Military Skills Development System. The sustained implementation of the Military Skills Development System has led to 60,9% 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 the FY 2009/10. The average age of Regular Privates and equivalent ranks during the FY 2009/10 was 28 years.

As part of the Department's continued efforts to right-size, 294 members and 131 employees availed themselves of the Mobility Exit Mechanism and Employee-Initiated Severance Package, respectively. Besides facilitating the Department's rejuvenation efforts, these voluntary exits further improved race and gender representation in the Department.

During FY 2009/10, the acquisition and retention of

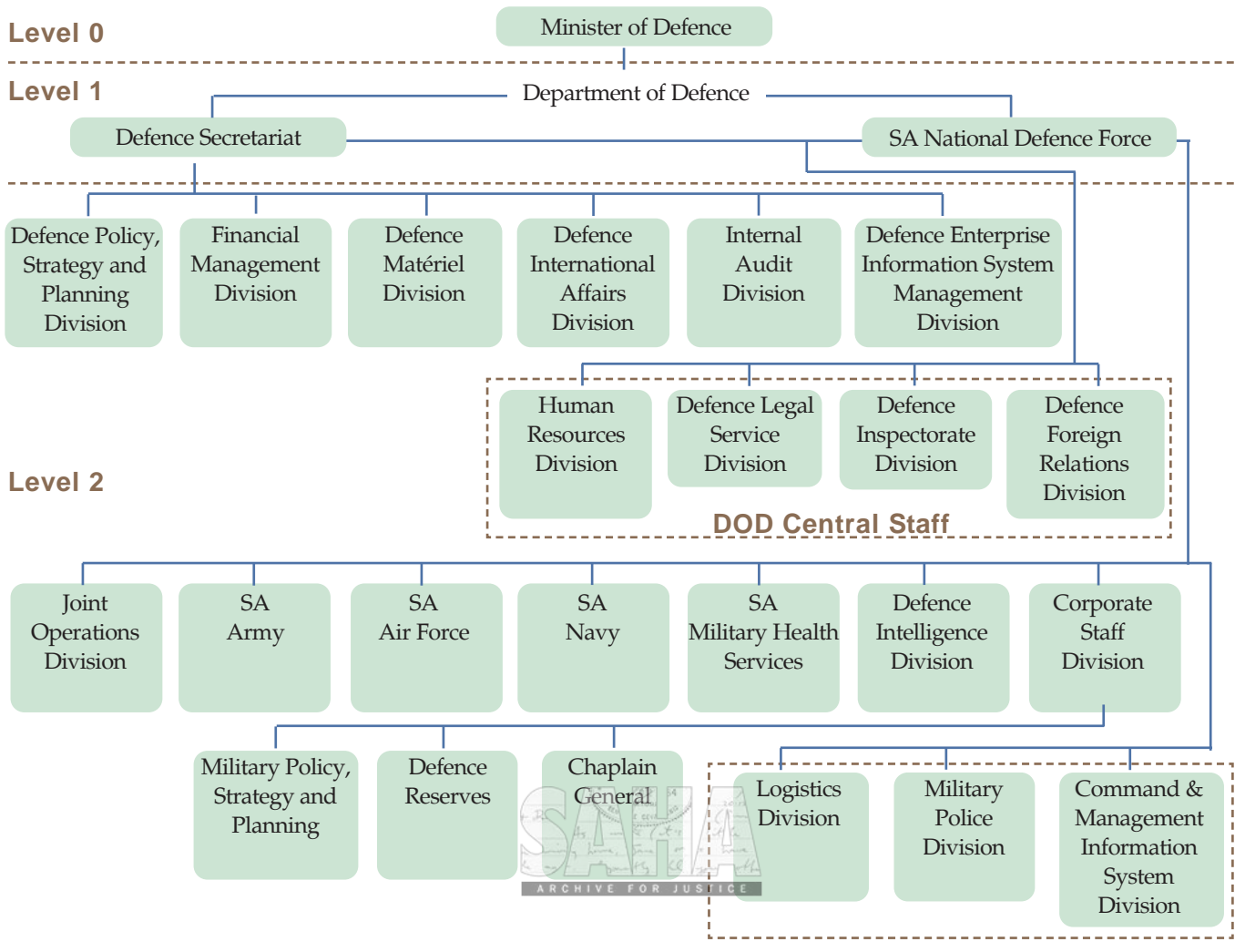
scarce combat, technical and professional skills remained a daunting challenge. Whilst it continued to pursue remunerative retention incentives for the above scarce skills categories, the Department also developed a strategy to address the non-remunerative factors that impact on the acquisition and retention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

The Department of Defence Overarching Human Resource Strategy was approved on 7 August 2009. This new strategy, which replaced the Department's Human Resource Strategy 2010, embodies the macro strategic framework for the management of the Department's human resources over the medium term. The strategic goals of ensuring human resources of appropriate quality, quantity, composition and cost; ensuring accountable human resource administration and ensuring that the Department's commitments in pursuance of Government's human resource policy and strategy are met, underpins the Department's new human resource support plan.

Note. In cases where the added total differs from the indicated total in the table, it will be due to the rounding off of figures.

The current DOD Organisational Design is presented in Figure 1 below.

Figure 1: Organisational Structure of the Department of Defence for the FY 2009/10



MACRO-PERSONNEL STRENGTH

The Macro-Personnel Strength of the DOD as at 31 March 2010 was 67 938, excluding the MSDS mem-

bers. The planned average strength budgeted for the FY 2009/10 is compared with the actual strengths at the end of the financial year, in Table 12.1 below:

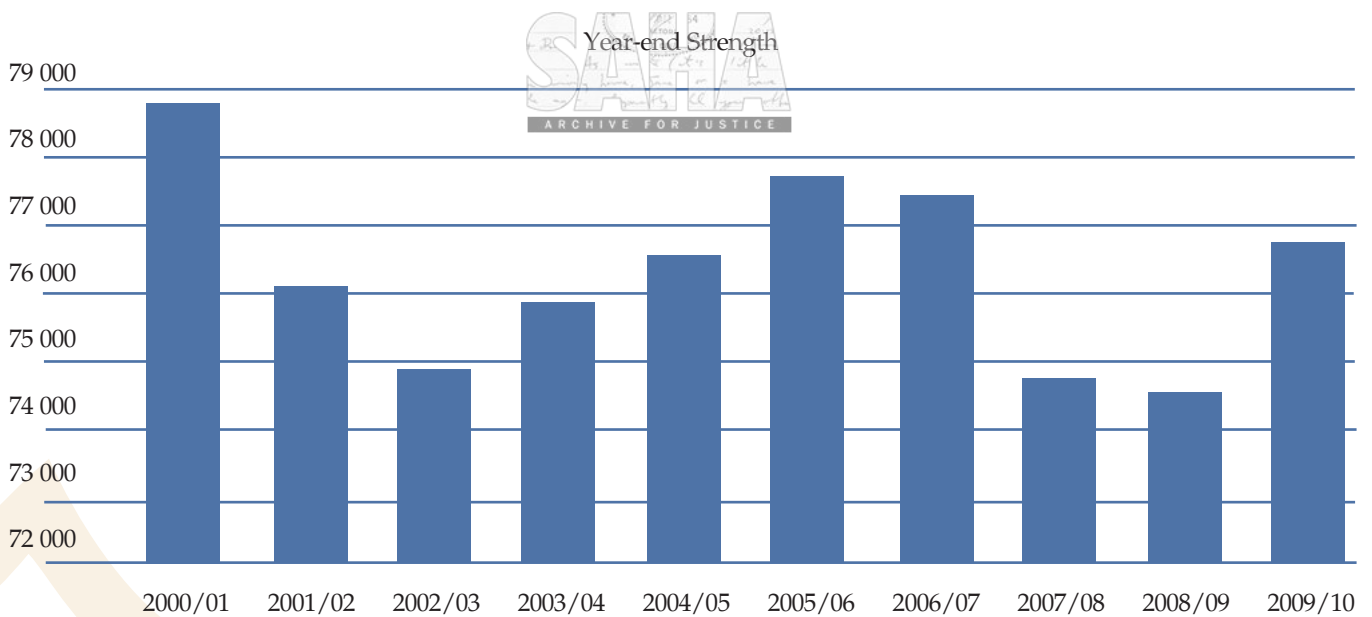
Table 12.1: DOD's Average Planned and Actual Strength as at 31 March 2010

Budget Holder	Planned	Actual
SA Army	39 864	39 147
SA Air Force	11 043	10 855
SA Navy	6 971	7 409
SA Military Health Services	8 859	8 647
Defence Legal Service Division	356	331
Defence Corporate Communication	69	60
Defence Reserves	28	24
Defence Foreign Relations Division	100	106
Corporate Staff Division	340	358
Military Policy, Strategy and Planning	25	25
Human Resource Division	1 616	1 563
Ministry of Defence	32	40

Budget Holder	Planned	Actual
Chief of the SANDF Office	16	9
Defence Inspectorate Division	130	145
Chaplain General	19	18
Defence Policy, Strategy and Planning Division	81	73
Financial Management Division	901	839
Defence Secretariat	41	30
Defence International Affairs	18	16
Logistic Division	2 170	2 723
Command and Management Information System Division	173	149
Military Police Division	1 704	1 777
Defence Intelligence Division	731	706
Joint Operations Division	1 803	1 694
Defence Material Division	201	68
Total	77 291	76 812

The DOD right-sizing and changes in the year-end strengths since the FY 2000/01 are indicated in Figure 2 below.

Figure 2: Department of Defence Year-end Strength as at 31 March 2010



SELECTED PERFORMANCE INDICATORS

Table 12.2 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 the FY 2009/10.

Table 12.2: DOD Selected Performance Indicators for the FY 2009/10

Indicators	Performance			
	2006/07	2007/08	2008/09	2009/10
Number of Defence diplomatic missions	31	32	36	37
Number of active Reserves	13 050	12 583	19 763	13 352
Number of students graduating from the Military Academy with a Bachelor's degree	44	38	66	44
Number of members professionally developed at senior DOD Training Institutions (SANDF Defence College, SANDF War College, Warrant Officer's Academy)	185	184	185	164
Number of Military Skills Development System (MSDS) members in the system each year	4 710	4 677	7 359	8 874
Number of flying hours spent in support of operations	9 788	12 271	11 099	12 754
Number of sea hours spent on patrol in Republic of South Africa (RSA) maritime zones	9 949	9 648	10 478	12 945
Number of healthcare interventions per member per annum	14	14	14	14
Number of External operations	14	11	9	8
Average number of personnel deployed daily in external operations	4 810	2 698	2 729	2 480
Number of internal operations in support of other Government departments	3	3	4	5
Number of person days used during internal operations		51 5516	208 609	133 036
Number of joint, interdepartmental and multinational exercises conducted	16	10	10	8

SERVICE DELIVERY IMPROVEMENT PLAN

Table 12.3: Main Services Provided and Standards

Main Services	Primary Clients	Secondary Clients	Standard of Service	Actual Achievement Against Standards
Military Skills Development System (MSDS): The MSDS provided qualified military practitioners who enhance 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 4 883 MSDS recruits In the system - 8 874 (inclusive of the above intake) The number exiting - approximately 1 800	A total of 4 883 MSDS members entered the MSDS during FY 2009/10. During the reporting period, 313 members accepted a Core Service System (CSS) contract before completion of the MSDS contract period. Of the 3 851 MSDS members that successfully completed their two-year MSDS contract periods in December 2009, 3 508 accepted CSS contracts. There were 8 874 MSDS members in the system as at 31 March 2010. During the reporting period, a total of 515 MSDS members exited either before, or upon, expiry of their MSDS contract periods, with 256 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 in order to empower leadership to make informed decisions and enhance visibility of 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 SANDF.	The Balanced Scorecard has been fully developed for Level 0 (DOD-Level). The enabler (software and hardware platform) was in project phase during FY 2009/10. As soon as the software is fully available, the Balanced Scorecard reports (displayed as a "Dashboard") will be developed. A total of 110 incumbents have been trained during the reporting period. In total, 23 Strategy Maps (Level 0, 1 and 2) have been developed and 15 Strategy Maps approved. Training in the SA Army on Level 3 has commenced. Potential changes to the Secretary of Defence and C SANDF's mandates impacted on the planned progress of measures developed and on the Level 1 Balanced Scorecards. The process whereby the Strategic Business Plan, Annual Performance Plan, Balanced Scorecard principles and terminology and the National Treasury Guidelines (Logical Framework) are aligned has commenced. The outcome of this will be an integrated and inclusive model for reporting

Table 12.4: 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 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 12.5: Service Delivery Access Strategies

Access Strategies	Actual Achievements
Chief Human Resources Executive Committee	Scheduled weekly meetings between 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 12.6: 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 DOD HR management notices, developments and activities
SA Soldier	Official DOD monthly publication that includes articles focusing on DOD 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 functioning of the Department at large
Empowerment Workshops for Commanders	Ongoing workshops presented to empower Commanders in the management of Labour Relations

Table 12.7: 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 time frame
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 12.8: Personnel Costs by Programme

Programme	Total Expenditure (Rand)	Personnel Expenditure (Rand)	Training Expenditure (Rand)	Professional and Special Services (Rand)	Personnel Cost as a Percent of Total Expenditure	Average Personnel Cost per Employee (Rand)
Administration	2 914 090 097	975 259 442	11 651 236	36 989 776	33%	263 228
Landward Defence	9 042 226 495	5 370 789 860	37 116 082	40 940 965	59%	137 195
Air Defence	8 643 760 961	1 899 681 309	33 096 425	318 274 830	22%	175 005
Maritime Defence	1 997 453 935	1 059 561 140	6 272 862	34 772 074	53%	143 010
Military Health Support	2 608 129 041	1 674 685 455	5 815 180	59 601 630	64%	193 672
Defence Intelligence	594 703 713	181 304 046	2 885 923	2 557 369	30%	256 805
General Support	3 637 342 779	779 926 001	10 434 071	214 078 726	21%	167 762
Force Employment	1 886 540 133	890 721 126	3 423 828	15 606 377	47%	525 809
TOTAL	31 324 247 153	12 831 928 381	110 695 607	722 821 746	41%	167 056

Note: Personnel expenditure includes payments to the value of Rm126, which were made to Households in respect of attrition.

Table 12.9: Personnel Costs by Salary Bands

Salary Band	Personnel Expenditure (Rand)	Percentage of Total Personnel Cost	Average Personnel Cost per Employee (Rand)
Senior Management	230 649 331	1.797%	897 468
Senior Professionals	91 220 268	0.711%	1 154 687
Highly Skilled Supervision	3 159 527 461	24.622%	357 534
Highly Skilled Production	4 499 226 846	35.063%	193 782
Skilled	4 405 791 679	34.335%	132 362
Lower Skilled	166 675 711	1.299%	74 177
Military Skills Development System	278 361 238	2.169%	31 368
Interns	475 847	0.004%	33 989
TOTAL	12 831 928 381	100.0%	167 056

Table 12.10: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost per Programme	Amount	Overtime as a % of Personnel Cost per Programme	Amount	HOA as a % of Personnel Cost per Programme	Amount	Medical Assistance as a % of Personnel Cost per Programme
Defence Administration	53 450 903	5%	1 249 449	0.1%	15 777 111	1.6%	10 549 569	1.1%
Landward Defence	391 333 780	7%	36 224 964	0.7%	175 828 395	3.3%	26 740 567	0.5%
Air Defence	125 670 703	7%	12 036 376	0.6%	46 185 882	2.4%	10 359 128	0.5%
Maritime Defence	74 162 072	7%	13 751 521	1.3%	27 117 092	2.6%	10 428 534	1.0%
Military Health Services	113 625 496	7%	111 141 802	6.6%	28 014 107	1.7%	7 814 484	0.5%
Defence Intelligence	12 641 791	7%	481 103	0.3%	2 949 139	1.6%	520 560	0.3%
General Support	69 005 745	9%	7 068 010	0.9%	21 038 505	2.7%	5 348 506	0.7%
Force Employment	28 331 227	3%	3 866 611	0.4%	8 024 389	0.9%	1 016 871	0.1%
TOTAL	868 221 717	7%	185 819 836	1.4%	324 934 620	2.5%	72 778 219	0.6%

Table 12.11: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Salary Bands

Salary Band	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost per Salary Band	Amount	Overtime as a % of Personnel Cost per Salary Band	Amount	HOA as a % of Personnel Cost per Salary Band	Amount	Medical Assistance as a % of Personnel Cost per Salary Band
Senior Management	11 371 064	5%	1 246 572	0.5%	0	0.0%	0	0.0%
Senior Professionals	4 389 328	5%	18 605 490	20.4%	0	0.0%	0	0.0%
Highly Skilled Supervision	215 694 742	7%	74 140 441	2.3%	34 782 582	1.1%	2 767 338	0.1%
Highly Skilled Production	315 036 685	7%	42 866 967	1.0%	117 168 366	2.6%	25 046 746	0.6%
Skilled	288 852 962	7%	44 867 621	1.0%	162 648 348	3.7%	345 37 585	0.8%
Lower Skilled	11 343 790	7%	1 032 450	0.6%	10 335 325	6.2%	10 410 537	6.2%
Military Skills Development System	21 494 023	8%	3 060 295	1.1%	0	0.0%	0	0.0%
Interns	39 124	8%	0	0.0%	0	0.0%	16 015	3.4%
TOTAL	868 221 717	7%	185 819 836	1.4%	324 934 620	2.5%	72 778 219	0.6%

EMPLOYMENT AND VACANCIES



Table 12.12: Employment and Vacancies by Programme as at 31 March 2010

Programme	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Defence Administration	4 954	3 705	25.21%	1 249
Landward Defence	43 411	39 147	9.82%	4 264
Air Defence	12 818	10 855	15.31%	1 963
Maritime Defence	7 007	7 409	-5.74%	-402
Military Health Services	9 809	8 647	11.85%	1 162
Defence Intelligence	1 086	706	34.99%	380
General Support	5 508	4 649	15.60%	859
Force Employment	2 426	1 694	30.17%	732
TOTAL	87 019	76 812	11.73%	10 207

Note: Posts refer only to the approved production posts captured on the post establishment of which only 77 291 were funded for the FY 2009/10.

Table 12.13: Employment and Vacancies by Salary Band as at 31 March 2010

Salary Band	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior Management	274	257	6.20%	17
Senior Professionals	290	79	72.76%	211
Highly Skilled Supervision	10 162	8 837	13.04%	1 325
Highly Skilled Production	32 975	23 218	29.59%	9 757
Skilled	32 346	33 286	-2.91%	-940
Lower Skilled	10 972	2 247	79.52%	8 725
Military Skills Development System	0	8 874	0.00%	-8 874
Interns	0	14	0.00%	-14
TOTAL	87 019	76 812	11.73%	10 207

Note: Posts refer only to the 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 approved production posts.

Table 12.14: Employment and Vacancies by Critical Occupation as at 31 March 2010

Critical Occupation	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Air Space Control	537	557	-3.72%	-20
Aircrew	618	525	15.05%	93
Anti-Aircraft	969	897	7.43%	72
Artillery	1 292	1 547	-19.74%	-255
Combat Navy	370	337	8.92%	33
Engineer	177	149	15.82%	28
Health Professional ³³	1 648	1 384	16.02%	264
Nursing	1 660	1 694	-2.05%	-34
Technical	7 554	6 479	14.23%	1 075
TOTAL	14 825	13 569	8.47%	1 256

Note: Posts refer only to the approved production posts captured on the post establishment. There are currently 1 261 MSDS members under training of which 409 are in the Artillery Occupation resulting in a figure of 255 members reflected as additional to the establishment.

³³ Occupations included in the Health Professional category are i.e. medical practitioners, pharmacists, specialists, ancillary health, psychology, social work, oral health and environmental health. The other professional or statutory groupings MUST be included as it seems as if the 4 groupings mentioned in the note represents the total of 1 648 number of posts. The referral to only the 4 professional groupings and the total Number of Posts would be incorrect.

JOB EVALUATION

Table 12.15: Job Evaluations for the Period 1 April 2009 to 31 March 2010

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Senior Management	274	0	0.00%	0	0.00%	0	0.00%
Senior Professionals	290	0	0.00%	0	0.00%	0	0.00%
Highly Skilled Supervision	10 162	277	2.73%	6	2.17%	0	0.00%
Highly Skilled Production	32 975	1149	3.48%	0	0.00%	0	0.00%
Skilled	32 346	90	0.28%	0	0.00%	0	0.00%
Lower Skilled	10 972	13	0.12%	0	0.00%	0	0.00%
Military Skills Development System	0	0	0.00%	0	0.00%	0	0.00%
Interns	0	0	0.00%	0	0.00%	0	0.00%
TOTAL	87 019	1529	1.76%	6	0.39%	0	0.00%

Table 12.16: Profile of Employees Whose Salary Positions were Upgraded due to Their Posts being Upgraded for the Period 1 April 2009 to 31 March 2010

Beneficiaries	African	Indian	Coloured	White	TOTAL
Female	18	0	0	12	30
Male	19	0	8	1	28
TOTAL	37	0	8	13	58
Employees with a disability					0

Table 12.17: Employees Whose Salary Level Exceed the Grade Determined by Job Evaluation as at 31 March 2010 (in terms of PSR 1.V.C.3)

Employees whose salary level exceed the grade determined by job evaluation	0
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Table 12.18: Profile of Employees Whose Salary Level Exceed the Grade Determined by Job Evaluation as at 31 March 2010 (in terms of PSR 1.V.C.3)

Profile of employees whose salary level exceed the grade determined by job evaluation	0
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EMPLOYMENT CHANGES

Table 12.19: Annual Turnover Rates by Salary Band for the Period 1 April 2009 to 31 March 2010

Salary Band	Number of Employees as at 1 April 2009	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Minister/Deputy/Advisors	3	3	3	0%
Senior Management Service Band D	1	1	0	100%
Senior Management Service Band C	14	3	1	14%
Senior Management Service Band B	50	4	6	-4%
Senior Management Service Band A	185	4	16	-6%
Senior Professionals	59	5	6	-2%
Highly Skilled Supervision	8 741	174	582	-5%
Highly Skilled Production	23 033	412	981	-2%
Skilled	32 233	241	1 587	-4%
Lower Skilled	2 894	288	99	7%
Military Skills Development System	7 357	4 883	515	59%
Interns	26	10	16	-23%
TOTAL	74 596	6 028	3 812	3%

Table 12.20: Annual Turnover Rates by Critical Occupation for the Period 1 April 2009 to 31 March 2010

Critical Occupation	Number of Employees as at 1 April 2009	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	530	51	23	5.3%
Aircrew	526	28	36	1.5%
Anti-Aircraft	888	72	56	1.8%
Artillery	1 476	165	89	5.1%
Combat Navy	354	2	19	4.8%
Engineer	149	2	7	3.4%
Health Professional	1 388	231	240	0.6%
Nursing	1 612	135	86	3.0%
Technical	6 317	264	355	1.4%
TOTAL	13 240	950	911	0.3%

Note: 611 MSDS members are included in the total appointment figure for all critical occupations.

Table 12.21a: Reasons why Staff Left the Department for the Period 1 April 2009 to 31 March 2010

Termination Type	Number	% of Total
Death	726	19.0%
Resignation	904	23.7%
Contract Expiry	575	15.1%
Transfer	352	9.2%
Dismiss - Ops Requirement	1	0.0%
Dismiss- Ill Health	40	1.0%
Dismiss - Misconduct	299	7.8%
Discharge - Incapacity	9	0.2%
Retirement	481	12.6%
MEM/EISP/VSP	425	11.1%
Total Number of Employees who left as a % of the Total Employment as at 31 March 2010	3 812	5.0%

Table 12.21b: Mobility Exit Mechanism Granted for the Period 1 April 2009 to 31 March 2010 - Uniformed Personnel

Salary Band	Number of Packages Approved
Senior Management	11
Highly skilled supervision	143
Highly skilled production	66
Skilled	74
TOTAL	294

Table 12.21c: Employee Initiated Severance Packages Granted for the Period 1 April 2009 to 31 March 2010 - Public Service Act Personnel

Salary Band	Number of Packages Approved
Highly Skilled Supervision	11
Highly Skilled Production	68
Skilled	46
Lower Skilled	6
TOTAL	131

Table 12.22: Promotions by Critical Occupation for the Period 1 April 2009 to 31 March 2010

Critical Occupation	Number of Employees as at 1 April 2009	Promotions to Another Salary Level	Salary Level Promotions as a % of Employees by Occupation
Air Space Control	530	94	18%
Aircrew	526	104	20%
Anti-Aircraft	888	117	13%
Artillery	1 476	159	11%
Combat Navy	354	70	20%
Engineer	149	23	15%
Health Professional	1 388	149	11%
Nursing	1 612	191	12%
Technical	6 317	774	12%
TOTAL	13 240	1 681	13%

Note: Progression to another notch is not provided due to the implementation of the various Occupational Specific Dispensations.

Table 12.23: Promotions by Salary Band for the Period 1 April 2009 to 31 March 2010

Critical Occupation	Number of Employees as at 1 April 2009	Promotions to Another Salary Level	Salary Level Promotions as a % of Employees by Occupation
Senior Management	253	25	9.9%
Senior Professionals	59	11	18.6%
Highly Skilled Supervision	8 741	933	10.7%
Highly Skilled Production	23 033	2 674	11.6%
Skilled	32 233	3 810	11.8%
Lower Skilled	2 894	0	0.0%
Military Skills Development System	7 357	5	0.1%
Interns	26	0	0.0%
TOTAL	74 596	7 458	10.0%

Note: Progression to another notch is not provided due to the implementation of the various Occupational Specific Dispensations.

EMPLOYMENT EQUITY

Table 12.24a: Total Number of Employees (Including Employees with Disabilities) in Each of the Following Occupational Categories as at 31 March 2010

Occupational Category (SASCO)	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, Senior Officials and Managers	1	0	0	0	1	0	0	0	2
Professionals	726	82	126	497	665	88	190	617	2 991
Technicians and Associate Professionals	2 976	58	401	1 210	1 380	55	273	591	6 944
Clerks	5 842	106	1 516	1 190	3 359	65	672	2 204	14 954
Service and Sales Workers	21 369	167	2 843	1 988	4 402	22	640	489	31 920
Craft and Related Trades Workers	4 325	175	1 042	2 259	996	10	175	251	9 233
Plant and Machine Operators and Assemblers	274	1	104	22	3	0	1	0	405
Elementary Occupations	5 477	22	1 072	540	2 501	12	582	157	10 363
TOTAL	40 990	611	7 104	7 706	13 307	252	2 533	4 309	76 812

Table 12.24b: Total Number of Employees (Only Employees with Disabilities) in Each of the Following Occupational Categories as at 31 March 2010

Occupational Category (SASCO)	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionals	3	0	0	3	0	0	0	4	10
Technicians and Associate Professionals	16	0	4	12	3	0	0	6	41
Clerks	68	2	19	28	6	0	3	31	157
Service and Sales Workers	91	1	12	18	3	0	1	0	126
Craft and Related Trades Workers	29	1	13	37	1	0	0	6	87
Plant and Machine Operators and Assemblers	1	0	0	0	0	0	0	0	1
Elementary Occupations	10	0	15	5	4	0	1	7	42
TOTAL	218	4	63	103	17	0	5	54	464

Table 12.24c: Total Number of Employees (Including Employees with Disabilities) in Each of the Following Occupational Bands as at 31 March 2010

Occupational Category (SASCO)	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	13	1	0	2	4	0	0	1	21
Senior management	131	9	5	105	37	7	2	19	315
Professionally Qualified	2 453	161	737	3 116	934	80	173	1 183	8 837
Skilled Technical	9 969	307	2 946	3 302	3 180	109	757	2 648	23 218
Semi-skilled	22 834	93	2 629	666	5 585	36	1 091	352	33 286
Unskilled	1 032	1	205	11	800	5	172	21	2 247
Military Skills Development System	4 551	39	582	504	2 760	15	338	85	8 874
Interns	7	0	0	0	7	0	0	0	14
TOTAL	40 990	611	7 104	7 706	13 307	252	2 533	4 309	76 812

Table 12.24d: Total Number of Employees (Only Employees with Disabilities) in Each of the Following Occupational Bands as at 31 March 2010

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Senior Management	0	0	0	1	0	0	0	0	1
Professionally Qualified	23	0	2	37	2	0	0	7	71
Skilled Technical	63	4	33	57	6	0	4	39	206
Semi-skilled	130	0	25	8	6	0	1	8	178
Unskilled	2	0	3	0	3	0	0	0	8
TOTAL	218	4	63	103	17	0	5	54	464

Table 12.25a: Recruitment (Including Employees with Disabilities) for the Period 1 April 2009 to 31 March 2010

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	5	0	0	0	2	0	0	0	7
Senior management	9	1	0	1	1	0	0	1	13
Professionally Qualified	26	10	7	29	53	16	9	24	174
Skilled Technical	109	4	33	25	143	15	34	49	412
Semi-skilled	72	0	19	1	127	1	12	9	241
Unskilled	108	0	22	3	131	1	11	12	288
Military Skills Development System	2 505	26	292	321	1 501	9	174	55	4 883
Interns	5	0	0	0	5	0	0	0	10
TOTAL	2 839	41	373	380	1 963	42	240	150	6 028

Table 12.25b: Recruitment (Only Employees with Disabilities) for the Period 1 April 2009 to 31 March 2010

Recruitment employees with disabilities	0
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Table 12.26a: Promotions (Including Employees with Disabilities) for the Period 1 April 2009 to 31 March 2010

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	13	1	0	9	5	2	1	3	34
Professionally Qualified	364	18	70	185	155	12	35	94	933
Skilled Technical	1 355	31	264	198	565	19	129	113	2 674
Semi-skilled	2 239	9	271	145	942	2	165	37	3 810
Military Skills Development System	4	0	0	0	1	0	0	0	5
TOTAL	3 977	59	605	537	1 668	35	330	247	7 458

Table 12.26b: Promotions (Only Employees with Disabilities) for the Period 1 April 2009 to 31 March 2010

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Senior Management	0	0	0	1	0	0	0	0	1
Professionally Qualified	4	0	0	3	0	0	0	1	8
Skilled Technical	10	0	1	1	0	0	0	0	12
Semi-skilled	9		2	0	1	0	0	0	12
TOTAL	23	0	3	5	1	0	0	1	33

Table 12.27a: Terminations (Including Employees with Disabilities) for the Period 1 April 2009 to 31 March 2010

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	3	0	0	1	0	0	0	0	4
Senior management	9	0	0	14	4	0	0	1	28
Professionally Qualified	78	14	34	269	48	14	13	112	582
Skilled Technical	348	10	94	202	87	15	26	199	981
Semi-skilled	1 122	9	132	62	180	2	46	34	1 587
Unskilled	59	0	13	1	18	1	7	0	99
Military Skills Development System	215	1	36	72	145	1	26	19	515
Interns	7	0	0	0	8	0	1	0	16
TOTAL	1 841	34	309	621	490	33	119	365	3 812

Table 12.27b: Terminations (Only Employees with Disabilities) for the Period 1 April 2009 to 31 March 2010

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionally Qualified	0	0	0	4	0	0	0	2	6
Skilled Technical	4	0	0	2	0	0	0	3	9
Semi-skilled	3	0	1	0	0	0	0	0	4
TOTAL	7	0	1	6	0	0	0	5	19

Table 12.28: Disciplinary Action for the Period for the Period 1 April 2009 to 31 March 2010

Disciplinary Action	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
TOTAL	9	21	0	0	6	9	0	4	49

Table 12.29: Skills Development Training Provided for the Period 1 April 2009 to 31 March 2010

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Senior Management	300	5	70	125	217	4	51	89	861
Professionally Qualified	503	8	117	210	512	9	119	214	1 692
Skilled Technical	5 260	86	1 206	2 154	3 740	63	873	1 559	14 941
Semi-Skilled	13 985	235	3 284	5 864	2 876	48	671	1 198	28 161
Unskilled	4 044	67	943	1 685	922	15	215	384	8 275
Military Skilled Development System	4 648	77	1 085	1 937	2 864	48	668	1 194	12 521
TOTAL	28 740	478	6 705	11 975	11 131	187	2 597	4 638	66 451

PERFORMANCE REWARDS

Table 12.30: Performance Rewards by Race, Gender and Disability for Personnel below Senior Management Service (Including Employees with Disabilities) for the Period 1 April 2009 to 31 March 2010

Race	Gender	Total number of Employees in Group as at 1 April 2009	Number of Beneficiaries	% of Total within Group	Total Cost (Rand)	Average cost per Employee (Rand)
African	Male	39 873	32 520	1	60 195 757	1 851
	Female	11 816	8 427	1	15 647 029	1 857
African Total		51 689	40 947	1	75 842 786	1 852
Asian	Male	600	521	1	963 850	1 850
	Female	240	185	1	399 968	2 162
Asian Total		840	706	1	1 363 818	1 932
Coloured	Male	7 028	6 007	1	11 112 950	1 850
	Female	2 405	1 853	1	3 444 910	1 859
Coloured Total		9 433	7 860	1	14 557 860	1 852
White	Male	7 865	6 932	1	12 844 190	1 853
	Female	4 516	4 088	1	7 613 407	1 862
White Total		12 381	11 020	1	20 457 597	1 856
Grand Total		74 343	60 533	1	112 222 060	1 854
Employees with Disabilities		440	457	1	845 450	1 850

Table 12.31: Performance Rewards by Salary Band for Personnel below Senior Management Service for the Period 1 April 2009 to 31 March 2010

Salary Band	Beneficiary Profile			Cost		
	Total number of Employees as at 1 April 2009	Number of Beneficiaries	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Professionals	59	23	39%	72 079	3 134	0.08%
Highly Skilled Supervision	8 741	8 578	98%	16 006 266	1 866	0.51%
Highly Skilled Production	23 033	22 800	99%	42 247 665	1 853	0.94%
Skilled	32 233	27 380	85%	50 653 000	1 850	1.15%
Lower Skilled	2 894	1 746	60%	3 231 950	1 851	1.94%
Military Skills Development System	7 357	0	0%	0	0	0.00%
Interns	26	6	23%	11 100	1 850	2.33%
TOTAL	74 343	60 533	81%	112 222 060	1 854	0.87%

Table 12.32: Performance Rewards by Critical Occupation for the Period 1 April 2009 to 31 March 2010

Critical Occupation	Beneficiary Profile			Cost	
	Total number of Employees as at 1 April 2009	Number of Beneficiaries	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)
Air Space Control	424	381	90%	704 850	0
Aircrew	485	434	89%	802 900	1 850
Anti-Aircraft	730	606	83%	1 121 100	1 850
Artillery	1 088	910	84%	1 683 500	1 850
Combat Navy	341	300	88%	555 000	1 850
Engineer	128	119	93%	220 150	1 850
Health Professional	1 365	898	66%	1 690 829	1 883
Nursing	1 548	1 461	94%	2 702 850	1 850
Technical	5 913	5 580	94%	10 333 763	1 852
TOTAL	12 022	10 689	89%	19 814 942	1 854

Table 12.33: Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service for the Period 1 April 2009 to 31 March 2010

Salary Band	Beneficiary Profile			Cost		
	Total number of Employees as at 1 April 2009	Number of Beneficiaries	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Management Service Band A	185	18	0	127 376	7 076	0.1%
Senior Management Service Band B	50	7	0	226 964	32 423	0.1%
Senior Management Service Band C	14	0	0	0	0	0.0%
Senior Management Service Band D	1	0	0	0	0	0.0%
Minister/Deputy/Advisors	3	0	0	0	0	0.0%
TOTAL	253	25	0	354 340	14 174	0.0%

FOREIGN WORKERS

Table 12.34: Foreign Workers by Salary Band for the Period 1 April 2009 to 31 March 2010

Foreign Workers by Salary Band	0
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Table 12.35: Foreign Workers by Major Occupation for the Period 1 April 2009 to 31 March 2010

Foreign Workers by Major Occupation	0
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LEAVE UTILISATION

Table 12.36a: Sick Leave Granted for the Period 1 January 2009 to 31 December 2009 - Uniformed Personnel

Salary Band	Total Days	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee using Sick Leave	Estimated Cost (Rand)
Senior Management	784	114	56%	7	1 208 342
Senior Professionals	185	37	52%	5	308 075
Highly Skilled Supervision	29 488	4 781	60%	6	26 601 882
Highly Skilled Production	77 365	12 058	61%	6	39 901 196
Skilled	81 973	12 556	46%	7	24 837 007
Lower Skilled	8	1	33%	8	1 640
Military Skills Development System	4 423	964	11%	5	534 498
TOTAL	194 226	30 511	48%	6	93 392 642

Table 12.36b: Sick Leave Granted for the Period 1 January 2009 to 31 December 2009 - Public Service Act Personnel

Salary Band	Total Days	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee using Sick Leave	Estimated Cost (Rand)
Senior Management	149	28	53%	5	246 778
Senior Professionals	9	5	63%	2	15 237
Highly Skilled Supervision	3 313	510	63%	6	3 135 993
Highly Skilled Production	19 244	2 553	75%	8	9 556 822
Skilled	26 148	3 692	61%	7	6 756 319
Lower Skilled	10 192	1 257	56%	8	2 219 267
Interns	82	15	107%	5	10 183
TOTAL	59 137	8 060	64%	7	21 940 599

Note: Employees are entitled to 36 working days sick leave in a cycle of 3 years on an average norm of 12 working days per year. Sick leave was granted with medical certification.

