



DEPARTMENT OF DEFENCE

Annual Report
2003 - 2004



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DEPARTMENT OF DEFENCE

ANNUAL REPORT

2003/2004

The Honourable Mr M.G.P. Lekota
Minister of Defence

Report of the Department of Defence: 01 April 2003 to 31 March 2004.

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

Handwritten signature of J.B. Masilela in black ink.

J.B. MASILELA
SECRETARY FOR DEFENCE: DIRECTOR GENERAL



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

This year the world joins South Africa in celebrating ten years of freedom and in creating new, accountable and representative institutions such as the South African National Defence Force (SANDF), a major milestone since 1994 when we closed the Apartheid chapter of our history.

The Department of Defence (DOD), and particularly the SANDF, continued to grapple with the twin challenges of sustainability and affordability during the period under review. The implementation of the Military Strategy and the finalisation and approval of the Human Resources Strategy 2010 were two major milestones on the road towards creating a sustainable and affordable defence force.

The DOD has operationalised the political imperatives of civil oversight, optimum performance, sustainability and accountability, and, proactively sought to improve our systems and capacity to deliver in this regard.

We now have a Defence Force that is accountable to all the people of South Africa, capable both of defending our sovereignty and supporting foreign policy initiatives to ensure peace and security throughout the continent of Africa. However, transformation and representivity remain a challenge.

The Department of Defence Annual Report for the financial year 2003/04 needs to be contextualised and read together with the Strategic Business Plan for the same period. The Strategic Business Plan outlined the programme, subprogramme, and subsequent outputs for the DOD which were identified within the constraints of the Medium-term Expenditure Framework. What has been achieved in the financial year 2003/04 is indicated in the Annual Report for this period.

During the period under review, the DOD intensified its efforts to promote security, peace and stability on the



Minister of Defence

Mr M.G.P. Lekota

African continent in support of the New Partnership for Africa's Development (Nepad). This was evidenced by the continued deployment of members of the SANDF to peace missions in the Democratic Republic of Congo (DRC), Burundi, Comoros, Ethiopia and Eritrea.

I am proud of the role the DOD has played in participating in the establishment of the structures of the African Union (AU), especially in the role SADC has to fulfil through the African Standby Force. We continue to hold the view that conflict situations should be resolved through peaceful means.

We continue along the difficult path of aligning our mandate and tasks with our budget, especially, but not exclusively, with regard to our increased yet necessary



external deployments. This is particularly challenging when it comes to funds for the maintenance of equipment.

Our nation can be truly proud of its National Defence Force whose professionalism and discipline is recognised the world over. Through the commitment of the men and women of the Department of Defence we will be participating fully in whatever our country calls

upon us to do in our quest for peace and stability for a safer South Africa and a better world.

A handwritten signature in black ink, appearing to read 'Lekota', with a stylized flourish at the end.

M.G.P. LEKOTA
Minister of Defence

PART 1: STRATEGIC DIRECTION

STRATEGIC OVERVIEW

TEN YEARS OF DEMOCRACY

As the country celebrated ten years of democratic rule, the Department of Defence (DOD) celebrated the 10th anniversary of the establishment of the South African National Defence Force (SANDF). After a decade of existence, the SANDF has proved that with determination and political will, it is possible to mould a national defence force from former adversaries into an effective and professional military organisation that commands respect beyond national borders.

The main thrust of the first few years of democratic rule was to establish a solid policy framework which sought to enhance civil oversight over the SANDF and to improve accountability. In addition to the Constitution of the Republic of South Africa, the White Paper on Defence, the Defence Review and the Defence Act were promulgated during this period. Furthermore, numerous Departmental policies and strategies were developed and approved. Collectively, these provided a policy framework within which the SANDF could conduct operations as required by law.

The SANDF has been instrumental in supporting the Government's foreign policy initiatives, especially on the continent. Over 3 000 soldiers, aviators, sailors and medics were deployed on operations daily in Africa during the year. The focus of military diplomacy has shifted to Africa and the number of military attachés and training opportunities afforded to African states, particularly from the Southern African Development Community (SADC) has increased significantly. The SANDF is playing a major role in the development of the African Standby Force which is intended to provide Africa with its own ability to intervene rapidly in future to avert conflict of the nature that occurred over a decade ago and is still troubling the Great Lakes region.

In the internal sphere, the SANDF continued to provide support to the South African Police Service (SAPS). The ability of the judiciary and the law enforcement agencies to deal with crime is increasing and the needed support by the SANDF to assist the SAPS has steadily declined. The deployment of the SANDF on borderline control duties is, however, still essential and will be necessary until such time as the SAPS or another agency is able to take over this task from the SANDF. Over the past year a daily average of 23 platoons of the Army Territorial Reserve (Commandos) supported by the SA Air Force and SA Military Health Service were deployed to assist the SAPS in providing rural security. Over the same period eleven Regular Force companies of the SA Army supported by the SA Air Force and SAMHS were deployed on borderline control duties or assisted the SAPS during specific intelligence-driven crime prevention operations. Over 2 600 members of the SANDF were deployed on a daily basis throughout the year.



Secretary for Defence:
Director General

Mr J.B. Masilela



Chief of the SA National
Defence Force: General

General S. Nyanda,
SSA, SBS, CLS, DMG,
MMS, MMM

RESERVE FORCES

The institution of Project PHOENIX in 2002 with the aim of renewing and transforming the Conventional Reserve Force, maintained momentum through the FY2003/04 and, although the budget allocation to the Reserve Force remained under pressure, several significant milestones were achieved. These included the following:

- The introduction and funding of decentralised basic and continuation training for limited numbers of recruits have been of great assistance to the Army Conventional Reserve units.
- The drive to recruit former Regular, Non-statutory, and Statutory Forces leader group members is still ongoing and several senior appointments were made.
- The SA Navy's plan to completely restructure their Reserve was approved and holds the promise of meaningful training and sea time for their Reserve Force members.
- Air Force Reserve members continued to make important contributions in terms of aircrew availability and specialist skills in the management of projects.
- The enhancement of specialist skills and the provision of services by dedicated SA Military Health Service Reserve personnel were a focus area in FY2003/04. In particular, training such as the Battlefield Advanced Trauma and Life Support courses were well attended.

RENEWAL AND TRANSFORMATION OF DEFENCE CAPABILITIES

The renewal of both the human and military hardware of the SANDF has commenced and during the year the first new naval vessel was delivered. The implementation of the Military Skills Development System gained momentum. Restoration of defence capabilities which

had started to deteriorate well before 1994 will be a slow process, particularly in view of the Government's need to meet pressing social and welfare obligations. Measures have been implemented to reduce the cost of defence and make defence delivery more effective and efficient. The effect of these measures will become increasingly visible in the years ahead.

While the Strategic Defence Packages have addressed the prime mission equipment needs of the SA Air Force and the SA Navy, the same still needs to happen for the SA Army. Of key importance is the need to fund the Rooivalk project fully because the Rooivalk, although an air asset, is essentially a land warfare weapons system and therefore invaluable to the SA Army. It is hoped that the level of armaments acquisition funding will be maintained once the weapons systems of the SA Air Force and SA Navy have been delivered, to enable the renewal of the SA Army's prime mission equipment. The age profile and health status of the SANDF, particularly the infantry units of the SA Army are a major cause for concern and are being addressed through several innovative interventions, largely funded by foreign donors, without whom some of the interventions would not have been possible.

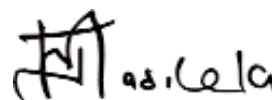
The transformation of the SANDF in respect of achieving the desired gender and racial representivity is proceeding at a much slower pace than anticipated, especially at middle management level. However, intervention measures have been introduced to accelerate the process.

CONCLUSION

A firm base for the future has been laid. There is no doubt that the Department of Defence will be able to successfully address the priorities of Government as captured in the Ten-Year Review Report. Supported by adequate funding and appropriate equipment, our men and women will continue to serve the people of South Africa as in the past decade.



General S. Nyanda, SSA, SBS, CLS, DMG, MMS, MMM
Chief of the SA National Defence Force: General



Mr J.B. Masilela
Secretary for Defence: Director General

STRATEGIC DIRECTION

INTRODUCTION

The Public Finance Management Act (Act No 1 of 1999) (PFMA) requires State departments and public entities to develop corporate plans and to report to Parliament on their performance against those plans on an annual basis. While the timescales for tabling annual reports are prescribed by the PFMA, the contents and formats are generally provided in the guidelines of the National Treasury and the Department of Public Service and Administration (DPSA).

The Department of Defence (DOD) Annual Report for FY2003/04 has a special significance for the Department. This is not only because it covers a period of major operational successes by the South African National Defence Force (SANDF) but also because it coincides with the ten years of democracy for the country and the establishment of the SANDF. The period from 1994 to 2004 was characterised by a combination of serious challenges and exceptional successes which earned international recognition for the country generally and the SANDF in particular.

The process of integration of the former Statutory and Non-statutory forces into a unified SANDF posed a daunting challenge. In the absence of a comparable integration model for the armed forces, the DOD had to capitalise on the political will, the national consensus and the resolve of all erstwhile adversaries to lay down their weapons and chart a way forward from a common footing. As we conclude the decade of freedom, the SANDF's stature has risen considerably and its level of professionalism is recognised worldwide.

AIM

The aim of this DOD Annual Report for FY2003/04 is to give an account regarding the performance of the DOD in accordance with the approved Departmental Business Plan for the period 01 April 2003 to 31 March 2004.

SCOPE OF THE ANNUAL REPORT

In an effort to ensure consistency and comparability, the

layout of this report is broadly the same as the previous one. For ease of reference, it is advisable that the report be used in conjunction with the DOD Strategic Business Plan for FY2003/04. The report consists of five parts. Part One describes the strategic profile of the Department. Part Two deals with human resource management and the organisational structure of the DOD. Part Three focuses on the performance of the DOD per programme. Part Four contains the management report of the DOD's Accounting Officer. Part Five covers the report of the Auditor-General on the Financial Statements of Defence - Vote 22.

ALIGNMENT WITH CABINET AND CLUSTER PRIORITIES

The strategic planning process of defence is of necessity based on a long-term view of possible contingencies, capability requirements and the expectations of Government. While the first two aspects are generally covered through the comprehensive strategic environmental analysis process, the latter one tends to be driven by the short to medium-term imperatives and goals as determined by the incumbent Government. However, notwithstanding the above, it is critically important that the DOD's planning process should be flexible enough to accommodate the Government's immediate operational needs.

For this purpose, the DOD belongs to three Government clusters, namely the Justice, Crime Prevention and Security (JCPS) cluster, the International Relations, Peace and Security (IRPS) cluster and the Governance and Administration (G & A) cluster. Its participation in these clusters and the Cabinet Makgotla enables the DOD to incorporate relevant decisions into its planning processes for implementation. This interaction is reflected in the Ten-Year Review report which states that the equipment that has been purchased for the SANDF is expected to "enable it to effectively patrol South Africa's Exclusive Economic Zone and thereby protect international maritime traffic, combat transnational maritime organised crime, including sea piracy and the illegal exploitation of South Africa's maritime resources."