Table 12.37a: Disability Leave (Temporary and Permanent) Granted for the Period 1 January 2009 to 31 December 2009 - Uniformed Personnel

Salary Band	Total Days	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee using Disability Leave	Estimated Cost (Rand)
Senior Management	466	16	8%	29	715 955
Senior Professionals	116	7	10%	17	209 598
Highly Skilled Supervision	14 626	688	9%	21	13 088 793
Highly Skilled Production	43 243	2 085	11%	21	22 638 500
Skilled	36 502	1 629	6%	22	11 163 936
Lower Skilled	8	1	33%	8	1 640
TOTAL	94 961	4 426	7%	21	47 818 423

Table 12.37b: Disability Leave (Temporary and Permanent) Granted for the Period 1 January 2009 to 31 December 2009 - Public Service Act Personnel

Salary Band	Total Days	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee using Disability Leave	Estimated Cost (Rand)
Senior Management	2	2	2	2	2 834
Senior Professionals	2	2	2	2	3 053
Highly Skilled Supervision	1 057	1 057	1 057	19	1 025 803
Highly Skilled Production	17 231	17 231	17 231	22	8 476 216
Skilled	27 642	27 642	27 642	28	7 157 001
Lower Skilled	7 039	7 039	7 039	24	1 573 319
TOTAL	52 973	2 139	17%	25	18 238 225

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 12.38a: Annual Leave Taken for the Period 1 January 2009 to 31 December 2009 - Uniformed Personnel

Salary Band	Total Days Taken	Average Days per Employee using Annual Leave
Senior Management	4 806	24
Senior Professionals	1 568	24
Highly Skilled Supervision	193 859	24
Highly Skilled Production	469 039	24
Skilled	536 131	22
Lower Skilled	19 302	11
TOTAL	1 224 705	22

Table 12.38b: Annual Leave Taken for the Period 1 January 2009 to 31 December 2009 - Public Service Act Personnel

Salary Band	Total Days Taken	Average Days per Employee using Annual Leave
Senior Management	856	21
Senior Professionals	184	26
Highly Skilled Supervision	13 024	22
Highly Skilled Production	78 969	24
Skilled	145 919	24
Lower Skilled	44 836	22
Interns	126	11
TOTAL	283 913	24

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 12.39a: Capped Leave Taken for the Period 1 January 2009 to 31 December 2009 - 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 2009
Senior Management	161	7	132
Senior Professionals	18	4	79
Highly Skilled Supervision	7 066	6	55
Highly Skilled Production	12 542	6	27
Skilled	11 666	6	23
TOTAL	31 453	6	32

Table 12.39b: Capped Leave Taken for the Period 1 January 2009 to 31 December 2009 - 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 2009
Senior Management	0	0	53
Senior Professionals	0	0	64
Highly Skilled Supervision	1 152	22	48
Highly Skilled Production	1 282	4	32
Skilled	3 947	6	55
Lower Skilled	695	6	32
TOTAL	7 077	6	45

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 12.40a: Leave Payouts FY 2009/10 - Uniformed Personnel

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave Payout for the FY2009/2010 due to non-utilisation of leave for previous cycle	0	0	0
Leave Payout for the FY2009/2010 due to discounting of Leave	37 091 005	3 333	11 128
Leave Payout for the FY2009/2010 on Termination of Service	37 232 520	892	41 740
TOTAL	74 323 525	4 225	17 591

Table 12.40b: Leave Payouts FY 2009/10 - Public Service Act Personnel

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave Payout for the FY2009/2010 due to non-utilisation of leave for previous cycle	118 884	4	29 721
Leave Payout for the FY2009/2010 due to discounting of Leave	2 278 333	672	3 390
Leave Payout for the FY2009/2010 on Termination of Service	14 105 748	629	22 426
TOTAL	16 502 965	1 305	12 646


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.

HEALTH PROMOTION AND HIV AND AIDS PROGRAMMES

Table 12.41a: 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	HIV workplace programmes Peer education programmes Buddy aid programmes Availability first aid kits / boxes Wellness programme Condom distribution points for both males and females Health promotion programmes before deployment
Medium risk: Members on deployment (internal to RSA) ie RSA border safeguarding bases / posts	All the above programmes and interventions apply. The emphasis is on discipline and the conduct of military personnel Buddy aid lectures Trained operational emergency care practitioners
High risk: Members on deployment (external to RSA)	All the programmes and interventions reflected for low and medium risk exposure Peer education Trained operational emergency care practitioners Specific HIV prevention programmes Specific health promotion programmes during deployment

Table 12.41b: Details of Health Promotion and HIV and 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 Director HIV and AIDS DOD/SANDF HIV and AIDS Programme Manager
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		Dedicated HIV and AIDS Programme Manager that coordinates the Comprehensive Plan for Care Management and Treatment of HIV and AIDS in the DOD. All Commanders in the SANDF have the responsibility to ensure that wellness programmes take place in their respective units with the Occupational Health and Safety practitioners in assistance. The SANDF well-being and health care is provided by the SA Military Health Service. The service comprises of a human resource component consisting of health care practitioners such as social workers, psychologists, nursing personnel, dieticians, etc. The SA Military Health Service has a complement of registered health care practitioners and support personnel who are directly or indirectly involved in comprehensive health service delivery. Health care practitioners rendering primary health care at all military health facilities are skilled in providing preventive, promotive and curative HIV and AIDS Programmes to all clients/patients of the defence community. The annual budget FY 2009/10 for the comprehensive health care was Rm2 440.
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		 The SA Military Health Service remained committed to intensifying the campaign against communicable diseases and the treatment of patients through the Comprehensive Plan for Care Management and Treatment of HIV and AIDS in the DOD that includes prevention of HIV and health promotion programmes. The plan is currently under revision to accelerate the accessibility for treatment and prevention programmes such as workplace programmes. The key elements of the HIV Prevention Programme are: HIV and AIDS workplace programmes. Mass awareness campaigns. Management of occupational transmission. Prevention of vertical transmission, previously known as mother to child transmission. Prevention of opportunistic infections. Utilisation of all awareness opportunities (eg National Health Days, Health Month, World AIDS Day, Commemoration Days, etc). Programmes/projects that focus on abstinence and faithfulness. Key elements of the Health Promotion Programmes are: Counselling. Health education training and development by means of e.g. lectures. Management of sexually transmitted infections. Health promotion through physical training, sport and recreation. Poster presentations Health programmes targeting women of childbearing age Awareness programmes. Involvement of non-governmental organisations and communities.

Question	Yes	No	Details if Yes
			<p>Community development programmes, e.g. Thaba Tshwane Project</p> <p>Health Fairs and Health Walks.</p> <p>The facilitation of the CHATSEC programme to 982 SAMHS MSDS members formed part of prevention and promotion interventions.</p> <p>A Military Health Resource Centre entailing research material on HIV and AIDS and tuberculosis was officially opened on 18 September 2009 at 1 Military Hospital.</p> <p>Six mobile clinics were procured with donor funds for the provision of health care services to eligible patients in remote rural areas. An agreement has been reached with the PEPFAR donors to take over the training of health care practitioners in anti-retroviral treatment from September 2009 in collaboration with the University of Pretoria.</p>
<p>Has the department established (a) committee(s) as contemplated in Part VLE.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.</p>		X	<p>The Director HIV and AIDS co-ordinates matters through the SAMHS HIV and AIDS Coordinating Committee. The committee consists of members representing formations and units that provide health care services.</p> <p>The bilateral meetings with other Services are utilised for the coordination within the DOD and to provide relevant information with regard to HIV and AIDS activities.</p> <p>Collaboration took place with South African Safety and Security Education Training Authority to discuss the formulation of the inter-departmental committee that will address HIV and AIDS issues.</p>
<p>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.</p>	X		<p>The revision of the HIV and AIDS policy was finalised after a Court Order ruled that the health requirements of the SANDF regarding the recruitment, deployment and promotion of HIV positive people were unconstitutional. Cabinet supported the amended classification policy. The health classification policy was revised and translated into a Department of Defence Directive to be aligned with the high court decision on HIV testing and the selective deployment of HIV positive members.</p>
<p>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.</p>	X		<p>There are existing measures within the department and these are also being adapted to the revised policy. All Services and Divisions will be required to practise the measures according to medical officer's advice in terms of utilisation of HIV positive members. Post profiles in the SANDF will in future indicate what the requirements would be in terms of the health profile of members/employees.</p>
<p>Does the department encourage its employees to undergo voluntary counselling and testing? If so list the results that you have achieved.</p>	X		<p>All members of the SANDF are encouraged to go for HIV Testing and Counselling (HCT), previously known as Voluntary Counselling and Testing. There has been increased numbers of members visiting HIV Testing and Counselling stalls during awareness campaigns. SAMHS hosted the annual International World AIDS Day Commemoration on 1 December 2009. The theme for 2009 was "Universal Access and Human Rights". A total of 144 members reported for voluntary testing on that day. The military health installations in the other provinces has also encouraged HIV Testing and Counselling and reported an increase of members requesting to be tested.</p>

Question	Yes	No	Details if Yes
Has the department developed measures/indicators to monitor and evaluate the impact of its health programme? If so list these measures/indicators.	X		<p>A Monitoring and Evaluation subprogramme is in place within the Masibambisane HIV and AIDS Programme of the SANDF. The monitoring and evaluation subprogramme includes the monitoring and evaluation of inputs, processes, outputs, outcomes and impact through more than 200 established indicators.</p> <p>The indicators for the monitoring and evaluation of HIV and AIDS prevention care and treatment are categorised into the following:</p> <p>i. Prevention and ii. Care and treatment: Counselling and testing male circumcision, HIV post-exposure, prophylaxis, vertical transmission (PMTCT), HIV and tuberculosis care and support, nutritional supplementation and anti-retroviral services.</p> <p>Feedback reports are written quarterly.</p>

LABOUR RELATIONS

Table 12.42: Collective Agreements for the Period 1 April 2009 to 31 March 2010

Total Collective Agreements	0
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Table 12.43: Misconduct and Disciplinary Hearings finalised for the Period 1 April 2009 to 31 March 2010

Outcomes of disciplinary hearings	Number	% of Total
Correctional counseling	2	4%
Written warning	16	33%
Final written warning	8	16%
Dismissal	4	8%
Not guilty	5	10%
Case withdrawn	14	29%
TOTAL	49	

Table 12.44: Types of Misconduct addressed at Disciplinary Hearings for the Period 1 April 2009 to 31 March 2010

Type of misconduct	Number	% of Total
Absence without permission	18	37%
Theft	7	14%
Fraud	3	6%
Threatening conduct	1	2%
Disclosure of confidential information	1	2%
Assault	2	4%
Abusive Language	1	2%
Under the Influence	3	6%
Damage of State Property	4	8%
Disobedience	4	8%
Possession of illegal substance	1	2%
Unauthorised Use of State Property	4	8%
TOTAL	49	

Note: The figures indicated in tables 12.43 and 12.44 may differ due to the reason that an employee may be charged for more than one offence at a single disciplinary hearing.

Table 12.45: Grievances Lodged for the Period 1 April 2009 to 31 March 2010

Grievances	Number
Number of Grievances Resolved	12
Number of Grievances not Resolved	23
Total Number of Grievances Lodged	17

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 12.46: Disputes Lodged with Councils for the Period 1 April 2009 to 31 March 2010

Disputes	Number
Number of Disputes Upheld	1
Number of Disputes Dismissed	5
Total Number of Disputes Lodged	19

Note: The Councils are scheduled but not all disputes referred in the financial year for resolution are resolved within that year.

Table 12.47: Strike Actions for the Period 1 April 2009 to 31 March 2010

Strike Actions	Number
Strike Action	0
Military Trade Union Marches	1

Table 12.48a: Precautionary Suspensions with Pay for the Period 1 April 2009 to 31 March 2010 - Uniformed Personnel

Suspensions	Number
Number of people suspended	26
Number of people whose suspensions exceeded 30 days	26
Average number of days suspended	365
Cost of suspensions	15 407 925

Table 12.48b: Precautionary Suspensions with Pay for the Period 1 April 2009 to 31 March 2010 - Public Service Act Personnel

Suspensions	Number
Number of people suspended	5
Number of people whose suspensions exceeded 30 days	5
Average number of days suspended	365
Cost of suspensions	1 032 507

SKILLS DEVELOPMENT

Table 12.49: Training Needs Identified for the Period 1 April 2009 to 31 March 2010

Occupational Categories	Gender	Number of Employees as at 1 April 2009	Training Needs Identified at Start of Reporting Period			
			Learner-ships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	3	0	0	0	0
Professionals	Female	1 564	4	607	237	848
	Male	1 460	8	1 283	902	2 193
Technicians and associate professionals	Female	2 141	0	796	878	1 674
	Male	4 477	0	2 296	2 073	4 369
Clerks	Female	5 729	0	2 179	2 014	4 193
	Male	8 180	0	2 722	1 238	3 960
Service and sales workers	Female	5 014	0	520	2 520	3 040
	Male	25 904	0	1 167	13 243	14 410
Craft and related trades workers	Female	1 390	168	11	308	487
	Male	7 930	195	58	2 678	2 931
Plant and machine operators and assemblers	Female	1	2	715	0	717
	Male	402	406	2 944	198	3 548
Elementary occupations	Female	3 178	3 104	122	1 268	4 494
	Male	7 223	0	1 068	2 898	3 966
Subtotal	Female	19 017	3 278	4 950	7 225	15 453
	Male	55 579	609	11 538	23 230	35 377
TOTAL		74 596	3 887	16 488	30 455	50 830

Table 12.50: Training Provided for the Period 1 April 2009 to 31 March 2010

Occupational Categories	Gender	Number of Employees as at 1 April 2009	Training Provided within Start of Reporting Period			
			Learner-ships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	3	0	0	0	0
Professionals	Female	1 564	4	944	267	1 215
	Male	1 460	8	318	1 012	1 338
Technicians and associate professionals	Female	2 141	0	1 088	968	2 056
	Male	4 477	0	1 754	2 683	4 437
Clerks	Female	5 729	0	1 854	2 920	4 774
	Male	8 180	0	3 870	3 877	7 747
Service and sales workers	Female	5 014	0	1 922	2 781	4 703
	Male	25 904	0	9 100	14 358	23 458
Craft and related trades workers	Female	1 390	194	757	397	1 348
	Male	7 930	236	3 712	2 782	6 730
Plant and machine operators and assemblers	Female	1	0	11	0	11
	Male	402	0	143	216	359
Elementary occupations	Female	3 178	0	187	1 349	1 536
	Male	7 223	0	3 752	2 987	6 739
Subtotal	Female	19 017	198	6 763	8 682	15 643
	Male	55 579	244	22 649	27 915	50 808
TOTAL		74 596	442	29 412	36 597	66 451

INJURY ON DUTY

Table 12.51a: Injury on Duty for the Period 1 April 2009 to 31 March 2010 - Uniformed Personnel

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only ³⁴	1 176	79%
Temporary total Disablement ³⁵	24	2%
Permanent Disablement ³⁶	264	18%
Fatal ³⁷	24	2%
TOTAL	1 488	100%

Table 12.51b: Injury on Duty for the Period 1 April 2009 to 31 March 2010 - Public Service Act Personnel

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only ³⁴	204	71%
Temporary total Disablement ³⁵	36	13%
Permanent Disablement ³⁶	36	13%
Fatal ³⁷	12	4%
TOTAL	288	100%

UTILISATION OF CONSULTANTS

Table 12.52: Report on Consultant Appointments using Appropriate Funds FY 2009/10

Project Title	Total Number of Consultants that Worked on the Project	Duration: Worked Days	Contract Value in Rand for the FY 2009/10
B/M/083/06 Consultant Service Restructuring of the SA Medical Health Service	2 Crossroads Consulting House Gijima AST	220 Days	R 9 351187.00
B/G/018/08 Accelerated Leadership Development for DOD's Transformation Management Divisions	1 Just-In-Time Solutions	01 April 09 to 31 August 09	R 449 015.62
UB/M/028/09 Appointment of a Transaction Advisor to conduct a feasibility study for a possible PPP for a new Headquarters for the SA Medical Health Service	1 SPP Project Solutions	Per Deliverable	R 299 635.32
B/G/129/06 Appointment of a Transaction Advisor to conduct a feasibility study for a possible PPP Sea Safety Training Centre for the SA Navy	1 Price Waterhouse Coopers	Per Deliverable	R 990 264.42

³⁴ Required Basic Medical Attention Only. This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.

³⁵ Temporary Total Disablement. This is the temporary alteration of an individual's physical or mental status that limits activity. Medical or surgical treatment may stabilize the condition and restore the health of an individual to normal within a defined period.

³⁶ Permanent Disablement. This is the permanent alteration of an individual's capacity to meet personal social or occupational demands or statutory or regulatory requirements.

³⁷ Fatal. An injury, disease or condition causing or ending in organ or multi-organ failure and death.

Project Title	Total Number of Consultants that Worked on the Project	Duration: Worked Days	Contract Value in Rand for the FY 2009/10
B/G/048/08 Appointment of a Transaction Advisor to conduct a feasibility study for a possible PPP for a new Headquarters and mess for the SA Navy	1 SPP Project Solutions	Per Deliverable	R 4 322 521.59
SLA1.1 DOD utilises business architecture to configure and implement an IEAS called MOOD to Policy, Strategy and Planning	1 SITA	992 Days	R 4 778 655.92
DIMS Defence Update Migration Plan. Payment to Defence Institute for Defence Update & Defence Strategy 2010 - 2030 to Policy, Strategy and Planning	1 Defence Institute	Per Deliverable	R 388 810.00
SA Air Force The training of SA Air Force Lynx crews in the use and application of the Lynx helicopter systems in the maritime environment	1 Royal Navy Observer	One Year	R 1 207 000.00
SA Air Force Consultants were utilised to assist the SA Air Force with engineering investigations, e.g. boards of enquiry, where specific expert capabilities, equipment and support is needed that may not be available within the SA Air Force	1 DPSS (CSIR)	2.903 Days (69.667 Hours)	R 37 620.00
SA Air Force Anthropometric services were used during the selection of Pilots and Navigators for the SA Air Force. These tests provide anthropometric measurements on the candidates which help to determine whether they comply with military aviator measurements	1 Ergonomics Technologies	20 Days	R 105 414.00
SA Air Force Provide lectures to the various Electronic Warfare Courses, as well as provide technical assistance during evaluations of Electronic Warfare systems to the SA Air Force	1 Survival Electronics	One Year	R 303 740.00
SA Air Force Facilitate & Co-ordinate Command Post Exercises (CPX) and update of SA Air Force Operational Command and Control Doctrine. Provide specialised strategic decision support services related to Air Power Development	1 Defence Institute	One Year	R 1 937 732.00
SLA 1.2 Senior Information and Communication Technology Architect to define the Information and Communication Technology Infrastructure for the DOD and assist with the development of the Defence Information Strategy and Governance	1 SITA	One Year	R 911 000.00
SLA 1.2 Data/Information Architect to define and develop the schema for data/information in the DOD and assist with the development of the Defence Information Strategy and Governance	1 SITA	One Year	R 758 000.00
DEIS As part of the Minister' top 5 focus areas, the Defence Enterprise Information Systems Master Plan's (DEIS MP) electronic content management system (ECMS) project for the DOD	1 Nokusa EI	Per Deliverable	R 5 615 464.52

Project Title	Total Number of Consultants that Worked on the Project	Duration: Worked Days	Contract Value in Rand for the FY 2009/10
DEIS As part of the Minister' top 5 focus areas, the Defence Enterprise Information Systems Master Plan's (DEIS MP) Strategic Planning enabler system (SPE) project for the DOD	1 Pinnacle Technology Holdings Limited	Per Deliverable	R 1 342 008.00
UB/G/616/08 Operation CLEAN AUDIT for the Chief Financial Officer	1 KPMG and SAB&T (Consortium)	80 000 (Hours)	R 39 195 970.88
SLA 1.1 Process Architecture for SA Army	1 SITA	Per Deliverable	R 1 233 774.62
SA Army Restructuring of SA Army	1 Gijima AST	Per Deliverable	R 5 000 000.00
C Log Development of and implementation of a strategic immovable asset management plan and immovable asset register. Also in assisting with the development of a sound Supply Management strategy for Chief Logistics	1 CSIR	Per Deliverable	R 60 185 976.00
C Log To provide competent support in the clean-up of the DOD item identification, codification, cataloguing, stock and asset register for Chief Logistics	1 Classic One Consortium	Per Deliverable	R 47 219 391.00
CHR PSAP disciplinary skills development workshop for Chairpersons and Departmental representative for Chief Human Resources	1 Human Progress Management	2 Workshops at 5 days per workshop	R 84 000.00
CHR Appointment of a Transaction Advisor to conduct a feasibility study for a possible PPP for Defence Training Institute to Chief Human Resources	1 SPP Project Solutions	Per Deliverable	R 6 083 817.00
DI Appointment of a Transaction Advisor to conduct a feasibility study for a possible PPP for Defence Intelligence	1 Kagiso Financial Services	Per Deliverable	R 2 414 386.00
Total number of Projects	Total Number of Consultants	Total Duration	Total Contract Value for the FY 2009/10
23	17	13,220	R 194 215 383.89

Note: Information on consultants compiled in accordance with National Treasury definition of supply chain management.

PERFORMANCE AGREEMENTS

Table 12.53a: Performance Agreements Signed by Salary Band for Senior Management Service for the Period 1 April 2009 to 31 March 2010 - Uniformed Personnel

Salary Band	Number of employees as at 1 April 2009	Number of Signed Performance Agreements	Number of Unsigned Performance Agreements
Band A - Level 13	163	147	16
Band B - Level 14	41	33	8
Band C - Level 15	8	7	1
Band D - Level 16	1	0	1
TOTAL	213	187	26

Note: 52 Senior Professionals (levels 13-16) were excluded in the total of 213 employees.

Table 12.53b: Performance Agreements Signed by Salary Band for Senior Management Service for the Period 1 April 2009 to 31 March 2010 - Public Service Act Personnel

Salary Band	Number of employees as at 1 April 2009	Number of Signed Performance Agreements	Number of Unsigned Performance Agreements
Band A - Level 13	22	21	1
Band B - Level 14	9	9	0
Band C - Level 15	6	4	2
Band D - Level 16	0	0	0
TOTAL	37	34	3

Note: 7 Senior Professionals (levels 13-16) were excluded in the total of 37 employees. Also excluded from the employee strength are the Minister and Deputy Minister.

Appendix A

DOD Defence Diplomacy Report

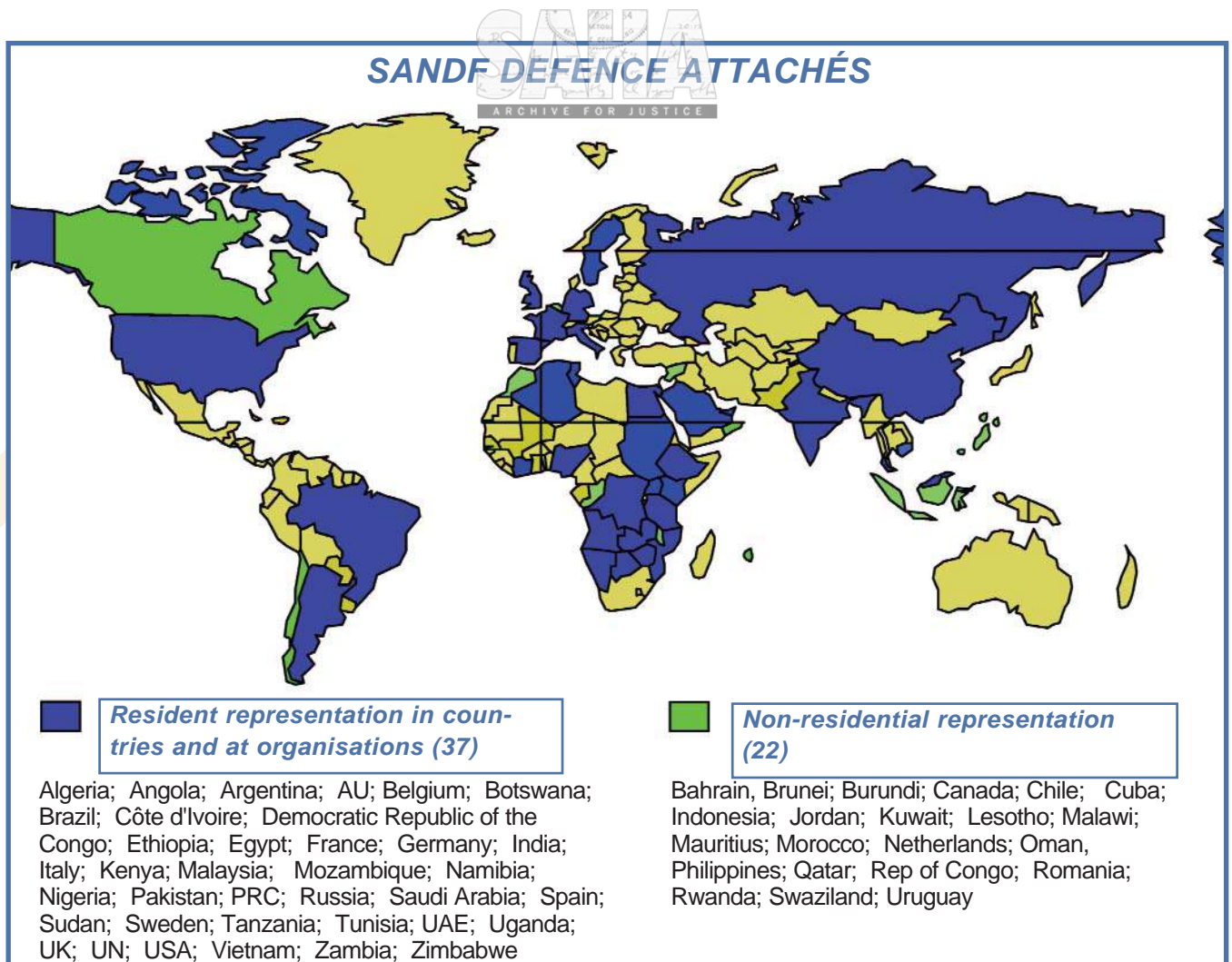
The defence diplomacy actions by the DOD varied from concerted efforts such as defence representation abroad, bilateral and multilateral meetings to indirect actions, which had a defence diplomacy impact. The latter include participation in combined exercises (this does not form part of the scope of this report), participation in functional and developmental training with foreign defence forces and attendance of conferences and seminars. The number of visits, which took place, is noticeably less than the previous financial year and can be ascribed to the moratorium placed on foreign travel

by the Minister of Defence & Military Veterans since July 2010.

SANDF Defence Attachés Representation

Figure A.1 indicates SANDF Defence Attachés representation internationally for the FY2009/10. First time non-residential accreditation was approved during this year to Chile (from Argentina), Cuba (from Brazil) and Burundi and Mauritius (from Tanzania).

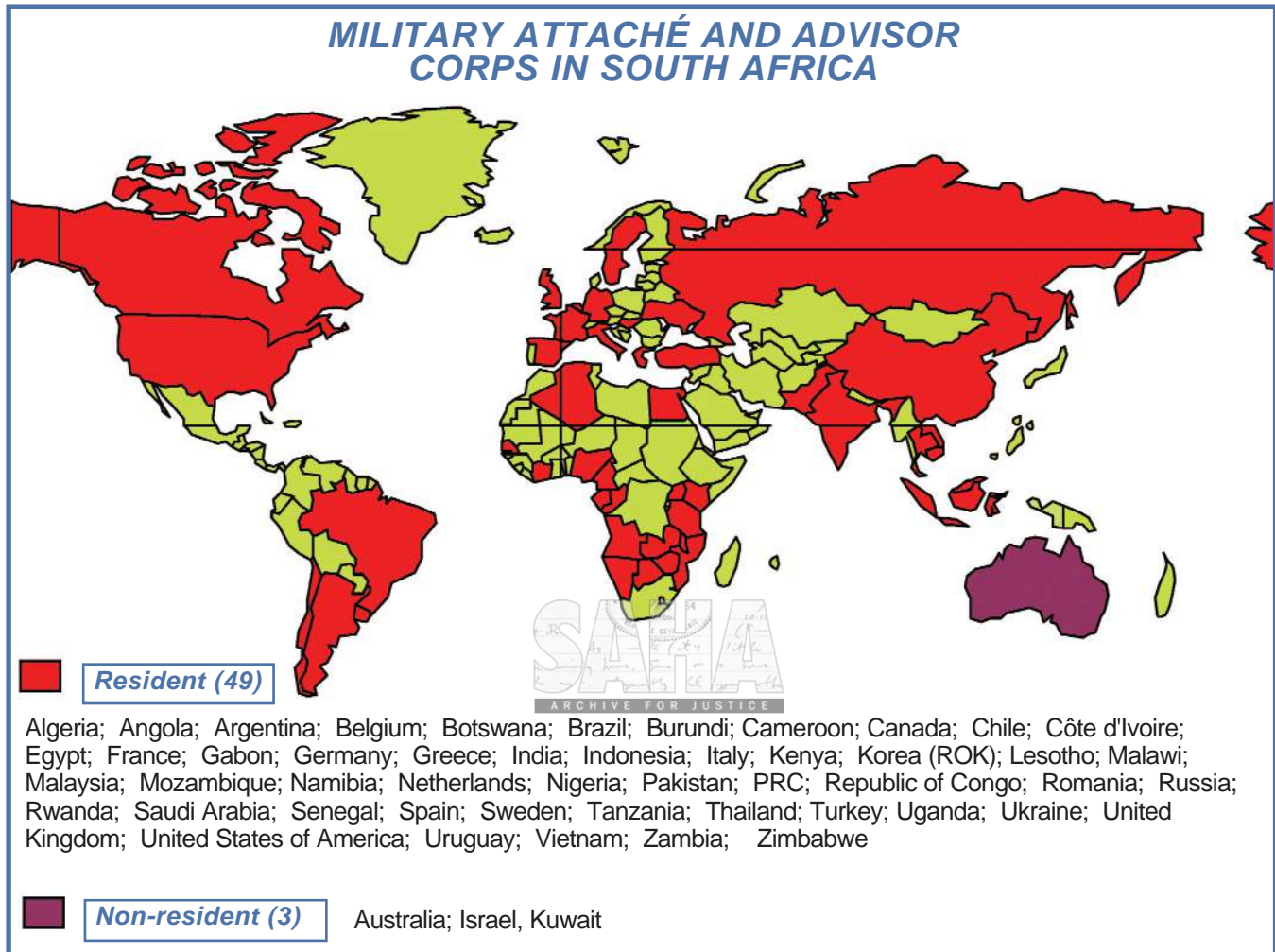
Figure A.1: Map indicating Representation by SANDF Attachés



Military Attaché and Advisor Corps (MAAC) Representation

Figure A.2 indicates MAAC representation in South Africa for the FY2009/10. Saudi Arabia opened a residential Defence Office in Pretoria.

Figure A.2: Map indicating MAAC Representation in South Africa



Bilateral and Multilateral Interaction

The South African Development Community (SADC) as a region, as well as the African continent remains the main focus of the DOD in terms of bilateral and multilateral

interaction. Table A.3 indicates the meetings held within the framework of the SADC/Interstate Defence and Security Committee (ISDSC) structures.

Table A.3: SADC/ISDSC Structures Meetings for the FY2009/10

Committee	Date	Venue
Defence Sub-committee meeting	3-9 May	Swaziland
ISDSC Spiritual and Moral Support workgroup	3-6 May	Swaziland
Operational sub-sub Committee meeting	20-24 Jun	Swaziland
Logistics workgroup	14-17 Jul	Botswana

Committee	Date	Venue
Telecommunications workgroup	20-23 Jul	Pretoria
ISDSC Ministerial Committee of the Organ	29 Jul-3 Aug	Swaziland
ISDSC TIS Workgroup	20 Jul	Pretoria
15 th Annual SADC Standing Maritime Committee work session	13-23 Aug	Zimbabwe
DISC sub committee meeting	12-15 Oct	Zimbabwe
ISDSC Logistics workgroup	13-17 Nov	Zimbabwe
DISC meeting (Defence Intelligence and Security Committee)	16-20 Nov	Democratic Republic of the Congo (DRC)
ISDSC Military Health workgroup	1-3 Dec	RSA
Extraordinary Session of Personnel Workgroup and Mainstreaming conference	1-4 Dec	Zambia
SADC Standing Maritime Committee Landlocked States maritime conference	22-23 Oct	Botswana

- Bilateral meetings, in the African context were held with Namibia, Mozambique, the Democratic Republic of Congo, Zimbabwe and an inaugural defence committee meeting with Malawi.
- Further abroad, an inaugural defence committee meeting was held with Saudi Arabia. Other ongoing bilateral activities include meetings with the USA (including a mid term review), the Russian Federation and Sweden (including the SAAF Implementing Agreement meeting which is a sub-programme under the memorandum of understanding with the country). The SA Navy held staff talks with the Argentinean Navy and the German Navy respectively, whilst a strategic dialogue with the French Armed Forces was held. The latter is a sub-committee under the memorandum of understanding.
- *Foreign Visits to Countries from the Rest of the World.* The nature of the visits to these countries include observers to military exercises, benchmarking of training, attendance of conferences as members of professional bodies, programmes on strategic issues or work groups and defence exhibitions. A number of conferences were attended relating to women in the Armed Forces. Eighty-five visits took place during the FY2009/10.
- *Visits to the DOD by Countries from the Rest of the World.* The 38 visits to the SANDF ranged from reciprocal goodwill visits, discussions on precise functional topics and the hosting of workgroups. The SA Navy hosted the NATO Workgroup on Submarine Escape and Rescue, whilst the SA Air Force hosted the Hawk Users Steering Group.
- *Foreign Military Training.* Fifteen foreign officers attended the flag ship development courses of the SANDF, namely the Executive National Security Programme and the Joint Senior Command and Staff Programme. The SANDF hosted foreign members on 58 functional courses. SANDF officers attended development courses in six foreign countries. A further 101 members of the SANDF attended functional courses in foreign countries. Eight foreign delegations comprising officers on Senior Command and Staff courses chose South Africa as destination for their foreign study visits. Under the African Contingency Operations Training and Assistance Programme, a course was presented by a training team from the US Army to 56 military

Foreign Visits

- *Foreign visits to African Countries:* A total of 59 visits were undertaken by members from the SANDF to African countries for reasons varying from high-level goodwill visits, planning and debriefing conferences/meetings for combined exercises, quarterly non-residential accreditation to Lesotho, support to SA troops deployed in Africa and intelligence exchanges.
- *Visits to the DOD by African Countries.* For reasons varying from benchmarking or comparative studies on training, human resource management or medical matters, intelligence exchange, sport or goodwill visits, the SANDF welcomed 29 delegations from Africa.

police officers involved in peace support operations.

- *Ships Visits.* Foreign ships berthed in South African ports eleven times for maintenance, rest and recuperation during long voyages. The SA Navy did not undertake long voyages to foreign ports during the reporting period.
- *Equipment Transfer to Foreign Recipients.* None reported
- *Southern African Standby Force.* Exercise GOLFINTHO, was a SADC Brigade exercise which took place at Lohathla, combining forces from the SADC region. The aim of the exercise was to test the intervention capability of the Standby Force. The diplomatic value of the exercise reflected the SANDF's commitment to the region.

Specific Defence Diplomacy Actions

- Preparation has commenced for the biennial Africa and Aerospace and Defence Exhibition taking place in 2010.
- *Military Operations.* Although military operations do not commence as a defence diplomacy action, the advantages of participations in multinational operations lie in the enhancement of the RSA's commitment to providing capacity to these operations and the image of the South Africa soldier abroad. Multinational operations in which the SANDF participated include Operations MISTRAL and TEUTONIC in the Democratic Republic of the Congo, Operation CURRICULUM in Burundi,

Operation CORDITE in Sudan, Operation INDULI in Nepal, Operation BONGANI in Northern Uganda and Operation VIMBEZELA in the Central African Republic. In this manner the SANDF supported the work of the African Union and the United Nations and striving for peace and security on the African continent.

- *Military Exercises.* The SANDF provided training support to the Singapore Defence Force during a field training exercise (EX DORSAY) in Bloemfontein during April and May 2009. In Ex BELL BUOY, the SANDF participated with Argentina, Australia, Brazil, Canada, Chile, New Zealand, UK and the USA in an exercise on naval co-ordination and guidance of shipping. During August 2009 a similar command post exercise, Ex TRANSOCEANIC, was conducted to represent the SANDF as a full-time member of the Transoceanic Organisation. Ex GOOD HOPE is a biennial combined and joint exercise with the German Navy and Air Force. This combined exercise is deemed of great value to the SANDF in general and the SA Navy in particular. These exercises have a similar defence diplomacy value as the participation in military operations.

○ *Specialist Advisory Team (Team BULISA) to Kinshasa, Democratic Republic of the Congo.* This team completed the drafting of the strategy documents, which are now being translated into French. The implementation of the strategies will commence by introducing the FARDC to strategic business planning. This will be done within the guidelines of the Democratic Republic of the Congo financial system.

Appendix B

Foreign Aid assistance to the DOD

Table B.1 indicates the foreign aid assistance to the DOD for the FY 2009/10. The value of the assistance is merely an estimate of what it could have cost the SANDF since money did not change hands.

Table B.1: Foreign Aid Assistance to and from the DOD for the FY 2009/10

Donor country (Source)	Type of Aid (Funds or In-kind)	Estimated Rand Value	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
Force Employment						
USA	Foreign military funding for training	411 600	International Special Forces training course and 2 operations medical courses, as well as a ranger course	Each course was attended by one member	Not applicable	Not applicable
Landward Defence						
USA	Foreign military funding for training	1 621 605	Air Defence, Military Intelligence, Artillery and Armour courses, as well as Army Command and Staff course	Each course was attended by one member	Not applicable	Not applicable
Germany	Foreign military funding for training	68 724	Attendance of Programme on Terrorism and Security Studies	Course was attended by one member	Not applicable	Not applicable
UK	Foreign military funding for training	975 000	Attendance of the Royal College for Defence Studies	Course was attended by one member	Not applicable	Not applicable
India	Foreign military funding for training	25 324	Jungle-warfare and counter-insurgency	Course was attended by one member	Not applicable	Not applicable
Air Defence						
USA	Foreign military funding for training	486 000	Attendance of programmes on Comprehensive Security Response, Terrorism and Security Studies, Comprehensive Crises Management,	Programmes were attended by a member each	Not applicable	Not applicable

Donor country (Source)	Type of Aid (Funds or In-kind)	Estimated Rand Value	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
			Advanced Security Studies; the next Generation African Military			
USA	Foreign military funding for training	960 000	Attendance of the Senior Non-commissioned officer Academy; Joint Forces Staff College and Air War College	Each course was attended on one member	Not applicable	Not applicable
USA	Foreign military funding for training	280 000	Attendance of training on Aviation Safety, Defence Acquisition management and Purchaser Advanced training	Each course was attended on one member	Not applicable	Not applicable
Zambia	Foreign military funding for training	99 000	Joint Senior Command and Staff course	Course was attended by one officer	Not applicable	Not applicable
Maritime Defence						
USA	Foreign military funding for training	3 170 000	US Naval Academy (over four years until 2013), Senior Staff course and Senior Enlisted course	Each course was attended by one member	Not applicable	Not applicable
India	Foreign military funding for training	24 000	Clearance Diving Officers course and Staff Course	Course was attended by one member	Not applicable	Not applicable
Military Health Support						
USA Department of Defence President's Emergency Plan for AIDS Relief (PEPFAR)	In-Kind (funds controlled by USA)	<i>Information on the value of the donation in kind has been requested from the USA Department of Defence. To date no information has been received</i>	Project MASIBAM-BISANE: HIV and AIDS prevention programme for SANDF members	A complete database of implemented programmes is available at Military Psychological Institute	There has been a deviation from planned programme activities due to a delay in submission of projects and human resources shortages	Ongoing project until donor indicates otherwise
USA Department of Defence President's Emergency Plan for AIDS Relief (PEPFAR)	In-Kind (funds controlled by USA)	R5 317 551	Sponsorship of drugs for anti-retroviral treatment (ARV).	The donation is not a pre-determined amount. The value of the donation is determined by the number of patients receiving treatment	No deviation.	Ongoing project until donor indicates otherwise

Donor country (Source)	Type of Aid (Funds or In-kind)	Estimated Rand Value	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
USA National Institute of Allergy and Infectious Disease (NIAID)	In-Kind (funds controlled by USA)	R14 321 899 (Anti-retroviral treatment only) <i>Information on the value of the donation in kind has been requested from the USA Department of Defence. To date no information has been received</i>	Project PHIDISA: Sponsorship of drugs for anti-retroviral treatment (ARV) Establishment of a Clinical Research Capability	The donation is not a pre-determined amount. The number of patients receiving treatment determines the value of the donation. P1A - ±1 771 patients	Protocols I & II ended in December 2007 as the scientific integrity of data collected was sufficient to continue with actual research until the study completes in 2010	A 5-year project that is meant to be ended in 2010
Biological and Toxins Weapons Convention	In-Kind (funds controlled by Dep of Trade and Industry for the Non-Proliferation Council)	200 000	Attendance of the conference on Biological and Toxin Weapons Convention and the meeting of state parties to the Convention	Two visits by one member	Not applicable	Not applicable
Reserve Force						
USA	Foreign military funding for training	21 160	Discussions on the new York State partnership programme	Visit undertaken by one member	Not applicable	Not applicable
General Support (Logistics)						
USA	Foreign military funding for training	152 000	Attendance of the Logistic Management Information System course and US Sustaining Military Readiness conference and environmental visit	Course attended by one member and conference by two members	Not applicable	Not applicable

Appendix C

Criminality in the DOD

Anti-Criminality in the DOD has advanced by leaps and bounds during the period under review. Success was achieved through structuring the organisation in such a way that it has become more conducive to the management of crime at all levels. Anti-Criminality in the DOD is well on its way to achieving the goals that were spelled out in the Strategy on Anti-Criminality of 2001.