STRATEGIC PROFILE

MANDATE

The Constitution of South Africa (Act No. 108 of 1996), the White Paper on Defence (May 1996), the Defence Review (April 1998) and the Defence Act (Act No. 42 of 2002) collectively provide the mandate of the DOD. Its mission and vision are based on these policy documents.

VISION

The DOD ensures, in accordance with the Constitution, effective defence for a democratic South Africa, thereby enhancing national, regional and global security through balanced, modern, affordable and technologically advanced defence capabilities.

This vision was changed during the last quarter of the financial year and now reads as follows:

"Effective defence for a democratic South Africa"

MISSION

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

AIM OF THE DOD

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

SHARED VALUES

The DOD's shared values are:

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

These shared values are designed to ensure:

- Positive civil-military relations conducive to liberal democratic principles of civil over-

sight and compliance with international law on the use of force.

- Output-driven approach to strategic management.
- Continual internalisation of the DOD Code of Conduct.

MINISTER OF DEFENCE S PRIORITIES FOR FY2003/04

At the beginning of each planning cycle, the Minister of Defence identifies specific critical areas as priorities for the specific year. These priorities normally have short- to medium-term implications. For FY2003/04, the Minister identified the following priorities for the DOD:

- Force structure and design, which had to look into a new force structure and align the budget with the Departmental plan.
- Implementation of the DOD Human Resource (HR) Strategy 2010, which is an overall plan for human resource development within the Department. In addition to introducing the new service dispensation known as Military Skills Development (MSD), the strategy is also designed to deal with 'soft' issues of transformation such as representivity, grievance mechanisms, training, right-sizing, the shaping of the Reserve Force and succession planning.
- Promotion of regional security, which is aimed at ensuring a collective approach to defence in the Southern African Development Community (SADC) and also effective participation of the DOD in the New Partnership for Africa's Development (NEPAD) programmes.

STRATEGIC FOCUS

On the basis of the Minister of Defence's priorities and the strategic environmental analysis, the DOD identifies the strategic focus. The strategic focus of the DOD for the short to medium term as identified during the year under review was as follows:

- Medium-term focus:
 - To create an affordable and sustainable force structure.
 - To introduce the new weapon systems into operation, bearing in mind the challenges posed by their cost and complexity.
 - To meet the DOD's obligations.

- Short-term focus:
 - Prepare and employ defence capabilities to meet operations and commitments ordered by the Government.
 - Continue the restructuring of the DOD.

RESPONSIBILITIES AND STRATEGIC DIRECTION IN THE DOD

The complex nature of defence function requires clear understanding of mandates for individual structures and their interrelationship in pursuit of the DOD's vision, mission and aim. Strategic direction responsibility in the DOD is vested in the Minister of Defence, the Secretary for Defence and the Chief of the SANDF. Supporting them in their responsibilities are the Chiefs of Services and Divisions (see Chapter Three on the structures), command bodies (such as the Council on Defence and Defence Staff Council), and specialised functional bodies (such as the Human Resource Staff Council and Operations Staff Council).

The responsibilities and delegation powers of the Secretary for Defence and the Chief of the SANDF are stipulated in the Defence Act (Act No 42 of 2002).

FUNCTIONS OF THE SECRETARY FOR DEFENCE

The Secretary for Defence

- is the Head of the Department as contemplated in the Public Service Act, 1994 (Proclamation No 103 of 1994), and the Accounting Officer for the Department as contemplated in section 36 of the Public Finance Management Act, 1999 (Act No 1 of 1999);
- is the Principal Departmental Advisor to the Minister on defence policy matters;
- must advise the Minister on any matter referred to him or her by the Minister;
- must perform such functions as may be entrusted to the Secretary for Defence by the Minister, in particular those necessary or expedient to enhance civil control by:
 - Parliament over the Department;
 - Parliamentary committees having oversight over the Department; and
 - the Minister over the Department.
- must provide the Chief of the Defence Force with comprehensive instructions requiring him or her to issue orders and directives and to give commands to any specified member regarding the exercise of any power delegat-

ed or the performance of any duty assigned to that member by the Secretary for Defence as Head and Accounting Officer of the Department of Defence;

- must monitor compliance with policies and directions issued by the Minister to the Chief of the Defence Force and report thereon to the Minister; and
- is responsible for the discipline of, administrative control over and management of employees, including their effective utilisation and training.

FUNCTIONS OF THE CHIEF OF THE SANDF

Without derogating from any function of the Secretary for Defence as contemplated above, the Chief of the Defence Force

- is the Principal Advisor to the Minister on any military, operational and administrative matter within the competence of the Chief of the Defence Force;
- must comply with any direction issued by the Minister under the authority of the President as contemplated in section 202(2) of the Constitution;
- is responsible for formulating and issuing military policy and doctrines;
- must execute his or her command by issuing orders, directives and instructions, and by giving commands;
- is responsible for the direct management and administration of the Defence Force in an efficient way, including the effective utilisation and the education, training and development of all members of the Defence Force, and employees of the Department where so required by the Secretary for Defence;
- is responsible for the execution of approved programmes of the budget for the Defence Force;
- must supply the Secretary for Defence with such information with regard to the Defence Force as may be requested by the Secretary for Defence;
- is responsible for the employment of the Defence Force in accordance with an authorisation in terms of section 201(2) of the Constitution and section 18(1) of this Act;
- is responsible for the training of members of the Defence Force to act in accordance with the Constitution and the law, including customary international law and international agreements binding on the Republic;



- is responsible for the maintenance of such military response capability as may be authorised by the Minister;
- is responsible for planning for contingencies which may require the use of the Defence Force;
- must manage the Defence Force as a disciplined military force, and
- is responsible for the development of a non-racial, non-sexist and non-discriminatory institutional culture within the Defence Force in accordance with the Constitution and Departmental Policy on equal opportunities and affirmative action.

POLICY DECISIONS

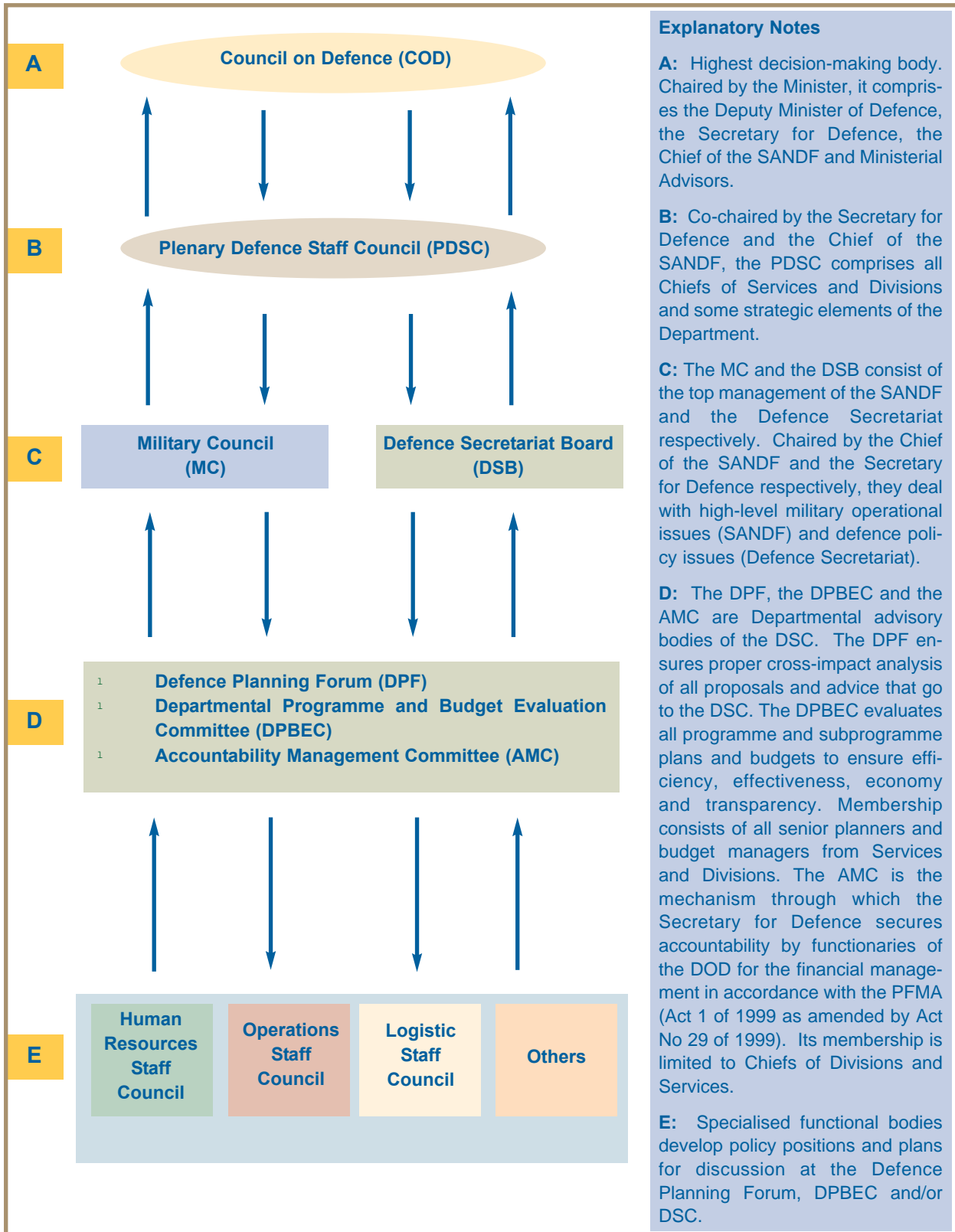
The strategic direction process in the DOD is provided as broadly indicated in Figure 1.1. Some of the strategic decisions with long-term implications that were taken during the year under review included the following:

- **Funding for Operations.** The SANDF has to prepare for all missions as stipulated in the Military Strategy and summarised in the DOD Strategic Business Plan for FY2003/04. Given the urgency with which the SANDF is expected to deploy, the financial requirements for operations are not provided upfront and, when the funding is provided, it does not cover the full cost of the operation. Inevitably this leads to an adverse impact on maintaining certain capabilities because funds, which would have been used to that purpose are diverted into operations. Thus, the Defence Staff Council decided that planning for operations should not exceed allo-

cated financial resources.