The Military Police Division and Defence Intelligence Division did a number of crime risk surveys during the reporting period in order to determine the extent to which the physical security measures are lacking/ sufficient at different units, as requested by the Services/ Divisions. Additionally, the Military Police Division trained four members from the Services/ Divisions in conducting the surveys in order to be able to do their own risk assessments with regards to physical security.

The management of crime has systematically being included in the performance agreements/duty sheets of all commanders/managers. As not all Services and Divisions have had anti-criminality in the performance agreements/duty sheets of all their commanders/ managers, this issue is receiving ongoing attention.

Anti-Criminality has, in most cases, been incorporated as a standing agenda point on all the command forums, including the DOD Planning Board. This constant reminder is important to the Anti-Criminality strategy in order to raise the sensitivity around crime and to drive the implementation of the Anti-Criminality strategy.

The DOD Safeguarding Board met monthly and was attended by the Nodal Points on Anti-Criminality representatives of all Services and Divisions. The commitment by commanders to the management of crime was demonstrated by them personally signing all safeguarding/ anti-criminality reports.

The DOD Nodal Point on Anti-Criminality has been established and five appointments out of the seven available posts have been made. This implies that the DOD Nodal Point on Anti-Criminality is 85.7% staffed.

Most of the Services/Divisions have officially appointed Nodal Points. However, some members have only been appointed verbally and do not have valid performance

agreements/duty sheets. This situation is receiving urgent attention and will be rectified in due course.

Deliberate action has been implemented to safeguard the DOD's vehicle fleet. Most Services and Divisions have already placed non-removable stickers on their vehicles and/or spray painted it (especially D-vehicles) in order to make them readily identifiable. Some of the Services/Divisions are also in the process of fitting some of their vehicles with satellite tracking systems, which will be monitored by Defence Intelligence in order to curb this threat.

One of the biggest challenges experienced in the Anti-Criminality environment during the past financial year was the availability, flow and integrity of crime-related information. In the previous reporting period, the DOD Nodal Point on Anti-Criminality initiated the design of an Information System that will integrate all the fragmented information already available in other systems in the DOD, e.g. PERSOL, CAS and Consolidated Control. The aim of this system will be to verify information against the various systems and to make business intelligence available to commanders/managers on all levels. This will enhance decision making relating to crime prevention, and will also enhance the integrity of the data. The Anti-Crime Information System is in the process of being developed in correlation with SITA and its roll-out is planned for the FY 2010/11. Currently, most of the facilities (\pm 80%) in the DOD have the required security measures in place.

There has been no formal training of members in the DOD with regards to the management of crime during the reporting period. However, the DOD Nodal Point on Anti-Criminality has engaged in discussions with Defence Intelligence to design a course specifically aimed at the management of crime. Informal training has, however, been given to the nodal points during the annual Anti-Criminality Seminar that was held on 31 July 2009. In order to fight crime effectively, the Defence Legal Service Division facilitated 40 training and 56 specialist courses to skill trial officers and other officers to ensure that the legal system is effectively managed at all levels.

The policies in the DOD have not yet been aligned with the strategy on Anti-Criminality. Anti-Criminality aspects were included in all the revised policies during this FY 2009/10. The process is a tedious one, and will take several years to complete.

The tracking of A-class items is problematic, as it is vir-

tually impossible to identify DOD property if it is not controlled against a serial number.

As the management of crime is not solely a Military Police task, greater effort must be put in to ensure that members of the DOD buy in and make the prevention of crime their own.



Appendix D

Risks and Mitigating Factors in the DOD

Detail of the DOD risks and mitigation pertaining to the continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs is provided in Table D.1 below.

Table D.1: DOD Risks and Mitigation Factors for the FY 2009/10

Risk	Mitigation Action	Actual Achievement
Landward Defence Programme		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	<p>The SA Army participated in the compilation of the RAMP and . Provided Rm27,6 from own funds to address the most critical problem areas into recoverable projects, and Rm20,4 for facility upgrades, decentralised to unit level</p> <p>The SA Army will continue with the acquisition of armament with the funds available on the SCAMP</p> <p>The SA Army Plan for the Renewal has been completed and submitted to Higher HQ.</p> <p>The SA Army participated in the costing of both the Force Design Update Defence 2025 and Defence Strategy 2010-2030 during which various scenarios were tested</p> <p>The SA Army has again submitted its requirements during the FY 2009/10 additional allocation cycle</p>	<p>The RAMP programme was discontinued in the middle of the FY 2009/10. This would have at least alleviated the condition of some units. From its own funds the SA Army could repair at least four units. These are Fort Ikapa (Res Nodal point), National Ceremonial Guard (NCG), SA Army College (Luken & Mentz buildings) and HQ 46 SA Brigade (Kitchen and roof)</p> <p>The Enablement of the Landward Defence Systems has not been approved. Equipment renewal is only achieved through the SCAMP. The level of funding in the SCAMP only allows partial commissioning of a very few projects on a phased approach. This means among other things that some of the newly commissioned equipment cannot be operational but kept on preservation</p>
Air Defence Programme		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	Address critical issues using operating funds and own capabilities	Limited relief brought about by utilising own funding and capabilities, but infrastructure continues to deteriorate with negative OHS implications and impact on operations. Good progress with Air Force Base Waterkloof runway repair project
Maritime Defence Programme		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	Developed Actions Plans	The SA Navy conducted a high level inspection of all SA Navy units. Implementation of action plans subject to funding and PWD capacity to attend to challenges identified

Risk	Mitigation Action	Actual Achievement
Military Health Support Programme		
<p>The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs</p>	<p>The SAMHS has reported at several meetings and forums that it cannot sustain or renew its capabilities and infrastructure from its operating budget and 2% capital budget</p> <p>The SAMHS has instituted several master plans to address the challenges on logistical matters, the deterioration of facilities and the renewal of equipment. The Logistical Master Plan includes the Facility Master Plan and the Vehicle Fleet Master Plan</p>	<p>The three military hospitals are under a comprehensive repair and maintenance programme (RAMP). The RAMP at the three military hospitals is progressing according to plan, will be finalised in 2012. SAMHS is addressing the challenges to minimise the current impact of the RAMP on service delivery at the three military hospitals. The RAMP has, increased the need for medical outsourcing</p> <p>The execution of the Facility Master Plan has been successful despite funding shortages. Optional funding and donor funds for the Comprehensive Care, Management and Treatment of HIV and AIDS utilised to upgrade priority health facilities according to plan. Upgrades of the facilities are directed to the rollout of antiretroviral treatment. Efforts to improve the current status of the SAMHS health facilities are continuing</p> <p>SAMHS allocated funds to address the improvement of its training capability. Funds from operating budget have been made available to purchase temporary accommodation and classrooms at the Military Health Training Formation to expand the training capability and address shortages. Funds also allocated to upgrade Lephalale to establish a full training capability for the training of Military Skills Development System members</p> <p>SAMHS initiated the process to build a new Military Health Depot and a Prime Mission Equipment Warehouse</p> <p>Operational facilities such as five field hospitals and resuscitation posts for the ordered commitments cannot be purchased from the SAMHS operating budget. The requirement for additional funding was indicated to the Portfolio Committee on Defence, followed up with comprehensive documents in a response to the Portfolio Committee on Defence questions. The requirements was also presented as policy proposals for optional funding</p> <p>Project ABDOMEN, the renewal of main medical equipment, is not funded. SAMHS procured main medical equipment for the military hospitals as part of the first phase of the recapitalisation of main medical equipment in the military hospitals as per Technology Improvement Master Plan</p> <p>SAMHS initiated management interventions to renew and improve vehicle fleet through a Vehicle Fleet Master Plan. SAMHS renewed part of vehicle fleet to sustain military health service delivery</p>
Defence Intelligence Programme		
<p>The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs</p>	<p>The DI HQ Lease Contract states that the owner of the Liberty Life Building is responsible for the maintenance and repair of the building.</p> <p>Routine maintenance and repair was done at the HQ building, SADIC and Fontana Military Base</p>	<p>Fontana Military Base and SA Defence Intelligence College facilities have been upgraded during FY 2009/10 to such extent that an OHS closure has been lifted</p>

Risk	Mitigation Action	Actual Achievement
Corporate Staff		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	The DOD HQ unit did day-to-day maintenance to infrastructure	62 of 172 tasks reported were completed due to insufficient budgeting by clients. The total amount of repairs amounted to R46 932
Legal Services Subprogramme		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	To upgrade 6 court facilities in accordance with an implementation plan	Upgraded 3 court facilities due to limited funds. The remaining 3 courts will be upgraded in FY2010/11
Human Resources Support Services Subprogramme		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	Currently an assessment is being done to determine the total extent of the condition of infrastructure within the HR Div	The deterioration of training and support infrastructure throughout the HR Div and its subordinate formations/units continued to be addressed to a very limited extent within the constraints of available funding. A special effort is being made to identify the most critical aspects that can possibly be rectified through the redirection of available resources in order to ensure continued accreditation of the training establishments. The roof of the CAT has been registered with the RAMP R770 726.64 was allocated for the upgrading of Personnel Services School for FY2010/11
Joint Logistic Subprogramme		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	The development and implementation of a DOD User Asset Management Plan Creation of selected own capabilities to manage, repair/maintain and construct facilities	Being implemented The Military Command Council approved the establishment of the DOD Works Capability to manage, repair, maintain and construct facilities
Command and Management Information Systems		
The continued deterioration of infrastructure, equipment and facilities due to insufficient funding for maintenance and repairs	When funds are made available from Services/Divisions or are released from other CMIS Division programme, the funds are used to acquire new Information and Communication Technology infrastructure to replace obsolete or beyond economical repair Information and Communication Technology equipment	The following sites have been identified to have their Local Area Network (LAN) upgraded and these upgrades were completed during the last quarter of the financial year: SA Army Combat Training Centre. SA Army Headquarters. AFB Overberg. Bank of Lisbon building. General Piet Joubert building. Durban Bluff Military Base. Regiment Botha HQ (Barberton). Military Base Dunottaar. 4 SAI Bn. 9 SAI Bn. 1 Military Hospital (D Block, H Block Level 3 and H Block Level 4). MPA School. MPA Level 3 HQ, Technopark. NSD Wingfield

Detail of the DOD risks and mitigation pertaining to the continuous loss of scarce skills to the private sector is provided in Table D.2 below.

Table D.2: DOD Risks and Mitigation Factors for the FY 2009/10

Risk	Mitigation Action	Actual Achievement
Defence Administration		
The continuous loss of scarce skills to the private sector	Establishment of the Interim National Defence Force Service Commission	Bill has been submitted to Parliament for approval to establish a permanent commission
Force Employment Programme		
The continuous loss of scarce skills to the private sector	Payment of Special Forces incentives	As a result of the Special Forces incentive pay, only 3 Special Forces operators were lost during FY 2009/10. This is significant if compared to the support personnel attrition rates that are far in excess of the above-mentioned figure
Landward Defence Programme		
The continuous loss of scarce skills to the private sector	A monetary incentive scheme has been developed for TSC members and other scarce skills based musterings will be investigated for similar schemes	Although the SA Army budgeted (Rm65) for implementation of an incentive scheme during the FY 2009/10, it could not secure the necessary authority to roll out until the Minister of Defence appointed a commission to address the broader conditions of service for the SANDF entirely
Air Defence Programme		
The continuous loss of scarce skills to the private sector	Utilisation of Air Force Reserve members. Use of alternate service delivery. Improve recruitment and training. Financial incentives	Low funding levels result in low aircraft availability and concomitant low flying rates. This in turn slows down the progress of air- and technical crews. The slow career path growth, coupled to the unabated recruitment of experienced personnel by the local and foreign aviation industry, impacts negatively on the development and retention of specialist skills and slows down the pace of representivity improvement
Maritime Defence Programme		
The continuous loss of scarce skills to the private sector	Retention Strategies and schemes have been introduced with some effect.	Increased the number of Public Service Act Personnel recruited as well as the awarding of 546 Core Service System Contracts to former MSDS members
Military Health Support Programme		
The continuous loss of scarce skills to the private sector	The vigilant but controlled application of Rural Allowances and Scarce Skill Allowances. The SAMHS implemented the Occupational Specific Dispensation. SAMHS forms part of the technical committees and negotiations for the Occupational Specific Dispensation for the other health care professionals and will implement the respective approved Occupational Specific Dispensation accordingly	Allowances are not unique to the SAMHS and could therefore not be regarded as a unique retention measure. The human resource processes have to be flawless in ensuring that these allowances are implemented in order to retain the human resources

Risk	Mitigation Action	Actual Achievement
	<p>The rejuvenation of the SAMHS is also taking place by means of identifying and selecting Military Skills Development System candidates to undergo studies in the health care practitioner environment</p> <p>The Clinician Associate Programme that was initiated by the SAMHS with the University of Pretoria is progressing well. The assistance of the 16 students currently utilised under the programme can be regarded as a "force multiplier". Discussions have been initiated with more universities. The collaboration with the Deans of Training Institutions is continuing in an effort to forge relationships for the training of students and to market the SAMHS as employer of choice</p> <p>The initiative to offer study contracts to selected members in an effort to recruit and retain members in health care professional groupings is continuing. Appeals for the legalities and binding nature of the study contracts have been made to prevent DOD trained graduates from avoiding the fulfillment of their service obligations</p> <p>A workgroup has been established to determine the restructuring and revitalisation of the Mildent and Mildant scheme as well as the establishment of a Military Health Faculty at the Training Formation</p> <p>The training of Art 38A nurses continues as a measure to augment the functions of dispensing medication in the health facilities where there are no dedicated pharmacists. This intervention has been a huge cost saver to the SAMHS and it has augmented scarce resources and ensured a continuation of services</p> <p>SAMHS forms part of the collective discussions in the DOD on the Remuneration Strategy. SAMHS continues the advocacy for the implementation of incentives or military allowances to health care practitioners</p> <p>SAMHS initiatives to shorten and expedite the appointment process of health care practitioners are continuing</p>	<p>The strategy is to market the SAMHS as an employer of choice. The retention strategy must be regarded as a medium term strategy due to the period of studying and training to obtain the necessary qualifications. The marketing strategy has only been initiated and will depend on the sustainment of the current initiatives</p> <p>The results from the initiative have been positive and the SAMHS will be extending the initiative to other universities during 2009</p> <p>The results of the rejuvenated initiative and the "growing of own timber" will only benefit the SAMHS in the medium term</p> <p>The result from the revitalised initiative will also only be tangible in the medium term</p> <p>Training of Art 38 nurses has been replaced with the new Diploma in Clinical Nursing Health Assessments, Treatment and Care. SAMHS would not have been able to render comprehensive patient care without the nursing personnel assisting with the dispensing of medication</p> <p>SAMHS continues to indicate the importance of expediting the implementation of incentives for health care practitioners to retain the services of this scarce skill group</p> <p>A pilot shortened process for the appointment of medical officers is currently under way. The General Officers Commanding of Tertiary Military Health Formation and 1 Military Hospital have received delegations for the recruitment and acquisition of medical officers. The shortened process has already indicated progress</p>

Risk	Mitigation Action	Actual Achievement
Defence Intelligence Programme		
The continuous loss of scarce skills to the private sector	Continue with recruitment in the SANDF both within and outside the DOD	During FY 2009/10 former MSDS members were recruited
Corporate Staff		
The continuous loss of scarce skills to the private sector	The 27 vacant posts at the DOD HQ unit had been filled temporary by utilising Reserve Force members	The vacant posts were addressed during the recent succession planning and posts were filled. The loss of skilled people however requires the continued use of Reserves in certain posts
Legal Services Subprogramme		
The continuous loss of scarce skills to the private sector	Obtain approval for the Occupation Specific Dispensation (OSD) for Military Law Practitioners Suitably trained Reserve Military Law Practitioners are to be called up for service to address the vacancies and ensure that the Division's service delivery is honoured in the interim	Obtained approval for the Occupation Specific Dispensation and was implemented in June 2009 97 Reserve Military Law Practitioners were utilised to address the vacancies and to ease the workload
Human Resources Support Services Subprogramme		
The continuous loss of scarce skills to the private sector	The DOD implemented a dedicated and sustained campaign, coupled to appropriate appointment incentives, to recruit tertiary qualified members and employees, with specific reference to critical and scarce skills	The DOD implemented Instruction 32 to ensure that recruitment of the required targets is achieved. Recruitment for MSDS is targeted to specific Tertiary Institutions to meet DOD requirements. The Remuneration Strategy for military personnel has been developed and approved
Joint Logistic Subprogramme		
The continuous loss of scarce skills to the private sector	The remuneration for the engineering/technical family was originally going to be addressed with an additional technical allowance. In July 2009 the Minister announced that the SANDF would introduce the Occupational Specific Dispensation (OSD) for engineering and related professionals and other occupations	The remuneration increases during December 2009 prompted a change in mitigation action. The DOD recommended to the INDFSC that the SANDF return to the concept of a technical allowance for a period of 24 months, and simultaneously develop an engineering/technical OSD for the DOD
Command and Management Information Systems		
The continuous loss of scarce IT skills to the private sector.	The CMIS Division in conjunction with the HR Division is in process to investigate an IT dispensation in the DOD	The CMIS Division and the HR Division is still in process to investigate an IT dispensation in the DOD
Insufficient management of Information Warfare (IW) support services due to the lack of capacity.	Increase the military personnel to take over IWAP responsibilities and to develop SANDF expertise	IW Work was prioritised and tasks were completed according to plan

Detail of the DOD risks and mitigation pertaining to the provision of updated defence-related internal administrative systems for finance, human resources and procurement is provided in Table D.3 below.

Table D.3: DOD Risks and Mitigation Factors for the FY 2009/10

Risk	Mitigation Action	Actual Achievement
Legal Services Subprogramme		
Outdated defence-related internal administrative systems for finance, human resources and procurement	Compiling and or updating Management Directives, Standing Orders/Directives	Updated all DLSD member's Management Directives. Updated and aligned outdated Standing Orders/Directives and compiled new Standing Orders/Directives
Human Resources Support Services Subprogramme		
Outdated defence-related internal administrative systems for finance, human resources and procurement	The DOD is currently participating in the Integrated Financial Management System (IFMS) which will replace the DOD HR System	The DOD successfully participated in the Strategic Appliance Products (SAP) Human Capital Management training which was rolled out by the Department of Public Service and Administration (DPSA). The DOD has completed the IFMS blueprint requirements for HR
Command and Management Information Systems		
Outdated defence-related internal administrative systems for finance, human resources and procurement	<p>The CMIS Division participates in the forums, from the information systems perspective, regarding the renewal of finance, human resources and procurement systems.</p> <p>Information and Communication Technology must have insight into the systems requirements to ensure steps are taken to put the relevant systems requirements in place and participate in all legislative requirements</p>	<p>The Department of Defence is actively participating in the Government's Integrated Financial Management System (IFMS) project that is looking at renewing the Human Resources, Procurement and financial systems of the state</p> <p>Information and Communication Technology participated in all role-players and government requirements</p>

Detail of the DOD risks and mitigation pertaining to the servicing of Memoranda of Understanding is provided in Table 4 below.

Table 4: DOD Risks and Mitigation Factors for the FY 2009/10

Risk	Mitigation Action	Actual Achievement
Force Employment Programme		
Delays in servicing of Memoranda of Understanding	Main Equipment Renewal projects (SA Army) aims to address ageing equipment	Intervention measures to address the short term included the contracting of civil contractors to maintain and enhance current capabilities
Defence Intelligence Programme		
Delays in servicing of Memoranda of Understanding	DI provided support as required	Support provided as required

Risk	Mitigation Action	Actual Achievement
Defence Foreign Relations Subprogramme		
Delays in servicing of Memoranda of Understanding	High level intervention and prioritising is required, as well as clarification and realignment between Defence Foreign Relations and Defence International Affairs in terms of their respective mandates	No progress was made and the number of bilateral meetings that took place were only 13 of the required 42
Legal Services Subprogramme		
Delays in servicing of Memoranda of Understanding	Ensure appropriate inputs are given to <ul style="list-style-type: none"> - Protect SANDF personnel abroad - Approval for customs (Licensing of weapons, vehicles and frequencies) 	Rendered the required legal advice to ensure that MOUs are drafted with all the required inputs
Command and Management Information Systems		
Delays in servicing of Memoranda of Understanding	To ensure continuous partnership between other international role-players (Defence Forces, and Industries) and stay abreast with the latest technology	Official working visits took place as planned



Appendix E

New Services/Outputs Scaled Up and/or Services/Outputs Scaled Down Or Suspended

NEW SERVICES/OUTPUTS SCALED UP

Defence Policy, Strategy and Planning

ICTS Secretariat. In October 2009 the President appointed the Minister of Defence as the Chairperson of the ICTS Cluster. As a consequence, the Secretary for Defence became the Chairperson of the ICTS DG Cluster. Furthermore, the responsibility of the Secretariat for the ICTS Cluster was transferred to the DOD on 01 December 2009, and the Acting Secretary for Defence designated the Chief of Defence Policy, Strategy and Planning to assume responsibilities for the Secretariat Services. No additional personnel and resources were allocated to fulfil this responsibility.

Defence Corporate Communications Division

The establishing of an Internal Broadcasting Capability for the DOD is registered in the Defence Enterprise and Information Systems Master Plan. During the reporting period, an assessment of the DSTV decoder infrastructure was done to determine the feasibility of this capability as an effective internal communication medium for the DOD. It is envisaged that this capability will be used by the DOD top structure to communicate with members and employees of the DOD.

Defence Foreign Relations Division

The last Defence Attaché office to open was that of Pakistan. This new output was approved in the FY 2006/07, but activating the office was delayed due to security concerns in the country.

Human Resource Division

The migration of the corporate Physical Training, Sport and Recreation, as well as the Occupational Health and

Safety functions from the SA Military Health Services to the Human Resource Division is still not finalised. The required staff liaison and staff work in this regard is continuing.

SA Army

Signal Capability has migrated fully into the SA Army. The SA Army's budget ceiling was increased and this capability is now under the command and control of Chief of the Army. Six maintenance units have also been fully migrated into the SA Army, but without staff and equipment. Theoretically, the SA Army Technical Service Corps capability has been enhanced, but in real terms, this is not the case, as these units have not been staffed or equipped for their task.

SA Air Force

Conformance with National Nuclear Act. To ensure conformance with the National Nuclear Act (Act 47 of 1999), with regard to radioactive aircraft engine material, an application for a certificate of registration with the National Nuclear Regulator was submitted in December 2009, and registration fees have been paid. The training of Radiation Protection Officers is in process.

Acquisition of Infra-Red Imaging System Tail/Thrust Vector-controlled Missile. A number of operational and training missiles were delivered and accepted. The training missile has been installed on the Gripen aircraft and is presently being flown with this configuration.

Introduction of the Single Seat Gripen. Two single seat Gripen aircraft arrived in the RSA during February 2010, and the specific component and ground support equipment is still to be delivered. A high priority has been placed on the identified critical items to ensure success

of the required capability. The contracted baseline could not be delivered during 2010 and was delayed to September 2011. The delivery of aircraft numbers 16 to 26 will proceed as planned, although SAAB will be responsible for the storage and maintenance of delivered aircraft until the contracted baseline is met.

Deployments for the FIFA Confederations Cup (Command and Control). Deployments took place as planned. Shortage of equipment and subsequent serviceability of equipment did not allow for application of normal deployment procedures or required operational concepts. Information Communication Technology support was, however, successfully provided to all deployment areas. This was made possible only through the dedication of the people and the application of sound management principles.

Increase in Helicopter Flying-Hour Output. A reduction in the fuel price allowed a potential increase of 670 flying hours on the Oryx and 278 hours on the A109 systems in order to meet Joint Operations requirements. The potential to fly more hours on the Oryx helicopters was, however, not utilised by tasking agencies.

SA Navy

The SA Navy increased its Maritime Logistic Capability (Transportable Logistics Support service) in order to enhance support to deployed vessels within RSA waters in order to meet FIFA 2010 World Cup commitments.

SA Military Health Service

The appreciation of a Military Health Logistical Support Unit at Level 4 was completed. Appreciation and staff work for the creation of a 1st and 2nd line repair service on vehicles and facilities are still in process and form part of the SAMHS Logistic Master Plan.

The structural investigation and planning for 9 Medical Battalion Group to provide a second military health operational capability for the SANDF are in process and dependent on the finalisation of the DOD force design.

The SADC Military Health Secretariat has been successfully established. Two work sessions with the representatives from the SADC countries took place to determine the focus areas. Work on compiling a military health doctrine for the SADC countries has been initiated.

Progress has been made with the upgrading and accreditation of health facilities as antiretroviral sites. The sickbays at Kimberley and the South Coast and West Coast Health Centres were completed. The hos-

pice facility at the Grahamstown Sickbay was finalised and is ready for accreditation as an antiretroviral site. The upgrade of the Mthatha Sickbay is under way. Funds for the hospice facility at the Health Centre Bloemfontein have been approved. The pharmacies at the Kroonstad Sickbay and Potchefstroom Health Centre have been upgraded. The Thaba Tshwane Community Centre has been upgraded to function as a polyclinic and a Voluntary Testing and Counselling Centre in Gauteng, and was officially opened in June 2009. The Hospice facility at Lenz was finalised. The pharmacy at Air Force Base Waterkloof is under renovation. The health facility at Durban has been accredited as an antiretroviral site and the Ladysmith Sickbay is ready for accreditation. Renovations are under way at Vuvani Sickbay. The upgrade of the Military Medical Clinic at Langebaanweg is under way, and the upgrade of Oudtshoorn Sickbay was finalised. The oral health facility at the Overberg Sickbay was completed.

The SAMHS reports as follows on other services that were to be scaled up according to the Strategic Business Plan FY 2009/10:

- The full-time structure of a health facility at the DOD Mobilisation Centre has been approved by the Surgeon General and has been forwarded for further approval to the Directorate Integrated Management Systems.
- A decision was made not to reopen the health facility at Botshabello, as the appreciation indicated that this was not a cost-effective option.
- The establishment of an SA Army Assessment Satellite has been finalised.
- The Peripheral Specialist Services concept has been initiated and has delivered results.
- The development of an emergency centre is in the appreciation phase.
- The Military Veterinary Institute is busy with the development of an Epidemiology Section in order to gain early warning for zoonotic diseases.
- The training capability of the Military Health Training subprogramme has been expanded with the establishment of a training facility at Lephalale. The training facility expanded the SAMHS's capability to train the required number of Military Skills Development System members. The mobile accommodation facility project for Military Skills Development System members of the Area Military Health Unit Western Cape was finalised.

SERVICES/OUTPUTS SCALED DOWN OR SUSPENDED

Details of the services/outputs scaled down or suspended by the Services/Divisions are shown in Table E.1.

Table E.1: SANDF Services/Outputs Scaled Down or Suspended during the FY 2009/10

Reduction in Output	Reason for Scaling down/Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Acquisition Services (Defence Matériel Division)				
Termination of Project CONTINENT	Continuous slip-pages in schedule and significant increase in costs of A400M strategic airlift aircraft	Strategic gap in the SA National Defence Force airlift capability	No deliveries	Project terminated
Air Defence Programme				
VIP transport capability (B737, Falcon 900/ 50) - 5 hours	Limited funding allocation	VIP capability output reduced. VIP Transport Capability to be complemented by Air Force Reserve Squadrons	50 Hours reduction of Falcon 900 output, but Air Force Reserve Squadrons VVIP flying output increased by over 200% to compensate	With the Falcon 900 in for its C-check service, the allocated hours could not be flown
Medium heavy transport capability (C130BZ) - 660 hours	Limited funding allocation	Medium Heavy capability output reduced	The actual reduction was 690 hours	Due to limited funding at other capabilities, additional funds (equal to 30 x C130 hours) were reallocated to these capabilities
Light Transport / Reconnaissance (C208) - 480 hours	Limited funding allocation	Light Transport / Reconnaissance capability output reduced	An increase of 340 hours was achieved as funds were reallocated from other capabilities.	820 Hours were transferred from other capabilities. The extensive use during exercises and tasking of aircraft, continuation training of pilots and the Basic Air Transport Course caused the allocated hours to be exceeded
Command and Control Transport Capability (King Air, PC12 and Citation) - 750 hours	Limited funding allocation	Command and Control capability output reduced. Command and Control capability to be complemented by reserve squadrons	The actual reduction in flying hours was 650 hours	100 Hours were reallocated to Command and Control Aircraft (150 Hours from the Citation, 200 hours to the King Air and 50 hours to the PC12). Extensive utilisation of the King Air and the PC12 caused the allocated hours to be exceeded
Air Force Reserve squadrons - 100 Hours	Limited funding allocation	Air Force Reserve Squadrons capability output reduced	As planned	No deviation

Reduction in Output	Reason for Scaling down/Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Hawk - 535 Hrs	Budget limitations	120 Force employment and 365 force preparation hours not funded. No Forward Air Control training for Army personnel. Inadequate continuation training for aircrew	The initial requirement for Hawk was 2120 hours, which was reduced by 535 hours to 1585. The total hours flown was 1717 hours	All but 132 of the planned reduction of 535 hours for Hawk were not funded and not flown. Additional hours were flown for the FIFA Confederations Cup and Soccer World Cup Draw, but only wet costs were recuperated
Gripen - 370 Hrs	Budget limitations	120 Force employment and 250 force preparation hours not funded. Inadequate continuation training for aircrew	The original flying hours requirement for Gripen was 950, which was reduced to 750 hours to fund avionics corrective maintenance on Hawk. 715 hours were flown	Long lead-times. The total support package has not been fully delivered to ensure maximum serviceability of the present fleet. There has been a major software upgrade on the fleet to ensure that all aircraft are on the same modification baseline
Maritime Defence Programme				
Combat Support Capability will drastically be reduced	SAS DRAKENBERG undergoing half life refit/upgrade	Combat Support Capability drastically reduced	N/A	SAS DKBG in 1st phase of refit
Military Health Support Programme				
50% decrease on Item 35 Medical Outsourcing	Surgeon General Instruction to curtail expenditure on medical outsourcing	Control mechanisms were put into place to improve clinical decision making	Although the 50% decrease on Item 35 was not achieved, the year-on-year escalation on Item 35 was contained	No deviation
Appreciation of primary health care services at 1 Military Hospital and function shift to Area Military Health Service	After investigation it was found that it would not have been feasible to implement the function shift to Area Military Health Formation in FY 2009/10	No implication as this would have only been a function shift	Function shift did not take place	Initial decision to be re-appreciated
Decrease in training of Basic Ambulance Assistants, Advanced Ambulance Assistants and Operational Emergency Care Practitioners	New training pathway known as the Emergency Care Technicians programme has made other programmes and courses obsolete	Previous courses were combined under one programme	Increase in the training of members undergoing training under the Emergency Care Technicians programme	No deviation. Increase in training

SANDF Units Closed Down during the FY 2009/10

The Units that were closed down during the FY 2009/10 are as follows:

- *SA Army.* Of the 296 units to be closed down (comprising of 20 x Group Headquarters, 183 Commandos, 40 Legacies, 4 x Legacies before 2000, 3 x Army Support Bases, 37 CMI units with 9 Legacies), 203 have been deactivated (comprising of 3 x Group Headquarters, 173 x Commandos and 27 x Legacies) while 23 (comprising of 10 x Commandos and 4 x Legacies before 2000) are awaiting deactivation. Nine units (comprising of 8 x Group Headquarters and 1 x Army Support Base) are ready for final audit and 61 x units (comprising of 13 x Legacies, 2 x Army Support Bases, 37 x CMI units with 9 new Legacies) are in the process of closing down (level 4).
- *SA Navy.* The closing down administration of 17 Units was finalised.
- *Military Police Division.* The MP Div closed down the Tek Base Military Police Area Office and 7 Provost Company Stores, as well as the Departmental Account.





Department of Defence

Financial Performance



1 April 2009 to 31 March 2010

Safeguarding South Africa for a Better Life for all



defence

Department:
Defence:
REPUBLIC OF SOUTH AFRICA



PART 4: FINANCIAL PERFORMANCE

REPORT OF THE AUDIT COMMITTEE - DEPARTMENT OF DEFENCE for the year ended 31 March 2010

We present our report for the financial year ended 31 March 2010.

Audit Committee Members and Attendance:

The Audit Committee meetings took place on the following dates during the financial year:

- 20 May 2009
- 10 July 2009
- 28 July 2009
- 13 August 2009
- 31 March 2010

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)	5
Mr K.A. Ross	5
Ms J. Kumbirai	4
Name of Internal Members	Number of Meetings Attended
Dr T. Gamede	2
LI Gen J.L. Jansen van Rensburg	2

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 as 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.

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;
 - (iii) an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective, and
 - (iv) a system for properly evaluating all major capital projects prior to a final decision on the project.

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.

REPORT OF THE AUDIT COMMITTEE - DEPARTMENT OF DEFENCE

for the year ended 31 March 2010

The effectiveness of Internal Control

The internal controls need to be strengthened in all areas of operation, including Procurement and Supply Chain Management.

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.

Internal audit

The internal audit function is not fully compliant with Treasury Regulations 3.1.10 (b) and (d) and 3.2.10; the Inspector-General DOD needs to report directly to the Accounting Officer and a Chief Audit Executive is still to be appointed.

The Audit Committee noted the capacity, coverage, timing, scope, reports and outcomes of internal audits conducted by the IG: DOD; the Committee is of the view that additional professional capacity is needed to execute the tasks in accordance with the requirements of the PFMA, TR and Standards of the Institute of Internal Audit, as well as the timing of the presentation of these reports.

The Committee noted the progress made with Risk Management function within the Department.

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.



D Konar
Chairman of the Audit Committee

Pretoria
29 July 2010

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General Review of the State of Financial Affairs

1.1 Strategic decisions and issues

1.1.1 Strategic decisions

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.

1.1.1.1 Border safeguarding Control

1.1.1.1.1 In 1994, Cabinet directed a phased withdrawal of the SANDF from border safeguarding control. The withdrawal was scheduled to be completed by 31 March 2009. However, there were indications of a number of security challenges to South Africa's border safeguarding control. It became evident that the border control responsibility placed capacity constraints on policing functions of the SAPS as the demand of personnel and resources increased.

1.1.1.1.2 The Joint Operations and Intelligence Structure, a sub-structure of the Justice, Crime Prevention and Security Cluster, indicated that SANDF presence on the borderline in support of the SAPS was required.

1.1.1.1.3 The Minister of Police thus drafted a Cabinet Memorandum that recommended that Cabinet puts in abeyance the phased withdrawal of the SANDF internal support to the SAPS concerning border safeguarding control in order to reconsider the SANDF's possible supportive role in the SAPS in safeguarding the country's borderlines during the 2009 FIFA Confederation Cup and the 2010 FIFA World Cup.

1.1.1.1.4 Cabinet further directed that a long-term borderline security strategy should be presented to Cabinet by the Justice, Crime Prevention and Security Cluster, inclusive of support and resource implications.

1.1.1.1.5 Cabinet consequently further approved the deployment of the SANDF for services inside the RSA and International Water for National Border Control in terms of Cabinet Memorandum 18 of 2009 dated 16 October 2009. This will take place in a phased manner, prioritising South Africa's northern and eastern borders and then western borders.