- **White Paper on Defence.** The current White Paper on Defence was approved and promulgated in May 1996. It was a ground-breaking document which spelt out the role and responsibilities of defence in a democracy. Considering that the policy framework is largely in place, it is prudent to revisit the White Paper with a view to making provision for new contingencies which could not have been envisaged during the first decade of democratic rule.
- **Defence Review.** As was the case with the White Paper on Defence, the Defence Review, which was promulgated in April 1998, was designed to provide a force design and structure for the SANDF for the medium to long term. However, since the promulgation of the Defence Review there have been numerous operational developments which have shown that the SANDF is not designed and funded in line with the level of involvement in peace missions. This is further demonstrated by the Government's priorities for the next decade of democracy, which will inevitably place more demands on the SANDF to support the Government's foreign policy initiatives, especially with regard to the African Union and programmes related to the New Partnership for Africa's Development (NEPAD). Thus, it was decided that the Defence Review should also be revisited in order to ensure long-term alignment with Government's expectations and the operational sustainability of the SANDF capabilities.

Figure 1.1. Strategic Direction in the DOD: Interrelationship between Command Bodies and Specialised Functional Bodies



DEFENCE OBJECTIVES, OUTCOME AND OUTPUTS

INTRODUCTION

The outcome and outputs of Defence are not highly visible, as South Africa is in time of peace. However, the Government funds the Defence Programme in order to be prepared for contingencies that could arise as identified in the Military Strategy (for more information on this, see the list of possible prioritised missions in the DOD Strategic Business Plan for FY2003/04). Thus, the efforts of all the defence programmes are geared towards

- preparation of the SANDF to enable it to respond to contingencies;
- command and control of the SANDF forces during deployments; and
- the administration and support of the DOD.

DEPARTMENT OF DEFENCE PROGRAMMES

The DOD has nine long-term (core) objectives that are consistent with its programmes, namely:

- Defence Administration
- Landward Defence
- Air Defence
- Maritime Defence
- Military Health Service
- Defence Intelligence
- Joint Support
- Command and Control
- Special Defence Account

STRATEGIC OBJECTIVES

The DOD's enduring Military Strategic Objectives are:

- **Defence against Aggression.** To provide a self-defence capability according to

International Law against any threat of aggression that endangers the stability of South Africa.

- **Promoting Security.** To provide for the internal and external deployment of military forces to enhance security in support of decisions by the Executive.
- **Supporting the People of South Africa.** To provide support to South Africa's population or other Government departments in operations and activities other than war, by using collateral utility.

DEFENCE OUTCOME¹

During the year under review, the DOD, in collaboration with other State departments, ensured that the following defence outcome was achieved:

"Effective defence for a democratic South Africa"

DEFENCE OUTPUTS²

The DOD produces its outputs within the framework of the strategic objectives mentioned above. All Services and Divisions are required to have operational plans in which they indicate the nature of outputs they are going to produce, the clients to benefit, the linkage between their outputs and the Government's priorities, and the requisite resource requirements for those outputs. The plans must also reflect the risks which are to be managed internally and those that are to be transferred to higher authority, namely the Minister of Defence and Parliament. Strategies and mechanisms to mitigate those risks are also indicated. Services and Divisions are to report performance against their plans on a quarterly basis and finally at the end of the year by means of an

¹ Outcomes are defined by National Treasury as "the end social and economic result of public policies and programmes".

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

annual report. The Inspector General of the Department verifies the information provided through inspections and internal audits.

The primary outputs provided by the DOD to Government are

- defence commitments;
- landward capabilities;
- air defence capabilities;
- maritime capabilities; and
- military health capabilities.

Furthermore, the DOD also provides secondary outputs to Government through the collateral capabilities of the SANDF. These outputs include:

- Rendering cryptographic security services to Government departments.
- Administering the National Key Points Act³.
- The National Codification Bureau.
- Defence diplomacy which includes the following:
 - Placing and controlling military attachés.
 - Preparing and servicing of memoranda of understanding (MOUs).
 - Active participation in the defence structures of the United Nations, the African Union and the Southern African Development Community (SADC).
- Honouring the DOD's international obligations in terms of international agreements such as those pertaining to search and rescue and hydrography.
- Participation in Government clusters (International Relations, Peace and Security - IRPS;

Justice, Crime Prevention and Security - JCPS; and Governance and Administration - G&A).

- Policy advice.

While this report focuses on primary outputs of all Services and Divisions of the DOD, their secondary outputs are embedded in their day-to-day activities (Programme performance reports are covered from Chapter Four to Chapter Twelve).

SERVICES RENDERED

None.

DISCONTINUED SERVICES

None.

NEW/PROPOSED SERVICES

None.

LOSSES AND DAMAGES

See financial statements for detail.

EVENTS AFTER THE ACCOUNTING DATE

None.

³ This function of administering the National Key Points Act was transferred to the South African Police Service with effect from FY2004/05.

PART 2: ORGANISATIONAL STRUCTURES AND HUMAN RESOURCES MANAGEMENT

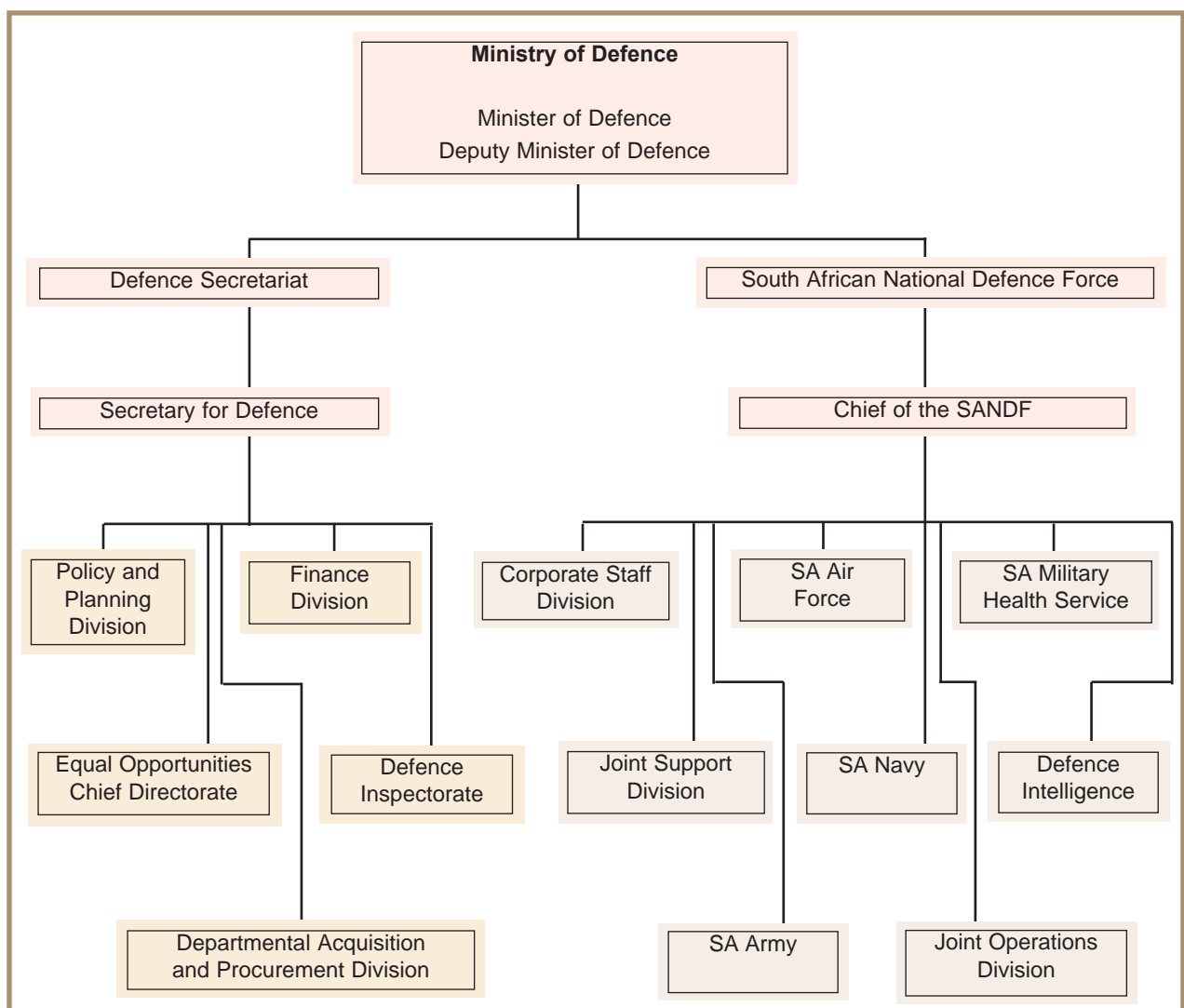
HUMAN RESOURCES MANAGEMENT

OVERVIEW

The Department of Defence (DOD), which consists of the Defence Secretariat and the SANDF, is a large, complex organisation that is constantly reviewing its organ-

isational structure in order to ensure alignment between the Department's strategic objectives, the budget allocation, ordered commitments and likely missions. The organisational structure for the DOD as at the end of FY2003/04 is shown in Figure 3.1. below:

Figure 3.1. Organisational Structure of the Department of Defence



DEFENCE HUMAN RESOURCES AFTER THE FIRST DECADE OF DEMOCRACY

The end of the first decade of defence in a democracy coincides with this Annual Report. The DOD has achieved most of its founding Human Resources (HR) objectives, with specific reference to objectives contained in the Defence Review. A strategy and policy framework for sound HR management has been established. The integration of former Statutory and Non-statutory Forces has been completed. The all-volunteer way of serving has been institutionalised with a drive towards rejuvenating the SANDF's HR composition. The Defence Review guidelines pertaining to representivity have been achieved in broad terms. Education, training and development opportunities have been extended to all DOD employees at all levels. Youth empowerment has been given momentum through the DOD Youth Foundation Training Programme and the Military Skills Development System (MSDS).

At the end of the first decade of defence in a democracy, major HR challenges have also been identified, setting the agenda for continuous improvement and more effective service delivery during the next decade. These include the need for an affordable post establishment and the need for a more effective, efficient and economical HR composition. Representivity levels that reflect the Defence Review guidelines must still be attained in the advanced combat, technical and statutory professional musterings and occupational classes. An ageing military HR component with declining health status profiles must be managed appropriately. An optimal balance between the Regulars and the Reserve Force components must still be achieved. Despite a significant reduction in full-time force levels during the past decade, the DOD's HR expenditure continues to increase and constrains operating expenditure. Innovative rightsizing will therefore have to be accomplished.

DEPARTMENT OF DEFENCE HUMAN RESOURCES STRATEGY 2010

The macro HR strategic direction for the DOD to be followed until the year 2010 is contained in HR Strategy 2010. This strategy addresses the high-level HR management concept to align the HR composition of the DOD to effectively and efficiently execute the DOD's mission. The implementation of HR Strategy 2010 has been identified as one of the Minister of Defence's priorities.