1.1.1.2 **Department of Military Veterans.** On assumption of office in April 2009, the President of the Republic announced, as part of the reconfiguration of the Executive, that the portfolio of Defence would henceforth become the Ministry of Defence and Military Veterans. In order to give effect to the pronouncement of the President, the Minister of Defence and Military Veterans appointed a Task Team, under the chairmanship of the Deputy Minister of Defence and Military Veterans. The terms of reference for the Task Team included giving advice on policy, identifying the needs of military veterans and advising on current legislation pertaining to military veterans in order to identify shortcomings and make recommendations to the Minister to ensure that military veterans' needs are catered for through an appropriate institutional structure. On 28 December 2009, the President of the Republic proclaimed the Department of Military Veterans. The establishment of the Department of Military Veterans was followed by the appointment of the Director-General in February 2010. During the year under review the activities to Military Veterans issues continued to be funded under this Vote which were largely Departmental establishment activities.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

- 1.1.1.3 Airlift Capability.** Cabinet approved the termination of the A400M airlift capability programme due to excessive timescales, slippages, increased cost and technical risks. The unspent funds were used to supplement the shortfall on the improvement on conditions of service announced in December 2009.
- 1.1.1.4 Defence Structure.** The Minister of Defence and Military Veterans instructed that the Defence structure, comprising of the Defence Secretariat and the SANDF, be aligned. This priority began in the year under review and work will extend to the financial year 2010/2011.
- 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.** Submissions on declining budget allocation that affects the DOD obligations were made to the National Treasury for additional funding. On 19 to 21 March 2010 the Minister of Defence and Military Veterans instructed that the DOD look for alternative sources of revenue to supplement the limited budget allocation. Work in this regard is underway.
- 1.1.2.2 DOD Infrastructure.** The establishment of the Works Regiment to look after the DOD facilities' maintenance is underway. At present the Defence Works Regiment, the Service Corps and Project LEBAKA of the SA Army are migrating to form a Defence Works Capability.
- 1.1.2.3 Redundant and Surplus Equipment.** A total of 95 disposal boards, 11 donations and 55 transfers were approved and nine material aid authorities have been issued. Sales of equipment and scrap metal generated Rm34,677 for the General Defence Account and Rm16,519 for the Special Defence Account. To improve the DOD's ammunition disposal capability, mess facilities at 93 Ammunition Depot were reopened, security fences repaired and stores upgraded. Delivery and qualification of inert deforming facilities at all three ammunition depots was finalised, with members being trained on deformation equipment. This capability is being enhanced to dispose of large calibre ammunition by means of demolition.
- 1.1.2.4 Defence Act Regulations.** The General Regulations to the Defence Act for the Reserves was promulgated on 31 July 2009 in the Government Gazette no 32453.
- 1.1.2.5 White Paper on Defence and Defence Review.** The Minister of Defence and Military Veterans has called for the revision of the White Paper on Defence and the Defence Review. The draft Defence Strategy 2010 - 2030 which seeks to update the two documents will be enhanced to ensure that the basis of the defence mandate is up to date and helps the DOD case for additional funding to deliver effectively on its mandate.
- 1.1.2.6 Health Status.** The Health Promotions Programmes are discussed in detail in Part 3: Chapter 11 of the Annual Report.
- 1.1.2.7 Asset Protection.** It is reported that through crime prevention campaigns, crime has been reduced in the DOD. As part of the implementation of the DOD anti-criminality strategy, Community Policing Forums were strengthened and a Crime Picture Assessment centre was developed. The Anti-Crime Information System is in the process of being developed in collaboration with SITA and its roll out is planned for the financial year 2010/2011. Currently, about ± 80% of the facilities in the DOD have the required security measures being implemented.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

- 1.1.2.8 Information Systems.** Information systems form 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 System. The DOD has requested for specific deviations from the National Treasury's set moratorium.
- 1.1.2.9 Reserves.** The Defence Reserve Board monitored the implementation of the Reserve Strategic Plan by Chiefs of the Services and Divisions using Project PHOENIX Phase 3 as a mechanism. This has resulted in the strength of the Reserves growing from 22 062 in the financial year 2008/2009 to 28 540 for the financial year 2009/2010 and has enabled the external deployment at 31 March 2010 of 146 members for Op MISTRAL and 145 for Op CORDITE. In total, 13 352 Reserves were called up in 2009/2010.
- 1.1.2.10 Defence Industry.** The Minister of Defence and Military Veterans will compose a specialist task team to draft a Defence Strategy, inclusive of a Defence Industry Strategy by December 2010.
- 1.1.2.11 Balanced Scorecard Project.** The implementation of the Balanced Scorecard as an organizational performance management system in the DOD has progressed well. The enabler (software and hardware platform) was in the project phase during the financial year 2009/2010. Quarterly Balanced Scorecard Reports produced are still in the project phase. As soon as the software is fully available, the Balanced Scorecard Reports (displayed as a "Dashboard") will be developed. An additional 110 incumbents have been trained during this reporting period and attended orientation training and facilitation. By means of facilitation a total of 23 Strategy Maps (Level 0, 1 and 2) have been developed and 15 Strategy Maps were approved by the end of the reporting period. In the case of the SA Army training has commenced on Level 3. Training material has been developed through the implementation process in order to accommodate environmental changes and demands as well as guidance provided by National Treasury and the Auditor-General South Africa. In this respect the Project worked closely with the Technical Assistance Unit of the National Treasury in order to ensure alignment between the Logical Framework and Balanced Scorecard terminology and principles.
- 1.1.2.12 Asset Management.**
- 1.1.2.12.1** It is reported that the DOD has, as reported in the previous year, not been able to meet the requirements for reporting on tangible and intangible assets as prescribed by the National Treasury. This has largely been due to the nature of the system that has historically been utilised and maintained by the DOD dating back to many years prior to the establishment of the current financial reporting framework following the implementation of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999).
- 1.1.2.12.2** In the year under review, and also subsequent to the year-end, various engagements have been held with the Office of the Accountant-General in the National Treasury to determine appropriate measures that need to be undertaken to deal with the matter appropriately. In the process an analysis of the key contributing factors, which are outlined in the paragraphs below, was undertaken. In order to address the matter it has been agreed that a joint team of the DOD and National Treasury will continue to work on the process for the implementation of appropriate measures and systems that will culminate in the DOD being able to report appropriately on its assets.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

- 1.1.2.12.3 Key to this is the agreement reached with the Office of the Accountant-General in the National Treasury to develop an appropriate reporting framework for the military assets, largely with relationship to the codification system requirements of NATO, recognising the uniqueness of the Defence environment requirements as opposed to the general assets held by the various government departments. Critical in this regard is the need to ensure that the assertions required in terms of auditing standards and the procedures that provide assurance as to the stewardship of the assets would have to be maintained in all cases. This framework is going to be developed for implementation during the year ending 31 March 2011 as the first year of its inception.
- 1.1.2.12.4 Given the extent of the problem, as determined by the length of time from which a new asset register is to be compiled coupled with issues relating to management of assets and maintenance of the systems in the past, it is envisaged that the process will be completed by 31 March 2013.
- 1.1.2.12.5 The DOD has more than ten asset categories with about 1,5 million asset line items throughout the country at more than a 1 000 Force Structure Elements. The assets are currently managed manually or on one of the five logistical systems and are paid for via the Financial Management System (FMS). The systems are not integrated and were developed to manage item quantities according to NATO prescripts and thus on quantities per National Stock Number (NSN) rather than on values per item. Inventory and assets are also not segregated on the system. In addition to the values and segregation issues, an unique identifier for e.g. bar coding per asset item is not available.
- 1.1.2.12.6 In order to address these shortcomings, amongst other issues identified by the Auditor-General, the DOD embarked on a Logistics Intervention and Repositioning Programme (LIRP) to facilitate rectifications and to plan and manage future realignments. Progress against this plan has been highlighted in paragraphs 11, 14 and 15 of this report.
- 1.1.2.12.7 For reasons mentioned above the DOD is unable to disclose the movement in asset values as required in disclosure notes 33, 34 and 35 to the financial statements as required by the National Treasury Guide for the Preparation of Annual Reports by National Departments.
- 1.1.2.13 Inventory Management.** As mentioned in par 2.4 of this report the DOD was not in a position to disclose the value of Inventory. The action plan highlighted above will also address the issues with regards to inventory, specifically the issue of managing both assets and inventory on the same business rules on the logistic information management system.
- 1.1.2.14 Lease Commitments**
- 1.1.2.14.1 Leased assets are spread throughout more than 1 000 Force Structure Elements across the country. Leased assets comprise of Land and Buildings, Labour saving devices, Cellular phones and gas bottles. As a result of capacity and skills constraints, lack of internal control, insufficient systems and the reporting structure of the DOD, the DOD has received a qualified audit opinion on lease commitments. In the 2007/08 financial year, there was no lease register, the lease commitments disclosed in the Annual Financial Statements totalled R3 334 000 and there was a fundamental lack of supporting documents to confirm any lease commitment within the DOD especially relating to Land and Buildings which is the significant commitment. The management of the supporting documents for Land and Buildings resided with the National Department of Public Works (NDPW) until 2008/2009. The current logistic systems do not cater for contract management principles on which lease management is based. A manual process and system for collecting, verifying and reporting on leased assets was therefore implemented. The current logistic information systems are being updated to manage the assets but it will still need to be established whether the systems can cater for the requirements of lease management.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

1.1.2.14.2 During the 2008/2009 financial year Operation Clean Audit compiled a lease register comprising 3 328 leased assets and a lease commitment amounting to Rm 633 (this amount has subsequently been restated to Rm 691 based on enhancements done to the Lease register). In the 2009/2010 financial year the number of items increased to 3 829 leased assets and the lease commitments disclosed amounted to Rm 662. The availability of the supporting documents for leased assets is still a fundamental problem. To date the documents could not be provided by the National Department of Public Works and the DOD in conjunction with the Auditor-General is endeavouring to locate the contracts at that Department.

1.1.2.14.3 The DOD is presently engaging with the National Department of Public Works (NDPW) to obtain such supporting documents or investigate, in conjunction with NDPW and the Auditor-General South Africa, other avenues which will serve as valid source documents for lease commitments on Land and Buildings.

1.1.2.15 Revenue

1.1.2.15.1 Defence has identified 76 revenue streams and debt collection mechanisms which are covered by numerous departmental policies and collected through salary deductions, cash collections and bank transfers. Revenue management is decentralised at 488 Force Structure Elements.

1.1.2.15.2 The credibility of revenue data carried on the Financial Management System is reliant on the inputs received from non-integrated, legacy logistic and personnel systems. The Financial Management System has been enhanced to improve the budgeting, accounting and reporting of revenue, while links between systems are inadequate and prevent credible cross referencing and validation of information. The development of the national Integrated Financial Management System prohibits the development of a fully integrated resource management system within Defence to effectively manage revenue. The department is not yet in a position to determine the exact amount to be collected due to the challenges mentioned and which may result in the over- or understatement of revenue.

1.1.2.15.3 Minor enhancements to systems to provide credible information are in progress as well as the appraisal of supporting policies. Additional management reports and an automated revenue reconciliation capability are under development to improve revenue management. Training and empowerment of Finance functionaries and line managers are a high priority and are continuously provided and updated to enhance revenue management.

1.1.2.15.4 All Force Structure Elements capture their estimates of revenue on the Financial Management System that are evaluated by the Departmental Planning and Budget Evaluation Committee. Revenue collected is accounted for at the point where it originated while a system generated report assists Force Structure Elements in managing revenue collection. As a result revenue collected has increased by 37.3% over the last three financial years. Various policies have been updated and promulgated to ensure that revenue due to the department is collected. Despite progress made, more must be done to ensure a comprehensive and credible revenue management system within Defence.

1.1.2.16 Irregular Expenditure. The DOD has a policy, process and procedures for the identification, management and reporting of irregular expenditure. Cases of irregular expenditure identified and investigated are recorded in a dedicated register and reported monthly to both the Auditor-General South Africa and the National Treasury.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

- 1.1.2.17 Aero Manpower Group Contract (AMG).** The DOD was qualified on production loans and prepayments, internal controls, and reconciliation to monthly expenditure, annual plans and monthly returns not submitted, planned and actual resources and training expenditure, AMG and the use of sub-contractors, subsistence and travel claims not authorised in respect of accommodation and daily allowances. Loans and prepayments were discontinued. Control measures regarding the expenditure and invoices were found to be deficient and a Board of Inquiry was convened to investigate the complexity of the total problem, whereupon corrective actions have been implemented. Processes were addressed to introduce more effective control measures. Good progress has been made in supplying the required invoices and a new contract is being drafted.
- 1.1.2.18 Leadership.** It is recognised, as indicated in the Report of the Auditor-General, that the issues of leadership in regard to the necessary guidance and development of appropriate policies in dealing with the recording of assets in accordance with the National Treasury guidelines has not always been provided as would have been expected. The department has, for a long period in the past, experienced some instability at the senior management and leadership level. Key senior positions such as the Secretary for Defence position have been occupied on an acting basis while others such as internal audit and compliance have remained vacant during the period. Accordingly, the Minister of Defence and Military Veterans instituted processes of recruitment to fill both the Secretary for Defence and Accounting Officer position, as well as that of the Chief Financial Officer, who was appointed subsequent to year-end. The process of establishing a compliance unit to ensure that the issues of compliance are addressed and a recruitment process of a suitable person to fulfil this requirement is underway and will be finalised shortly. Work has also commenced on various projects under Operation Clean Audit (OCA) aimed at ensuring that the governance environment deficiencies, such as the review of policies and procedures that may have led to some of the previous year's audit qualifications, are addressed.
- 1.1.2.19 Internal auditing, financial management and other governance issues.** The defence environment has an existing Inspector-General Unit which by and large performs some of the key functions that are normally executed by the internal audit function, which in other cases cover areas beyond those normally performed by the Internal Audit Unit and which are meant to ensure the SANDF is operationally and combat ready. The matter has been discussed with both the Auditor-General South Africa and the Audit Committee and concluded that, because of the differences in objectives, approach and standards between these functions, the department will appoint an internal auditor who must be appointed on the basis of the requirements of the Treasury Regulations and the applicable Accounting Standards Board. The recruitment process is underway and the internal auditor is to be appointed shortly. The planned implementation of a management plan to improve governance, accountability and effectiveness and to manage the various activities coupled with the steps undertaken to deal with all these key governance issues will certainly go a long way towards the resolution of the audit qualifications in future. This includes the process to improve on the management of the development of the Department's Strategic Plan, the appropriate setting of the targets and measurable objectives, the reporting and monitoring of performance and the creation of procedures to be followed when necessary amendments/adjustments to any of these are required.

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1.2 Defence Vote: Rm 32 024,384 (Appropriation Act, Act No 16 of 2009)

1.2.1 The DOD approved budget for the period 1 April 2009 to 31 March 2010 was compiled on a cash basis per programme and amounted to Rm 32 024,384. It included all entities under control of the Minister of Defence and Military Veterans. The original budget was approved through legislative action and specifically the Appropriation Act, Act No 16 of 2009. The original budget objectives and policies per main division of the Vote were published in the 2009/2010 Strategic Business Plan and reported on in detail in the Annual Report.

1.2.2 The 2009/2010 Defence Vote increased by Rm 2 163,817 (7,25%) from the 2008 Medium Term Expenditure Framework allocation for the same year and increased by Rm 3 791,229 (13,43%) from the previous financial year. The Defence Vote amounted to 1,31% of South Africa's gross domestic product (GDP) or 3,84% of total government expenditure (GE). Over and above the additional appropriations as shown below the department's operating budget was reduced by Rm 316,087.

○ Foreign exchange rate adjustments	Rm 1 905
○ Inflation related adjustment for salaries	Rm 301
○ Upgrade of Air Force Base Waterkloof runway	Rm 250
○ Inflation related adjustment for capital asset payments	Rm 25
○ Budget reductions	(Rm 316)

1.2.3 Air Defence (32,08%) and Landward Defence (27,32%) were the two largest programmes within the Defence Vote. The year-on-year increases in these two programmes were mainly due to the military skills development system, maintenance requirements of the operational vehicle fleet, procurement of critical ammunition, development of a strategic airlift capability, operating the Rooivalk helicopter system and maintaining the Oryx helicopter system. The increased maintenance requirements for defence infrastructure and facilities, especially Air Force Base Waterkloof, formed the year-on-year increase in the other large programme, General Support (10,44%).

1.2.4 From an economic classification perspective Compensation of Employees (36,70%) and Transfers and Subsidies (34,71%) amounted to 71,41% of the Vote leaving available 28,59% for operating the department and renewing capital assets. Significant operating costs provided for are Contractors (Rm 3 186); Inventory: Fuel, Oil and Gas (Rm 549); Inventory: Food and Food Supplies (Rm 479); Computer Services (Rm 948); Travel and Subsistence (Rm 476); Lease Payments (Rm 474) and Owned and Leasehold Property expenditure (Rm 457).

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1.3 Defence Adjustment Vote: Minus Rm 699,128 (Adjustment Appropriation Act, 2009)

1.3.1 The Defence Vote has decreased by Rm 699,128 through the Adjustment Vote due to the following:

1.3.1.1 Increases

- Self financing expenditure to the amount of Rm 238,662 resulting from the sale of equipment and spares during the previous financial year, originally procured through the Special Defence Account. This amount was reallocated to the following programmes:
 - Landward Defence - Rm 5,103
 - Air Defence - Rm 231,808
 - Maritime Defence - Rm 1,751
- Roll over commitments from the previous financial year amounting to Rm 82,154 for the programme General Support for the upgrading of the runway at Air Force Base Waterkloof.
- Unforeseen and unavoidable expenditure to the amount of Rm 380,056 for salary increases which were not included in the original Vote. This amount was allocated to the following programmes:

○ Administration		Rm 28,006
○ Landward Defence		Rm 154,119
○ Air Defence	-	Rm 52,498
○ Maritime Defence	-	Rm 35,123
○ Military Health Support	-	Rm 46,571
○ Defence Intelligence	-	Rm 5,497
○ General Support	-	Rm 35,672
○ Force Employment	-	Rm 22,570
- Unforeseen and unavoidable expenditure to the amount of Rm 100,000 for the withdrawal of the Peace Support operation in Burundi allocated to the programme Force Employment.

1.3.1.2 Decreases

- A declared saving on the Air Defence programme to the amount of Rm 1 000,000 due to the cancellation of the procurement of the A400M airlift capability.
- A declared saving to the amount of Rm 500,000 due to exchange rate gains in the Strategic Defence Procurement Programme.

1.4 Adjusted Defence Vote: Rm 31 325,256

1.5 Expenditure

1.5.1 The total expenditure against the Adjusted Defence Vote amounted to Rm 31 324,247 resulting in a minute under expenditure of Rm 1,009 including an amount of Rm 0,060 earmarked for the St Johns' Ambulance Brigade which was not transferred. Service delivery by the DOD was not affected by this under expenditure.

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1.5.2 Spending Trend

The DOD has again managed to achieve a minute under expenditure of its allocated appropriation. The expenditure for the period under review, in comparison with the previous two years, is indicated below:

Financial year	2007/2008	2008/2009	2009/2010
Vote (Rm)	26 291,785	27 899,027	31 325,256
Expenditure (Rm)	25 180,113	27 801,286	31 324,247
Amount surrendered	1 111,672	97,741	1,009
Amount surrendered as percentage of Vote	4,23%	0,35%	0,01%

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 Rm 1,037 from Goods and Services to Transfers and Subsidies for additional payment to the SASSETA.
- 1.6.1.2 The reallocation of Rm 35,494 from Transfers and Subsidies to Compensation of Employees to partly finance the salary adjustments.
- 1.6.1.3 The reallocation of Rm 446,930 from Transfers and Subsidies to Compensation of Employees to finance the majority of the salary adjustments. The saving on Transfers and Subsidies is due to the cancellation of the A400M airlift capability.

1.6.2 Approved by the Accounting Officer

- 1.6.2.1 The reallocation of Rm 2,997 from programme General Support to programme Military Health Support for the establishment of a Public Private Partnership.
- 1.6.2.2 The reallocation of funds to defray expenditure in respect of smaller departmental requirements like Operation Clean Audit, municipal services, machinery and equipment, capital works, authorised losses and to balance the expenditure for the reporting period. The detail of these reallocations is indicated in the appropriation statement to this report.

1.7 Any other material matters

The DOD has not incurred any expenditure for the purchasing of tickets, apparels or memorabilia relating to the 2010 FIFA World Cup.

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2. Services rendered

2.1 The services rendered by the DOD are detailed in Part 1 Chapter 2 of the Annual Report.

2.2 Tariff policy

2.1.1 The DOD tariff policy consists of the following elements:

- tariffs instituted by law,
- tariffs prescribed by a department that are applicable to all spheres of government; and
- Tariffs unique to the DOD determined by the tariff owner and where the tariff structure is approved by the National Treasury.

2.3 Free services

No free services were provided during the reporting period.

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. Annexure 6 has thus not been completed.

3. Capacity Constraints and the impact thereof

Capacity constraints impacted on the DOD across most functional areas.

3.1 Skills losses continued unabated and resulted in a further 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 of personnel is being increased, which is an initiative to address a joint human resource strategy for training and the utilisation of scarce human resources.

3.2 The shortage of specialists (technical staff) and support personnel as has been reported in the past continued to have a negative effect on the staffing of personnel to all the peace support missions, resulting in contingents not being fully staffed. This has again resulted in the non-compliance of minimum standards of serviceability of major equipment and as a result thereof the DOD was not fully reimbursed by the United Nations due to the serviceability levels of major equipment that was not maintained at the required levels in peacekeeping deployment areas.

3.3 The impact of limited repair and maintenance of Defence facilities continued for the period under review and has resulted in further dilapidation of DOD facilities. Several initiatives have been undertaken by Services/Divisions to introduce interim measures in order to address this risk. The phased approach to create own maintenance of facilities capability and migration away from reliance on the NDPW has continued and an Infrastructure Master Plan is in the process of being developed. A task team was established to investigate and advise on the amalgamation of the Defence Works Regiment, the Service Corps and Project LEBAKA of the SA Army to migrate and form a Defence Works Capability. The SA Army is about to hand over the DOD Works Capability with a promulgated strategy and a clear migration path to the Logistics Division with other entities as stipulated in the strategy.

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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 participation in peace support operations amounting to R231 316 599,45. This was deposited into the National Revenue Fund and recognised in note 2 of the financial statements to this report.

5. Public entities

The Castle Control Board and the Armaments Corporation of South Africa (Armcor) are reported as listed public entities under the ownership control of the Minister of Defence and Military Veterans. Each of these public entities is controlled by a Board of Directors reporting to the Minister of Defence and Military Veterans. The transfer payment made to Armcor is included in the table of transfer payments below and no transfer payment was made to the Castle Control Board.

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 2009/10 Rm	Final Appropriation 2009/10 Rm	Expenditure 2009/10 Rm
Armaments Corporation of South Africa Ltd (Armcor)	To subsidise Armcor in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients of defence material, related products and services.	Armcor is a Schedule 2 Public Entity managed by a Board of Directors appointed by the Minister of Defence and Military Veterans. Armcor annually submits a business plan and an estimate of expenditure, which is motivated by the General Manager Finance and Administration of Armcor, to the Department's Programme and Budget Evaluation Committee before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2008/09 were submitted according to payment conditions.	603,608	603,608	603,608

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Transferee	Reason for Payment	Accountability Arrangements	Adjusted Appropriation 2009/10 Rm	Final Appropriation 2009/10 Rm	Expenditure 2009/10 Rm
St John's 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 2008/2009 were submitted according to payment conditions.	0,400	0,400	0,340
Reserve Force Council	To subsidise the Reserve Force Council in their aim to secure community and private sector support for the Reserve Force and to maintain a sound relationship and communication between the Reserve Force, the Minister of Defence and Military Veterans and the SANDEF.	The Accounting Officer of the Department is represented in the National Council. The Council annually submits a business plan and an estimate of expenditure before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2008/2009 were submitted according to payment conditions.	4,002	4,002	4,002
Safety and Security Sector Education and Training Authority (SASSETA)	To subsidise the administrative expenditure of the SASSETA, which acts as the Sector Educational and Training Authority (SETA) for Defence in terms of the Skills Development Act, No 97 of 1998.	Audited financial statements for the financial year 2008/2009 were submitted according to payment conditions.	8,900	9,938	9,938
Special Defence Account	To acquire, procure and develop armament and technology.	Under control of the Accounting Officer of the DOD. Financial statements are attached to this report.	9 066,120	8 619,190	8 619,190
Household Employer Social Benefits - Cash Resident	To cover the cost of employment benefits due to DOD members being separated from the department through the Mobility Exit Mechanism.	As approved by the Minister of Defence and Military Veterans.	161,842	126,349	126,349
TOTAL			9 844,872	9 363,487	9 363,427

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7. Public private partnerships

No formal Public Private Partnership (PPP) has been concluded in the DOD. The following progress is reported regarding identified PPP projects:

7.1 SA Air Force. The SA Air Force requested that the project pertaining to the commercial co-use of Air Force Base Ysterplaat in Cape Town be cancelled. No Transaction Advisor was appointed to conduct a feasibility study. The PPP-Unit at National Treasury was informed to proceed with the de-registration of the project.

7.2 SA Navy. The SA Navy is currently involved in two possible PPPs. This is only in the feasibility study phase.

7.2.1 The first project is the establishment of a Sea Safety Training Centre in Simon's Town and the second the establishment of a new Navy Headquarters and Mess in Pretoria.

7.2.2 The feasibility studies for both projects are completed. The DOD is in process of obtaining approval.

7.3 SA Military Health Service. The SA Military Health Service (SAMHS) is currently involved in three possible PPPs:

7.3.1 SAMHS have registered a possible PPP at National Treasury for Medical Referral Services in eight regional centres. The Request for Proposal is in the process of being advertised to appoint a possible Private Party for the actual PPP.

7.3.2 SAMHS registered a project for the establishment of a new headquarters. A Transaction Advisor has been appointed to conduct the feasibility study.

7.3.3 SAMHS also registered a project for new facilities for a Military Health Training Formation. A Transaction Advisor must be appointed to conduct the feasibility study.

7.4 Human Resource Division. The establishment of a SA National Defence Training Institute has been registered. The feasibility study has been concluded by the Transaction Advisor. The DOD is in process of approval.

7.5 Defence Intelligence. 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 (needs 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 are expected to declare their economic interest annually. Although this is not always complied with, accountability is enforced through the line of command and management bodies. 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.

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8.2 Departmental Structures and Processes

8.2.1 Compliance. Compliance with the applicable statutes and regulations are monitored through various levels of audit and inspections. However, the Department's capacity to ensure compliance is inadequate because of the scope of activities and complexity of the environment in which it operates. The DOD seeks to improve the situation through risk and accountability forums.

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 Defence for the economic, efficient and effective utilisation of resources to achieve the objectives of their respective programmes through the monthly Accountability Management Committee (AMC) meetings. The AMC agenda provides for the discussion of delegation management, risk management, internal and external audit reports management, SCOPA Resolutions and reports on irregular and fruitless and wasteful expenditure.

8.2.3 Communication with Stakeholders. DOD 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.

8.2.4 Roles and Responsibilities. The Minister of Defence and Military Veterans directs and controls the DOD 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. During the period under review, the Department's risk management efforts focused on the development and revision of existing instructions/guidelines on risk management. This was marked by the completion of the Draft Enterprise Risk Management (ERM) Framework. Consultation on the draft framework will commence during the first quarter of the financial year 2010/2011. The development of the ERM Framework, to be followed by the revision of the Risk Management Policy and Risk Management Strategy, is a step towards enhancing the Department's risk management processes. The Consultative Risk Management Forum (CRMF) was inaugurated in November 2009. Numerous ERM workshops were held to introduce the ERM concept and equip personnel with relevant risk management knowledge and skills. All Services and Divisions' level 2 risks for the financial year 2010/2011 have been consolidated into a central DOD Risk Register, which will be published in the Annual Risk Assessment Report. The risks and mitigating actions are illustrated in detail in the Annual Report.

8.3.2 Operation Clean Audit. The Secretary for Defence appointed an external service provider (KPMG/SAB&T) in December 2008 for a two year period to assist the DOD in clearing audit qualifications. The service provider reports directly to the CFO and monthly and weekly progress reports are presented regarding progress made with the clearing of the qualifications.

8.3.3 Fraud Investigation and Prevention

8.3.3.1 The Directorate Anti-Corruption and Anti-Fraud (DACAF) is organised to produce a Corruption and Fraud Prevention Plan within its mandate for the DOD and to monitor the implementation thereof. The Prevention Plan, together with the approved processes within DACAF regulates all the activities for the directorate.

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8.3.3.2 A sound Anti-Corruption and Anti-Fraud Prevention Strategy formed the basis for the DACAF activities during the reporting period with the focus on:

- The promotion of transparency and accountability in the actions and conduct of DOD members.
- Regulatory measures to determine correct conduct of individuals.
- Policies and controls to prevent the occurrence of fraudulent and corrupt acts within the DOD.
- Alternative measures in addition to the main strategy of the DOD to combat fraud and corruption.
- The awareness of DOD personnel concerning the nature and extent of fraud and corruption, and what to look out for to detect such activities.
- Emphasis on promoting integrity of individuals as well as work ethics, as these are factors to prevent corruption and fraud from taking place in the first place.

8.3.3.3 **DACAF Mandate.** To provide anti-corruption and anti-fraud prevention services, including serving as a nodal point for forensic auditing, to the Department, provided that evidence of corruption and fraud shall be handed over to the Military Police Division for further investigation in terms of and in accordance with applicable legislation.

8.3.3.4 The Corruption and Fraud Prevention Plan was distributed throughout the DOD and became effective from 1 April 2010.



8.3.3.5 Specific file references are registered on the Master Copy of the DOD File Plan in order for the DACAF to have proper control over its business. These are the file references to be used in all correspondence and communication which is to be distributed to only the concerned parties.

8.3.4 Internal Audit

8.3.4.1 Internal Audit is an independent process to evaluate the measures put in place by management or the lack of measures to ensure that resources had been acquired economically and utilised efficiently and effectively and to report this to management and its legislative body.

8.3.4.2 **Internal Quality Manual System Audits.** The SABS conducted surveillance audits at the Defence Inspectorate Division and the Inspectorate was found to be still adhering to the ISO Standards.

8.3.4.3 Apart from Internal Manual System audits, audits were conducted in the following main risks areas:

- Management risk.
- Combat readiness risk.
- Force Employment risk.

8.3.4.3.1 Management Risk Reports

- The audits of the management of performance information revealed inconsistencies in facts and information reported. The importance of accuracy of information was emphasised and as a result the accuracy of information captured has improved over the reporting period.
- The audit on the General Support Base (GSB) concept concluded that the ineffective unbundling of the GSB concept and subsequent restructuring of the support functions within Services could lead to the inability of the Support Bases to support Services and Divisions.

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8.3.4.3.2 **Combat Readiness Risk.** The Combat Readiness audit conducted in the SA Army revealed the need for the SANDF to allocate resources and review budget allocations. The loss of technicians and skilled personnel could hamper the operational capability of the Services.

8.3.4.3.3 **Force Employment Risk.** Force Employment audits concentrated on the mobilisation process, as well as the external deployments. The facilities at the Mobilisation Centre should be revamped and effectively managed. The deployed forces should be supported and efficiently managed.

8.3.5 Audit Committee

8.3.5.1 The Audit Committee provided guidance in the financial year 2009/2010 to the Internal Audit Division. The Audit Plan and Auditor-General's audit report revealed that the financial statements were not adequately addressed, which was ascribed to the lack of capacity of the internal auditors. The external members of the Audit Committee made their services available to assist the DOD to address the lack of capacity. The Audit Committee was partly satisfied with the content and quality of quarterly reports prepared by the Inspector General during the year under review.

8.3.5.2 The Defence Inspectorate Division provided the secretarial services for the Audit Committee. The following information regarding the Audit Committee is relevant:

- **Composition.** During the year under review, the Audit Committee for the DOD was duly constituted according to the Public Finance Management Act (PFMA). The external members to the DOD were as follows with their appointment dates indicated in brackets: Dr D. Konar (Chairperson) (30 May 2008); Mr K.A. Ross (26 May 2008) and Ms J. Kumbirai (December 2007). Mr S.M. Redebe and Mr T. Mudaly were appointed by the Minister of Defence and Military Veterans in January 2009, but are not active members due to security clearances not being issued as yet. 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 Defence Policy, Strategy and Planning) (31 March 2009).
- **Responsibilities.** The Audit Committee complied with its responsibilities arising from Section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.3. Three scheduled and two special meetings were held. Special In-committee-meetings were held with the Auditor-General. Activities of the Audit Committee are formalised into a plan, allowing the coverage of the total spectrum of risk areas that need to be assessed and monitored, in accordance with the PFMA and National Treasury Regulations. The Terms of Reference, which guide the activities of the DOD's Audit Committee, were reviewed in December 2008 and were approved by the Accounting Officer. The external and internal members, Ex-Officio Officers, the Auditor-General, the Chief Audit Executive and the Accounting Officer, formally assessed the DOD Audit Committee.
- **Activities.** The Audit Committee members had direct access to the Auditor-General, the Secretary for Defence and the Chief of the South African National Defence Force.

8.3.6 **Consolidated Control System.** The Consolidated Control Project was conducted at the end of the reporting period and activated by the Acting Secretary for Defence by means of DODI 01/10 dated 22 February 2010. The aim of the system is to:

- register all non-compliant events as they happen in the DOD;
- finalise it in accordance with legislation, prescripts and DOD policies;
- generate reports to substantiate the Annual Financial Statements;

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- provide guidance regarding which policies/governance in the DOD requires to be addressed; and
- perform trend analysis to identify, confirm and evaluate risks.

During the financial year 2010/2011 the system is to be implemented on levels 1 and 2 and the roll-out to levels 3 and 4 will be executed during the financial year 2011/2012.

8.3.7 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 SANDF. 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 a 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 Practice (GRAP) as determined by the National Treasury.

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.

8.5 Occupational Health and Safety (OHS)

8.5.1 Ministerial approval on the shift of the OHS function from the SA Military Health Service to the Human Resource Division as the delegated authority to direct and monitor Occupational Health and Safety in the DOD, is still pending. This shift will ensure a better line of control and reporting to the Sec Def and SANDF.

8.5.2 The Joint Directorate Occupational Health and Safety (JD OHS) directs this function through providing planning guidelines to Services and Divisions where the OHS execution function lies and is executed according the Occupational Health and Safety Policy which directs the provision and maintenance of working environments. These environments should be safe and without risks to DOD officials.

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- 8.5.3 There is close collaboration between the JD OHS and the Department of Labour, as custodians of the Occupational Health and Safety Act, in evaluating the level of compliance in DOD structures. The aim of the JD OHS is to prevent DOD employees to work in unsafe and unhealthy environments as directed by the Constitution and the Basic Conditions of Employment. The importance of OHS monitoring and inspections are therefore non-negotiable. A challenge however, exists on the execution of this capacity due to the fact that the bulk of expertise on OHS is situated in the various Inspector General Departments, the Inspector General DOD and the JD OHS. A review on structural improvement needs to be executed in this regard and talks are underway with the IG DOD to expand their OHS inspection capability. The restructuring of the JD OHS was halted pending the outcome of outsourced consultants to complete the restructuring process.
- 8.5.4 The operational capability of the DOD is directly linked to safe facilities (especially regarding fire prevention and electricity safety) and should therefore be managed as risks in the DOD especially for training facilities, operational deployment facilities, operational headquarters and operational support facilities like military hospitals. It therefore also involves serviceable operational equipment and vehicles.
- 8.5.5 Some DOD facilities are in dire need of sufficient funds to rectify and maintain them to the approved OHS standard. Some have been closed down by local authorities. Although the endeavours to rehabilitate these facilities are supported by Government, more funds are needed to clear the backlog and need to be addressed now as a matter of priority. Rectification and maintenance might involve the temporary vacating of such facilities. Services and Divisions need to ring fence sufficient funds to ensure that these rectifications receive urgent attention. Equal to these steps are the responsibility of DOD commanders to ensure that facilities are being safeguarded and maintained according to OHS standards. Commanders must be further encouraged to accept the responsibilities of their Section 16(2) delegations in terms of the OHS Act ensuring a healthy and safe working environment for all officials. Respecting state facilities as assets to the DOD will diminish the risk to the operational capability of the DOD.
- 8.5.6 Regional Occupational Health and Safety Centres struggle to address the annual requirement for OHS surveillance and occupational hygiene surveys which might lead to further safety risks for DOD employees. Vacancies of specialised OHS personnel and insufficient funding are the main contributors to these risks and are currently being addressed by Chief Human Resources and the Surgeon-General.
- 8.6 Military Integrated Environmental Management**
- 8.6.1 **International Environmental Co-operation.** The USA-RSA Environmental Security Working Group (ESWG) under the auspices of the Defence Committee completed the compilation of its current joint project, a Guidebook on Outreach for Sustainable Missions. As part of this project, the SA project team presented four case studies on the management of encroachment on DOD controlled properties.
- 8.6.2 **Environmental Considerations during Military Operations (ECOps).** Environmental considerations were successfully addressed during the closure of the deployment in Burundi. The cost of environmental rehabilitation amounted to US \$42 000 of which the SA contingent were liable to fund half of this amount in the order of R140 000.
- 8.6.3 **Clearing Land of Unexploded Ordinance (Project UMTHOMBO).** During the reporting period, a contractor was appointed to assist the DOD in developing policy, procedures as well as an inherent sub-surface UXO clearance capability by means of establishing a Centre of Excellence. As part of the project and skills transfer, the former Hell's Gate and Madimbo Training Areas will be cleared to RSA military standards. The first phase of this project was successfully delivered by the contractor.

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- 8.6.4 Operation VUSELELA.** The operational and management challenges that nearly derailed this project were systematically investigated and addressed. The communication channels between the DOD, Department of Water Affairs (DWA) and the Independent Development Trust (IDT), the implementing agent, were opened up in order to ensure that current projects on DOD controlled land are not negatively affected. DWA contracted the Environmental section of the CSIR to develop a model for determining the military priority areas for the eradication of alien and invasive plants as required by legislation.
- 8.6.5 Occupational Specific Dispensation (OSD) for Environmental and Biodiversity Officers.** An OSD for environmental and biodiversity officers in the DOD was approved by the Minister of Defence and Military Veterans in July 2009. An inventory of all qualified military environmental officers were compiled and provided for implementation by the DOD. This initiative is expected to alleviate the current lack of functional capacity in the military environmental corps.
- 8.6.6 Environmental participation in Ex SEBOKA and Ex GOLFHINO.** Two military environmental officers were deployed as part of these exercises and successfully managed to integrate and execute an Environmental Support Plan in the execution of these exercises.

9. Discontinued activities/activities to be discontinued

Discontinued activities, activities to be discontinued, new services/outputs to be scaled up and services scaled up and services scaled down or suspended are reported on in Part 1: Strategic Direction of the Annual Report.

10. New and proposed activities

Discontinued activities, activities to be discontinued, new services/outputs to be scaled up and services scaled up and services scaled down or suspended are reported on in Part 1: Strategic Direction of the Annual Report.

11. Asset Management

11.1 General

- 11.1.1** The DOD uses the Financial Management System (FMS) as its financial accounting system, and also uses different logistical systems such as the Operating Support Information System (OSIS), the Computerised Aided Logistical Management Information System (CALMIS), the Logistical Information Management System (LIMS), the Unit Information Management System (UIMS), and the Depot Information Management System (DIMS). These systems are not integrated and do not support proper accrual accounting principles.
- 11.1.2** The financial and logistical functions are performed throughout the country at more than a 1 000 Force Structure Elements (FSEs). 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 on assets for the past four financial years.
- 11.1.3** In the absence of a proper asset register, the DOD is using manual systems and the current logistical accounting systems to account for assets. These logistical systems were developed to manage item quantities according to the North Atlantic Treaty Organisation (NATO) prescripts and thus focus on quantities per National Stock Number (NSN) rather than on values per item with no segregation between inventory and capital assets.

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11.1.4 In order for the various logistic systems to be able to provide the information as required, not only do the systems need to be enhanced but training needs to be provided to ensure that the information is captured accurately. To address these shortcomings, amongst other issues identified by the Auditor-General, the DOD embarked on a Logistics Intervention and Repositioning Programme (LIRP) to facilitate rectifications and to plan and manage future realignments. The LIRP consists of five clusters with different workgroups under each cluster. Although progress has been made, which will be discussed hereunder, the systems still remain unable to provide the extent of information adequately as required by the National Treasury.

11.2 Progress with regard to capturing assets in the register

11.2.1 **Computerising of manual units.** The DOD continued with the computerisation of manual units. During the year under review five units were computerised and the computerisation of a further eight units are in progress. This will enable integration of information as well as more complete and accurate information in the financial statements.

11.2.2 Immovable Asset Register

11.2.2.1 The CSIR is contracted to conduct a physical verification of all immovable property and to provide valuations thereof. The objectives of this long term project are to provide a detail list of all immovable assets (facilities) occupied by the DOD, provide the values thereof, assist the DOD to comply with the Government Immovable Assets Management Act (GIAMA), provide all the minimum information for the asset register as required by the National Treasury, obtain proof of ownership and separate DOD owned property and National Department of Public Works (NDPW) owned property.

11.2.2.2 The list of facilities occupied by the Air Force has been completed and as the DOD Endowment property was seen as high priority the CSIR was tasked to perform condition assessments and valuations of these facilities. The DOD is currently in the process of physically verifying all Defence endowment properties as per the schedule attached to the Defence Endowment Property and Account Act, Act no 33 of 1992.

11.2.3 Supply Chain Management

11.2.3.1 The CSIR is also assisting the DOD with the development of a sound Supply Chain Management process architecture. Focus of the project is to develop a Supply Chain Management framework/environment that will enhance/promote accountability and an effective internal control environment.

11.2.3.2 A report on an Integrated Logistic Management Framework (ILMF) has been prepared by the CSIR.

11.3 **DOD Stock (Moveable Asset and Inventory) Verification Programme.** Classic 1 Consortium (C1C) was appointed to engage in this programme in order to provide competent support in the clean-up of the DOD inventory and assets data. The aim of this programme is to improve the integrity of DOD item identification, codification, cataloguing, stock holding, as well as the related inventory and asset register records, to an acceptable initial quality level. This Stock Verification Programme consists of two phases.

11.3.1 Phase one consisting of accurate measuring and location of existing error rates and the skills gap analysis was completed on 28 February 2009.

11.3.2 Phase two consists of, amongst other activities, the clean up of the data in terms of Category and Codification, Stock identification, verification and improvement of asset register integrity levels.

11.3.3 As part of the programme, the financial year 2009/2010 was utilised to count the stock of the Air Force. C1C is planning to commence with the stock count of the Navy in the financial year 2010/2011 and simultaneously start with other parts of Services and Divisions.

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11.4 Indication of the Extent of Compliance with Minimum Requirements

- 11.4.1 Currently the DOD still accounts for its assets according to the NATO classification, although the National Treasury reporting requirements are according to the Standard Chart of Accounts (SCOA). Assets, as well as inventory, are categorised according to NATO, using National Stock Numbers (NSN) for grouping similar item types, and are recorded in the same register.
- 11.4.2 In order to differentiate between Tangible Moveable Capital major and minor assets as well as Inventory, the National Stock Numbers (NSN) in use were linked to the relevant SCOA classification. The DOD also embarked on an exercise to do a quality review of the linking that was done during the financial year 2008/2009. This exercise was successfully completed during the year. All new NSNs created or changed during 2009/2010 was also linked to SCOA. The quality review of these will be done during the next financial year. Reconciliations of payments on the financial system (FMS) to the information in the asset register cannot be performed as a result of the current business rules of payments on the Financial Management System. The information required for reconciliation purposes is not available on the systems and requires updating of both the Logistical and Financial Management Systems business rules.
- 11.4.3 The DOD investigated the possibility to update the current logistic accounting systems to keep record of purchase information for capital equipment. The investigation is now with SITA for implementation. This update is to ensure that purchase and valuation information can be recorded and retained accurately on the systems.
- 11.4.4 Due to the difference between the NATO classifications and the SCOA reporting format, the DOD will only be able to do complete logistical reporting after the Integrated Financial Management System (IFMS) is fully implemented.

11.5 Extent of Compliance with Asset Management Reforms (AMR) Milestones

- 11.5.1 **Meeting Minimum Requirements for Asset Registers.** Presently the Asset Register largely does not conform to the requirements set, and is lacking in especially valuation and financial management principles of assets. Little progress has been made in enhancing the current logistic accounting systems and compliance with AMR milestones depends largely upon the implementation of IFMS and the 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 DOD to assist in interventions to comply with National Treasury requirements until IFMS is implemented in the DOD.
- 11.5.2 **Basic Asset Policies in Place**
- 11.5.2.1 Basic asset policies are in place for cash based accounting and asset management. The Defence Matériel Division, together with Armscor updated the Intellectual Property Management Policy and guidelines. The OCA team provided assistance with the accounting principles and disclosure requirements and the policy is now awaiting approval.
- 11.5.2.2 The Logistics Division is currently busy with negotiations with Armscor regarding their support in terms of capacity to review, update and finalise all Logistic policies. As soon as the Memorandum of Understanding (MOU) between Armscor and the DOD is finalised, the updating of the current policies to be aligned with accrual accounting requirements will commence.
- 11.5.2.3 As a result of a lack of the necessary competencies and skills to effectively implement National Treasury Asset Management Guidelines, the department has tasked internal resources to recruit the required skills and to update the current Logistics training curriculum to include accounting principles.

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11.5.2.4 The National Treasury moratorium on the acquisition and implementation of systems has created another set of challenges in terms of dealing with the system issues within the DOD.

11.5.2.5 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.

12. Events after the reporting date

12.1 In her budget speech to Parliament on 4 May 2010, the Minister of Defence and Military Veterans revised the implementation date for the improvement of the salary dispensation for military personnel from 1 December 2009 to 1 July 2009. The financial implication of this announcement is in the order of Rm 744 to be effected in the 2010/2011 financial year. This is a non-adjusting event.

13. Performance information

Performance information is described in Part 2: Programme Performance in the Annual Report.

14. SCOPA Resolutions

0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
Page 190	Par 1 - <u>Tangible & intangible assets, accruals, irregular, fruitless and wasteful expenditure, rank review and comparatives.</u> The Committee recommends that the Accounting Officer ensures that:	
	a) the current information systems used, is 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;	In current (08/09) action plan - see Qualification Par 7 (refer to par 15 of this report)
	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;	In current (08/09) action plan - see Qualification Par 7 (refer to par 15 of this report)
	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;	In current (08/09) action plan - see EOM Par 15 & 16 (refer to par 15 of this report)

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0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
	<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 and Military Veterans 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>
Page 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& T information;</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>A system was developed outside of the FMS to match the information on FMS and PERSONOL to enable the AG to trace S&T documentation. This system has been completed and was audited during the financial years 2007/2008 and 2008/2009 audits. The AG has subsequently lifted the qualification.</p> <p>Serviceability remains problematic and the main cause is the ageing vehicle fleet of the SANDF. This cannot be resolved in the short term and Project VISTULA is currently investigating the design and development of a new vehicle system. The end of the life cycle of the vehicles also impacts on the availability of supplies and spares from the private sector with the resulting long turn around time to obtain these.</p> <p>The shortage of skilled vehicle artisans remains problematic and this is addressed by means of inserting temporary intervention teams from the private sector to assist in problem areas that can be repaired in mission areas.</p> <p>Vehicles requiring major repairs are back loaded to the RSA due to limited maintenance and repair capacity in mission areas.</p>

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0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
	<p>c) adequate and sufficient training is provided to employees in respect of the administration of receivables;</p> <p>d) management perform 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 are always available.</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. 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. The AG did not qualify the DOD on receivables in the financial year 2008/2009.</p> <p>The reason for the misclassification was due mainly to human error. Corrective actions included the revision of the DODI on budget control (approved and implemented in Jul 08) and the implementation of a SOP to ensure that all requests for the creation of new codes comply with the requirements and that the correct classification of expenses takes place. The AG did not find any misclassifications in the financial years 2007/2008 or 2008/2009.</p>
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>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> <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>In current (08/09) action plan - see Qualification Par 8 (refer to par 15 of this report)</p> <p>In current (08/09) action plan - see Qualification Par 8 (refer to par 15 of this report)</p> <p>The clearing of suspense (clearing) accounts is a continuous process throughout the financial year and is strictly monitored. The case 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>

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0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
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 ensures 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>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>The only outstanding amount iro RSC levies is R768 037,38. This is as a consequence of legal proceedings instituted by third parties who claim to represent the four RSCs.</p> <p>Five of the RSCs cannot be traced and therefore, despite all efforts made, no monies can be paid due to their non existence.</p> <p>The DOD appointed a specialist consultant/contractor in June 2009 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. Phase I of the project is complete, and the DOD Comparative Risk Analysis Model (CRAM), and DOD Environmental Liability Costing Model (ELCM) for the contingent liability has been delivered. The next phase is the clean-up plans for the Hells Gate and Madimbo areas.</p> <p>The draft policy was extended to include all relevant environmental aspects in the life cycle of military training areas (MTAs) from acquisition through to final closure. An Interim Department of Defence Instruction (DODI) on Environmental Life Cycle Management of Military Training Areas was promulgated in March 2010. The deliverables on the ELCM and CRAM models have already been incorporated into this policy in order to identify and address contingent liability. The required revision and finalisation of the interim policy to a final instruction will coincide with the finalisation of the project mid 2011.</p>

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0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
Page 191	<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. Corrective actions included the revision of the DODI on budget control (approved and implemented in Jul 08) and the implementation of a SOP to ensure that all requests for the creation of new codes comply with the requirements and that the correct classification of expenses takes place. The AG did not find any misclassifications in the financial years 2007/2008 or 2008/2009.</p>
Page 268-269	<p><u>Par 6 - Special Defence Account (SDA).</u> The Committee recommends that the Accounting Officer ensures that:</p>	
	<p>a) the accounting framework applicable to the SDA and the classification of the SDA, which have been outstanding since 2004/05, is clarified with National Treasury as a matter of urgency;</p>	<p>Classification. The DOD has decided not to proceed with the reclassification of the SDA as a Schedule 4. Framework. The National Treasury informed the DOD that the entity specific basis of accounting, within a modified accrual basis, currently applicable as the accounting framework for the SDA will only be used up to the 09/10 financial year. The DOD, with the assistance of the NT, is in the process to investigate an acceptable accounting framework to be applicable for the financial year 2010/2011 onwards.</p>
	<p>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;</p>	<p>This matter was finalized on 15 May 2008.</p>
	<p>c) surplus funds not required for immediate use are invested and withdrawn when necessary; and</p>	<p>In current (08/09) action plan - see Other Matters Par 12 (refer to par 15 of this report)</p>
<p>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.</p>	<p>In current (08/09) action plan - see Other Matters Par 12 (refer to par 15 of this report)</p>	

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0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
Page 194	<p><u>Par 7 - Catering services rendered in DOD as conventional, outsourced and commercialised messes.</u> The committee recommends that the Accounting Officer ensures that:</p>	
	<p>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>	<p>Status of Messes per Service: SA Army (73 messes)</p> <ul style="list-style-type: none"> • Conventional = 69 • Privatised/outsourced = 4 <p>SAAF (21 messes)</p> <ul style="list-style-type: none"> • Conventional = 04 • Commercialised = 17 <p>SA Navy (26 conventional messes) SAHMS (08 messes)</p> <ul style="list-style-type: none"> • Conventional = 06 • Privatised/outsourced = 02 <p>Cost to feed a staff member: The current prices (09/10 FY) as determined by the DOD Hospitality Workgroup are as follows:</p> <ul style="list-style-type: none"> • Conventional Messes: R65 per member. • Commercialised Messes: 80% of ruling ration price. • Privatised Messes: Each individual contract will dictate the cost.
	<p>b) the SA Army starts reducing their catering costs;</p>	<p>The SA Army Instruction was issued on 31 Mar 09 to all Army units instructing them to implement measures to reduce the cost of rations. Progress with these efforts is monitored by the Army HQ and assistance is provided where required.</p>
	<p>c) SAAF and the SA Navy re-evaluate the possibility to commercialize conventional messes; and</p>	<p>SAAF. Feasibility studies were conducted in February 2010 on all remaining conventional messes in the SAAF. After evaluating the current strengths and completing an in-depth cost analysis, the decision was taken to commercialize all the remaining messes before the end of the financial year 2010/2011.</p> <p>SA Navy. The nature of the SA Navy's business requires of all its personnel (including mess staff) to be able to be deployed operationally and for this reason catering staff and catering services cannot be outsourced, privatized or commercialized.</p>
<p>d) a feasibility study is conducted by the SAMHS to determine whether outsourcing their catering services at good quality hospitals will be cost effective.</p>	<p>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 stakeholders, by conventional military catering methodology.</p>	

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0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
Page 194	<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 Logistic 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 Centres and the Logistic Division determines the tariffs.
	b) unnecessary costs are avoided; and	The two DOD Corporate Procurement Centres utilise the services of the DOD Legal Division to assist with 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.
	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.

15. Prior modifications to audit reports

MATTERS REPORTED ON BY THE AUDITOR-GENERAL IN THE 08/09 FINANCIAL YEAR

08/09 AG Audit Report Reference	FY first reported	Progress made in clearing/ resolving the matter
<u>Asset Management Qualification - Par 7.</u> The DOD 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 NT for both the current and the prior year. The DOD did not maintain proper asset registers as prescribed by NT, supported by the relevant documentation to determine the values.	06/07	<p>Tangible Movable Capital Assets</p> <p>The following initiatives are underway to accomplish NT asset management requirements:</p> <ul style="list-style-type: none"> • Implementation of a DOD Asset and Inventory Verification Programme (started in 2008 -first phase completed, busy with second phase). • Busy procuring a two-dimensional bar-coding, tagging and scanning capability to enhance item identification and tracking. • Continuous mapping of National Stock Numbers (NSNs) to SCOA which enables the DOD to report in required categories. • Completed functional specifications for a single integrated asset and inventory management system (inclusive of cataloguing and codification). • Busy engaging the IFMS Team to consider the uniqueness of the DOD supply chain requirements and to grant a deviation from the moratorium for the procurement of a single logistics information system.


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08/09 AG Audit Report Reference	FY first reported	Progress made in clearing/ resolving the matter
		<p style="text-align: center;">Tangible Immovable Assets</p> <p>The following initiatives are underway to accomplish NT asset management requirements:</p> <ul style="list-style-type: none"> • A user Asset Management Plan has been developed in co-operation with the CSIR. • Busy with the verification of all Defence Endowment Properties, assisted by CSIR. • The requirement specifications for an Integrated Immoveable Asset Management System have been developed. <p style="text-align: center;">Intangible Capital Assets</p> <p>The following initiatives are underway to accomplish NT asset management requirements:</p> <ul style="list-style-type: none"> • SLA with Armscor was extended to include the establishment and maintenance of an IP register. • DOD IP policy was revised and promulgated. • Busy establishing the current and historical Defence IP and population of the IP register.
<p><u>Operating Leases Qualification - Par 8.</u> 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). Furthermore finance leases were understated by an estimated amount of R10 732 054 as the department failed to disclosed all its finance leases.</p>	<p style="text-align: center;">06/07</p> <p style="text-align: center;">SAA ARCHIVE FOR JUSTICE</p>	<p>Limitation of scope 54%</p> <ul style="list-style-type: none"> • The DOD is engaging with NDPW to obtain missing contracts as well as investigating other avenues which will serve as valid source documents. <p>Inaccuracy of lease register</p> <ul style="list-style-type: none"> • Lease register was amended to include data regarding contracts received from NDPW. • Requested NDPW to update its leased property database to reflect all the DOD's new and renewed contract details. <p>Incompleteness and inaccuracy of lease register</p> <ul style="list-style-type: none"> • Deployed resources to units to verify and update their lease registers. • Contract managers were trained during the deployment and during road shows. • A dedicated central lease management office was established. • Service representatives were detached to the lease management office for in-service training. • Services and Divisions will be required to submit monthly returns on leases to the central lease management office.
<p><u>Irregular Expenditure Qualification - Par 9.</u> 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.</p>	<p style="text-align: center;">08/09</p>	<p>Army and Special Forces - Rm 0,042</p> <ul style="list-style-type: none"> • Irregularities regarding AG's findings were investigated and corrected. • The total population of transactions was investigated and corrected. • Internal controls were enhanced and SOPs for procurement procedures were updated and promulgated to prevent similar occurrences.

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08/09 AG Audit Report Reference	FY first reported	Progress made in clearing/ resolving the matter
<p>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.</p>		<p>Housing Allowance - Rm 28,212</p> <ul style="list-style-type: none"> The policy on Housing Allowance is being revised to address the cause of the irregular payments. The irregular payment of housing allowance to officials not entitled to it was condoned. The housing allowance of officials not entitled to it was ceased wef 1 May 10. The PERSOL system was enhanced to reflect the amendment to the Housing Allowance policy. <p>Leases Overstated - Rm 61,723 The DOD has in terms of NT Practice Note 5 condoned all finance leases in accordance with the blanket approval received.</p> <p>AMG CONTRACT - Rm 89,766 See action plan on Goods and Service - Consultant Expenditure Leases - Limitation of Scope - Rm 77,043 See action plan on lease commitments</p>
<p><u>Consultant Expenditure Qualification - Par 10.</u> 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.</p>	<p>08/09</p> 	<p>The following corrective actions were taken by Chief of the Air Force:</p> <p>Conduct a Board of Inquiry (BOI). BOI (Air Comd - 3/09) was convened on 5 June 2009 to investigate the irregularities reported by the AG.</p> <p>Implementation of BOI Recommendations. The recommendations of the Board are in the process of being implemented.</p> <p>Review of Internal Controls. This task has been included as part of the SAAF Balanced Scorecard process initiative of improving all processes and procedures for the SAAF.</p> <p>Revision of the AMG Contract. The SAAF is busy revising the evergreen contract with the assistance of the Consortium and the Legal Services Division to ensure alignment with PFMA requirements.</p> <p>Cessation of Production Loans and Prepayments. This practice was stopped with effect from 1 March 2009.</p>
<p><u>Departmental Revenue Qualification - Par 11.</u> 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 Coordinating 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.</p>	<p>03/04</p>	<p>Chief of Human Resources implemented the following corrective actions:</p> <ul style="list-style-type: none"> The policies on Housing Allowance and Boarding and Lodging are being revised to address the cause of the overstatement. The irregular payment of housing allowance to officials not entitled to it was condoned. The housing allowance of officials not entitled to it was ceased with effect from 1 May 10. The PERSOL system was enhanced to deduct the correct tariffs as prescribed by the revised Housing Allowance- and Boarding and Lodging policies. An interim HR Instruction was issued to authorise these corrective actions until such time that the policies have been promulgated.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

08/09 AG Audit Report Reference	FY first reported	Progress made in clearing/ resolving the matter
<p><u>Accruals Qualification - Par 12.</u> 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.</p>	06/07	<p>Chief of Logistics implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Accruals champions were appointed in the Services and Divisions. • The logistic accounting systems have been enhanced with effect from 1 March 2010 to capture the "actual delivery date" of items received. • For the financial year 2009/2010 the manual procedure was still utilised. • A training manual was compiled and training has been conducted by means of workshops held within all Services and Divisions. • The qualification is expected to be lifted during the financial year 2009/2010 audit.
<p><u>Irregular and fruitless and wasteful expenditure - Emphasis of Matter - Par 15 & 16.</u> 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. 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.</p>	08/09	<p>The Chief Financial Officer implemented the following corrective actions:</p> <ul style="list-style-type: none"> • The Policy on Financial Misconduct was revised to include chapters on the management of unauthorised, irregular and fruitless and wasteful expenditure. • An electronic system (Consolidated Control System) was developed and implemented to enhance the reporting and management of irregular and fruitless and wasteful expenditure. • Internal controls were either implemented or enhanced at Services and Divisions to prevent cases of irregular and fruitless and wasteful expenditure. • Cases that did occur are properly investigated with the aim of either condoning or recovering the expenditure from the responsible officials.
<p><u>PFMA Compliance - Reporting of Irregular Expenditure - Other Matters - Par 18.</u> 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.</p>	08/09	<p>The Chief Financial Officer implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Irregular and fruitless and wasteful expenditure are reported to the DOD nodal point (FMD - Asst Dir Financial Misconduct) immediately upon discovery thereof. • Since 1 April 2009 the DOD also reports all cases of irregular and fruitless and wasteful expenditure to the NT on a monthly basis in accordance with the Treasury Regulations. • Incidents of irregular and fruitless and wasteful expenditure are properly investigated and dealt with in accordance with PFMA and TR prescripts. • The Financial Misconduct policy has been revised to include irregular and fruitless and wasteful expenditure and will be promulgated by 30 Jun 10.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

08/09 AG Audit Report Reference	FY first reported	Progress made in clearing/ resolving the matter
<p><u>SDA - Irregular expenditure (A400M) - Emphasis of Matter - Par 11.</u> 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.</p>	08/09	<p>The Chief of Defence Matériel implemented the following corrective actions:</p> <ul style="list-style-type: none"> • The correct tender process to acquire the A400M was not followed as Cabinet closed the deal outside of the DOD's acquisition process. • Immediately when the DOD became involved the prescribed acquisition process into DAP1000 was followed. The DOD requested condonation from NT regarding the initial processes that was non-compliant - the condonation request was rejected by NT. • Cabinet cancelled the A400M contract in November 2009. The contract specifies that the funds already paid should be returned by Airbus Military thus the DOD, through Armscor, submitted a request for the payment of these funds. • The DOD is planning to appeal against NT's decision not to grant the request for condonement.
<p><u>SDA - Non-compliance with applicable legislation - Other Matters - Par 12.</u> 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.</p>	06/07	<p>Notwithstanding the requirements of the Defence Special Account Act the National Treasury has requested the DOD not to invest the reserve on the SDA. The DOD will engage the NT to initiate the amendment to the SDA Act.</p>

16. Exemptions and deviations received from the National Treasury

The National Treasury authorised the DOD to prepare the financial statements of the Special Defence Account in accordance with the entity-specific basis, within a modified accrual basis of accounting.

17. 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 have 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.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2010

18. Approval

The audited Annual Financial Statements set out in pages 180 to 276 have been approved by the Accounting Officer.



(N.Z.H. Mphfu)

Secretary for Defence: Director General

Pretoria

30 July 2010



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE No. 19: DEPARTMENT OF DEFENCE for the year ended 31 March 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements, which comprise the appropriation statement, the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 180 to 246.

Accounting Officer's responsibility for the financial statements

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act no. 1 of 1999) (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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.

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

The department did not disclose any financial information for both the current and prior year in notes 33, 34 and 35 to the financial statements as required by the financial reporting framework set by National Treasury.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE No. 19: DEPARTMENT OF DEFENCE for the year ended 31 March 2010

Furthermore, the department due to historic inherent problems did not maintain a proper asset register, supported by relevant documentation to enable me to quantify the misstatements. While I performed alternative audit procedures and recognised that a project plan to address the asset register deficiencies is in process, I could however, not verify existence, rights and obligation, completeness and valuation with regard to tangible and intangible assets.

Qualified opinion

In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Department of Defence as at 31 March 2010 and its financial performance and its cash flows for the year then ended, in accordance with the modified cash basis of accounting described in note 1.1 to the financial statements and in the manner required by the PFMA.

Emphasis of matter

I draw attention to the matters below. My opinion is not modified in respect of these matters:



Basis of accounting

The department's policy is to prepare financial statements on the modified cash basis of accounting, described in accounting policy note 1.1 to the financial statements.

Restatement of corresponding figures

As disclosed in notes 3 and 24 to the financial statements, the corresponding figures for year ended 31 March 2009 have been restated as a result of errors discovered during the current year.

Irregular expenditure

As disclosed in note 27 to the financial statements, irregular expenditure to the amount of R1 billion, mainly comprising of housing allowance, new military dispensation and performance awards which was paid during the year under review without following the proper approval processes as prescribed in section 55 of the Defence Act, 2002 (Act no. 42 of 2002) and section 2 of the Public Service Act, 1994 (Act no. 103 of 1994). At the date of this report the Minister has requested a meeting with the mandating committee for concurrence of the expenditure.

Additional matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

The supplementary information set out in the annexures 1A to 6 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE No. 19: DEPARTMENT OF DEFENCE for the year ended 31 March 2010

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General notice 1570 of 2009, issued in Government Gazette no. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA, Defence Act, 2002 (Act no. 42 of 2002) and financial management (internal control).

Findings

Predetermined objectives

Reliability of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit finding relates to the above criteria:

For the three selected programmes tested the validity, accuracy, or completeness of some of the reported targets could not be established as sufficient appropriate audit evidence could not be provided for audit purposes.

Compliance with laws and regulations

Defence Act and Public Service Act

- Non adherence to legislation

The department did not comply with section 55 of the Defence Act, 2002 (Act no. 42 of 2002) regarding the approval of salaries relating to the latest military dispensation, housing allowances for uniform members and performance awards. Furthermore, the approval process as prescribed in section 2 of the Public Service Act, 1994 (Act no.103 of 1994), was not complied with. These payments are disclosed as irregular in note 27 to the financial statements.

Public Finance Management Act and Treasury regulations

- Non adherence to legislation

The department did not comply with section 38 (1)(a)(ii) of the PFMA as an internal audit function was not fully operational for the year under review. Furthermore, contrary to the requirements of TR 3.2.1 the department did not have an approved fraud prevention plan.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

/ Department of Defence / Vote 19 /

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE No. 19: DEPARTMENT OF DEFENCE for the year ended 31 March 2010

○ Leadership

Management did not have approved policies and procedures to guide management at the lowest level to ensure compliance with National Treasury disclosure requirements with regard to the recording and disclosure of the various categories of tangible and intangible assets. Furthermore, the department did not have the necessary key controls in place to effectively manage performance against predetermined objectives. The department also did not effectively monitor compliance with laws, regulations and policies.

○ Financial and performance management

Manual and automated systems are not adequate to facilitate the preparation and accurate recording and disclosure of the various categories of assets in the financial statements as required by National Treasury. Furthermore, the record keeping pertaining to performance information was not adequate, resulting in information not always being readily available for audit. The performance information in the annual report was not adequately reviewed for completeness and accuracy prior to submission for audit.

○ Governance

The department did not have an approved fraud prevention plan. The internal audit function was not fully operational for the year under review and the Head of Internal Audit was not appointed.

OTHER REPORTS

○ Performance audits

A performance audit was conducted on the department's use of consultants during the year under review. The audit is currently being finalised and the findings will be reported on in a separate report.

Auditor - General

Pretoria

31 July 2010



AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

ACCOUNTING POLICIES

for the year ended 31 March 2010

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 funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

The total appropriated funds received during the year are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

ACCOUNTING POLICIES

for the year ended 31 March 2010

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note 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.

2.3 Aid assistance

Aid assistance is recognised as revenue when received.

ACCOUNTING POLICIES

for the year ended 31 March 2010

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.



3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

The cost of short-term employee benefits are expensed in the statement of financial performance when financial authorisation for payment is effected on the system (by no later than 31 March each year).

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 must not be recognised in the statement of financial performance or position.

Employee cost are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Post retirement benefits

Employer contribution (i.e. social contributions) are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Funds and not in the financial statements of the employer department.

Social contribution (such as medical benefits) made by the department for certain of its ex-employees are classified as transfers to households in the statement of financial performance.

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).

ACCOUNTING POLICIES

for the year ended 31 March 2010

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.

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/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5,000). All other expenditures are classified as current.

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 underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

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 final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed 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 derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

ACCOUNTING POLICIES

for the year ended 31 March 2010

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. 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.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Bank overdrafts are shown separately on the face of the statement of financial position.

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 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and where the goods and services have not been received by year-end.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

ACCOUNTING POLICIES

for the year ended 31 March 2010

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories purchased during the financial year are valued at cost in the notes.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

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 is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

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.



4.8.2 Immovable assets

Initial recognition

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.

Subsequent recognition

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 provincial/national department of public works.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

ACCOUNTING POLICIES

for the year ended 31 March 2010

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

5.4 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.

5.5 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.

5.6 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.

5.7 Lease commitments

Finance lease

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 are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

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.

5.8 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

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 and/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 recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlining asset is disposed and the related funds are received.



ACCOUNTING POLICIES

for the year ended 31 March 2010

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. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

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 included in the disclosure notes.



Department of Defence - Vote 19

**ANNUAL FINANCIAL STATEMENTS FOR
DEPARTMENT OF DEFENCE - VOTE 19**
for the year ended 31 March 2010

Department of Defence - Vote 19
APPROPRIATION STATEMENT
for the year ended 31 March 2010

Programme	Appropriation per programme							2008/09	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1. Administration									
Current payment	2 835 823	-	3 186	2 839 009	2 839 009	-	100.0%	2 411 460	2 411 459
Transfers and subsidies	23 125	-	16 073	39 198	39 198	-	100.0%	34 245	34 245
Payment for capital assets	21 689	-	14 194	35 883	35 883	-	100.0%	34 447	34 447
2. Landward Defence									
Current payment	6 498 768	-	110 206	6 608 974	6 608 974	-	100.0%	4 877 721	4 877 721
Transfers and subsidies	2 372 763	-	(46 636)	2 326 127	2 326 127	-	100.0%	2 008 071	2 008 071
Payment for capital assets	37 565	-	69 560	107 125	107 125	-	100.0%	72 909	72 909
3. Air Defence									
Current payment	3 406 928	-	20 903	3 427 831	3 427 831	-	100.0%	3 010 639	3 010 639
Transfers and subsidies	5 628 594	-	(446 410)	5 182 184	5 182 184	-	100.0%	4 955 689	4 955 689
Payment for capital assets	20 905	-	12 841	33 746	33 746	-	100.0%	52 451	52 451
4. Maritime Defence									
Current payment	1 595 124	-	(42 104)	1 553 020	1 553 020	-	100.0%	1 363 162	1 363 162
Transfers and subsidies	377 080	-	(10 654)	366 426	366 426	-	100.0%	386 506	386 506
Payment for capital assets	39 110	-	38 898	78 008	78 008	-	100.0%	87 523	87 523
5. Military Health Support									
Current payment	2 417 077	-	67 347	2 484 424	2 484 424	-	100.0%	2 039 566	2 039 566
Transfers and subsidies	9 188	-	893	10 081	10 021	60	99.4%	15 711	15 443
Payment for capital assets	56 532	-	57 152	113 684	113 684	-	100.0%	121 931	121 931



Department of Defence - Vote 19
APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2010

Programme	Appropriation per programme							2008/09	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
6. Defence Intelligence									
Current payment	205 236	-	(12 697)	192 539	192 539	-	100.0%	169 114	169 114
Transfers and subsidies	393 706	-	5 797	399 503	399 503	-	100.0%	337 006	337 006
Payment for capital assets	622	-	2 040	2 662	2 662	-	100.0%	632	632
7. General Support									
Current payment	2 079 606	-	(23 190)	2 056 416	2 056 416	-	100.0%	2 411 820	2 404 567
Transfers and subsidies	869 773	-	3 988	873 761	873 761	-	100.0%	935 925	935 925
Payment for capital assets	511 571	-	195 595	707 166	707 166	-	100.0%	658 589	568 370
8. Force Employment									
Current payment	1 699 007	-	(35 801)	1 663 206	1 662 257	949	99.9%	1 693 059	1 693 059
Transfers and subsidies	170 644	-	(4 436)	166 208	166 208	-	100.0%	160 235	160 235
Payment for capital assets	54 820	-	3 255	58 075	58 075	-	100.0%	60 616	60 616
Total	31 325 256	-	-	31 325 256	31 324 247	1 009	100.0%	27 899 027	27 801 286
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				699 949				629 390	
Actual amounts per Statement of Financial Performance (Total Revenue)				32 025 205				28 528 417	
Actual amounts per Statement of Financial Performance Expenditure					31 324 247				27 801 286

Department of Defence - Vote 19
APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2010

Programme	Appropriation per economic classification							2008/09	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	12 223 156	-	482 423	12 705 579	12 705 579	-	100.0%	10 620 019	10 620 019
Goods and services	8 514 413	-	(444 132)	8 070 281	8 069 332	949	100.0%	7 281 516	7 274 262
Financial transactions in assets and liabilities	-	-	49 559	49 559	49 559	-	100.0%	75 006	75 006
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	13 806	13 806
Departmental agencies & accounts	9 075 020	-	(445 892)	8 629 128	8 629 128	-	100.0%	8 096 608	8 096 608
Public corporations & private enterprises	603 608	-	-	603 608	603 608	-	100.0%	565 754	565 754
Non-profit institutions	4 402	-	-	4 402	4 342	60	98.6%	4 466	4 198
Households	161 843	-	(35 493)	126 350	126 350	-	100.0%	152 754	152 754
Payments for capital assets									
Buildings & other fixed structures	451 981	-	147 113	599 094	599 094	-	100.0%	566 746	476 527
Machinery & equipment	290 580	-	246 525	537 105	537 105	-	100.0%	521 047	521 047
Biological assets	-	-	10	10	10	-	100.0%	-	-
Software & other intangible assets	253	-	(113)	140	140	-	100.0%	1 305	1 305
Total	31 325 256	-	-	31 325 256	31 324 247	1 009	100.0%	27 899 027	27 801 286

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 1 - Administration
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.1 Minister									
Current payment	1 709	-	-	1 709	1 709	-	100.0%	1 019	1 019
1.2 Deputy Minister									
Current payment	1 407	-	-	1 407	1 407	-	100.0%	828	828
1.3 Ministerial Direction									
Current payment	15 525	-	24 736	40 261	40 261	-	100.0%	17 656	17 656
Transfers and subsidies	132	-	2 495	2 627	2 627	-	100.0%	8	8
Payment for capital assets	1 257	-	2 891	4 148	4 148	-	100.0%	1 464	1 464
1.4 Departmental Direction									
Current payment	24 477	-	(5 837)	18 640	18 640	-	100.0%	15 496	15 496
Transfers and subsidies	-	-	188	188	188	-	100.0%	60	60
Payment for capital assets	363	-	1 603	1 966	1 966	-	100.0%	679	679
1.5 Policy and Planning									
Current payment	72 900	-	(11 471)	61 429	61 429	-	100.0%	52 265	52 265
Transfers and subsidies	4 331	-	2 073	6 404	6 404	-	100.0%	5 862	5 862
Payment for capital assets	675	-	515	1 190	1 190	-	100.0%	709	709
1.6 Financial Services									
Current payment	218 814	-	(8 356)	210 458	210 458	-	100.0%	179 836	179 836
Transfers and subsidies	4 444	-	(1 388)	3 056	3 056	-	100.0%	2 749	2 749
Payment for capital assets	3 837	-	996	4 833	4 833	-	100.0%	3 754	3 754

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 1 - Administration (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
1.7 Human Resources Support Services									
Current payment	501 696	-	3 813	505 509	505 509	-	100.0%	460 865	460 865
Transfers and subsidies	10 819	-	10 802	21 621	21 621	-	100.0%	20 271	20 271
Payment for capital assets	3 779	-	3 213	6 992	6 992	-	100.0%	8 169	8 169
1.8 Legal Services									
Current payment	135 530	-	(14 674)	120 856	120 856	-	100.0%	108 306	108 306
Transfers and subsidies	151	-	(66)	85	85	-	100.0%	647	647
Payment for capital assets	1 949	-	(377)	1 572	1 572	-	100.0%	1 872	1 872
1.9 Inspection Services									
Current payment	51 123	-	1 603	52 726	52 726	-	100.0%	44 792	44 792
Transfers and subsidies	161	-	571	732	732	-	100.0%	405	405
Payment for capital assets	1 000	-	1 072	2 072	2 072	-	100.0%	2 857	2 857
1.10 Acquisition Services									
Current payment	44 498	-	(5 098)	39 400	39 400	-	100.0%	48 934	48 934
Transfers and subsidies	1 749	-	(1 572)	177	177	-	100.0%	3 009	3 009
Payment for capital assets	778	-	297	1 075	1 075	-	100.0%	931	931
1.11 Communication Services									
Current payment	24 878	-	2 481	27 359	27 359	-	100.0%	22 388	22 388
Transfers and subsidies	332	-	854	1 186	1 186	-	100.0%	257	257
Payment for capital assets	554	-	53	607	607	-	100.0%	1 010	1 010

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 1 - Administration (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
1.12 South African National Defence Force Command and Control									
Current payment	68 251	-	7 856	76 107	76 107	-	100.0%	61 850	61 850
Transfers and subsidies	604	-	508	1 112	1 112	-	100.0%	295	295
Payment for capital assets	3 612	-	2 775	6 387	6 387	-	100.0%	5 885	5 885
1.13 Religious Services									
Current payment	5 657	-	1 655	7 312	7 312	-	100.0%	7 167	7 167
Transfers and subsidies	220	-	376	596	596	-	100.0%	-	-
Payment for capital assets	11	-	1	12	12	-	100.0%	-	-
1.14 Defence Reserve Direction									
Current payment	12 711	-	(794)	11 917	11 917	-	100.0%	9 437	9 437
Transfers and subsidies	-	-	229	229	229	-	100.0%	-	-
Payment for capital assets	739	-	143	882	882	-	100.0%	767	767
1.15 Defence Foreign Relations									
Current payment	120 455	-	(8 204)	112 251	112 251	-	100.0%	136 760	136 760
Transfers and subsidies	182	-	1 003	1 185	1 185	-	100.0%	682	682
Payment for capital assets	3 135	-	1 012	4 147	4 147	-	100.0%	6 350	6 350
1.16 Property Management									
Current payment	1 536 192	-	8 149	1 544 341	1 544 341	-	100.0%	1 234 407	1 234 406

APPROPRIATION STATEMENT
Detail per programme 1 - Administration (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.17 Authorised Losses Current payment	-	-	10 586	10 586	10 586	-	100.0%	11 054	11 054
1.18 Internal Services Current payment	-	-	(3 259)	(3 259)	(3 259)	-	100.0%	(1 600)	(1 600)
Total	2 880 637	-	33 453	2 914 090	2 914 090	-	100.0%	2 480 152	2 480 151



Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 1 - Administration (continued)
for the year ended 31 March 2010