The strategy is based on a practical analysis of the

DOD's HR composition. The DOD's HR realities require strategic direction to solve the main HR problem areas identified in HR Strategy 2010. If not addressed, these problems will lead to a deterioration of the DOD's HR composition and the inability of the DOD to execute its mission. The strategy makes provision for the development of Departmental and technical policies, as well as substrategies. The focus is on the predominant systems, processes and issues which drive, or significantly influence, the "provide human resources process", from a strategic perspective.

Given a limited budget, demanding operational requirements, and increasing external deployment expectations, the principles of affordability and flexibility in force levels will continue to be pursued by the DOD. The DOD therefore requires a new Service System, which is based upon accruing optimal cost-benefit advantages for the organisation. During FY2003/04 the first career stage of the new Service System, namely the Military Skills Development System, was expanded. The aim of the MSDS is to grant young people, mostly school leavers, the opportunity to do voluntary military service for a two-year term. Upon completion of the term of service, the SANDF will select a number of applicants for continued service in the Regulars whilst the majority of each intake will eventually feed the Reserves. As at 31 March 2004 there were 3 570 MSDS members in the Regular Force, comprising 5.8% of the Regulars.

Emanating from HR Strategy 2010 are the following nine "Desired End States" which identify the results that should be obtained by implementing the strategy:

- A rejuvenated SANDF HR composition.
- An affordable DOD HR composition.
- A practised One-force Model.
- A new way that members serve.
- An optimally representative DOD.
- Excellent HR service delivery.
- Harmony between the uniformed and civilian components.
- Retention of operational and functional expertise.
- Labour peace.

Once the DOD has realised these nine Desired End States, the HR strategic issues will have been addressed, and HR Strategy 2010's aim achieved.

The methods of achieving the stated goals require significant effort, commitment and the will to execute the implementation of the plan. The success of this Strategy is dependent on the support of all commanders and

managers at all levels. A detailed HR Strategic Implementation Plan is guiding the fulfilment of this Strategy. Various efforts are under way to communicate the Strategy throughout the DOD and to monitor its implementation.

MACRO-WORKFORCE COMPOSITION

During FY2003/04, the DOD's Regular Force, which consists of the Defence Act Personnel (DAP) (members serving in the Long-term Service (LTS), Medium-term Service (MTS), Short-term Service (STS), and Auxiliary Service) increased by 0,32% from 58 890 (excluding the Military Skills Development System) to 60 444 (including the Military Skills Development System) as at 31 March 2004. The Public Service Act Personnel (PSAP) component decreased by 3,41% from 16 016 as at 01 April 2003 to 15 469 as at 31 March 2004. This reduction was achieved by making use of selective appointments and natural attrition.

Owing to the progressive increase in the number of MSDS members, which is required to rejuvenate the SANDF's HR composition, it is envisaged that the pro-

jected Defence Review guideline of a Full-time Component (DAP and PSAP) strength of 70 000 will only be attained through the implementation of a mobility/exit mechanism that will facilitate a reduction in personnel numbers.

PERSONNEL EXPENDITURE

The actual employee cost as a percentage of total cost including Strategic Defence Packages is 36% which is within the benchmark of 40% as stated in the 1998 Defence Review. However, employee cost as a percentage of total cost, excluding Strategic Defence Packages, is 52%.

Envisaged changes in the force design and force structure as well as a gradual migration from the current service system to a new service system for DAP will determine future personnel strengths and expenditure.

The full-time component needs to be reduced to provide more funds for operating expenditure and to ensure a viable contingent-ready Reserve Force.

Table 3.1. Personnel Expenditure by Programme for the Period 01 April 2003 to 31 March 2004

| Programme | Total Expenditure (Rand) | Total Personnel Expenditure (Rand) | Administrative Expenditure (Rand) | Professional and Special Services (Rand) | Personnel Cost as a % of Total Expenditure | Average Personnel Cost per Employee (Rand) |
|--------------------------------------|-----------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|--------------------------------------------|-----------------------------------------------|
| Administration | 658 117 997 | 518 460 861 | 65 262 962 | 33 122 194 | 79% | 137 123 |
| Landward Defence | 3 111 343 855 | 2 517 045 660 | 142 867 503 | 183 693 561 | 81% | 74 821 |
| Air Defence | 2 150 645 245 | 1 099 727 576 | 101 280 566 | 698 379 257 | 51% | 105 855 |
| Maritime Defence | 1 013 543 974 | 633 942 383 | 58 801 206 | 185 376 006 | 63% | 94 057 |
| Military Health Support | 1 337 589 518 | 875 789 648 | 37 887 740 | 145 951 508 | 65% | 117 084 |
| Defence Intelligence | 132 936 213 | 102 977 303 | 8 533 266 | 11 777 541 | 77% | 154 389 |
| Joint Support | 2 091 586 138 | 1 048 405 598 | 117 670 409 | 556 145 606 | 50% | 88 168 |
| Command and Control | 1 288 079 651 | 412 985 777 | 272 309 729 | 284 144 771 | 32% | 312 868 |
| Special Defence Account | 8 015 772 000 | 0 | 0 | 0 | 0% | 0 |
| Special functions: Authorised Losses | 25 153 377 | 0 | 0 | 0 | 0% | 0 |
| Total | 19 824 767 968 | 7 209 334 806 | 804 613 381 | 2 098 590 444 | 36% | 94 913 |

Note: In determining the average personnel cost per employee, the Reserve Force expenditure (salaries and allowances) is included, but owing to the non-continuous utilisation of reserves, the personnel strength is excluded from the calculation.

A clearly defined and stable force design and force structure are, however, prerequisites for defining the appropriate and affordable size and shape of the DOD's

HR composition. The total defence and personnel expenditure are indicated in Table 3.1.

Table 3.2. Personnel Expenditure by Salary Band for the Period 01 April 2003 to 31 March 2004

| Salary Band | Personnel Expenditure (Rand) | % of Total Personnel Cost | Average Personnel Cost Per Employee (Rand) | Strength (Excluding Reserve Force Utilisation) |
|------------------------------------------|---------------------------------|---------------------------|-----------------------------------------------|------------------------------------------------|
| Military Skills Development System | 57 488 363 | 0.8% | 16 103 | 3 570 |
| Lower Skilled (Levels 1-2) | 430 602 224 | 6.0% | 49 729 | 8 659 |
| Skilled (Levels 3-5) | 2 038 138 860 | 28.3% | 66 811 | 30 506 |
| Highly Skilled Production (Levels 6-8) | 2 914 686 723 | 40.4% | 116 905 | 24 932 |
| Highly Skilled Supervision (Levels 9-12) | 1 652 745 082 | 22.9% | 208 181 | 7 939 |
| Professionals (Levels 13-16) | 36 972 751 | 0.5% | 770 266 | 48 |
| Senior Management (Levels 13-16) | 78 700 803 | 1.1% | 303 864 | 259 |
| Total | 7 209 334 806 | 100.00% | 94 968 | 75 913 |

Table 3.3. Salaries, Overtime, Home Owners' Allowance and Medical Assistance by Programme for 01 April 2003 to 31 March 2004

| Programme | Salaries | | Overtime | | Home Owners' Allowance | | Medical Assistance | |
|-------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------------|---------------------------|-----------------------------------|--------------------------|-----------------------------------|
| | Amount (Rand) | % of Personnel Cost Per Programme | Amount (Rand) | % of Personnel Cost Per Programme | Amount (Rand) | % of Personnel Cost Per Programme | Amount (Rand) | % of Personnel Cost Per Programme |
| Administration | 374 042 266.46 | 72.1% | 76 667.94 | 0.01% | 10 387 124.48 | 2.0% | 5 267 763.20 | 1.0% |
| Landward Defence | 1 885 990 390.12 | 74.9% | 0 | 0 | 41 305 929.51 | 1.6% | 12 790 456.06 | 0.5% |
| Air Defence | 775 281 142.46 | 70.5% | 0 | 0 | 21 293 560.96 | 1.9% | 3 712 160.36 | 0.3% |
| Maritime Defence | 453 381 088.72 | 71.5% | 0 | 0 | 16 580 820.50 | 2.6% | 10 947 758.44 | 1.7% |
| Military Health Support | 662 581 493.51 | 71.1% | 36 344 570.21 | 4.1% | 15 415 752.97 | 1.8% | 6 780 481.00 | 0.8% |
| Defence Intelligence | 77 474 503.38 | 75.2% | 0 | 0 | 2 338 862.10 | 2.3% | 632 633.38 | 0.6% |
| Joint Support | 787 945 147.10 | 75.2% | 0 | 0 | 22 211 231.40 | 2.1% | 9 706 871.74 | 0.9% |
| Command and Control | 124 288 914.21 | 30.1% | 110 125.39 | 0.03% | 3 636 792.13 | 0.9% | 312 078.90 | 0.1% |
| Total | 5 100 984 905.93 | 70.7% | 36 531 363.53 | 0,5% | 133 170 074.05 | 1.8% | 50 150 203.80 | 0.7% |

Table 3.4. Salaries, Overtime, Home Owners' Allowance and Medical Assistance by Salary Band for the Period 01 April 2003 to 31 March 2004

| Salary Band | Salaries | | Overtime | | Home Owners' Allowance | | Medical Assistance | |
|------------------------------------------|----------------------|-------------------------------------|-------------------|-------------------------------------|------------------------|-------------------------------------|--------------------|-------------------------------------|
| | Amount (Rand) | % of Personnel Cost Per Salary Band | Amount (Rand) | % of Personnel Cost Per Salary Band | Amount (Rand) | % of Personnel Cost Per Salary Band | Amount (Rand) | % of Personnel Cost Per Salary Band |
| Military Skills Development System | 40 676 051 | 70.8% | 0 | 0 | 0 | 0 | 0 | 0 |
| Lower Skilled (Levels 1-2) | 304 673 801 | 70.8% | 4 178 157 | 1.0% | 7 763 132 | 1.8% | 14 727 228 | 3.4% |
| Skilled (Levels 3-5) | 1 442 090 823 | 70.8% | 2 532 624 | 0.1% | 31 918 613 | 1.6% | 7 620 279 | 0.4% |
| Highly Skilled Production (Levels 6-8) | 2 062 294 703 | 70.8% | 10 699 114 | 0.4% | 63 968 339 | 2.2% | 22 118 691 | 0.8% |
| Highly Skilled Supervision (Levels 9-12) | 1 169 404 383 | 70.8% | 16 816 640 | 1.0% | 29 477 456 | 1.8% | 4 767 236 | 0.3% |
| Professionals (Levels 13-16) | 26 160 173 | 70.8% | 2 304 829 | 6.2% | 4 661 | 0.01% | 421 708 | 1.1% |
| Senior Management (Levels 13-16) | 55 684 972 | 70.8% | 0 | 0% | 37 873 | 0.05% | 495 061 | 0.6% |
| Total | 5 100 984 907 | 70.8% | 36 531 364 | 0.5% | 133 170 074 | 1.8% | 50 150 203 | 0.7% |

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

EMPLOYMENT AND VACANCIES

DOD Establishment. The establishment figures indicated in the tables below reflect only the transitional post establishment, as restructuring and re-engineering in the DOD have not yet been completed.

It should be noted, however, that the indicated vacancies are predominantly unfunded. The DOD is still in the process of restructuring with the aim to work towards an HR composition of 70 000 personnel as stated in the Defence Review. Funded vacancies are predominantly the vacancies in critical occupations.

Compared to the situation on 31 March 2003, the establishment increased by 13 966 posts, or by 14.5%. The increase of the establishment has been due to continuous adjustments, as restructuring and re-engineering in the DOD is still in process while a stable end-state must still be defined.

The increase in the number of employees has been mainly due to the inflow of MSDS members, which is required to rejuvenate the SANDF's ageing HR component. As indicated in Table 3.7, the MSDS members currently in training serve as an excellent recruiting source for the critical musterings.

Table 3.5. Employment and Vacancies by Programme as at 31 March 2004

| Programme | Establishment | Number of Employees as at 31 March 2004 | Vacancy Rate | Additional to Establishment |
|-------------------------|---------------|-----------------------------------------|--------------|-----------------------------|
| Administration | 4 510 | 3 781 | 16.2% | -729 |
| Landward Defence | 37 426 | 33 645 | 10.1% | -3 781 |
| Air Defence | 13 423 | 10 389 | 22.6% | -3 034 |
| Maritime Defence | 9 891 | 6 740 | 31.9% | -3 151 |
| Military Health Support | 9 945 | 7 480 | 24.8% | -2 465 |
| Defence Intelligence | 1 918 | 667 | 65.2% | -1 251 |
| Joint Support | 17 107 | 11 891 | 30.5% | -5 216 |
| Command And Control | 1 738 | 1 320 | 24.1% | -418 |
| Total | 95 958 | 75 913 | 20.9% | -20 045 |

Note: 4 042 training posts are included in the establishment of 95 958.

Table 3.6. Employment and Vacancies by Salary Band as at 31 March 2004

| Salary Band | Number of Posts | Number of Employees as at 31 March 2004 | Vacancy Rate | Additional to Establishment |
|------------------------------------------|-----------------|-----------------------------------------|--------------|-----------------------------|
| Military Skills Development System | *0 | 3 570 | 0% | 0 |
| Lower Skilled (Levels 1-2) | 13 800 | 8 659 | 37.3% | -5 141 |
| Skilled (Levels 3-5) | 34 738 | 30 506 | 12.2% | -4 232 |
| Highly Skilled Production (Levels 6-8) | 36 033 | 24 932 | 30.8% | -11 101 |
| Highly Skilled Supervision (Levels 9-12) | 11 001 | 7 939 | 27.8% | -3 062 |
| Professionals (Levels 13-16) | 106 | 48 | 54.7% | -58 |
| Senior Management (Levels 13-16) | 280 | 259 | 7.5% | -21 |
| Total | 95 958 | 75 913 | 20.9% | -20 045 |

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

Table 3.7. Employment and Vacancies by Critical Occupation as at 31 March 2004

| Critical Occupations | Establishment | Number of Qualified Employees as at 31 March 2004 | Vacancy Rate | Shortage to Establishment | MSDS Members Under Training |
|----------------------|---------------|---------------------------------------------------|--------------|---------------------------|-----------------------------|
| Anti-aircraft | 973 | 694 | 28.7% | -279 | 0 |
| Airspace Control | 605 | 470 | 22.3% | -135 | 13 |
| Artillery | 1 293 | 874 | 32.4% | -419 | 57 |
| Technical | 10 235 | 7 072 | 30.9% | -3 163 | 212 |
| Engineer | 269 | 155 | 42.4% | -114 | 26 |
| Medical Professional | 1 616 | 1 490 | 7.8% | -126 | 18 |
| Nursing | 2 176 | 1 583 | 27.2% | -592 | 89 |
| Aircrew | 823 | 489 | 40.6% | -334 | 50 |
| Combat Navy | 907 | 527 | 41.9% | -380 | 942 |
| Total | 18 897 | 13 354 | 29.3% | -5 542 | 1 407 |

EMPLOYMENT CHANGES

Appointments. Budget constraints necessitated the restriction of appointments to specialised and professional occupations as well as entry level appointments in the MSDS to give momentum to the rejuvenation of the SANDF's HR composition.

Terminations. The DOD experienced a decrease of 518 terminations and transfers out of the DOD, compared to FY2002/03. This can be attributed to the effect of retention measures to retain employees in critical occupations and to the termination of outflows resulting from the Employer Initiated Package (EIP).

Table 3.8. Annual Turnover Rates by Salary Band for the Period 01 April 2003 to 31 March 2004

| Salary Band | Number of Employees per Salary Band as at 01 April 2003 | Appointments and Transfers into the Department | Terminations and Transfers out of the Department | Increase/Decrease |
|------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------------------------------|-------------------|
| Military Skills Development System | *1 360 | 2 508 | 194 | +2 314 |
| Lower Skilled (Levels 1-2) | 9 179 | 2 | 309 | -307 |
| Skilled (Levels 3-5) | 33 500 | 80 | 1206 | -1 126 |
| Highly Skilled Production (Levels 6-8) | 24 391 | 274 | 913 | -639 |
| Highly Skilled Supervision (Levels 9-12) | 7 548 | 122 | 354 | -232 |
| Senior Management Service Band A | 202 | 7 | 10 | -3 |
| Senior Management Service Band B | 70 | 5 | 4 | +1 |
| Senior Management Service Band C | 12 | 0 | 1 | -1 |
| Senior Management Service Band D | 4 | 0 | 0 | 0 |
| Total | 76 266 | 2 998 | 2 991 | +7 |

Note: *January/February 2003 MSDS intake.

Table 3.9. Annual Turnover Rates by Critical Occupation for the Period 01 April 2003 to 31 March 2004

| Critical Occupation | Number of Employees per Salary Band as at 01 April 2003 | Appointments and Transfers into the Department | Terminations and Transfers out of the Department | Increase/Decrease |
|----------------------|---------------------------------------------------------|------------------------------------------------|--------------------------------------------------|-------------------|
| Anti-aircraft | 759 | 0 | 45 | -45 |
| Airspace Control | 472 | 18 | 18 | 0 |
| Artillery | 931 | 18 | 51 | -33 |
| Technical | 7 337 | 162 | 319 | -157 |
| Engineer | 177 | 19 | 13 | +6 |
| Medical Professional | 1 459 | 283 | 249 | +34 |
| Nursing | 1 515 | 188 | 98 | +90 |
| Aircrew | 507 | 61 | 26 | +35 |
| Combat Navy | 582 | 602 | 82 | +520 |
| Total | 13 739 | *1 351 | 901 | +450 |

Note: Occupations included in the medical professional occupation include medical practitioners, pharmacists, specialists and ancillary health. *968 MSDS members are included in the appointment figure of 1 351.

Most of the terminations occurred in occupations where the DOD has the greatest requirement. The rate of replacement through appointments therefore has to be increased with a continuous effort to reduce the outflow in order to maintain these capabilities at adequate levels within the DOD. The number of terminations in the critical musters for the FY2003/04 is slightly lower than during the FY2002/03. The high private sector demand for specific personnel in the DOD's critical occupations as well as substantially better remuneration being offered in most cases, is mainly responsible for the constant turnover in critical occupations. The DOD continues to face a challenge in this regard, despite the implementation of retention initiatives.

In general, whilst the number of members of the DOD leaving the Organisation has decreased when measured as a percentage of the total strength, no significant change in the reasons for leaving has been noted. The high percentage of attrition, due to deaths (29.86% of all the reasons for service termination) has been noted and is a cause for concern.

The number of promotions of employees in critical occupations to higher ranks has remained relatively stable. Compared to FY2002/03, 69 or 2.4% more employees in critical occupations have been promoted to higher ranks and/or salary levels. According to Table 3.16,

which indicates the promotion rates to higher ranks/salary levels for the DOD, compared to the last financial year, there was an increase in the promotion rate of the lower ranks/salary levels, while the higher ranks/salary levels reflected a decrease in the promotion rates. This tendency is in line with the Departmental strategy to curb rank inflation occurring through promotions.

Table 3.10. Reasons for Termination of Service in the Department for the Period 01 April 2003 to 31 March 2004

| Termination Type | Number | % of total |
|----------------------------|--------------|---------------|
| Retirement | 229 | 7.7% |
| Deceased | 893 | 29.9% |
| Departmental Transfer | 83 | 2.8% |
| Contract Expiry | 101 | 3.4% |
| Discharge | 333 | 11.1% |
| Resignation | 1 070 | 35.8% |
| Contract Change | 114 | 3.8% |
| Medical Discharge | 90 | 3.0% |
| Employer Initiated Package | 27 | 0.9% |
| Other | 51 | 1.7% |
| Total | 2 991 | 100.0% |

Table 3.11. Promotions by Critical Occupation for the Period 01 April 2003 to 31 March 2004

| Critical Occupation | Employees as at 01 April 2003 | Promotions to Another Salary Level | Salary Level Promotions as a % of Employees by Occupation |
|----------------------|-------------------------------|------------------------------------|-----------------------------------------------------------|
| Anti-aircraft | 759 | 98 | 12.9% |
| Airspace Control | 472 | 99 | 21.0% |
| Artillery | 931 | 149 | 16.0% |
| Technical | 7 337 | 1 348 | 18.4% |
| Engineer | 177 | 48 | 27.1% |
| Medical Professional | 1 459 | 195 | 13.4% |
| Nursing | 1 515 | 331 | 21.8% |
| Aircrew | 507 | 146 | 28.8% |
| Combat Navy | 582 | 427 | 73.4% |
| Total | 13 739 | 2 841 | 20.7% |

Note: 410 MSDS members are included in the number of promotions indicated in critical occupations.

Table 3.12. Promotions by Salary Band for the Period 01 April 2003 to 31 March 2004

| Salary Band | Employees as at 01 April 2003 | Promotions to Another Salary Level | Salary Band Promotions as a % of Employees by Salary Level |
|------------------------------------------|-------------------------------|------------------------------------|------------------------------------------------------------|
| Military Skills Development System | 1 360 | 617 | 45.4% |
| Lower Skilled (Levels 1-2) | 9179 | 202 | 2.2% |
| Skilled (Levels 3-5) | 33 500 | 5 216 | 15.6% |
| Highly Skilled Production (Levels 6-8) | 24 391 | 2 718 | 11.1% |
| Highly Skilled Supervision (Levels 9-12) | 7 548 | 452 | 6.0% |
| Professionals (Levels 13-16) | 36 | 3 | 8.3% |
| Senior Management (Levels 13-16) | 252 | 4 | 2.0% |
| Total | 76 266 | 9 212 | 12.1% |

EMPLOYMENT EQUITY

The SANDF has, in general, made significant progress in normalising its representivity since 1994. During 1994, the full-time component comprised 54,3% Blacks (ie 37,5% Africans, 15,7% Coloureds and 1% Asians) and 45,7% Whites. Since then, the representivity guide-

lines as stated in the Defence Review have been achieved in broad terms. Currently, the full-time component comprises of 75,9% Blacks (ie 62,1% Africans, 12,5% Coloureds and 1,3% Asians) and 24,1% Whites. This compares favourably with the Defence Review guidelines of 64,68% Africans, 10,22% Coloureds, 0,75% Asians and 24,35% Whites.