Program 1 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	952 964	-	(2 963)	950 001	950 001	-	100,0%	851 734	851 734
Goods and services	1 882 859	-	(4 437)	1 878 422	1 878 422	-	100,0%	1 548 671	1 548 670
Financial transactions in assets and liabilities	-	-	10 586	10 586	10 586	-	100,0%	11 055	11 055
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0,0%	625	625
Departmental agencies & accounts	8 900	-	1 038	9 938	9 938	-	100,0%	8 800	8 800
Non-profit institutions	4 002	-	-	4 002	4 002	-	100,0%	3 886	3 886
Households	10 223	-	15 035	25 258	25 258	-	100,0%	20 934	20 934
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	0,0%	30	30
Machinery & equipment	21 689	-	14 172	35 861	35 861	-	100,0%	34 417	34 417
Software & other intangible assets	-	-	22	22	22	-	100,0%	-	-
Total	2 880 637	-	33 453	2 914 090	2 914 090	-	100,0%	2 480 152	2 480 151

APPROPRIATION STATEMENT Detail per programme 2 - Landward Defence for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.1 Strategic Direction									
Current payment	820 164	-	(484 365)	335 799	335 799	-	100.0%	230 198	230 198
Transfers and subsidies	2 820	-	2 164	4 984	4 984	-	100.0%	7 933	7 933
Payment for capital assets	2 438	-	6 835	9 273	9 273	-	100.0%	20 758	20 758
2.2 Infantry Capability									
Current payment	2 009 015	-	217 667	2 226 682	2 226 682	-	100.0%	1 765 731	1 765 731
Transfers and subsidies	853 805	-	(9 924)	843 881	843 881	-	100.0%	732 645	732 645
Payment for capital assets	1 525	-	4 864	6 389	6 389	-	100.0%	6 343	6 343
2.3 Armour Capability									
Current payment	209 808	-	(115)	209 693	209 693	-	100.0%	179 691	179 691
Transfers and subsidies	31 235	-	(1 583)	29 652	29 652	-	100.0%	50 085	50 085
Payment for capital assets	264	-	704	968	968	-	100.0%	536	536
2.4 Artillery Capability									
Current payment	198 577	-	21 055	219 632	219 632	-	100.0%	176 102	176 102
Transfers and subsidies	108 895	-	(1 961)	106 934	106 934	-	100.0%	166 825	166 825
Payment for capital assets	760	-	684	1 444	1 444	-	100.0%	891	891
2.5 Air Defence Artillery Capability									
Current payment	150 199	-	5 027	155 226	155 226	-	100.0%	130 570	130 570
Transfers and subsidies	232 126	-	795	232 921	232 921	-	100.0%	172 120	172 120
Payment for capital assets	2 184	-	(1 694)	490	490	-	100.0%	1 148	1 148

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 2 - Landward Defence (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
2.6 Engineering Capability									
Current payment	305 565	-	47 427	352 992	352 992	-	100.0%	281 716	281 716
Transfers and subsidies	21 465	-	(19 183)	2 282	2 282	-	100.0%	2 297	2 297
Payment for capital assets	-	-	1 325	1 325	1 325	-	100.0%	932	932
2.7 Operational Intelligence									
Current payment	128 180	-	(15 664)	112 516	112 516	-	100.0%	96 553	96 553
Transfers and subsidies	152 836	-	(876)	151 960	151 960	-	100.0%	100 247	100 247
Payment for capital assets	397	-	(134)	263	263	-	100.0%	152	152
2.8 Support Capability									
Current payment	1 798 992	-	219 556	2 018 548	2 018 548	-	100.0%	1 718 606	1 718 606
Transfers and subsidies	959 919	-	(15 168)	944 751	944 751	-	100.0%	770 029	770 029
Payment for capital assets	17 437	-	41 129	58 566	58 566	-	100.0%	36 471	36 471
2.9 General Training Capability									
Current payment	256 310	-	5 290	261 600	261 600	-	100.0%	212 671	212 671
Transfers and subsidies	3 036	-	(1 109)	1 927	1 927	-	100.0%	1 431	1 431
Payment for capital assets	4 151	-	1 859	6 010	6 010	-	100.0%	5 402	5 402
2.10 Command And Control Capability									
Current payment	92 553	-	3 203	95 756	95 756	-	100.0%	81 947	81 947
Transfers and subsidies	5 029	-	(1 925)	3 104	3 104	-	100.0%	4 459	4 459
Payment for capital assets	40	-	701	741	741	-	100.0%	276	276

APPROPRIATION STATEMENT Detail per programme 2 - Landward Defence (continued) for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
2.11 Signal Capability									
Current payment	529 405	-	90 910	620 315	620 315	-	100.0%	-	-
Transfers and subsidies	1 597	-	2 134	3 731	3 731	-	100.0%	-	-
Payment for capital assets	8 369	-	13 287	21 656	21 656	-	100.0%	-	-
2.12 Authorised Losses									
Current payment	-	-	2 307	2 307	2 307	-	100.0%	9 671	9 671
2.13 Income									
Current payment	-	-	(1 122)	(1 122)	(1 122)	-	100.0%	(1 439)	(1 439)
2.14 Internal Services									
Current payment	-	-	(970)	(970)	(970)	-	100.0%	(4 296)	(4 296)
Total	8 909 096	-	133 130	9 042 226	9 042 226	-	100.0%	6 958 701	6 958 701

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 2 - Landward Defence (continued)
for the year ended 31 March 2010

Program 2 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	5 113 020	-	218 559	5 331 579	5 331 579	-	100.0%	3 848 690	3 848 690
Goods and services	1 385 748	-	(110 660)	1 275 088	1 275 088	-	100.0%	1 019 360	1 019 360
Financial transactions in assets and liabilities	-	-	2 307	2 307	2 307	-	100.0%	9 671	9 671
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	6 093	6 093
Departmental agencies & accounts	2 286 916	-	-	2 286 916	2 286 916	-	100.0%	1 955 260	1 955 260
Households	85 847	-	(46 636)	39 211	39 211	-	100.0%	46 718	46 718
Payment for capital assets									
Buildings & other fixed structures	-	-	116	116	116	-	100.0%	-	-
Machinery & equipment	37 565	-	69 444	107 009	107 009	-	100.0%	72 909	72 909
Total	8 909 096	-	133 130	9 042 226	9 042 226	-	100.0%	6 958 701	6 958 701

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 3 - Air Defence
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 Strategic Direction									
Current payment	15 217	-	(2 160)	13 057	13 057	-	100.0%	11 947	11 947
Payment for capital assets	33	-	635	668	668	-	100.0%	597	597
3.2 Operational Direction									
Current payment	72 162	-	68 034	140 196	140 196	-	100.0%	170 075	170 075
Payment for capital assets	1 207	-	74	1 281	1 281	-	100.0%	662	662
3.3 Helicopter Capability									
Current payment	583 058	-	(54 229)	528 829	528 829	-	100.0%	407 082	407 082
Transfers and subsidies	236 434	-	149	236 583	236 583	-	100.0%	752 713	752 713
Payment for capital assets	2 730	-	(25)	2 705	2 705	-	100.0%	6 714	6 714
3.4 Transport and Maritime Capability									
Current payment	280 364	-	94 461	374 825	374 825	-	100.0%	356 797	356 797
Transfers and subsidies	2 377 892	-	1 073	2 378 965	2 378 965	-	100.0%	1 362 867	1 362 867
Payment for capital assets	6 099	-	(3 384)	2 715	2 715	-	100.0%	4 248	4 248
3.5 Air Combat Capability									
Current payment	234 105	-	(51 273)	182 832	182 832	-	100.0%	175 028	175 028
Transfers and subsidies	2 793 376	-	(446 922)	2 346 454	2 346 454	-	100.0%	2 738 834	2 738 834
Payment for capital assets	5 272	-	1 410	6 682	6 682	-	100.0%	6 065	6 065

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 3 - Air Defence (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.6 Operational Support And Intelligence Capability									
Current payment	150 016	-	(9 962)	140 054	140 054	-	100.0%	124 560	124 560
Transfers and subsidies	62 150	-	198	62 348	62 348	-	100.0%	19 262	19 262
Payment for capital assets	1 106	-	1 082	2 188	2 188	-	100.0%	2 301	2 301
3.7 Command and Control Capability									
Current payment	172 947	-	11 033	183 980	183 980	-	100.0%	158 070	158 070
Transfers and subsidies	37 790	-	218	38 008	38 008	-	100.0%	40 042	40 042
Payment for capital assets	30	-	1 880	1 910	1 910	-	100.0%	4 908	4 908
3.8 Base Support Capability									
Current payment	1 084 581	-	13 156	1 097 737	1 097 737	-	100.0%	979 879	979 879
Transfers and subsidies	13 978	-	(4 643)	9 335	9 335	-	100.0%	23 372	23 372
Payment for capital assets	2 119	-	7 595	9 714	9 714	-	100.0%	10 421	10 421
3.9 Command Post									
Current payment	30 797	-	7 934	38 731	38 731	-	100.0%	39 858	39 858
Transfers and subsidies	-	-	1 809	1 809	1 809	-	100.0%	1 297	1 297
Payment for capital assets	282	-	149	431	431	-	100.0%	593	593
3.10 Training Capability									
Current payment	286 246	-	(10 032)	276 214	276 214	-	100.0%	237 400	237 400
Transfers and subsidies	106 097	-	688	106 785	106 785	-	100.0%	13 924	13 924
Payment for capital assets	44	-	795	839	839	-	100.0%	7 273	7 273

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 3 - Air Defence (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.11 Technical Support Services									
Current payment	497 435	-	40 123	537 558	537 558	-	100.0%	437 521	437 521
Transfers and subsidies	877	-	1 020	1 897	1 897	-	100.0%	3 378	3 378
Payment for capital assets	1 983	-	2 630	4 613	4 613	-	100.0%	8 669	8 669
3.12 Authorised Losses									
Current payment	-	-	538	538	538	-	100.0%	728	728
3.13 Income									
Current payment	-	-	(211)	(211)	(211)	-	100.0%	(1 654)	(1 654)
3.14 Internal Services									
Current payment	-	-	(86 509)	(86 509)	(86 509)	-	100.0%	(86 652)	(86 652)
Total	9 056 427	-	(412 666)	8 643 761	8 643 761	-	100.0%	8 018 779	8 018 779

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 3 - Air Defence (continued)
for the year ended 31 March 2010

Program 3 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	1 825 427	-	59 651	1 885 078	1 885 078	-	100.0%	1 636 799	1 636 799
Goods and services	1 581 501	-	(39 286)	1 542 215	1 542 215	-	100.0%	1 373 112	1 373 112
Financial transactions in assets and liabilities	-	-	538	538	538	-	100.0%	728	728
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	1 829	1 829
Departmental agencies & accounts	5 614 510	-	(446 930)	5 167 580	5 167 580	-	100.0%	4 924 012	4 924 012
Households	14 084	-	520	14 604	14 604	-	100.0%	29 848	29 848
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	93	93
Machinery & equipment	20 905	-	12 786	33 691	33 691	-	100.0%	52 127	52 127
Biological assets	-	-	10	10	10	-	100.0%	-	-
Software & other intangible assets	-	-	45	45	45	-	100.0%	231	231
Total	9 056 427	-	(412 666)	8 643 761	8 643 761	-	100.0%	8 018 779	8 018 779

APPROPRIATION STATEMENT

Detail per programme 4 - Maritime Defence

for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
4.1 Maritime Combat Capability									
Current payment	302 516	-	(58 132)	244 384	244 384	-	100.0%	259 421	259 421
Transfers and subsidies	209 183	-	78	209 261	209 261	-	100.0%	213 378	213 378
Payment for capital assets	510	-	312	822	822	-	100.0%	695	695
4.2 Maritime Logistic Support Capability									
Current payment	319 332	-	6 995	326 327	326 327	-	100.0%	288 819	288 819
Transfers and subsidies	145 169	-	826	145 995	145 995	-	100.0%	161 269	161 269
Payment for capital assets	3 067	-	12 601	15 668	15 668	-	100.0%	26 441	26 441
4.3 Maritime Training Capability									
Current payment	225 432	-	18 839	244 271	244 271	-	100.0%	157 612	157 612
Transfers and subsidies	-	-	587	587	587	-	100.0%	686	686
Payment for capital assets	18	-	31	49	49	-	100.0%	337	337
4.4 Base Support Capability									
Current payment	398 890	-	32 634	431 524	431 524	-	100.0%	375 797	375 797
Transfers and subsidies	-	-	3 242	3 242	3 242	-	100.0%	4 943	4 943
Payment for capital assets	26 882	-	27 905	54 787	54 787	-	100.0%	49 400	49 400
4.5 Maritime Direction									
Current payment	348 954	-	(35 136)	313 818	313 818	-	100.0%	281 881	281 881
Transfers and subsidies	22 728	-	(15 387)	7 341	7 341	-	100.0%	6 230	6 230
Payment for capital assets	8 633	-	(1 951)	6 682	6 682	-	100.0%	10 650	10 650

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 4 - Maritime Defence (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10							2008/09	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
4.6 Authorised Losses Current payment	-	-	664	664	664	-	100.0%	162	162
4.7 Income Current payment	-	-	(349)	(349)	(349)	-	100.0%	(530)	(530)
4.8 Internal Services Current payment	-	-	(7 619)	(7 619)	(7 619)	-	100.0%	-	-
Total	2 011 314	-	(13 860)	1 997 454	1 997 454	-	100.0%	1 837 191	1 837 191

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 4 - Maritime Defence (continued)
for the year ended 31 March 2010

Program 4 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	1 031 723	-	15 764	1 047 487	1 047 487	-	100.0%	855 119	855 119
Goods and services	563 401	-	(58 532)	504 869	504 869	-	100.0%	507 881	507 881
Financial transactions in assets and liabilities	-	-	664	664	664	-	100.0%	162	162
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	271	271
Departmental agencies & accounts	249 499	-	-	249 499	249 499	-	100.0%	255 532	255 532
Public corporations & private enterprises	104 853	-	-	104 853	104 853	-	100.0%	117 657	117 657
Households	22 728	-	(10 654)	12 074	12 074	-	100.0%	13 046	13 046
Payment for capital assets									
Buildings & other fixed structures	22 270	-	10 986	33 256	33 256	-	100.0%	41 147	41 147
Machinery & equipment	16 593	-	28 159	44 752	44 752	-	100.0%	46 376	46 376
Software & other intangible assets	247	-	(247)	-	-	-	0.0%	-	-
Total	2 011 314	-	(13 860)	1 997 454	1 997 454	-	100.0%	1 837 191	1 837 191

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 5 - Military Health Support
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.1 Strategic Direction									
Current payment	186 267	-	(23 339)	162 928	162 928	-	100.0%	139 636	139 636
Transfers and subsidies	6 169	-	(2 797)	3 372	3 312	60	98.2%	3 623	3 355
Payment for capital assets	2 217	-	622	2 839	2 839	-	100.0%	6 658	6 658
5.2 Mobile Military Health Support									
Current payment	79 419	-	(7 327)	72 092	72 092	-	100.0%	59 416	59 416
Transfers and subsidies	823	-	44	867	867	-	100.0%	1 770	1 770
Payment for capital assets	1 475	-	(339)	1 136	1 136	-	100.0%	5 663	5 663
5.3 Area Military Health Service									
Current payment	783 513	-	23 758	807 271	807 271	-	100.0%	715 241	715 241
Transfers and subsidies	-	-	1 927	1 927	1 927	-	100.0%	4 508	4 508
Payment for capital assets	13 024	-	540	13 564	13 564	-	100.0%	9 505	9 505
5.4 Specialist/Tertiary Health Service									
Current payment	812 010	-	22 256	834 266	834 266	-	100.0%	690 823	690 823
Transfers and subsidies	140	-	2 788	2 928	2 928	-	100.0%	2 988	2 988
Payment for capital assets	23 301	-	10 812	34 113	34 113	-	100.0%	21 834	21 834
5.5 Product Support Capability									
Current payment	213 906	-	(66 885)	147 021	147 021	-	100.0%	126 988	126 988
Transfers and subsidies	43	-	226	269	269	-	100.0%	1 269	1 269
Payment for capital assets	6 155	-	16 343	22 498	22 498	-	100.0%	7 650	7 650

APPROPRIATION STATEMENT Detail per programme 5 - Military Health Support (continued) for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.6 Base Support Capability									
Current payment	133 360	-	50 486	183 846	183 846	-	100.0%	154 069	154 069
Transfers and subsidies	-	-	707	707	707	-	100.0%	592	592
Payment for capital assets	3 283	-	7 947	11 230	11 230	-	100.0%	68 084	68 084
5.7 Military Health Training Capability									
Current payment	208 602	-	44 234	252 836	252 836	-	100.0%	149 375	149 375
Transfers and subsidies	2 013	-	(2 002)	11	11	-	100.0%	961	961
Payment for capital assets	7 077	-	21 227	28 304	28 304	-	100.0%	2 537	2 537
5.8 Authorised Losses									
Current payment	-	-	29 667	29 667	29 667	-	100.0%	12 101	12 101
5.9 Income									
Current payment	-	-	(5 503)	(5 503)	(5 503)	-	100.0%	(8 083)	(8 083)
Total	2 482 797	-	125 392	2 608 189	2 608 129	60	100.0%	2 177 208	2 176 940

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 5 - Military Health Support (continued)
for the year ended 31 March 2010

Program 5 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	1 607 011	-	59 763	1 666 774	1 666 774	-	100.0%	1 377 084	1 377 084
Goods and services	810 066	-	(22 083)	787 983	787 983	-	100.0%	650 381	650 381
Financial transactions in assets and liabilities	-	-	29 667	29 667	29 667	-	100.0%	12 101	12 101
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	1 681	1 681
Departmental agencies & accounts	1 771	-	-	1 771	1 771	-	100.0%	1 500	1 500
Non-profit institutions	400	-	-	400	340	60	85.0%	580	312
Households	7 017	-	893	7 910	7 910	-	100.0%	11 950	11 950
Payment for capital assets									
Buildings & other fixed structures	130	-	19 850	19 980	19 980	-	100.0%	170	170
Machinery & equipment	56 396	-	37 235	93 631	93 631	-	100.0%	121 570	121 570
Software & other intangible assets	6	-	67	73	73	-	100.0%	191	191
Total	2 482 797	-	125 392	2 608 189	2 608 129	60	100.0%	2 177 208	2 176 940

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 6 - Defence Intelligence
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
6.1 Defence Intelligence Strategic Direction									
Current payment	1 484	-	(124)	1 360	1 360	-	100.0%	1 263	1 263
6.2 Operations									
Current payment	1 268	-	(459)	809	809	-	100.0%	1 595	1 595
Transfers and subsidies	391 540	-	-	391 540	391 540	-	100.0%	332 413	332 413
Payment for capital assets	223	-	(66)	157	157	-	100.0%	101	101
6.3 Defence Intelligence Support Services									
Current payment	202 484	-	(12 114)	190 370	190 370	-	100.0%	166 256	166 256
Transfers and subsidies	2 166	-	5 797	7 963	7 963	-	100.0%	4 593	4 593
Payment for capital assets	399	-	2 106	2 505	2 505	-	100.0%	531	531
Total	599 564	-	(4 860)	594 704	594 704	-	100.0%	506 752	506 752

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 6 - Defence Intelligence (continued)
for the year ended 31 March 2010

Program 6 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	176 210	-	(2 868)	173 342	173 342	-	100.0%	149 938	149 938
Goods and services	29 026	-	(9 829)	19 197	19 197	-	100.0%	19 176	19 176
Transfers and subsidies									
Departmental agencies & accounts	391 540	-	-	391 540	391 540	-	100.0%	332 413	332 413
Households	2 166	-	5 797	7 963	7 963	-	100.0%	4 593	4 593
Payment for capital assets									
Machinery & equipment	622	-	2 040	2 662	2 662	-	100.0%	632	632
Total	599 564	-	(4 860)	594 704	594 704	-	100.0%	506 752	506 752

APPROPRIATION STATEMENT

Detail per programme 7 - General Support

for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
7.1 Joint Logistic Services									
Current payment	993 788	-	(32 528)	961 260	961 260	-	100.0%	964 784	957 531
Transfers and subsidies	5 071	-	2 471	7 542	7 542	-	100.0%	6 203	6 203
Payment for capital assets	470 929	-	160 798	631 727	631 727	-	100.0%	559 115	468 896
7.2 Command and Management Information Services									
Current payment	709 111	-	(37 303)	671 808	671 808	-	100.0%	1 108 618	1 108 618
Transfers and subsidies	106 428	-	932	107 360	107 360	-	100.0%	217 531	217 531
Payment for capital assets	10 132	-	40 810	50 942	50 942	-	100.0%	78 099	78 099
7.3 Military Police									
Current payment	278 406	-	40 196	318 602	318 602	-	100.0%	264 979	264 979
Transfers and subsidies	1 326	-	585	1 911	1 911	-	100.0%	5 332	5 332
Payment for capital assets	30 510	-	(6 027)	24 483	24 483	-	100.0%	20 863	20 863
7.4 Technology Development									
Current payment	-	-	65	65	65	-	100.0%	71	71
Transfers and subsidies	258 193	-	-	258 193	258 193	-	100.0%	258 762	258 762
Payment for capital assets	-	-	14	14	14	-	100.0%	12	12
7.5 Departmental Support									
Current payment	90 747	-	(2 137)	88 610	88 610	-	100.0%	52 661	52 661
Transfers and subsidies	498 755	-	-	498 755	498 755	-	100.0%	448 097	448 097
Payment for capital assets	-	-	-	-	-	-	0.0%	500	500

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 7 - General Support (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
7.6 British Peace Support and Training Team									
Current payment	7 554	-	3 782	11 336	11 336	-	100.0%	10 732	10 732
7.7 Authorised Losses									
Current payment	-	-	5 797	5 797	5 797	-	100.0%	9 789	9 789
7.8 Income									
Current payment	-	-	(1 062)	(1 062)	(1 062)	-	100.0%	(12)	(12)
7.9 Internal Services									
Current payment	-	-	-	-	-	-	0.0%	198	198
Total	3 460 950		176 393	3 637 343	3 637 343	-	100.0%	4 006 334	3 908 862

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 7 - General Support (continued)
for the year ended 31 March 2010

Program 7 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	650 484	-	119 510	769 994	769 994	-	100.0%	1 159 458	1 159 458
Goods and services	1 429 122	-	(148 497)	1 280 625	1 280 625	-	100.0%	1 242 573	1 235 320
Financial transactions in assets and liabilities	-	-	5 797	5 797	5 797	-	100.0%	9 789	9 789
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	2 712	2 712
Departmental agencies & accounts	365 073	-	-	365 073	365 073	-	100.0%	467 001	467 001
Public corporations & private enterprises	498 755	-	-	498 755	498 755	-	100.0%	448 097	448 097
Households	5 945	-	3 988	9 933	9 933	-	100.0%	18 115	18 115
Payment for capital assets									
Buildings & other fixed structures	428 451	-	115 816	544 267	544 267	-	100.0%	524 649	434 430
Machinery & equipment	83 120	-	79 779	162 899	162 899	-	100.0%	133 057	133 057
Software & other intangible assets	-	-	-	-	-	-	0.0%	883	883
Total	3 460 950	-	176 993	3 637 943	3 637 343	-	100.0%	4 006 334	3 908 862

Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 8 - Force Employment
for the year ended 31 March 2010

Details per sub-programme	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
8.1 Strategic Direction									
Current payment	65 164	-	(2 506)	62 658	62 658	-	100.0%	53 608	53 608
Transfers and subsidies	3 459	-	2 389	5 848	5 848	-	100.0%	838	838
Payment for capital assets	1 237	-	(152)	1 085	1 085	-	100.0%	2 035	2 035
8.2 Operational Direction									
Current payment	171 731	-	(8 860)	162 871	162 871	-	100.0%	130 074	130 074
Transfers and subsidies	8 420	-	(6 565)	1 855	1 855	-	100.0%	5 176	5 176
Payment for capital assets	6 549	-	(1 594)	4 955	4 955	-	100.0%	8 712	8 712
8.3 Special Operation									
Current payment	278 350	-	257	278 607	278 607	-	100.0%	242 493	242 493
Transfers and subsidies	125 629	-	(260)	125 369	125 369	-	100.0%	121 844	121 844
Payment for capital assets	6 779	-	6 463	13 242	13 242	-	100.0%	8 886	8 886
8.4 Regional Security									
Current payment	1 018 662	-	(80 089)	938 573	937 624	949	99.9%	1 021 792	1 021 792
Transfers and subsidies	33 136	-	-	33 136	33 136	-	100.0%	32 377	32 377
Payment for capital assets	26 711	-	2 429	29 140	29 140	-	100.0%	38 018	38 018
8.5 Support to the people									
Current payment	148 362	-	(61 870)	86 492	86 492	-	100.0%	107 372	107 372
Payment for capital assets	9 905	-	(1 495)	8 410	8 410	-	100.0%	2 480	2 480

APPROPRIATION STATEMENT
Detail per programme 8 - Force Employment (continued)
for the year ended 31 March 2010

Details per sub-programme	2009/10							2008/09	
	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
8.6 Defence Capability Management									
Current payment	16 738	-	25 910	42 648	42 648	-	100.0%	12 846	12 846
Payment for capital assets	3 639	-	(2 396)	1 243	1 243	-	100.0%	485	485
8.7 Authorised Losses									
Current payment	-	-	-	-	-	-	0.0%	31 500	31 500
8.8 Internal Services									
Current payment	-	-	91 357	91 357	91 357	-	100.0%	93 374	93 374
Total	1 924 471	-	(36 982)	1 887 489	1 886 540	949	99.9%	1 913 910	1 913 910



Department of Defence - Vote 19
APPROPRIATION STATEMENT
Detail per programme 8 - Force Employment (continued)
for the year ended 31 March 2010

Program 8 per economic classification	2009/10						2008/09		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	866 317	-	15 007	881 324	881 324	-	100,0%	741 197	741 197
Goods and services	832 690	-	(50 808)	781 882	780 933	949	99,9%	920 362	920 362
Financial transactions in assets and liabilities	-	-	-	-	-	-	0,0%	31 500	31 500
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0,0%	595	595
Departmental agencies & accounts	156 811	-	-	156 811	156 811	-	100,0%	152 090	152 090
Households	13 833	-	(4 436)	9 397	9 397	-	100,0%	7 550	7 550
Payment for capital assets									
Buildings & other fixed structures	1 130	-	345	1 475	1 475	-	100,0%	657	657
Machinery & equipment	53 690	-	2 910	56 600	56 600	-	100,0%	59 959	59 959
Total	1 924 471	-	(36 982)	1 887 489	1 886 540	949	99,9%	1 913 910	1 913 910

Department of Defence - Vote 19

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2010

1. **Detail of transfers and subsidies as per Appropriation Act (after virement):**
Detail of these transactions can be viewed in note 6 to 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 to 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 R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Military Health Support	2 608 189	2 608 129	60	0.0%
Under spending of Rm 0.060 on transfer payment to the St John's Ambulance Brigade that did not occur and has to be surrendered.				
Force Employment	1 887 489	1 886 540	949	0.1%
Under spending of Rm 0.949 due to a saving which did not have a negative impact on programme and service delivery.				

4.2 **Per economic classification:**

Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Current expenditure				
Goods and services	8 070 281	8 069 332	949	0.0%
Transfers and subsidies				
Non-profit institutions	4 402	4 342	60	1.4%

Department of Defence - Vote 19

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
REVENUE			
Annual appropriation	1	31 325 256	27 899 027
Departmental revenue	2	699 949	629 390
TOTAL REVENUE		32 025 205	28 528 417
EXPENDITURE			
Current expenditure			
Compensation of employees	3	12 705 579	10 620 019
Goods and services	4	8 069 332	7 274 262
Financial transactions in assets and liabilities	5	49 559	75 006
Total current expenditure		20 824 470	17 969 287
Transfers and subsidies	6	9 363 427	8 833 120
Expenditure for capital assets			
Tangible capital assets	7	1 136 210	997 574
Software and other intangible assets		140	1 305
Total expenditure for capital assets		1 136 350	998 879
TOTAL EXPENDITURE		31 324 247	27 801 286
NET SURPLUS FOR THE YEAR		700 958	727 131
Reconciliation of Net Surplus for the year			
Voted Funds	15	1 009	97 741
Departmental revenue	16	699 949	629 390
NET SURPLUS FOR THE YEAR		700 958	727 131



Department of Defence - Vote 19

STATEMENT OF FINANCIAL POSITION

as at 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Current assets		912 548	876 145
Unauthorised expenditure	8	20 625	20 625
Fruitless and wasteful expenditure	9	927	931
Cash and cash equivalents	10	78 585	61 433
Prepayments and advances	11	92 237	90 164
Receivables	12	707 812	690 630
Loans	13	12 362	12 362
Non-current assets		75 000	75 000
Investments	14	75 000	75 000
TOTAL ASSETS		987 548	951 145
LIABILITIES			
Current liabilities		781 144	714 129
Voted funds to be surrendered to the Revenue Fund	15	1 009	97 741
Departmental revenue to be surrendered to the Revenue Fund	16	2 371	7 954
Bank overdraft	17	737 695	572 473
Payables	18	40 069	35 961
TOTAL LIABILITIES		781 144	714 129
NET ASSETS		206 404	237 016
Represented by:			
Capitalisation Reserves		75 000	75 000
Recoverable revenue		131 404	162 016
TOTAL		206 404	237 016



An amount of R6 135 215 disclosed as non-current payables in the 2008/09 financial statements has been reclassified as current payables.

Department of Defence - Vote 19

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
Capitalisation Reserves			
Opening balance		75 000	75 000
Other movements		-	-
Closing Balance		<u>75 000</u>	<u>75 000</u>
Recoverable revenue			
Opening balance		162 016	118 974
Transfers		(30 612)	43 042
Irrecoverable amounts written off	5.4	(5 245)	(1 123)
Debts revised		(52 725)	(858)
Debts recovered (included in departmental receipts)		(25 295)	(20 253)
Debts raised		52 653	65 276
Closing balance		<u>131 404</u>	<u>162 016</u>
TOTAL		<u>206 404</u>	<u>237 016</u>



Department of Defence - Vote 19

CASH FLOW STATEMENT

for the year ended 31 March 2010

	<i>Note</i>	2009/10 R'000	2008/09 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		32 005 724	28 406 351
Annual appropriated funds received	1	31 325 256	27 899 027
Departmental revenue received		680 468	507 324
Net decrease/(increase) in working capital		(15 143)	(121 277)
Surrendered to Revenue Fund		(803 273)	(995 338)
Current payments		(20 824 470)	(17 969 287)
Transfers and subsidies paid		(9 363 427)	(8 833 120)
Net cash flows available from operating activities	19	999 411	487 329
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(1 136 350)	(998 879)
Proceeds from sale of capital assets		19 481	122 066
Net cash flows from investing activities		(1 116 869)	(876 813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in net assets		(30 612)	43 042
Increase in non-current payables		-	6 135
Net cash flows from financing activities		(30 612)	49 177
Net increase/(decrease) in cash and cash equivalents		(148 070)	(340 307)
Cash and cash equivalents at beginning of period		(511 040)	(170 733)
Cash and cash equivalents at end of period	20	(659 110)	(511 040)



Department of Defence - Vote 19

Notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

1. Annual Appropriation

1.1 Annual Appropriation

Programmes	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation Received 2008/09
	R'000	R'000	R'000	R'000
Administration	2 914 090	2 914 090	-	2 480 152
Landward Defence	9 042 226	9 042 226	-	6 958 701
Air Defence	8 643 761	8 643 761	-	8 018 779
Maritime Defence	1 997 454	1 997 454	-	1 837 191
Military Health Support	2 608 189	2 608 189	-	2 177 208
Defence Intelligence	594 704	594 704	-	506 752
General Support	3 637 343	3 637 343	-	4 006 334
Force Employment	1 887 489	1 887 489	-	1 913 910
Total	31 325 256	31 325 256	-	27 899 027

2. Departmental Revenue

	<i>Note</i>	2009/10 R'000	2008/09 R'000
Sales of goods and services other than capital assets	2.1	209 606	193 553
Fines, penalties and forfeits	2.2	3 724	1 058
Interest, dividends and rent on land	2.3	2 750	1 398
Sales of capital assets	2.4	19 481	122 066
Financial transactions in assets and liabilities	2.5	236 097	20 662
Transfer received	2.6	228 291	290 653
Departmental revenue collected		699 949	629 390
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		194 410	165 269
Administrative fees		53	25
Other sales		194 357	165 244
Sales of scrap, waste and other used current goods		15 196	28 284
Total		209 606	193 553
2.2 Fines, penalties and forfeits			
Fines		3 724	1 058
2.3 Interest, dividends and rent on land			
Interest		2 750	1 398
2.4 Sales of capital assets			
Tangible assets		19 481	122 066
Machinery and equipment		19 481	122 066
2.5 Financial transactions in assets and liabilities			
Other Receipts including Recoverable Revenue		236 097	20 662
Total		236 097	20 662
2.6 Transfers received			
Other governmental units		-	37
Foreign governments		228 291	287 523
Public corporations and private enterprises		-	3 093
Total		228 291	290 653

Department of Defence - Vote 19
Notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		8 136 264	6 828 776
Performance award		112 579	100 669
Service based		40 176	43 830
Compensative/circumstantial		998 935	667 306
Other non-pensionable allowances		<u>2 012 693</u>	<u>1 798 683</u>
Total		<u>11 300 647</u>	<u>9 439 264</u>
3.2 Social contributions			
3.2.1 Employer contributions			
Pension		1 331 782	1 121 853
Medical		72 778	58 528
Bargaining council		<u>372</u>	<u>374</u>
Total		<u>1 404 932</u>	<u>1 180 755</u>
Total compensation of employees		<u>12 705 579</u>	<u>10 620 019</u>
Average number of employees		<u>74 560</u>	<u>74 096</u>
<p>The amount disclosed as Basic Salary for 2008/09 has been restated from R 7 283 269 000 to R6 828 776 000 due to incorrect classification between the categories under Salaries & Wages.</p> <p>The amount disclosed as Service Based for 2008/09 has been restated from R 43 399 000 to R 43 830 000 due to incorrect classification between the categories under Salaries & Wages.</p> <p>The amount disclosed as Compensative/Circumstantial for 2008/09 has been restated from R212 813 000 to R 667 306 000 due to incorrect classification between the categories under Salaries & Wages.</p> <p>The amount disclosed as Periodic Payments for 2008/09 has been restated from R 413 000 to R 0 due to incorrect classification between the categories under Salaries & Wages.</p>			
4. Goods and services			
Administrative fees		9 668	7 829
Advertising		7 186	7 922
Assets less than R5,000	4.1	126 736	97 365
Communication		107 906	96 274
Computer services	4.2	841 358	782 601
Consultants, contractors and agency/outsourced services	4.3	3 557 126	2 904 788
Entertainment		6 997	6 377
Audit cost – external	4.4	46 442	41 547
Inventory	4.5	1 591 843	1 620 658
Operating leases		222 160	236 218
Owned and leasehold property expenditure	4.6	485 521	359 351
Travel and subsistence	4.7	703 034	644 628
Venues and facilities		14 897	14 627
Training and staff development		110 696	93 025
Other operating expenditure	4.8	<u>237 762</u>	<u>361 052</u>
Total		<u>8 069 332</u>	<u>7 274 262</u>

Department of Defence - Vote 19

Notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
4.1 Assets less than R5,000			
Tangible assets		126 736	97 365
Biological assets		43	50
Machinery and equipment		121 334	96 711
Specialised military assets		5 359	604
Total		126 736	97 365
4.2 Computer services			
SITA computer services		815 999	755 845
External computer service providers		25 359	26 756
Total		841 358	782 601
4.3 Consultants, contractors and agency/outsourced services			
Business and advisory services		311 613	169 810
Infrastructure and planning		10 577	4 804
Laboratory services		11 698	9 351
Legal costs		635	3 467
Contractors		2 834 305	2 405 898
Agency and support/outsourced services		388 298	311 458
Total		3 557 126	2 904 788
4.4 Audit cost – external			
Regularity audits		46 027	41 415
Performance audits		415	132
Total		46 442	41 547
4.5 Inventory			
Learning and teaching support material		-	9 594
Food and food supplies		697 727	575 193
Fuel, oil and gas		312 415	416 327
Other consumable materials		135 503	123 169
Maintenance material		123 545	117 874
Stationery and printing		74 168	70 648
Medical supplies		217 817	210 533
Military stores		30 668	97 320
Total		1 591 843	1 620 658
4.6 Owned and leasehold property expenditure			
Municipal services		451 060	326 753
Other		34 461	32 598
Total		485 521	359 351
4.7 Travel and subsistence			
Local		460 351	416 791
Foreign		242 683	227 837
Total		703 034	644 628



Department of Defence - Vote 19

Notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
4.8 Other operating expenditure			
Professional bodies, membership and subscription fees		1 911	4 139
Resettlement costs		41 677	57 482
Other		194 174	299 431
Total		237 762	361 052
5. Financial transactions in assets and liabilities			
Other material losses written off	5.1	42 409	38 912
Debts written off	5.2	1 389	32 393
Forex losses	5.3	5 761	3 701
Total		49 559	75 006
5.1 Other material losses written off			
Nature of losses			
Settlement (dispute on tender process)		29 361	12 712
Legal fees State Attorney		74	448
Motor vehicle losses		1 765	1 776
Other claims against the state		724	13 587
Legal opinions		421	37
Legal fees		9 458	9 688
Interest claims		592	595
Fruitless and wasteful expenditure		7	45
Spectacle losses		7	24
Total		42 409	38 912
5.2 Debts written off			
Nature of debts written off			
Salary related		1 015	811
Operations		-	31 500
State guarantees		104	42
Estates		143	40
Treatment of private patients		2	-
Loss of State Property		1	-
Loss of State Funds		119	-
Humanitarian		5	-
Total		1 389	32 393
5.3 Forex losses			
Nature of loss			
Foreign exchange losses on operations		5 761	3 701
5.4 Recoverable revenue written off	<i>Stat Chg in NA</i>		
Nature of losses			
Salary related		24	39
Contractual Liabilities		3 748	191
State guarantees		90	29
Estates		103	28
Motor vehicle accidents		575	370
Loss of state property		458	22
Medical services rendered to other parties		-	3
Treatment of state patients		165	15
Operations/Marketing Support		-	424
Private institutions and Other		82	2
Total		5 245	1 123