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

| Gender | Race | 1994 - 1998 (average) | 1999 - 2004 (average) | 2004 - 2009 (projected) |
|--------------|-----------|-----------------------|-----------------------|-------------------------|
| Male | Asians | 821.6 | 798.2 | 410 |
| | % | 0.8% | 1.0% | 0.6% |
| | Africans | 44 620.2 | 40 826 | 36 656 |
| | % | 46.0% | 51.1% | 52.4% |
| | Coloureds | 10 486.2 | 8 028.4 | 5 578 |
| | % | 10.8% | 10.1% | 8.0% |
| | Whites | 23 561.4 | 13 739.4 | 11 926 |
| | % | 24.3% | 17.2% | 17.0% |
| Female | Asians | 110 | 180 | 115 |
| | % | 0.1% | 0.2% | 0.2% |
| | Africans | 5 039.6 | 7 394.2 | 8 598 |
| | % | 5.2% | 9.3% | 12.3% |
| | Coloureds | 1 838 | 1 766 | 1 573 |
| | % | 1.9% | 2.2% | 2.2% |
| | Whites | 10 605.4 | 7 121.2 | 5 111 |
| | % | 10.9% | 8.9% | 7.3% |
| Total | | 97 082.6 | 79 853 | 69 967 |

Note: 2009 Projections are based on the 1996 Defence Review Human Resource Composition guidelines.

As stated in the DOD HR Strategy 2010, the following three specific focus areas do, however, still have to attain a status of normalised representivity;

- The SANDF's Advanced/ Specialised Combat and Technical Musterings.
- Middle Level Command and Management.
- Entry Level.

These focus areas are as follows:

- **The SANDF's Advanced/Specialised Combat and Technical Musterings**

- **Evolution.** The advanced/highly specialised musterings (eg pilots, navigators, naval combat officers and professional health workers) comprise mostly of White members. Although vigorous marketing and recruiting efforts have led to a significant improvement in representivity in these musterings when compared to the situation in 1994, the required representivity targets have not yet been achieved. The SA Air Force and SA Navy (although not being the only Services/Divisions with advanced musterings) have, for example, witnessed an increase of 93,9% and 90,2% respectively in the representivity of Africans in their advanced musterings since 1994. The starting baselines were, however, very low in these musterings so that, currently Blacks (Africans, Coloureds and Asians) still comprise only 30,5% and 57,1% respectively of the SA Air Force and SA Navy's advanced/highly specialised musterings.
- **Actions.** The DOD realised that the legacy of the former school dispensation which did not emphasise mathematics and physical science amongst Black learners is, amongst other factors, responsible for the above situation. Furthermore, that a re-orientation of learning towards a more technological focus will probably only start to deliver significant results over the longer term, from which the SANDF will be able to benefit. Hence, the DOD launched the DOD Youth Foundation Training Programme (YFTP) in 2000 to augment normal recruiting efforts. Since 2000, 627 learners have completed the YFTP, of whom 526 (83,8%) were found suitable for appointment in the DOD/SANDF. The current contract with the service

provider makes provision for annual intakes of 250 learners. Past reviews of the success of the YFTP indicate that it definitely contributes to enhancing representivity at entry level in the SANDF's advanced/highly specialised musterings.

- **Middle Level Command and Management**

- **Current Status.** The middle level command and management (rank groups Major to Colonel and Staff Sergeant to Warrant Officer Class 1) is still predominantly White. Currently, 56% of majors, 69% of lieutenant colonels and 75% of colonels are White. With regard to other ranks, 43% of staff sergeants, 59% of Warrant Officers Class 2 and 75% of Warrant Officers Class 1 are White. Despite the implementation of the DOD's Affirmative Action policy, representivity at these levels is the most difficult to normalise, predominantly for the reason that middle ranking officers and other ranks have to grow through the ranks to gain the necessary command and management competencies and experience. Lateral appointments from outside the SANDF into middle level command and management posts are extremely rare and limited to highly specialised professional musterings.

- **Actions.** The DOD HR Strategy 2010 calls for a vigorous implementation of the DOD's Affirmative Action policy to normalise representivity at this level. The HR Strategy 2010 Implementation Plan tasks the Services and Divisions to utilise recruitment, talent scouting within the private and public sector, the YFTP, selection, placement, nominations for ETD opportunities, promotions, coaching, mentoring, fast tracking and succession planning as instruments to be applied continuously to normalise representivity at all levels.

- **Entry Level**

- **Current Status.** Compared to the above focus areas, the SANDF comprises a predominantly African composition at entry level amongst the rank groups Private to Corporal. Thus, 88% of privates, 82,4% of lance corporals and 78% of corporals are Africans, compared to the Defence Review target of 64,68%, being the ideal composition for each rank level. The

under-representivity of Coloureds (6.6%), Asians (0.3%) and Whites (4.7%) amongst privates is a cause for concern, as the upward mobility of this rank group will in future bring about skewed representivity levels also in the higher ranks.

- **Actions.** Recruiting drives for the SA Army in particular currently aim to restore a balance of representivity at entry level, which is more reflective of the Defence Review targets.

The highest female composition per rank group occurs in the junior officer group, which bodes well for the growth of female representivity in the officer corps of the future. Overall, female representivity compares most favourably with that of other defence forces worldwide.

The DOD's targets for each race group are those as set by the White Paper on the Transformation of the Public Service. The Department has set no intermediate time-bound targets.

On 31 March 2004, 21.7% of the DOD's members were women, with a racial distribution as indicated below:

- Africans 48.4%
- Asians 1.3%
- Coloureds 11.5%
- Whites 38.8%

On 31 March 2004, 78.3% of the DOD's members were men, with a racial distribution as indicated below:

- Africans 65.7%
- Asians 1.3%
- Coloureds 12.8%
- Whites 20.2%

Table 3.14. Total Number of Employees by Occupational Category as at 31 March 2004

| Occupational Category (SASCO) | Male | | | | Female | | | | Total |
|-----------------------------------------|------------|---------------|--------------|---------------|------------|--------------|--------------|--------------|---------------|
| | Asians | Africans | Coloureds | Whites | Asians | Africans | Coloureds | Whites | |
| Legislators, Snr Officials and Managers | 3 | 98 | 4 | 137 | 1 | 7 | 1 | 12 | 263 |
| Professionals | 34 | 281 | 51 | 582 | 42 | 248 | 40 | 428 | 1 706 |
| Technicians and Associate Professionals | 276 | 5 787 | 1 942 | 6 530 | 80 | 1 970 | 527 | 2 942 | 20 054 |
| Clerks | 45 | 4 254 | 752 | 535 | 45 | 1 662 | 323 | 1 791 | 9 407 |
| Service and Sales Workers | 180 | 20 206 | 2 451 | 1 566 | 21 | 1 767 | 412 | 382 | 26 985 |
| Craft and Related Trades Workers | 167 | 3 394 | 802 | 2 345 | 17 | 546 | 123 | 388 | 7 782 |
| Plant, Machine Operators and Assemblers | 81 | 525 | 408 | 131 | 1 | 49 | 27 | 23 | 1 245 |
| Elementary Occupations | 3 | 4 573 | 1 225 | 108 | 6 | 1 712 | 438 | 406 | 8 471 |
| Total | 789 | 39 118 | 7 635 | 11 934 | 213 | 7 961 | 1 891 | 6 372 | 75 913 |

Table 3.15. Total Number of Employees by Occupational Band as at 31 March 2004

| Occupational Band | Male | | | | Female | | | | Total |
|-------------------------------------------------------------------------------------------------------------------|------------|---------------|--------------|---------------|------------|--------------|--------------|--------------|---------------|
| | Asians | Africans | Coloureds | Whites | Asians | Africans | Coloureds | Whites | |
| Top Management | 0 | 9 | 0 | 4 | 0 | 1 | 0 | 0 | 14 |
| Senior Management | 6 | 97 | 4 | 158 | 2 | 11 | 1 | 14 | 293 |
| Professionally qualified and experienced specialists and mid-management | 106 | 1 537 | 527 | 4 187 | 39 | 360 | 30 | 1 153 | 7 939 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 427 | 7 955 | 3 209 | 6 071 | 92 | 2 168 | 679 | 4 331 | 24 932 |
| Semi-skilled and discretionary decision making | 213 | 22 761 | 2 733 | 1 060 | 57 | 2 458 | 502 | 722 | 30 506 |
| Unskilled and defined decision making | 4 | 4 918 | 881 | 23 | 0 | 2 292 | 529 | 12 | 8 659 |
| Military Skills Development System | 33 | 1 841 | 281 | 431 | 23 | 671 | 150 | 140 | 3 570 |
| Total | 789 | 39 118 | 7 635 | 11 934 | 213 | 7 961 | 1 891 | 6 372 | 75 913 |

Table 3.16. Recruitment by Occupational Band for the Period 01 April 2003 to 31 March 2004

| Occupational Band | Male | | | | Female | | | | Total |
|-------------------------------------------------------------------------------------------------------------------|-----------|--------------|------------|------------|-----------|------------|------------|------------|--------------|
| | Asians | Africans | Coloureds | Whites | Asians | Africans | Coloureds | Whites | |
| Senior Management | 1 | 8 | 0 | 0 | 1 | 2 | 0 | 0 | 12 |
| Professionally qualified and experienced specialists and mid-management | 9 | 21 | 1 | 43 | 2 | 16 | 4 | 26 | 122 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 4 | 32 | 12 | 32 | 11 | 72 | 26 | 85 | 274 |
| Semi-skilled and discretionary decision making | 0 | 32 | 4 | 1 | 0 | 30 | 7 | 6 | 80 |
| Unskilled and defined decision making | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 2 |
| Military Skills Development System | 24 | 1 292 | 188 | 323 | 20 | 454 | 99 | 108 | 2 508 |
| Total | 38 | 1 386 | 205 | 399 | 34 | 575 | 136 | 225 | 2 998 |

Table 3.17. Recruitment by Occupational Band for the Period 01 April 2003 to 31 March 2004

| Occupational Band | Male | | | | Female | | | | Total |
|-------------------------------------------------------------------------------------------------------------------|------------|--------------|------------|--------------|-----------|--------------|------------|------------|--------------|
| | Asians | Africans | Coloureds | Whites | Asians | Africans | Coloureds | Whites | |
| Senior Management | 1 | 13 | 1 | 6 | 1 | 3 | 0 | 0 | 25 |
| Professionally qualified and experienced specialists and mid-management | 9 | 380 | 73 | 396 | 4 | 80 | 5 | 116 | 1 063 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 71 | 1 685 | 438 | 799 | 13 | 394 | 119 | 391 | 3 910 |
| Semi-skilled and discretionary decision making | 53 | 2 141 | 308 | 299 | 21 | 576 | 133 | 130 | 3 661 |
| Unskilled and defined decision making | 0 | 15 | 4 | 0 | 0 | 10 | 11 | 0 | 40 |
| Military Skills Development System | 4 | 262 | 54 | 65 | 1 | 89 | 21 | 17 | 513 |
| Total | 138 | 4 496 | 878 | 1 565 | 40 | 1 152 | 289 | 654 | 9 212 |

Table 3.18. Terminations by Occupational Band for the Period 01 April 2003 to 31 March 2004

| Occupational Band | Male | | | | Female | | | | Total |
|-------------------------------------------------------------------------------------------------------------------|-----------|--------------|------------|------------|-----------|------------|-----------|------------|--------------|
| | Asians | Africans | Coloureds | Whites | Asians | Africans | Coloureds | Whites | |
| Top Management | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Senior Management | 0 | 8 | 1 | 2 | 0 | 0 | 0 | 3 | 14 |
| Professionally qualified and experienced specialists and mid-management | 4 | 58 | 9 | 180 | 6 | 21 | 1 | 75 | 354 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 8 | 214 | 58 | 314 | 7 | 71 | 17 | 224 | 913 |
| Semi-skilled and discretionary decision making | 9 | 844 | 99 | 119 | 2 | 72 | 16 | 45 | 1 206 |
| Unskilled and defined decision making | 0 | 190 | 25 | 4 | 0 | 67 | 22 | 1 | 309 |
| Military Skills Development System | 4 | 22 | 21 | 100 | 1 | 14 | 7 | 25 | 194 |
| Total | 25 | 1 336 | 213 | 720 | 16 | 245 | 63 | 373 | 2 991 |

PERFORMANCE REWARDS

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

In the past, two performance reward systems were in use. One system and rules applied to members of the SANDF and the other system with a separate set of rules applied to Public Service Act Personnel. These systems have been substituted with a single performance reward system applicable to all personnel in the Department of Defence.

The following criteria were used to determine the allocation of performance rewards

- **Leadership.** The proven ability of the member/employee to:
 - take charge in any given situation;
 - identify the abilities and competence levels of the members of his/her team;
 - optimally utilise subordinates accordingly;
 - facilitate the development of individual members;
 - foster a positive team spirit;
 - focus and control the effort of his/her team on the realisation of set objectives.
- **Knowledge and Insight.** The extent to which the member/employee
 - is able to relate his/her knowledge and skills to his/her work;
 - succeeds in furthering his/her knowledge of his/her work and/or related spheres of activity; and
- utilise these attributes to optimally meet his/her work objectives.
- **Production.** The extent to which the member/employee succeeded in exceeding the standards required in reaching the objectives agreed upon with his or her supervisor to quality and time, objectives also described in his/her job description, also taking into consideration how conscientious the member/employee was wrt his/her work and his/her loyalty to the DOD and its values.
- **Management.** The extent to which the member/employee is able to
 - approach his/her task systematically;
 - set priorities;
 - plan and schedule his/her work;
 - co-ordinate various inputs relating to achieving his/her set objectives;
 - timeously identify, understand and solve work-related problems; and
 - effectively relate to other parties in achieving his/her objectives.

The payment of performance rewards was dealt with separately from the annual performance appraisal process for the fourth consecutive year. The results of the process were positive, with an average of 14.2% of each rank group/salary level in the DOD receiving a performance incentive payment. The distribution per race of members who received a performance bonus compares favourably with the guidelines on representivity, namely 1.52% Asians, 56.63% Africans, 12.37% Coloureds and 29.46% Whites received a performance bonus.

The DOD has managed to remain within its budget allocation for the payment of incentives for the fourth consecutive year. The spending on performance incentives was also lower in real terms, indicating an acceptance of the principle among supervisors that, on average, only 15% of personnel can be considered for a performance incentive.

Table 3.19. Performance Rewards (Salary Levels 1 - 12) by Race and Gender for the Period 01 April 2003 to 31 March 2004

| Race and Gender | Number of Beneficiaries | Number of Employees as at 01 April 2003 | % of Total within Group | Cost | Average Cost per Employee |
|-----------------|-------------------------|-----------------------------------------|-------------------------|-------------------|---------------------------|
| | | | | (Rand) | (Rand) |
| Asians | 162 | 937 | 17.3% | 1 353 721 | 8 356 |
| Male | 116 | 748 | 15.5% | 969 897 | 8 361 |
| Female | 46 | 189 | 24.3% | 383 824 | 8 344 |
| Africans | 6 002 | 46 003 | 13.0% | 32 596 689 | 5 431 |
| Male | 5 001 | 38 670 | 12.9% | 26 860 198 | 5 371 |
| Female | 1 001 | 7 333 | 13.7% | 5 736 491 | 5 731 |
| Coloureds | 1 311 | 9 291 | 14.1% | 8 680 618 | 6 621 |
| Male | 1 054 | 7 560 | 13.9% | 7 140 192 | 6 774 |
| Female | 257 | 1 731 | 14.8% | 1 540 426 | 5 994 |
| Whites | 3 122 | 18 191 | 17.2% | 29 418 656 | 9 423 |
| Male | 1 897 | 11 786 | 16.1% | 19 158 194 | 10 099 |
| Female | 1 225 | 6 405 | 19.1% | 10 260 461 | 8 376 |
| Total | 10 597 | 74 422 | 14.2% | 72 049 684 | 6 799 |

Table 3.20. Performance Rewards by Salary Band for the Period 01 April 2003 to 31 March 2004

| Salary Band | Number of Beneficiaries | Number of Employees as at 01 April 2003 | % of Total within Group | Cost (Rand) | Average Cost per Employee (Rand) | Total Cost as a % of the Total Personnel Expenditure |
|-------------------|-------------------------|-----------------------------------------|-------------------------|-------------------|----------------------------------|------------------------------------------------------|
| Salary Level 1-2 | 1 136 | 9 170 | 12.4% | 4 232 629 | 3,726 | 0,06% |
| Salary Level 3-5 | 4 288 | 33 500 | 12.8% | 20 084 714 | 4,684 | 0,28% |
| Salary Level 6-8 | 3 818 | 24 368 | 15.7% | 29 512 004 | 7,730 | 0,41% |
| Salary Level 9-12 | 1 355 | 7 384 | 17.4% | 18 220 337 | 13,447 | 0,25% |
| Total | 10 597 | 74 422 | 14.2% | 72 049 684 | 6,799 | 1.00% |

Table 3.21. Performance Rewards by Critical Occupation for the Period 01 April 2003 to 31 March 2004

| Critical Occupation | Number of Beneficiaries | Number of Employees as at 01 April 2003 | % of Total within Group | Cost (Rand) | Average Cost per Employee (Rand) |
|----------------------|-------------------------|-----------------------------------------|-------------------------|-------------------|----------------------------------|
| Anti-aircraft | 86 | 759 | 11.3% | 516 116 | 6 001 |
| Airspace Control | 74 | 472 | 15.7% | 677 675 | 9 158 |
| Artillery | 132 | 931 | 14.2% | 875 318 | 6 631 |
| Technical | 939 | 7 337 | 12.8% | 7 804 460 | 8 311 |
| Engineer | 12 | 177 | 6.8% | 129 279 | 10 773 |
| Medical Professional | 131 | 1 459 | 9.0% | 1 575 729 | 12 028 |
| Nursing | 182 | 1 515 | 12.0% | 1 518 152 | 8 341 |
| Aircrew | 57 | 507 | 11.2% | 688 265 | 12 075 |
| Combat Navy | 67 | 582 | 11.5% | 638 878 | 9 535 |
| Total | 1 680 | 13 739 | 12.2% | 14 423 873 | 8 586 |

FOREIGN WORKERS

All personnel employed by the Department during the FY2003/04 were in possession of RSA citizenship.

UTILISATION OF LEAVE

Compared to the FY2002/03 report, there has been a decrease in the number of DAP and PSAP who utilised

sick leave during FY2003/04. Compared to FY2002/03, 2 136 or 8% fewer DAP and 1 008 or 11% fewer PSAP utilised sick leave. The average number of days of sick leave utilised per employee has also declined, from 9,8 days to 8,5 days for DAP and from 7,3 days to 6,6 days for PSAP. There was a tendency among individuals to require sick leave more than once a year. It was also noticeable that the highest figures were for employees at salary levels 1-2 and 3-5.

Table 3.22. Sick Leave Taken by Defence Act Personnel for the Period 01 April 2003 to 31 March 2004

| Salary Band | Total Days Taken | Number of Employees Using Sick Leave | % of Total Employees Using Sick Leave | Ave per Employee Using Sick Leave | Cost (Rand) |
|------------------------------------------|------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------|
| Lower Skilled (Levels 1-2) | 921 | 79 | 50.6% | 11.7 | 89 400 |
| Skilled (Levels 3-5) | 99 073 | 11 301 | 39.7% | 8.8 | 12 960 836 |
| Highly Skilled Production (Levels 6-8) | 81 473 | 9 971 | 47.9% | 8.2 | 18 906 942 |
| Highly Skilled Supervision (Levels 9-12) | 24 384 | 2 961 | 41.4% | 8.2 | 9 684 504 |
| Professionals (Levels 13-16) | 84 | 11 | 32.4% | 7.6 | 62 402 |
| Senior Management (Levels 13-16) | 689 | 77 | 35.0% | 8.9 | 505 621 |
| Total | 206 624 | 24 400 | 40.4% | 8.5 | 42 209 705 |

Note: Sick leave taken by Defence Act Personnel for the period is indicated in calendar days.

Table 3.23. Sick Leave Taken by Public Service Act Personnel for the Period 01 April 2003 to 31 March 2004

| Salary Band | Total Days Taken | Number of Employees Using Sick Leave | % of Total Employees Using Sick Leave | Ave per Employee Using Sick Leave | Cost (Rand) |
|------------------------------------------|------------------|--------------------------------------|---------------------------------------|-----------------------------------|------------------|
| Lower Skilled (Levels 1-2) | 25 921 | 3 945 | 46.4% | 6.6 | 2 518 353 |
| Skilled (Levels 3-5) | 6 975 | 1 073 | 52.9% | 6.5 | 923 614 |
| Highly Skilled Production (Levels 6-8) | 17 247 | 2 526 | 61.6% | 6.8 | 3 822 646 |
| Highly Skilled Supervision (Levels 9-12) | 1 668 | 302 | 38.6% | 5.5 | 762 499 |
| Professionals (Levels 13-16) | 16 | 4 | 28.6% | 4.0 | 12 503 |
| Senior Management (Levels 13-16) | 41 | 12 | 30.8% | 3.4 | 32 602 |
| Total | 51 868 | 7 862 | 50.8% | 6.6 | 8 072 216 |

Note: Sick leave taken by Public Service Act Personnel for the period is indicated in working days.