Department of Defence - Vote 19

Notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
6. Transfers and subsidies			
Provinces and municipalities	Annex 1A	-	13 806
Departmental agencies and accounts	Annex 1B	8 629 128	8 096 608
Public corporations and private enterprises	Annex 1C	603 608	565 754
Non-profit institutions	Annex 1D	4 342	4 198
Households	Annex 1E	126 349	152 754
Total		9 363 427	8 833 120
7. Expenditure for capital assets			
Tangible assets		1 136 210	997 574
Buildings and other fixed structures	7.1	599 093	476 527
Machinery and equipment	7.1	537 107	521 047
Biological assets	7.1	10	-
Software and other intangible assets		140	1 305
Computer software	7.1	140	1 305
Total		1 136 350	998 879
7.1 Analysis of funds utilised to acquire capital assets - 2009/10			
		Voted Funds R'000	Aid Assistance R'000
			TOTAL R'000
Tangible assets		1 136 210	-
Buildings and other fixed structures		599 093	-
Machinery and equipment		537 107	-
Biological assets		10	-
Software and other intangible assets		140	-
Computer software		140	-
Total		1 136 350	-
7.2 Analysis of funds utilised to acquire capital assets - 2008/09			
		Voted Funds R'000	Aid Assistance R'000
			TOTAL R'000
Tangible assets		997 574	-
Buildings and other fixed structures		476 527	-
Machinery and equipment		521 047	-
Software and other intangible assets		1 305	-
Computer software		1 305	-
Total		998 879	-
	Note	2009/10 R'000	2008/09 R'000
8. Unauthorised expenditure			
8.1 Reconciliation of unauthorised expenditure			
Opening balance		20 625	20 625
Amounts approved by Parliament		-	-
Transfer to receivables for recovery (not approved)		-	-
Unauthorised expenditure awaiting authorisation		20 625	20 625
Analysis of awaiting authorisation per economic classification			
Current		20 625	20 625
Total		20 625	20 625

Department of Defence - Vote 19
Notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000			
9. Fruitless and wasteful expenditure						
9.1 Reconciliation of fruitless and wasteful expenditure						
Opening balance		931	951			
Fruitless and wasteful expenditure - current year						
Current expenditure		-	-			
Amounts condoned						
Current expenditure		(4)	(12)			
Transfer to receivables for recovery (not condoned)		-	(8)			
Fruitless and wasteful expenditure awaiting condonement		<u>927</u>	<u>931</u>			
Analysis of awaiting condonement per economic classification						
Current		<u>927</u>	<u>931</u>			
Total		<u>927</u>	<u>931</u>			
10. Cash and cash equivalents						
Cash on hand		55 919	40 266			
Cash with commercial banks		<u>22 666</u>	<u>21 167</u>			
Total		<u>78 585</u>	<u>61 433</u>			
11. Prepayments and advances						
Travel and subsistence		<u>92 237</u>	<u>90 164</u>			
Total		<u>92 237</u>	<u>90 164</u>			
12. Receivables						
		Less than one year R'000	One to three years R'000	Older than three years R'000	2009/10 Total R'000	2008/09 Total R'000
Claims recoverable	12.1 & Annex 4	7 804	182	1 397	9 383	2 255
Staff debtors	12.2	67 370	5 127	8 060	80 557	51 704
Other debtors	12.3	51 355	43 981	522 536	<u>617 872</u>	<u>636 671</u>
Total		<u>126 529</u>	<u>49 290</u>	<u>531 993</u>	<u>707 812</u>	<u>690 630</u>
12.1 Claims recoverable						
National departments					9 383	2 229
Public entities					-	26
Total					<u>9 383</u>	<u>2 255</u>
12.2 Staff debtors						
Description						
Salary related					58 482	32 360
Students					9 191	5 826
Motor vehicle accidents					4 232	4 457
Deposits					6 184	6 750
State guarantees					1 401	1 494
Loss of State money					844	617
Damage to State property					75	43
Private patients					<u>148</u>	<u>157</u>
Total					<u>80 557</u>	<u>51 704</u>



Department of Defence - Vote 19

Notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	<i>Note</i>	2009/10 R'000	2008/09 R'000
12.3 Other debtors			
Unauthorised expenditure not approved by Parliament and to be written off		467 704	467 704
Operations		44 993	65 140
Contractual liabilities		58 583	58 378
Salary related (ex-members)		-	10 954
Aviation services		7 653	7 628
Suppliers		2 140	3 947
Motor vehicle accidents		4 143	3 927
Estates		776	1 157
State guarantees		586	790
Medical claims		2 648	1 031
Private patients		213	357
Market support		2 833	4 344
Humanitarian aid		47	52
Institutions		62	67
Damage to State property		30	21
Miscellaneous		42	86
Loss of State money		13 734	10 957
Fruitless and Wasteful Expenditure		360	131
State Departments		29	-
Salary Overpayments		11 261	-
Sales per Tender		35	-
Total		617 872	636 671
13. Loans			
Public Corporations		12 362	12 362
Total		12 362	12 362
Analysis of Balance			
Opening Balance		12 362	12 362
Closing Balance		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			
Armsscor		75 000	75 000
Total		75 000	75 000
Analysis of non current investments			
Opening balance		75 000	75 000
Closing balance		75 000	75 000
15. Voted funds to be surrendered to the Revenue Fund			
Opening balance		97 741	268 178
Transfer from Statement of Financial Performance		1 009	97 741
Paid during the year		(97 741)	(268 178)
Closing balance		1 009	97 741



Department of Defence - Vote 19
Notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
16. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		7 954	105 724
Transfer from Statement of Financial Performance		699 949	629 390
Paid during the year		<u>(705 532)</u>	<u>(727 160)</u>
Closing balance		<u>2 371</u>	<u>7 954</u>
17. Bank overdraft			
Consolidated Paymaster General Account		<u>737 695</u>	<u>572 473</u>
Total		<u>737 695</u>	<u>572 473</u>
18. Payables - current			
Amounts owing to other entities	Annexure 5	24	-
Clearing accounts	18.1	2 844	669
Other payables	18.2	<u>37 201</u>	<u>35 292</u>
Total		<u>40 069</u>	<u>35 961</u>
18.1 Clearing accounts			
Subsistence and Travel Cash Voucher Receipt		2 791	644
Foreign Subsistence and Travel not included in Subsistence and Travel Cash Voucher Receipt above		53	25
Total		<u>2 844</u>	<u>669</u>
An amount of R 37 817 disclosed as non-current payables (Amounts owing to other entities) for 2008/09 has been reclassified to current payables (Clearing Accounts).			
18.2 Other payables			
Unclaimed salaries		11 757	10 330
Debtors in credit		11 182	10 893
Other payables		7 259	7 424
State guarantees		4 949	4 484
Suppliers		<u>2 054</u>	<u>2 161</u>
Total		<u>37 201</u>	<u>35 292</u>
An amount of R 6 097 399 disclosed as non-current other payables for 2008/09 has been reclassified to current other payables.			

Department of Defence - Vote 19

Notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	<i>Note</i>	2009/10 R'000	2008/09 R'000
19. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		700 958	727 131
Add back non cash/cash movements not deemed operating activities		298 453	(239 802)
(Increase)/decrease in receivables – current		(17 182)	24 994
(Increase)/decrease in prepayments and advances		(2 073)	(15 688)
(Increase)/decrease in other current assets		4	20
Increase/(decrease) in payables – current		4 108	(130 603)
Proceeds from sale of capital assets		(19 481)	(122 066)
Expenditure on capital assets		1 136 350	998 879
Surrenders to Revenue Fund		(803 273)	(995 338)
Net cash flow generated by operating activities		999 411	487 329
20. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(737 695)	(572 473)
Cash on hand		55 919	40 266
Cash with commercial banks (Local)		22 666	21 167
Total		(659 110)	(511 040)



Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010

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

21. Contingent liabilities

Liable to	Nature	Note	2009/10 R'000	2008/09 R'000
Housing loan guarantees	Employees	Annexure 3A	19 954	35 051
Claims against the department		Annexure 3B	428 720	454 747
Other departments (interdepartmental unconfirmed balances)		Annexure 5	22 197	211 173
Environmental rehabilitation liability		Annexure 3B	181 845	107 791
Other		Annexure 3B	11 815	11 815
Total			<u>664 531</u>	<u>820 577</u>

The amount disclosed for the financial year 2008/2009 with regards to Housing Loan Guarantees has been restated from R27 679 208 to R35 050 651 due to an understatement in the previous financial year.

The amount disclosed for the financial year 2008/2009 with regards to Claims against the Department has been restated from R421 296 929 to R454 747 135 due to an understatement in the previous financial year.

22. Commitments

Current expenditure				
Approved and contracted			2 855 899	1 524 539
Approved but not yet contracted			<u>862 610</u>	<u>809 957</u>
			<u>3 718 509</u>	<u>2 334 496</u>
Capital expenditure				
Approved and contracted			141 009	652 699
Approved but not yet contracted			<u>54 685</u>	<u>28 930</u>
			<u>195 694</u>	<u>681 629</u>
Total Commitments			<u>3 914 203</u>	<u>3 016 125</u>

23. Accruals

			2009/10	2008/09
	30 Days R'000	30+ Days R'000	Total R'000	Total R'000
By economic classification				
Goods and services	228 096	148 402	376 498	256 192
Transfers and subsidies	9 509	-	9 509	9 262
Buildings and other fixed structures	-	-	-	26 586
Machinery and equipment	406	283	689	61 790
Other	56	-	56	9
Total	<u>238 067</u>	<u>148 685</u>	<u>386 752</u>	<u>353 839</u>

Listed by programme level

Administration	45 437	6 268
Landward Defence	84 820	20 388
Air Defence	15 552	28 513
Maritime Defence	9 421	88 668
Military Health Support	133 719	141 504
Defence Intelligence	436	1 381
Joint Support	22 154	34 011
Force Employment	<u>75 213</u>	<u>33 106</u>
Total	<u>386 752</u>	<u>353 839</u>

The amount disclosed for the financial year 2008/2009 with regards to Accruals: Goods and Services has been restated from R198 420 048 to R256 191 997 due to an understatement in the previous financial year.

Confirmed balances with departments	Note Annex 5	<u>5 570</u>	<u>12 671</u>
Total		<u>5 570</u>	<u>12 671</u>

Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
24. Employee benefits			
Leave entitlement		343 051	212 619
Thirteenth cheque		418 228	316 529
Capped leave commitments		985 049	878 887
Other		219 859	162 432
Total		1 966 187	1 570 467

Leave entitlement with negative balances amounted to R40 805 209 for the 2009/10 financial year and R36 648 025 for the 2008/09 financial year.

25. Lease Commitments

25.1 Operating leases

	Land	Buildings and other fixed structures	Machinery and equipment	Total
2009/10				
Not later than 1 year	5 533	155 651	-	161 184
Later than 1 year and not later than 5 years	3 832	339 903	-	343 735
Later than five years	14 539	142 949	-	157 488
Total lease commitments	23 904	638 503	-	662 407
2008/09				
Not later than 1 year	4 814	138 527	-	143 341
Later than 1 year and not later than 5 years	5 686	317 348	-	323 034
Later than five years	14 726	209 020	-	223 746
Total lease commitments	25 226	664 895	-	690 121

The amount disclosed for the financial year 2008/2009 with regards to Operating Leases Expenditure has been restated from R615 906 000 to R690 121 000 due to an understatement in the previous financial year.

25.2 Finance leases expenditure

	Land	Buildings and other fixed structures	Machinery and equipment	Total
2009/10				
Not later than 1 year	-	-	28 792	28 792
Later than 1 year and not later than 5 years	-	-	8 470	8 470
Later than five years	-	-	-	-
Total lease commitments	-	-	37 262	37 262
LESS: finance costs	-	-	1 252	1 252
Total present value of lease liabilities	-	-	36 010	36 010
2008/09				
Not later than 1 year	-	-	25 032	25 032
Later than 1 year and not later than 5 years	-	-	16 500	16 500
Later than five years	-	-	-	-
Total lease commitments	-	-	41 532	41 532
LESS: finance costs	-	-	2 471	2 471
Total present value of lease liabilities	-	-	39 061	39 061

The amount disclosed for the financial year 2008/2009 with regards to Finance Leases Expenditure - Total Lease Commitments, has been restated from R50 728 769 to R41 531 945 due to an overstatement in the previous financial year.

The amount disclosed for the financial year 2008/2009 with regards to Finance Leases Expenditure - Total present value of Lease Liabilities, has been restated from R47 997 710 to R39 060 901 due to an overstatement in the previous financial year.

Assumptions:

1. Discounting rate: Repo rate at 10.5% in 2009 and 6.5% in 2010.

Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	<i>Note</i>	2009/10 R'000	2008/09 R'000
26. Receivables for departmental revenue			
Financial transactions in asset and liabilities		<u>160 604</u>	<u>113 029</u>
26.1 Analysis of receivables for departmental revenue			
Opening balance		113 029	147 004
Less: Amounts received		228 291	288 559
Add: Amounts recognised		<u>275 866</u>	<u>254 584</u>
Closing balance		<u>160 604</u>	<u>113 029</u>

The amount disclosed for the financial year 2008/2009 with regards to Receivables for Departmental Revenue has been restated from R81 289 000 to R113 029 000 due to an understatement in the previous financial year.

27. Irregular expenditure

27.1 Reconciliation of irregular expenditure

Opening balance	65 128	4 710
Add: Irregular expenditure - relating to prior year	723 731	20 568
Add: Irregular expenditure - relating to current year	1 000 874	41 372
Less: Amounts condoned	(24 423)	(1 513)
Less: Amounts recoverable (not condoned)	(13)	(9)
Less: Amounts not recoverable (not condoned)	(20)	-
Irregular expenditure awaiting condonement	<u>1 765 277</u>	<u>65 128</u>
Analysis of awaiting condonement per age classification		
Current	991 618	41 372
Prior years	<u>773 659</u>	<u>23 756</u>
Total	<u>1 765 277</u>	<u>65 128</u>

Closing balance of 2008/09 and opening balance of 2009/10 has been adjusted due to the condonement of R1 030 406, the amount which was in the FY 08/09 indicated as not condoned, not recoverable, was after reconsideration condoned in the 09/10 FY.

Closing balance of 2008/09 was further adjusted by reducing the amount indicated in the line "Prior Year" with R27 004 680 and the "Current Year" with R27 369 461 with regards to financial leases.

The above changes have caused the 2008/09 closing balance to be restated from R 118 473 000 to R 65 128 000.

At the date of these statements the Minister of Defence and Military Veterans has requested a meeting with the Committee of Ministers (Mandating Committee) for concurrence of the personnel related expenditure included in irregular expenditure.

Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000
27.2 Details of Irregular expenditure - Current Year		
Incident	Disciplinary steps taken/criminal proceedings	
Procurement process not followed		9 848
Conclusion of contract without delegated power		323
Exceeding delegation powers		671
Payment to Rennies bank		2 136
Other matters		157
AMG Account		93 393
Abnormalities wrt service provided to ABET		3 000
Deviation from state contract		173
Payment of meal allowances without authority		4 225
Rental agreement not to be in the best interest of the state		251
A400 Airbus		22 685
Finance Lease payments		5 141
Housing allowance		265 888
Military dispensation		480 981
Performance incentives		112 003
Total		1 000 874
 27.3 Details of irregular expenditure condoned		
Incident	Condoned by (condoning authority)	
Procurement process not followed	CCPSC	8 480
Subdivision of requirement	PRC & CCPSC	88
Lease payments	Practice note 5 of NT	12 489
Repairs outside contract	CCPSC	18
Extension of contact	CCPSC	248
ABET Training	CCPSC	3 000
Sub-Delegation	PRC	17
Services without contract	CCPSC	45
Other matters	PRC	38
		24 423
 27.4 Details of irregular expenditure recoverable (not condoned)		
Incident	Condoned by (condoning authority)	
Non-compliance to reconcile within 72 hours	PRC	1
Subdivision of requirements	PRC	7
Fin Misconduct - Ssgt Vywes	PRC	-
Up front payment of repairs to military vehicles	PRC	5
		13



Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
27.5 Details of irregular expenditure not recoverable (not condoned)			
Incident	Not condoned by (condoning authority)		
Procurement process not followed	CCPSC	10	
Payment administration errors	Military Court	10	
		20	
27.6 Details of irregular expenditure under investigation			
Incident			
Procurement process not followed		34 269	
Housing allowance		920 839	
Irregular transfer of money from Rennies		2 136	
Meal allowance		4 225	
A400 Airbus		37 927	
Procurement process not followed		1 319	
Sub-division of requirement		865	
Exceeding delegation limit		6 484	
AMG Account		161 635	
Military Personnel salary increments		480 981	
Performance incentives		112 003	
Other matters		2 594	
		1 765 277	
28. Fruitless and wasteful expenditure			
28.1 Reconciliation of fruitless and wasteful expenditure			
Opening Balance		4 587	-
Fruitless and wasteful expenditure – relating to prior year		-	55
Fruitless and wasteful expenditure – relating to current year		6 065	4 596
Less: Amounts condoned		(107)	(12)
Less: Amounts transferred to receivables for recovery		(8)	(52)
Fruitless and wasteful expenditure awaiting condonement		10 537	4 587
Analysis of awaiting condonement per economic classification			
Current		5 973	4 587
Capital		4 564	-
Total		10 537	4 587
28.2 Analysis of Current Year's Fruitless and wasteful expenditure			
Incident	Disciplinary steps taken/ criminal proceedings		
Cancellation of flight tickets		21	
Flight cancellation fee for external mission		5 400	
Overpayment of suppliers		32	
Incorrect supplier paid		50	
Supplier was paid in advance		342	
Double booking for hotel		26	
Payment of damage to vehicles		92	
Payment of hotel account		27	
Payment of damage to houses		47	
Other matters		29	
Total		6 065	



Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

	Note	2009/10 R'000	2008/09 R'000
29. Related party transactions			
Loans to/from related parties			
Non-interest bearing loans to/(from)		12 362	12 362
Interest bearing loans to/(from)		-	-
Total		12 362	12 362

The loans to related parties amount disclosed for the 2008/09 financial year has been restated from R 0 to R12 362 000 due to an understatement in the previous financial year.

Identification and nature of related party relationship

As at 31 March 2010 the Department of Defence had the following related parties, namely the:

- President of the RSA;
- Deputy President of the RSA;
- Cabinet of the RSA, including the Ministers of all National Departments;
- National Departments;
- Public entities falling under the National Departments; and
- 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);
 - Reserve Force Council;
 - Key management personnel of the Department (members of the Plenary Defence Staff Council); and
 - All entities under the control, joint control or significant influence of a key management personnel member of the Department.



Related party transactions

The Department of Defence is not aware of any related party transactions (i.e. transactions not at arms length) that occurred during the financial year between the Department and the President of the RSA; the Deputy President of the RSA; Cabinet of the RSA, including the Ministers of all National Departments; National Departments and public entities falling under these departments.

Armscor and the Department are not aware of any related party transactions that occurred during the financial year 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. These vehicles are used primarily for Defence purposes. Gerotek (Pty) Ltd carries the responsibility of the maintenance and insurance of the abovementioned vehicles. The age of these vehicles is in excess of 20 years.

During the financial year the following related party transactions took place between the Department and the Castle Control Board (CCB):

- The CCB is mandated in terms of the Castle Management Act, 1993 (Act 207 of 1993), to govern and manage the Castle, on behalf of the Minister of Defence. The CCB is housed and located in the Castle.
- The following entities and activities occupy or utilise parts of the Castle, at no consideration to the Department (in some instances consideration is paid to the CCB, which is an entity falling under the portfolio of the Minister of Defence):
 - Die Goewerneur restaurant;
 - Waterblommetjie restaurant;
 - Castle forge;
 - Carriage rides;
 - Castle Military Museum;
 - Souvenir shop;
 - Iziko Museum of Cape Town;
- The Western Cape Army Support Base (forming part of the Department) supplied guards to the CCB to guard the Castle and to perform ceremonial duties at no charge;
- The Department provides management and advisory services to the CCB at no consideration. The cost to the Department for the time and subsistence for these services for the financial year was R2 270 696 (2008/09: R2 056 846).

Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

The Department provides management and administrative support to the SANDF Fund at no consideration. The cost to the Department for the time spent in providing this support for the financial year was R5 772 (2008/09: R7 320).

The Department is not aware of any related party transactions that might have occurred during the financial year between the Department and the Reserve Force Council.

The Department did not identify any related party transactions during the financial year between the Department and its key management personnel, and the entities under the control, joint control or significant influence of the key management personnel of the Department, except for the following:

- Major-General R.C. Andersen, a member of key management personnel (PDSC) of the DOD is the chairperson of Murray & Roberts, which provides training services to the Works Regiment of the SANDF at no consideration.

The Department has issued a loan of which the outstanding balance on 31 March 2010 is R12 362 000.00 to the South African Forces Institute (SAFI) on which no interest is charged.

		2009/10 R'000	2008/09 R'000
30. Key management personnel			
Description	No of individuals	Total	Total
Political Office Bearers	6	5 524	3 163
Officials			
Level 15 to 16	16	18 262	14 934
Level 14	15	10 883	7 454
Family members of key management personnel	16	2 978	719
Total		37 647	26 270
31. Provisions			
Potential irrecoverable debts			
Staff debtors		1 612	1 631
Other debtors		478 670	477 285
Claims recoverable		1 397	499
Total		481 679	479 415
Provisions			
Provision for non-recoverable loans		12 362	12 362
		12 362	12 362
Total		494 041	491 777
32. Non-adjusting events after reporting date		2009/10 R'000	
Backdating of improvement of salary dispensation for military personnel		744 000	

Department of Defence - Vote 19

**Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)**

33. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Current year ad- justments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	-	-	-	-	-
Specialised military assets	-	-	-	-	-
Computer equipment	-	-	-	-	-
Furniture and office equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-	-

33.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Cash R'000	Non-cash R'000	(Capital work-in- progress current costs and finance lease payments) R'000	Received cur- rent, not paid (Paid current year, received prior year) R'000	Total R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	-	-	-	-	-
Specialised military assets	-	-	-	-	-
Computer equipment	-	-	-	-	-
Furniture and office equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-	-

Department of Defence - Vote 19

**Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)**

33.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2010

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT				
Transport assets	-	-	-	-
Specialised military assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
BIOLOGICAL ASSETS				
Biological assets	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

33.3 Movement for 2008/09

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT				
Transport assets	-	-	-	-
Specialised military assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
BIOLOGICAL ASSETS				
Biological assets	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

33.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT FOR 31 MARCH 2010

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Minor Assets	-	-	-	-	-
TOTAL	-	-	-	-	-

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets	-	-	-	-	-
TOTAL	-	-	-	-	-

Refer to paragraph 1.1.2.12.7 of the Report of the Accounting Officer concerning the non disclosure of Tangible and Intangible Assets.

34. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance 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	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	-	-	-	-	-

Department of Defence - Vote 19

**Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)**

34.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Cash	Non-cash	(Development work-in- progress current costs)	Received cur- rent, 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	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
OTHER INTANGIBLES	-	-	-	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	-	-	-	-	-



34.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	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	-	-	-	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	-	-	-

Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)

34.3 Movement for 2008/09

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance 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	-	-	-	-
TOTAL	-	-	-	-

Refer to paragraph 1.1.2.12.7 of the Report of the Accounting Officer concerning the non disclosure of Tangible and Intangible Assets.



35. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2010

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-	-
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-	-
Investment property	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-	-

Department of Defence - Vote 19

**Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2010 (continued)**

35.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	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
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-	-
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-	-
Investment property	-	-	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-	-

35.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-
Investment property	-	-	-	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

Department of Defence - Vote 19

Disclosure notes to the Annual Financial Statements for the year ended 31 March 2010 (continued)

35.3 Movement for 2008/09

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-
Investment property	-	-	-	-
TOTAL TANGIBLE CAPITAL ASSETS	-	-	-	-

35.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2010

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Investment property R'000	Total R'000
R1 Immovable assets	-	-	-	-	-
TOTAL	-	-	-	-	-

35.5 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2009

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Investment property R'000	Total R'000
R1 Immovable assets	-	-	-	-	-
TOTAL	-	-	-	-	-

Refer to paragraph 1.1.2.12.7 of the Report of the Accounting Officer concerning the non disclosure of Tangible and Intangible Assets.

Annexures to the annual financial statements for the year ended 31 March 2010

ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT		2008/09 Total Available R'000
	Amount R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Avail- able funds Transferred R'000	Amount received by Municipality R'000	Amount spent by municipality R'000	
Boland District Municipality									27
Kalahari District Council									580
Higveld District Council									634
Bosveld District Council									208
Benede Oranje District Council									424
Central Transitional District Council									1 207
Ehlanzeni District Council									443
Uthkela Regional Council									603
Motho District Municipality									4 541
Uthungulu Regional Council									582
East Griqualand Joint Services									3
Eastern Free State District Council									394
Fezile Dabi District Municipality									425
Mnamakwa District Municipality									47
Overberg District Council									268
Indlove Regional Council									174
Sediberg District Municipality									3
Oosvaal District Council									447
OR Tambo District Municipality									619
Western Gauteng Services Council									45
Durban Corp District Council									1 868
Stormberg District Council									30
Bo-Karoo Divisional Council									236
	-	-	-	-	-	-	-	-	13 806



Department of Defence - Vote 19

***Annexures to the annual financial statements
for the year ended 31 March 2010***

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTS/ AGENCY/ACCOUNT	TRANSFER ALLOCATION					TRANSFER		2008/09 Final Appropriation Act R'000
	Adjusted Approp- riation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %		
Safety and Security Sector Education and Training Authority (SASSETA)	8 900	-	1 038	9 938	9 938	100.0%	8 800	
Special Defence Account	9 066 120	-	(446 930)	8 619 190	8 619 190	100.0%	8 087 808	
TOTAL	9 075 020	-	(445 892)	8 629 128	8 629 128	100.0%	8 096 608	

Annexures to the annual financial statements for the year ended 31 March 2010

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE				2008/09 Total Available R'000
	Adjusted Approp- riation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Avail- able funds Transferred %	Capital R'000	Current R'000		
PUBLIC CORPORATION										
Transfers	-	-	-	-	-	-	-	-	-	-
Armaments Corporation of South Africa	603 608	-	-	603 608	603 608	100.0%	-	-	-	565 754
TOTAL	603 608	-	-	603 608	603 608	100.0%	-	-	-	565 754



Department of Defence - Vote 19

***Annexures to the annual financial statements
for the year ended 31 March 2010***

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2008/09 Final Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
St John's Ambulance Brigade	400	-	-	400	340	85,0%	312
Reserve Force Council	4 002	-	-	4 002	4 002	100,0%	3 886
TOTAL	4 402	-	-	4 402	4 342	98,6%	4 198

SAHAA
ARCHIVE FOR JUSTICE

Department of Defence - Vote 19

Annexures to the annual financial statements for the year ended 31 March 2010

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2008/09 Final Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
DOD members	161 842	-	(35 493)	126 349	126 349	100,0%	152 754
TOTAL	161 842	-	(35 493)	126 349	126 349	100,0%	152 754



Department of Defence - Vote 19
Annexures to the annual financial statements
for the year ended 31 March 2010

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2010

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2009/10 R'000	2008/09 R'000
Received in cash			
Various institutions	Sponsorships and donations for sport and/or social events	22	286
Subtotal		22	286
Received in kind			
Old Mutual	Gifts in kind to DOD Units or officials	96	-
Various institutions	Upgrading of Facilities in unit to accommodate VIP visitors and foreign students	80	-
Various institutions	Gifts in kind to DOD Units or officials	11	80
British High Commission	4 Toyota Land Cruisers	960	-
Embassy of the Kingdom of the Netherlands	Gifts in kind to DOD Units or officials	21	-
Subtotal		1 168	80
TOTAL		1 190	366

Annexures to the annual financial statements for the year ended 31 March 2010

ANNEXURE 1G

STATEMENT OF AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2010

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 Diseases (NIAID))	Sponsorship of drugs for anti-retroviral treatment (ARV). Establishment of a Clinical Research Capability	-	14 322	14 322	-
Government of the United States of America	Training Courses	-	6 595	6 595	-
Government of the United States of America (Department of Defence)	Sponsorship of drugs for anti-retroviral treatment (ARV).	-	5 318	5 318	-
Government of the United Kingdom of Great Britain & Northern Ireland	Training Courses	-	975	975	-
Government of the United States of America	Sponsorship for the attendance of programmes on Comprehensive Security Response, Terrorism and Security Studies, Comprehensive Crises Management and Advanced Security Studies; the next Generation African Military	-	486	486	-
Biological and Toxins Weapons Convention (International Organisation)	Sponsorship for the attendance of the conference on Biological and Toxin Weapons Convention	-	200	200	-
Government of the Republic of Zambia	Training Courses	-	99	99	-
Government of the Federal Republic of Germany	Training Courses	-	69	69	-
Government of the Republic of India	Training Courses	-	49	49	-
Government of the United States of America	Discussions on the New York State partnership programme	-	21	21	-
Government of the United States of America (Department of Defence)	Project MASIBAMBISANE: HIV and AIDS prevention programme for SANDF members	-	Unknown	Unknown	-
TOTAL		-	28 134	28 134	-

- 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 2010***

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 2010

NATURE OF GIFT, DONATION OR SPONSORSHIPS	2009/10 R'000	2008/09 R'000
Made in kind		
Medical & General Equipment - Uganda	285	-
Obsolete medals and decorations – SA Museum for Military History	1	1
Game - Gauteng Department of Agriculture, Culture and Environment	-	2 758
Samil 20 vehicles and general equipment – South African Police Service	-	337
Ammunition – Swaziland Defence Force	-	248
General commodities – South African Police Service	-	188
TOTAL	286	3 532



- 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 2010

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2010
(Only Public and Private Entities)

Name of Public Entity	State Entity's PFEMA Schedule type (state year end if not 31 March)	% Held 09/10	% Held 08/09	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
				2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	
National/Provincial Public Entity												
Castle Control Board (under control of the Minister of Defence)	3A	100.0%	100.0%					11 543	10 351	1 192	1 822	No
Armaments Corporation of South Africa (managed and controlled by a board of Directors appointed by the Minister of Defence)	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	536 772	552 557	15 785	37 926	No
Profit/(loss) for the year is for the Armscor Group								11 387	10 638	749	1 063	No
South African National Defence Force Fund	3A (not listed)	100.0%	100.0%			75 000	75 000	559 702	573 546	17 726	40 811	
Subtotal						75 000	75 000	559 702	573 546	17 726	40 811	
Total						75 000	75 000	559 702	573 546	17 726	40 811	

Department of Defence - Vote 19
Annexures to the annual financial statements
for the year ended 31 March 2010

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2010
(Only Public and Private Entities)

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Controlled entities 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	11 387	10 638	11 387	10 638	-	-	-	-
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.	11 543	10 351	11 543	10 351	-	-	7 937	7 312
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 subsidy companies which directly support technology and acquisition strategies.	75 000	75 000	536 772	552 557	-	7 603	7 937	7 312
Total		75 000	75 000	559 702	573 546	-	7 603	7 937	7 312

Annexures to the annual financial statements for the year ended 31 March 2010

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 1 April 2009 R'000	Guarantees drawdowns during the year R'000	Guaranteed repayments/cancelled/reduced/released during the year R'000	Revaluations R'000	Closing balance 31 March 2010 R'000	Guaranteed interest outstanding as at 31 March 2010 R'000	Realised losses not recoverable R'000
Housing									
ABSA			7 472	105	2 869	-	4 708	-	-
African Bank			155		77	-	78	-	-
Business Partners Ltd			5		5	-	-	-	-
First National Bank			6 213		1 894	-	4 319	-	-
Free State Development Corporation			1 022		41	-	981	-	-
Greenstart Home Loans			1 100		549	-	552	-	-
Ithala Development Financial Corporation			514		132	-	383	-	-
Masikhweni			210		12	-	198	-	-
Nedbank			12 330		7 682	-	4 648	-	-
Northern Prov Development Corporation			9		9	-	-	-	-
Old Mutual Bank			688		182	-	506	-	-
Rasima Housing Corporation			9		9	-	-	-	-
SA Home Loans			18		18	-	-	-	-
Southfin			420		22	-	398	-	-
Standard Bank			4 526		1 545	-	2 981	-	-
Venda Building Society			198		74	-	124	-	-
Venda Nat Development Corporation			82		82	-	-	-	-
Other			79		-	-	79	-	-
Subtotal			35 051	105	15 202	-	19 954	-	-
Total			-	105	15 202	-	19 954	-	-

The amount disclosed for the financial year 2008/2009 with regards to Housing Loan Guarantees has been restated from R27 679 208 to R35 050 651 due to an understatement in the previous financial year.



Department of Defence - Vote 19

***Annexures to the annual financial statements
for the year ended 31 March 2010***

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2010

Nature of Liability	Opening Balance 1 April 2009 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2010 R'000
Claims against the department					
Civil claims	448 931	47 900	74 197	-	422 634
Motor vehicle accident claims	5 816	3 494	3 224	-	6 086
Subtotal	454 747	51 394	77 421	-	428 720
Environmental Liability					
Environmental Liability	107 791	124 845	107 791	-	124 845
Aviation Fuel underground contamination rehabilitation	-	52 500	-	-	52 500
Bitumen contamination at Air Force Base	-	4 500	-	-	4 500
Subtotal	107 791	181 845	107 791	-	181 845
Other					
Regional Services Councils Levies	11 815	-	-	-	11 815
Subtotal	11 815	-	-	-	11 815
Total	574 353	233 239	185 212	-	622 380

The amount disclosed for the financial year 2008/2009 with regards to Claims against the Department has been restated from R421 296 929 to R 454 747 135 due to an understatement in the previous financial year

Annexures to the annual financial statements for the year ended 31 March 2010

ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2010/03/31	2009/03/31	2010/03/31	2009/03/31	2010/03/31	2009/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Agriculture	-	-	906	906	906	906
Department of Correctional Services	-	-	14	-	14	-
Department of Education	-	-	13	12	13	12
Department of Environmental Affairs and Tourism	-	-	21	-	21	-
Department of Foreign Affairs	-	-	-	-	-	-
Department of Health	-	-	6 919	240	6 919	240
Department of Home Affairs	-	-	-	-	-	-
Department of Justice	-	-	-	-	-	-
Department of Public Works	-	-	-	-	-	-
Department of Safety and Security	-	-	-	132	-	132
Department of Social Development	-	-	5	-	5	-
Department of Trade and Industry	-	-	-	1	-	1
Department of Transport	-	-	423	423	423	423
Gauteng Provincial Government	-	-	36	-	36	-
National Intelligence	-	-	-	-	-	-
National Treasury	-	-	196	514	196	514
Subtotal	-	-	8 533	2 228	8 533	2 228
Other Government Entities						
South African Revenue Service	-	-	11	26	11	26
South African Police Service	-	-	839	-	839	-
Subtotal	-	-	850	26	850	26
TOTAL	-	-	9 383	2 254	9 383	2 254



Department of Defence - Vote 19
Annexures to the annual financial statements
for the year ended 31 March 2010

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2010/03/31	2009/03/31	2010/03/31	2009/03/31	2010/03/31	2009/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Amounts not included in Statement of Financial Position						
Department of Education	-	-	34	-	34	-
South African Police Service	5	-	95	-	100	-
Department of Housing	-	-	313	-	313	-
Department of Social Development	-	-	15	-	15	-
Provincial Administration	-	-	25	-	25	-
Department of Foreign Affairs	1 738	3 400	-	-	1 738	3 400
Department of Labour	-	-	25	-	25	-
Department of Agriculture	-	-	7	7	7	7
Department of Health	-	-	4 729	31	4 729	31
National Prosecuting Authority	-	-	2	4	2	4
Department of Justice and Constitution	3 808	-	74	12	3 882	12
Department of Public Works	-	9 271	15 137	210 737	15 137	220 008
Department of Transport	-	-	352	382	352	382
National Treasury	3	-	940	-	943	-
PALAMA	-	-	449	-	449	-
Department of Housing, Local Government and Traditional Affairs	16	-	-	-	16	-
TOTAL	5 570	12 671	22 197	211 173	27 767	223 844

SAAHSA
ARCHIVE FOR JUSTICE

Department of Defence - Vote 19

**Annexures to the annual financial statements
for the year ended 31 March 2010**

ANNEXURE 6

INVENTORY

	Note	Quantity	2009/10 R'000
Inventory			
Opening balance		-	-
Add/(Less): Adjustments to prior year balances		-	-
Add: Additions/Purchases - Cash		-	-
Add: Additions - Non-cash		-	-
(Less): Disposals		-	-
(Less): Issues		-	-
Add/(Less): Adjustments		-	-
Closing balance		-	-



Department of Defence - Vote 19

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the Special Defence Account which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 265 to 276.

Accounting Officer's responsibility for the financial statements

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity specific basis of accounting and in the manner required by the Public Finance Management Act of South Africa (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa (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.

I conducted my audit in accordance with international Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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.

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.

Department of Defence - Vote 19

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2010

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements for the year ended 31 March 2010 of the Special Defence Account are prepared in all material respects in accordance with the entity specific basis of accounting, described in the accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act of South Africa.

Emphasis of matter

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Basis of accounting

The Special Defence Account's policy is to prepare financial statements on the entity specific basis of accounting, described in the accounting policy note 1.1 to the financial statements.

Significant uncertainties

With reference to note 10 of the financial statements, the Special Defence Account through the department, and its service provider, 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 has been made in the financial statements.

Irregular expenditure

As disclosed in note 7.3 to the financial statements, irregular expenditure to the amount of R63 999 205.32 was incurred, as the accounting officer did not obtain the necessary exemption from National Treasury to deviate from the standard tender process.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the compliance with the PFMA and the Defence Special Account Act, 1974, and financial management (internal control).

Department of Defence - Vote 19

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2010

Findings

Compliance with laws and regulations

Defence Special Account Act, 1974 (Act No. 6 of 1974)

Non-adherence to legislation

Contrary to the requirements of section 3 of the Defence Special Account Act, moneys standing to the credit of the account, which were not required for immediate use or as a reasonable working balance, were not invested. The Department of Defence was authorised to deviate from the Defence Special Account Act by National Treasury per letter dated 30 June 2008.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and compliance with the PFMA and the Defence Special Account Act, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters to be reported were limited to the deficiencies identified during the audit.

No matters to report, as no significant deficiencies were identified.

Auditor - General

Pretoria

31 July 2010



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT
STATEMENT OF FINANCIAL POSITION
as at 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Non-current assets		15 000	25 000
Trade and other receivables	1	15 000	25 000
Current assets		8 532 304	2 864 339
Trade and other receivables	1	3 075 308	68 172
Advances	2	8 096	14 737
Cash and cash equivalents	3	5 426 569	2 760 661
Investments	4	22 331	20 769
Total assets		8 547 304	2 889 339
EQUITY AND LIABILITIES			
Equity			
Reserves		8 172 072	2 115 954
Current liabilities			
Creditors	5	375 232	773 385
Total equity and liabilities		8 547 304	2 889 339



Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
Revenue		11 644 615	8 177 205
Transfer from Department of Defence		8 619 190	8 087 808
Other revenue	6	3 025 413	89 381
Interest received		12	16
<i>Less: Expenditure</i>	7	5 589 029	10 041 358
Net surplus/(deficit) for the period		6 055 586	(1 864 153)



Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2010

	<i>Note</i>	2009/10 R'000	2008/09 R'000
		Reserves	Reserves
Balance at beginning of the year		2 115 954	3 973 106
Prior year adjustment	8	<u>532</u>	<u>7 000</u>
Restated balance		2 116 486	3 980 106
Net profit/(loss) for the year		<u>6 055 586</u>	<u>(1 864 152)</u>
Balance at end of the year		<u><u>8 172 072</u></u>	<u><u>2 115 954</u></u>



Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT
CASH FLOW STATEMENT
for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
Cash flow from operating activities			
Net profit/(loss)		6 055 586	(1 864 153)
Adjustment for investment income		(12)	(16)
Operating profit/(loss) before working capital changes		6 055 574	(1 864 169)
Working capital changes		(3 388 116)	498,973
(Increase)/decrease in trade and other receivables		(2 997 135)	(19 504)
(Increase)/decrease in advances		6 640	(10)
Prior year adjustment	8	532	7 000
Increase/(decrease) in creditors		(398 153)	511 487
Cash generated from operations		2 667 458	(1 365 196)
Interest received		12	16
Net cash flow from operating activities		2 667 470	(1 365 180)
Cash flow from investing activities			
Investment		(1 562)	(2 116)
Net cash outflow from investing activities		(1 562)	(2 116)
Net increase/(decrease) in cash and cash equivalents		2 665 908	(1 367 296)
Cash and cash equivalents at beginning of the year		2 760 661	4 127 957
Cash and cash equivalents at end of the year	3	5 426 569	2 760 661



Department of Defence - Vote 19

SPECIAL DEFENCE ACCOUNT

ACCOUNTING POLICY NOTES TO

THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies in the preparation on 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 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 Changes in accounting estimates and errors

Adjustments for prior years in accounting estimates and errors are recognised in the current year without restating the prior year figures. In the current year adjustments are made to the relevant Statement of Position or the Statement of Performance, as well as the Statement of Changes in Net Assets.

2. Revenue

2.1 Transfer from General Vote

The Minister of Defence approves an annual budget in accordance with the provisions of the Defence Special Account Act, 1974 (Act No 6 of 1974), as amended, whereafter the budgeted amount is dealt with as a transfer payment from the DOD. 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.

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 are reflected in the Statement of Financial Performance.

Department of Defence - Vote 19

SPECIAL DEFENCE ACCOUNT

**ACCOUNTING POLICY NOTES TO
THE ANNUAL FINANCIAL STATEMENTS**
for the year ended 31 March 2010 (continued)

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

The 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 DOD at the date of delivery of the asset.

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.

Department of Defence - Vote 19

SPECIAL DEFENCE ACCOUNT

ACCOUNTING POLICY NOTES TO

THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

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 financial year are recognised at cost in the Statement of Financial Position.

4.3 Receivables

Receivables represent invoices charged to Armscor once they have made sales on behalf of the DOD. Receivables also represent milestone payments payable by a debtor as per arrangement with Armscor on behalf of the DOD 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 Statement of Financial Position 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 DOD 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.

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 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) at 31 March.

Department of Defence - Vote 19

SPECIAL DEFENCE ACCOUNT

**ACCOUNTING POLICY NOTES TO
THE ANNUAL FINANCIAL STATEMENTS**
for the year ended 31 March 2010 (continued)

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 in 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 obligations and the cumulative DIP credits awarded.

6.4 Strategic Defence Procurement Programme (SDP)

The SDP's 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 expenditure 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.

Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT
NOTES TO THE
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

	2009/10 R'000	2008/09 R'000
1. Trade and other receivables	3 090 308	93 171
Trade debtors	3 039 550	43 085
Non-current	15 000	25 000
Current	3 024 550	18 085
Intelligence division	31 429	26 275
Special forces	7 742	8 781
Clearing account	5 202	14 488
Provision for unrealised profit	6 385	542
1.1	Included in current Trade debtors is an amount of R3 013 400 374 regarding the cancellation of the A400M contract. This consists of a capital amount of R2 940 649 511 (see note 7.3) and an interest amount of R72 750 863 for 2009/2010.	
1.2	Included in Trade debtors is a prior year adjustment of R532 015.	
2. Advances	8 096	14 737
National Defence Force projects	8 092	10 987
Strategic Defence Procurement Programme (SDP) subsistence & travel advances	4	3 750
3. Cash and cash equivalents		
Paymaster General Account	5 426 569	2 760 661
4. Investments	22 331	20 769
Corporation for Public Deposits	168	156
Corporation for Public Deposits (Compliance Programme)	22 163	20 613
5. Creditors	375 232	773 385
Compliance Programme as per agreement between the USA and SA Governments	22 163	20 613
Opening balance at beginning of year	20 613	18 513
Interest earned on investment	1 550	2 100
Contract fines	34 690	19 174
Revenue payable to the National Revenue Fund	149 858	238 663
Trade creditors	80 182	435 506
Provision for Strategic Defence Procurement Programme	88 339	55 166
Other	-	4 263

- 5.1 Included in the provision of R88 339 380 is R39 650 289 for the foreign component of the Strategic Defence Procurement Programme consisting of USD 3 598 091, GBP 2 287 635 and SEK 33 764 563. This amount relates to invoices and goods received prior to 31 March 2010 in respect of the Strategic Defence Procurement Programme. The amount is contractually payable in the 2010/2011 financial year and will be funded from the 2010/2011 Department of Defence transfer payment. No forward cover was utilised.

Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT

NOTES TO THE
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010 (continued)

	2009/10 R'000	2008/09 R'000
6. Other revenue	3 025 413	89 381
Other revenue	3 175 271	328 044
Sales of strategic equipment	16 519	20 101
Contract fines	48 787	89 030
Unrealised foreign exchange profit	5 843	542
Foreign exchange profit on the SDP	71 379	204 290
Sensitive projects	5 154	-
Contract cancellations	3 013 400	-
Sundry	14 189	14 081
Less: Payable to National Revenue Fund	(149 858)	(238 663)
6.1 Contract cancellations include R19 443 989 foreign exchange profit.		
7. Expenditure	5 589 029	10 041 358
Major projects	2 856 366	7 725 113
Other projects	645 398	549 073
Landward Defence	24 343	73 923
Air Defence	287 253	49 578
Maritime Defence	23	77 873
Military Health Support	1 290	758
Command and Control	329 971	338 824
Joint Support	2 518	8 117
Operating projects	1 332 653	1 195 519
Sensitive projects	637 248	98 652
Other expenses	108 736	398 254
Foreign exchange loss	8 628	74 747
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 R nil for 2009/2010 (2008/2009: R149 824).		
7.3 Irregular expenditure for the acquisition of the A400M aircraft:		
Opening balance at the beginning of the year	2 938 690	2 030 719
Contractor	2 891 360	1 993 995
Other contractor	47 330	36 724
Payments during the year	65 959	907 971
Payments to contractor	49 289	897 365
Payments to other contractors	16 670	10 606
Closing balance at the end of the year	3 004 649	2 938 690
Contractor	2 940 649	2 891 360
Other contractor	64 000	47 330
Transferred to debtors	2 940 650	-
Total outstanding irregular expenditure	63 999	2 938 690
8. Adjustments for prior years		
8.1 Adjustment for prior years: Long term receivable	-	7 000
8.2 Adjustment for prior years: Receivables	532 015	-



Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT
DISCLOSURE NOTES TO THE
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010 (continued)

	2009/10 R'000	2008/09 R'000
9. Future expenditure approved by Armscor	16 046 662	15 126 782
Strategic Defence Procurement Programme (SDP) capital commitment Commitments	718 172	1 727 283
Commitments in respect of contracts entered into	15 328 490	13 399 499
Commitments approved, but contracts not yet entered into	10 537 543	10 316 458
	4 790 947	3 083 041
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 R718 172 000 (2008/2009: R1 727 283 000) is a foreign component of USD 22 363 065, GBP 18 314 479 and SEK 319 575 172 (2008/2009: USD 47 672 829, GBP 35 526 668 and SEK 580 313 270). No forward cover was utilised.	
9.2	It is intended to finance expenditure from future Department of Defence transfer payment funds and from working capital generated within the Special Defence Account.	
10. Contingent liability		
Claims against the state	2 639 605	2 479 638
10.1	Included in Claims against the state is a claim of EUR 192 180 623 (2009/2010: R1 950 755 238), (2008/2009: R2 467 637 633) relating to a commission claim. The claim will be defended in a civil court in Lisbon, Portugal.	
11. Defence Industrial Participation (DIP)		
11.1 DIP credits awarded and planned for current year		
DIP credits awarded	228 441	743 870
DIP credits awarded - SDP	(50 799)	652 070
DIP credits awarded - Non-SDP	279 240	91 800
DIP credits planned	581 942	969 335
DIP credits planned - SDP	416 143	951 134
DIP credits planned - Non-SDP	165 799	18 201
11.2 Previous years DIP credits awarded and planned		
Cumulative DIP credits awarded	18 682 442	18 454 001
Cumulative DIP credits awarded - SDP	13 107 099	13 157 899
Cumulative DIP credits awarded - Non-SDP	5 575 343	5 296 102
Cumulative DIP planned	18 962 344	18 672 564
Cumulative DIP credits planned - SDP	13 574 042	13 456 963
Cumulative DIP credits planned - Non-SDP	5 388 302	5 215 601



Department of Defence - Vote 19
SPECIAL DEFENCE ACCOUNT
DISCLOSURE NOTES TO THE
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010 (continued)

	2009/10	2008/09
	R'000	R'000
11.3 Outstanding DIP obligations		
Outstanding DIP obligations	2 441 741	2 213 940
Outstanding DIP obligations - SDPP	2 003 662	1 952 862
Outstanding DIP obligations - Non-SDPP	438 079	261 078

11.4 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.

11.5 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.

11.6 Negative value for current year DIP Credits Awarded - SDPP due to transfer of excess credits to Pro-active agreements which are not reflected in these statements. Pro-active credits to the value of R435 606 003 awarded in 2009/2010.

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 2009/2010 financial year, as disclosed in Note 6, will be refunded in the 2010/2011 financial year.

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**All enquiries with respect to this report are to be forwarded to
Lieutenant General M.D. Mgwebi (Chairperson)**

**Col M.J Louw (Secretary)
at telephone 012 355-5272**

**Mr P.J. du Bois (Accountant)
at telephone 082 323-1386**

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

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for the year ended 31 March 2010

INTRODUCTION

Background

The South African National Defence Force Fund (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.

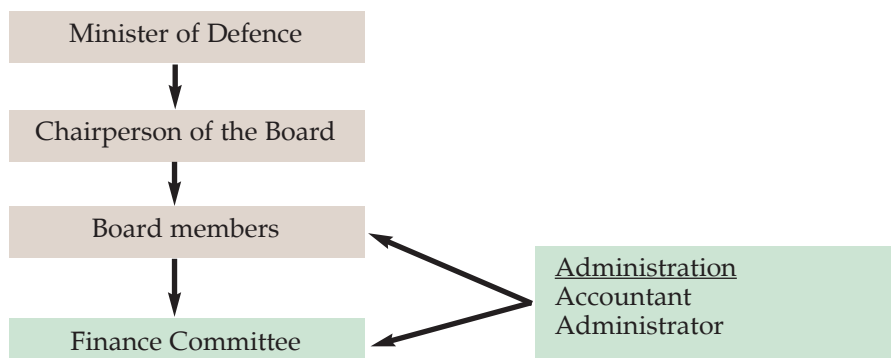
Mission

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.

ORGANISATIONAL STRUCTURE



Department of Defence

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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.

Members	Representing
Full Time Members	
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 - Retired 31 December 2009	SA Military Health Service
Vacant	Secretary for Defence
WO1 F.J.S. Scheepers - Retired 28 February 2010	Warrant Officer of the SANDF
Col M.J. Louw (Secretary)	HR

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Members	Representing
Part Time Members	
Prof D.F.S. Fourie - (Deputy Chairperson)	Self
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
Co opted Members	
Asst Dir P.J. du Bois	Accountant

Finance Committee members

Members	Representing
Full Time Members	
Lt Col (Ret) L. Poorter - (Chairperson)	Council of Military Organisations
Brig Gen N. Yengeni	SA Army
Brig Gen M.D. Myamya - Retired 31 December 2009	SA Military Health Service

Administration personnel

Personnel	Representing
Vacant	Administrator
Asst Dir P.J. du Bois	Accountant

CORPORATE GOVERNANCE

Audit Committee

The Audit Committee has not yet been appointed. Due to the fact that the current members of the Board have not been officially appointed the Fund is inactive as the Board is in effect not authorised to conduct any financial transactions. However, it is confirmed that staff work has been prepared to obtain the services of the Audit Committee of the Department of Defence to fulfil this role once the activities of the Fund resume.

Internal Audit

The Inspector General, DOD (IG DOD) has agreed to provide an internal audit function to the Fund and will commence with such function once the Fund resumes with its activities. This will materialise once the official appointment of the Board members has been confirmed.

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

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for the year ended 31 March 2010

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 four times per annum. However, the Board has been inactive due to the majority of members serving in an acting capacity awaiting official appointment. Thus the Board is limited in its powers of decision making until such time the members are officially appointed. Notwithstanding, although it is envisaged to hold at least four meetings per year and they are scheduled as such, during the year under review, due to other pressing service exigencies this was not always possible. Only one Board meeting was held during the financial year due to the unavailability of both the designated chairperson and designated deputy chairperson at specific given times.

Member	No. of meetings attended	Meetings held
Lt Gen D.M. Mgwebi - (Chairperson)	0	1
Brig Gen N. Yengeni	1	1
Maj Gen H.A. Bhembe	0	1
R Adm (JG) A.E. Kubu	1	1
Brig Gen M.D. Myanya	1	1
WO1 F.J.S. Scheepers	1	1
Col M.J. Louw - (Secretary)	1	1
Prof D.F.S. Fourie - (Deputy Chairperson)	1	1
Lt Gen (Ret) D.P. Knobel	1	1
Brig Gen (Dr) K.O.P. Matseki	0	1
R Adm (JG) L.M. Bakkes	1	1
Lt Col L. Poorter	1	1
Lt Col M.A. Thulare	0	1
Ms M.N. Tsotsi	1	1

The meeting was attended as follows:

The objective 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.

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

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for the year ended 31 March 2010

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 Recognised Accounting Practice (GRAP) 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

A strategic plan for the Fund has been prepared and submitted to the interim Board for consideration. Once the appointment of the members of the Board has been confirmed and the Fund resumes its activities, the plan will be formally approved and the strategic objectives therein pursued.

The objective 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	Target 31 March 2010	Actual performance
Members 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	Expenses in relation to target.	R956 694	-
Facilities 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	Expenses in relation to target.	-	-
Projects 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.	Projects	Expenses in relation to target.	-	-

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

ANNUAL REPORT

for the year ended 31 March 2010

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2010

The Board presents their Annual Report, which form part of the audited financial statements of the Fund for the year ended 31 March 2010.

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), 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 activities in the SANDF Fund are still at a low level due to the non-promulgation of the SANDF Order which regulate the management and operation of the Fund. It was anticipated that the SANDF Order be promulgated during the financial year.

It is anticipated that the increasing demands on members of the South African National Defence Force for peace operations in Africa coupled with the still relative weak economy 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 will be made to put structures in place to enable the Fund to render aid to the beneficiaries of the Fund within the 2010/2011 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 11.40%. (11.39% in 2008/2009). Although the growth of the investment is higher than the previous year, cognisance should be taken that interest earned was capitalised. The actual interest rates during the current year were in fact lower than the previous year due to the recent constraints on the economy in South Africa.

Expenditure for the financial year consisted of audit fees and the honorarium of the accountant.

Events after the reporting date

There were no events, favourable and unfavourable, that occurred after the reporting date.

Interest of the Board members

Board members do not have any interest in the SANDF Fund.

Department of Defence
SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
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for the year ended 31 March 2010

Auditors

The Auditor of the SANDF Fund is the Auditor-General South Africa.

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 OF THE SOUTH AFRICAN DEFENCE FORCE FUND for the year ended 31 March 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

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 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on pages 283 to 284 and pages 288 to 300.

Accounting Authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), in the manner required by the Fund-Raising Act, 1978 (Act No. 107 of 1978) and the *Auditor General Directive - General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa, section 4 of the Public Audit Act, 2004 (Act No.25 of 2004) (PAA) of South Africa, and section 22(8) of the Fund-Raising Act, 1978 (Act No. 107 of 1978), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Department of Defence

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SOUTH AFRICAN DEFENCE FORCE FUND for the year ended 31 March 2010

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the South African Defence Force Fund as at 31 March 2010, and its financial performance and its cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and in the matter required by section 22 (7) of the Fund-Raising Act, 1978 (Act No. 107 of 1978).

Additional matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the Fund-Raising Act, 1978 (Act No. 107 of 1978), and financial management (internal control).

ARCHIVE FOR JUSTICE

Findings

Predetermined objectives

Reliability of reported performance information

Non-compliance with regulatory requirements

No predetermined measurable objectives, expected outcomes and targets were set and approved at the beginning of the financial year as required by Section 14 of the Public Audit Act, 2004 (Act No. 25 of 2004), due to the board not being appointed. Performance information disclosed could therefore not be evaluated in terms of the set criteria, and control measures were not established to ensure proper presentation and management of performance information.

Compliance with laws and regulations

Fund-Raising Act, 1978 (Act No. 107 of 1978)

- Non adherence

The Fund did not comply with the following requirements of the Fund-Raising Act, 1978 (Act No. 107 of 1978)

- A Board was not appointed as required by Section 17 (1) and (9).
- The Fund was incorrectly referred to in the annual report as the South African National Defence Force Fund, instead of the South African Defence Force Fund as established in terms of the Fund-Raising Act, 1978 (Act No. 107 of 1978).

Department of Defence

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SOUTH AFRICAN DEFENCE FORCE FUND for the year ended 31 March 2010

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the Fund-Raising Act, 1978 (Act No. 107 of 1978), but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

- Leadership

Oversight responsibility to ensure that a Board was approved was not exercised.

Auditor-General



Pretoria

30 July 2010



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND STATEMENT OF FINANCIAL POSITION as at 31 March 2010

	Note	2009/10 R	2008/09 R
ASSETS			
Current assets			
Cash and cash equivalents	2	47 000	80 066
Investments	3	<u>11 343 333</u>	<u>10 562 635</u>
Total assets		<u><u>11 390 333</u></u>	<u><u>10 642 701</u></u>
LIABILITIES			
Current liabilities			
Payable		614	1
Provision	4	<u>5 000</u>	<u>5 000</u>
Total liabilities		<u><u>5 614</u></u>	<u><u>5 001</u></u>
Net assets		<u><u>11 384 719</u></u>	<u><u>10 637 700</u></u>
NET ASSETS			
Accumulated surpluses		<u>11 384 719</u>	<u>10 637 700</u>
Total net assets		<u><u>11 384 719</u></u>	<u><u>10 637 700</u></u>



Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2010

	Note	2009/10 R	2008/09 R
Revenue			
Other operating revenue	5	<u>781 891</u>	<u>1 085 771</u>
Total revenue		<u>781 891</u>	<u>1 085 771</u>
Expenses			
Administration expenses		<u>34 872</u>	<u>22 988</u>
Total expenses		<u>34 872</u>	<u>22 988</u>
Surplus for the period		<u>747 019</u>	<u>1 062 783</u>
Attributable to Net assets holders		<u>747 019</u>	<u>1 062 783</u>



Department of Defence

**SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2010**

	2009/10 R
	<i>Accumulated surpluses</i>
Balance at 31 March 2008	9 574 917
Surplus for the period	1 062 783
Balance at 31 March 2009	10 637 700
Surplus for the period	747 019
Balance at 31 March 2010	11 384 719



Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND CASH FLOW STATEMENT for the year ended 31 March 2010

	Note	2009/10 R	2008/09 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Other payments	7	(34 259)	(20 404)
Net cash flows from operating activities		(34 259)	(20 404)
CASH FLOWS FROM INVESTING ACTIVITIES			
Income from investments		780 698	1 080 408
Increase in investments		(780 698)	(1 080 408)
Finance income		1 193	5 363
Net cash flows from Investing activities		1 193	5 363
Net increase in cash and cash equivalents		(33 066)	(15 041)
Cash and cash equivalents at beginning of period		80 066	95 107
Cash and cash equivalents at the end of period		47 000	80 066



Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

1. Accounting Policy

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board. The measurement base applied is historical cost.

The financial statements have adopted GRAP for the first time this year. The financial statements have been prepared on a going concern basis in accordance with GRAP, issued by the Accounting Standards Board, replacing the equivalent Generally Accepted Accounting Practice (GAAP).

The recognition and measurement principles in GRAP and GAAP statements do not differ or result in material differences in items presented and disclosed in the financial statements.

1.2 Investments in Financial Instruments

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 reporting date, these are classified as current assets.

1.2.1 Recognition

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

1.2.2 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.

1.2.3 Investment in Financial Assets

The Fund's principle financial assets are investments and cash and cash equivalents.

1.3 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised where the right to receive cash flows from the asset has expired or matured.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled.

1.4 Revenue

1.4.1 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.



Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

1.4.2 Revenue

Revenue is measured at fair value of consideration received or receivable. Revenue comprises of donations received.

1.5 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. The amount recognised shall be the best estimate of expenditure required to settle the present obligation at the reporting date.

1.6 Cash and cash equivalents

Cash and cash equivalents are stated at the fair value.

1.7 Related parties

Related parties represent those transactions which have been entered into between the SANDF Fund and related parties.

1.8 Unauthorised, irregular, fruitless and wasteful expenditure

The financial statements must, in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1991), Section 55(2)(h)(l), include particulars of any such expenditure. When such expenditure is incurred, it would be charged against income.

1.9 Budgets

The SANDF Fund prepares the budget on the cash basis for a period of twelve months which coincides with the reporting period.

The SANDF Fund does not budget for interest income because of the fluctuation of interest rates and because the income from interest is not the core business of the Fund.

Budget for expenditure is limited to 90% of the prior year interest earned on investments.

1.10 Use of Estimates, judgements and assumptions

Management is required to make estimates and assumptions in preparing the annual financial statements. These assumptions and estimates are made on the best available information relating to provisions.

1.11 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

1.11.1 Adjusting events

Adjusting events are those that provide evidence of conditions that existed at the reporting date (adjusting events); and

1.11.2 Non-adjusting events

Non-adjusting events are those events that are indicative of conditions that arose after the reporting date (non-adjusting events).

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

2. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

	2009/10	2008/09
	R	R
Cash on hand and balances with banks	<u>47 000</u>	<u>80 066</u>
	<u>47 000</u>	<u>80 066</u>
3. Investments in financial assets		
3.1 Fixed term deposit		
3.1.1 Maturity date: 08/07/08 Interest rate: 11.1%		
Opening balance		9 585 230
Interest earned		<u>174 897</u>
Closing balance re-invested (refer 3.1.2)		<u>9 760 127</u>
3.1.2 Maturity date: 08/09/08 Interest rate: 11.9%		
Opening balance		9 760 127
Interest earned		<u>197 288</u>
Closing balance transferred to Investment call account (refer 3.1.3)		<u>9 957 415</u>
3.1.3 Investment call account (15 days) Interest rate: 11%		
Opening balance		9 957 415
Interest earned		<u>45 013</u>
Closing balance transferred to Investment (refer 3.1.4)		<u>10 002 428</u>
3.1.4 Maturity date: 27/10/08 Interest rate: 11.7%		
Opening balance		10 002 428
Interest earned		<u>109 013</u>
Closing balance transferred to Investment call account (refer 3.1.5)		<u>10 111 441</u>
3.1.5 Investment call account		
Opening balance		10 111 441
Interest earned 11 % (56 days)		140 667
Interest earned 10.5% (27 days)		165 703
Interest earned 9.5% (7 days)		127 739
Interest earned 8.5% (30 days)		<u>17 085</u>
Closing balance transferred to Investment (refer 3.1.6)		<u>10 562 635</u>
3.1.6 Investment call account (46 days)		
Opening balance	10 562 635	
Interest earned 8.5%	<u>56 575</u>	
Closing balance transferred to Investment (refer 3.1.7)	<u>10 619 210</u>	

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

	2009/10	2008/09
	R	R
3.1.7 Maturity date: 26/05/09		
Interest rate: 8.4%		
Opening balance	10 619 210	
Interest earned	78 204	
Closing balance transferred to Investment (refer 3.1.8 and 3.1.9)	<u>10 697 414</u>	
3.1.8 Maturity date: 26/08/09		
Interest rate: 7.1%		
Opening balance	972 367	
Interest earned	17 401	
Closing balance transferred to Investment (refer 3.2.0)	<u>989 768</u>	
3.1.9 Maturity date: 26/11/09		
Interest rate: 7.1%		
Opening balance	9 725 047	
Interest earned	348 077	
Closing balance transferred to Investment (refer 3.2.2)	<u>10 073 124</u>	
3.2.0 Maturity date: 26/11/09		
Interest rate: 6.55%		
Opening balance	989 768	
Interest earned	16 341	
Closing balance transferred to Investment (refer 3.2.1)	<u>1 006 109</u>	
3.2.1 Maturity date: 26/02/10		
Interest rate: 6.55%		
Opening balance	1 006 109	
Interest earned	16 610	
Closing balance transferred to Investment (refer 3.2.3)	<u>1 022 719</u>	
3.2.2 Maturity date: 31/05/10		
Interest rate: 7%		
Opening balance	10 073 124	
Interest accrued	241 480	
Closing balance	<u>10 314 604</u>	
3.2.3 Maturity date: 26/05/10		
Interest rate: 6.5%		
Opening balance		
Interest accrued	1 022 719	
Closing balance	<u>6 010</u>	
	<u>1 028 729</u>	



Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

4. Provisions

A provision for accounting fees has been recognised to be incurred in the 2009/10 financial year.

The accounting fees relate to a honorarium fee for meetings attended, monthly accounting work and compilation of annual financial statements. The accounting fee and the timing of the payment are determined based on the discretion of the Board (no fixed contract exists between the accountant and the Board) subsequent to the year-end and preparation of financial statements.

	2009/10	2008/09
	R	R
Accountant fees		
Opening balance	5 000	2 420
Additions	5 000	5 000
Used	(5 000)	(2 420)
Closing balance	5 000	5 000

5. Other operating revenue

Investment income on held-to-maturity Investments	780 698	1 080 408
SA National Defence Force Fund	18	326
SA National Defence Force Welfare Fund	1 175	5 037
	781 891	1 085 771

Interest earned on investment is capitalised

6. Profit for the year

Profit for the year includes expenditure for:

Audit fees	25 258	14 387
Furniture and equipment written off	-	3
	25 258	14 390

7. Cash flow from operating activities

Surplus for the year	747 019	1 062 783
Adjusted for:		
Interest received	(781 891)	(1 085 771)
Non-current assets	-	3
Increase in payables	613	2 581
	(34 259)	(20 404)

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

8. Financial instruments

8.1 Financial risk factors

8.1.1 Market risk

Market risk is the risk that changes in market prices. Interest rates will affect the SANDF Fund. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising return. The SANDF Fund does not manage this risk aggressively as the investments of funds are determined by the Minister of Defence and the Minister of Finance. Within these parameters, funds are invested with reputable commercial banks.

8.1.2 Credit risk

Credit risk is the risk of financial loss to the SANDF Fund if a financial institution to a financial instrument fails to meet its contractual obligations.

The SANDF Fund's exposure to credit risk is influenced only by the individual characteristics of the financial institutions where funds are deposited or invested. Reputable financial institutions are used for investing and cash handling purposes.

	2009/10	2008/09
	R	R
ABSA Bank	47 000	80 066
Rand Merchant Bank (RMB)	<u>11 343 333</u>	<u>10 562 635</u>
	<u>11 390 333</u>	<u>10 642 701</u>

8.1.3 Liquidity risk

Liquidity risk is the risk that the SANDF Fund will not be able to meet its financial obligations as they fall due. The SANDF Fund's approach to managing liquidity is to ensure that investment terms chosen will ensure that it will always have sufficient liquidity to meet its liabilities when due.

The liquidity risk is considered being low, because the SANDF Fund has adequate funds at their disposal.

	2009/10	2008/09
	R	R
Cash and cash equivalents	47 000	80 066
Investments	<u>11 343 333</u>	<u>10 562 635</u>
	<u>11 390 333</u>	<u>10 642 701</u>
Current liabilities	<u>(5 614)</u>	<u>(5 001)</u>
	<u>11 384 719</u>	<u>10 637 700</u>

The investment contractual maturities for all borrowings and payables outstanding at 31 March 2010 are 12 months or less.

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

8.1.4 **Interest risk**

The SANDF Fund's exposure to changes in interest rates is limited to that of the reputable financial institutions. Interest earned on cash and cash equivalents are not material and does not pose a risk. Investment funds are invested for short terms.

	2009/10 Effective Rate %	2008/09 Effective Rate %	Change
Investment	6.98	10.80	(3.82)

8.1.5 **Interest risk sensitivity analysis**

	2009/10 R	2008/09 R
Investments	<u>11 343 333</u>	<u>10 562 635</u>
1% interest fluctuation impact	<u>113 433</u>	<u>105 626</u>

8.1.6 **Capital managements**

The policy of management is to maintain a strong capital base so as to maintain aid in the future. There were no changes in management's approach to capital management during the year.

2010	Interest bearing R	Non-Interest bearing R	Total R
ASSETS			
Cash and cash equivalents	47 000	-	47 000
Investments	11 343 333	-	11 343 333
	<u>11 390 333</u>	<u>-</u>	<u>11 390 333</u>
Current liabilities	-	(5 614)	(5 614)
Net financial assets/(liabilities)	<u>11 390 333</u>	<u>(5 614)</u>	<u>11 384 719</u>

2009	Interest bearing R	Non-Interest bearing R	Total R
ASSETS			
Cash and cash equivalents	80 066	-	80 066
Investments	10 562 635	-	10 562 635
	<u>10 642 701</u>	<u>-</u>	<u>10 642 701</u>
Current liabilities	-	(5 001)	(5 001)
Net financial assets/(liabilities)	<u>10 642 701</u>	<u>(5 001)</u>	<u>10 637 700</u>

8.1.7 **Currency risk**

The SANDF Fund does not enter into forward exchange contracts and therefore have no currency risk.

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

8.2 Fair value estimation

The face values of cash, and trade payables less any estimated credit adjustments, are the approximately fair values on 31 March 2010, as a result of the short-term maturity of these assets and liabilities.

9. Related parties

The SANDF related parties and the Department of Defence (DOD) are related because of common control under the Minister of Defence. Board members are related parties.

The related party transactions for the year under review are as follows:

	2009/10	2008/09
	R	R
Attendance allowance for attendance of meetings of non-DOD Board Members:		
Prof D.F.S. Fourie	100	-
Lt Gen (Ret) D.P. Knobel	100	-
R Adm (JG) L.M. Bakkes	300	-
Lt Col L. Poorter	2 100	-
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.		
	10 772	7 320
	13 372	7 320

10. Budget and actual amounts

10.1 The Fund did not plan for any fund raising events for the year under review and consequently no budget was prepared. The income from interest is not the core business of the Fund and does not require a budget.

10.2 Budget for expenditure is limited to 90% of the prior year interest earned on investments. The increase of administrative expenses were due to the significant increase of audit fees.

Reconciliation of budget deficit with the surplus in the Statement of Financial Performance

	Note	2009/10
		R
Net surplus per the statement of financial performance		747 019
Adjusted for:		
Administration expenses	10.2	18 872
Members aid	10.2	(956 694)
Other operating revenue	10.1	(781 891)
Net deficit per approved budget		(972 694)

Department of Defence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

Reconciliation of budget with the actual

	Note	Approved budget	Actual	Difference: Budget less Actual
		2009/10	2009/10	2009/10
		R	R	R
RECEIPTS				
Other operating revenue	10.1	-	781 891	(781 891)
		-	781 891	(781 891)
PAYMENTS				
Administration expenses		16 000	34 872	(18 872)
Members aid		956 694	-	956 694
Facilities aid		-	-	-
Projects aid		-	-	-
	10.2	972 694	34 872	937 822



Department of Defence

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 2010

Introduction

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

The NCACC is responsible for compliance with the act and related regulations.

Auditor-General's responsibility

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

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 2010. 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 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 was refused by the NCACC and confirming that this had been done as required by section 14 of the act.

Department of Defence

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 2010

- Inspecting on a sample basis permits issued and confirming that these permits comply with the conditions as indicated in the regulations.
- No compliance procedures were performed 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 in conventional arms.
- Inspecting the register for all permits issued and undertaking 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 had been issued as required by section 23 of the act.
- An analysis to identify anomalies in reported data.
- Determining whether information supplied is relevant, reliable, comparable and understandable.

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.

I believe that the evidence obtained as part of my assurance engagement of the NCACC for the period ended 31 March 2010 is sufficient and appropriate to provide a basis for my conclusion expressed below.

Department of Defence

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 2010

Conclusion

Based on the work I performed, nothing came to my attention to indicate that the NCACC did not comply with section 4 of the Act, in all material respects.



Auditor-General

Pretoria

25 July 2010



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

A/CFO	Acting Chief Financial Officer
AFB	Air Force Base
AG	Auditor-General
AMC	Accountability Management Committee
AMG	Aero Manpower Group (??Atlas Manpower Group)
ARMSCOR	Armaments Corporation of South Africa Ltd
AU	African Union
BBBEE	Broad-Based Black Economic Empowerment
C Def Mat	Chief of Defence Matériel
C HR	Chief Human Resources
C SANDF	Chief of the South African National Defence Force
CALMIS	Computerised Aided Logistical Management Information System
CAR	Central African Republic
CI	Counter-Intelligence
COD	Council of Defence
CPX	Command Post Exercise
CSIR	Council for Scientific and Industrial Research
D PSP	Directorate Policy, Strategy and Planning
DA	Defence Attaché
DCAF	Democratic Control of Armed Forces
Def Sec	Defence Secretariat
DEIS	Defence Enterprise Information System
DEIS MP	Defence Enterprise Information System Master Plan
DEISM	Defence Enterprise Information System Management
DFR	Defence Foreign Relations
DG	Director General
DI	Defence Industry
DIMS	Depot Information Management System
DIMS	Directorate Information Management Services
DIS	Defence Industry Support
DIWG	Defence Inspectorate Working Group
DLSD	Defence Legal Services Division
DOD	Department of Defence
DODI	Department of Defence Instruction
DPW	Department of Public Works

DRC	Democratic Republic of the Congo
DRDB	Defence Research and Development Board
DSCI	Defence Supply Chain Integration
EISP	Employer Initiated Severance Package
ENE	Estimate of National Expenditure
EOM	Emphasis of Matters
ERM	Enterprise Risk Management
ETD	Education, training and Development
FAA	Forças Armadas de Angola (Armed Forces of Angola)
FIFA	International Federation of Football Association
FMD	Finance Management Division
FMS	Financial Management System
FOSAD	Forum of South African Director-Generals
FSE	Force Structure Element
FY	Financial Year
GIAMA	Government Immovable Asset Management Act
GITO	Government Information Technology Officer
GRAP	Generally Recognised Accounting Practice
HQ	Headquarters
HR	Human Resources
HRD	Human Resources Development
ICS	Information and Communications System
ICT	Information and Communication Technology
ICTS Cluster	International Cooperation, Trade and Security Cluster
IFMS	Integrated Financial Management System
INDFSC	Interim National Defence Force Service Commission
IP	Intellectual Property
ISDSC	Inter-State Defence and Security Committee
ISO	International Standards Organisation
ISS	Information Security System
IT	Information Technology
J OPS	Joint Operations
JCPS Cluster	Justice, Crime Prevention and Security Cluster
JD OHS	Joint Directorate Occupational Health and Safety
JPCDS	Joint-Permanent Commission on Defence and Security
LIMS	Logistical Information Management System
LIRP	Logistic Intervention and Repositioning Programme



MAAC	Military Attaché and Advisor Corps
MBC	Military Bargaining Council
MDSMA	Military Discipline Supplementary Measures Act
MEM	Mobility Exit Mechanism
MJR	Military Judicial Review
MOD	Minister of Defence
MOU	Memorandum of Understanding
MP	Member of Parliament
MP	Military Police
MP Division	Military Police Division
MPSPO	Military Policy, Strategy and Planning Office
MSDS	Military Skills Development System
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MTTMVA	Ministerial Task Team on Military Veterans Affairs
MVA	Military Veterans Agency
NATO	North Atlantic Treaty Organisation
NCACC	National Conventional Arms Control Committee
NCAGS	Naval Coordination and Guidance of Shipping
NSF	Non-Statutory Forces
NSN	National Stock Number
NT	National Treasury
OCA	Operation CLEAN AUDIT
OHS	Occupational Health and Safety
OIS	Organisation Information System
OSD	Occupational Specific Dispensation
OSIS	Operating Support Information System
PDSC	Plenary Defence Staff Council
PFMA	Public Finance Management Act
PMTC	Peace Mission Training Centre
PPP	Public Private Partnership
PSAP	Public Service Act Personnel
PWD	Public Works Department
RAB	Religious Advisory Board
RAMP	Repair and Maintenance Programme
RSA	Republic of South Africa
SAAF	South African Air Force
SABS	South African Bureau of Standards
SADC	South African Development Community
SAI	South African Infantry



SAMHS	South African Military Health Service
SAN	South African Navy
SANDF	South African National Defence Force
SANMVA	South African National Military Veterans Agency
SAPS	South African Police Service
SAQA	South African Qualification Authority
SAS	South African Ship
SASSETA	Safety and Security Sector Education and Training Authority
SC	Secretariat Council
SCAMP	Strategic Capital Acquisition Master Plan
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SDA	Special Defence Account
SDP	Strategic Defence Package
Sec Def	Secretary for Defence
SETA	Sector Educational Training Authority
SITA	State Information Technology Agency
SMCS	Structure Management Control System
SMS	Senior Management Service
UIMS	Unit Information Management System
UK	United Kingdom
UN	United Nations
USA	United States of America
VIP	Very Important Person
VVIP	Very Very Important Person
WAN	Wide Area Network