Table 3.24. Disability Leave Taken by Public Service Act Personnel for the Period 01 April 2003 to 31 March 2004

| Salary Band | Total Days Taken | Number of Employees Using Sick Leave | % of Total Employees Using Sick Leave | Ave per Employee Using Sick Leave | Cost (Rand) |
|------------------------------------------|------------------|--------------------------------------|---------------------------------------|-----------------------------------|------------------|
| Lower Skilled (Levels 1-2) | 15 960 | 920 | 10.0% | 17.3 | 1 555 138 |
| Skilled (Levels 3-5) | 4 012 | 293 | 0.9% | 13.7 | 552 666 |
| Highly Skilled Production (Levels 6-8) | 9 873 | 631 | 3.6% | 15.6 | 2 144 205 |
| Highly Skilled Supervision (Levels 9-12) | 549 | 47 | 0.6% | 11.7 | 242 565 |
| Professional (Levels 13-16) | 11 | 1 | 2.8% | 11.0 | 9 809 |
| Total | 30 405 | 1 892 | 2.5% | 16.1 | 4 504 382 |

Table 3.25. Annual Vacation Leave Taken by Defence Act Personnel by Salary Band for the Period 01 April 2003 to 31 March 2004

| Salary Band | Total Days Taken | Average per Employee Using Vacation Leave |
|------------------------------------------|------------------|-------------------------------------------|
| Lower Skilled (Levels 1-2) | 6 005 | 31 |
| Skilled (Levels 3-5) | 876 406 | 29 |
| Highly Skilled Production (Levels 6-8) | 607 110 | 31 |
| Highly Skilled Supervision (Levels 9-12) | 210 822 | 33 |
| Professionals (Levels 13-16) | 526 | 25 |
| Senior Management (Levels 13-16) | 6 189 | 31 |
| Total | 1 707 058 | 30 |

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

Table 3.26. Annual Vacation Leave Taken by Public Service Act Personnel by Salary Band for the Period 01 April 2003 to 31 March 2004

| Salary Band | Total Days Taken | Average per Employee Using Vacation Leave |
|------------------------------------------|------------------|-------------------------------------------|
| Lower Skilled (Levels 1-2) | 193 754 | 23 |
| Skilled (Levels 3-5) | 37 807 | 21 |
| Highly Skilled Production (Levels 6-8) | 75 552 | 22 |
| Highly Skilled Supervision (Levels 9-12) | 11 482 | 20 |
| Professionals (Levels 13-16) | 281 | 22 |
| Senior Management (Levels 13-16) | 689 | 22 |
| Total | 319 565 | 22 |

Note: Annual vacation leave taken by Public Service Act Personnel for the period is indicated in working days.

According to the policy on annual leave, annual leave must be taken within each leave cycle and leave not taken is not captured as capped leave. The average leave of 30 days for DAP and 22 for PSAP correlates with policy regulating this matter.

LABOUR RELATIONS

The tables below indicate disciplinary issues within the labour relations environment.

Table 3.27. Misconduct and Disciplinary Hearings of Public Service Act Personnel Finalised, 01 April 2003 to 31 March 2004

| Outcomes of Disciplinary Hearings | Number | % of Total |
|-------------------------------------|--------------|----------------|
| Progressive disciplinary process | 83 | 4.81% |
| Suspension without pay | 0 | 0.00% |
| Individual cases reported (new) | 215 | 12.46% |
| Individual cases reported (current) | 666 | 38.59% |
| Formal disciplinary process | 433 | 25.09% |
| Request for reinstatement | 66 | 3.82% |
| Demotion | 0 | 0.00% |
| Dismissal | 13 | 0.75% |
| Incapacity (poor work performance) | 2 | 0.12% |
| Incapacity (ill health) | 3 | 0.17% |
| Not guilty | 12 | 0.70% |
| Cases withdrawn | 16 | 0.93% |
| Appeals | 40 | 2.32% |
| Advice | 177 | 10.25% |
| Total | 1 726 | 100.00% |

Table 3.28. Collective Grievances Lodged for the Period 01 April 2003 to 31 March 2004

| | Number | % of Total |
|------------------------------------------|----------|------------|
| Number of grievances solved | 0 | 0% |
| Number of grievances not solved | 0 | 0% |
| Total number of grievances lodged | 0 | 0% |

Table 3.29. Collective Disputes Lodged with DOD (PSAP) Bargaining Council and Military Bargaining Council for the Period 01 April 2003 to 31 March 2004

| | Number | % of Total |
|----------------------------------------|----------|------------|
| Number of disputes upheld | 0 | 0% |
| Number of disputes dismissed | 0 | 0% |
| Total number of disputes lodged | 0 | 0% |

Table 3.30. Individual Grievances Lodged for the Period 01 April 2003 to 31 March 2004

| DAP & PSAP | Number | % of Total |
|------------------------------------------|------------|-------------|
| Number of grievances finalised | 75 | 41.67% |
| Number of grievances not finalised | 105 | 58.33% |
| Total number of grievances lodged | 180 | 100% |

Table 3.31. Disputes Lodged with Councils for the Period 01 April 2003 to 31 March 2004

| Outcomes of Disciplinary Hearings | Number | % of Total |
|-----------------------------------|-----------|----------------|
| Conciliation | | |
| Cases resolved | 13 | 56.52% |
| Cases not resolved | 6 | 26.09% |
| Thrown out on <i>in limine</i> | 4 | 17.39% |
| Condonation application | 0 | 0.00% |
| Recision hearing | 0 | 0.00% |
| Total | 23 | 100.00% |
| Arbitration | | |
| Cases lost at arbitration | 0 | 0.00% |
| Cases won at arbitration | 3 | 60.00% |
| Cases withdrawn at arbitration | 1 | 20.00% |
| Cases settled/resolved | 1 | 20.00% |
| Total | 5 | 100.00% |
| Labour Court | | |
| Review thrown out | 1 | 50% |
| Review won | 1 | 50% |
| Total | 2 | 100% |
| Recision hearings | | |
| Cases lost | 0 | 0% |
| Cases won | 1 | 100% |
| Total | 1 | 100% |

Table 3.32. Strike Action for the Period 01 April 2003 to 31 March 2004

| | Number | % of Total |
|------|--------|------------|
| None | 0 | 0% |

Table 3.33. Precautionary Suspension of Public Service Act Personnel for the Period 01 April 2003 to 31 March 2004

| | Number |
|----------------------------------------------------|--------------------|
| Number of people suspended | 5 |
| Number of people whose suspension exceeded 30 days | 5 |
| Average number of days suspended | 170.4 |
| Cost of suspensions | R151 190.74 |

DISCIPLINE

The tables below show some of the offences committed by civilian and military members of the DOD. It is

important to note that the military judicial system is different from the civilian one because the civilians are governed by the Public Service Act, while the military are regulated by the Military Disciplinary Code.

Table 3.34. Types of Misconduct Addressed at Disciplinary Hearings (PSAP) for the Period 01 April 2003 to 31 March 2004

| Outcomes of Disciplinary Hearings | Number | % of Total |
|------------------------------------------------------------------------------------------------|------------|-------------|
| Imprisonment ¹ | 25 | 2.65% |
| Sexual harassment | 3 | 0.32% |
| Prejudicial to the administration | 8 | 0.85% |
| Absent without permission | 315 | 33.37% |
| Dishonesty (incl theft, fraud, unauthorized use, unauthorised possession and false statements) | | 0.00% |
| Assault | 21 | 2.22% |
| Disobedience | 42 | 4.45% |
| Intimidation | 10 | 1.06% |
| Loss of State property | 226 | 23.94% |
| Theft of State property/money | 72 | 7.63% |
| Negligence | 16 | 1.69% |
| Victimisation | 1 | 0.11% |
| Unauthorised use | 14 | 1.48% |
| Under the influence | 32 | 3.39% |
| Unauthorised access | 2 | 0.21% |
| Abusive language | 11 | 1.17% |
| Threaton | 19 | 2.01% |
| Fraud | 114 | 12.08% |
| Uttering | 1 | 0.11% |
| Damage to State property | 2 | 0.21% |
| Sleeping on duty | 1 | 0.11% |
| Abuse of sick leave | 1 | 0.11% |
| Insubordination/Insolence | 3 | 0.32% |
| Disgraceful conduct | 5 | 0.53% |
| Total | 944 | 100% |

¹ This is Common and Statutory Law misconduct and offences committed by DOD employees who are sentenced to imprisonment by a civil court.

The Table below reflects the most common offences committed by the military personnel subject to the Military Disciplinary Code. These figures reflect the

number of charges and not the number of members prosecuted.

Table 3.35. Most Commonly Reported Offences (Defence Act Personnel) for FY2003/04

| Serial No | Most Common Offences | 2002/03 | 2003/04 |
|-----------|-----------------------------------------------------------------------------------|--------------|--------------|
| 1 | Section 14 (a) MDC. Absence without leave | 2 727 | 2 741 |
| 2 | Section 14 (b) MDC. Absence from place of parade, duty, etc | 1 021 | 1 026 |
| 3 | Section 19 (2) MDC. Disobeying a lawful command | 247 | 359 |
| 4 | Section 17 MDC. Using threatening, insulting, insubordinate or insulting language | 163 | 194 |
| 5 | Section 33 (a) and (b). Drunkenness | 121 | 147 |
| | Total | 4 379 | 4 467 |

SKILLS DEVELOPMENT

Table 3.36. Skills Development in the DOD for the FY2003/04

| Description | Male | | | | | Female | | | | |
|--------------------------------------------------------|----------|-----------|--------|--------|----------|----------|-----------|--------|--------|----------|
| | Africans | Coloureds | Asians | Whites | Disabled | Africans | Coloureds | Asians | Whites | Disabled |
| Professional Development: Officers | 321 | 56 | 34 | 291 | 0 | 91 | 31 | 11 | 55 | 0 |
| Professional Development: Other Ranks | 641 | 258 | 78 | 434 | 0 | 187 | 44 | 9 | 91 | 0 |
| Professional Development: Public Service Act Personnel | 14 | 31 | 13 | 12 | 0 | 8 | 6 | 3 | 16 | 0 |
| Functional Training: Officers | 1 881 | 421 | 93 | 821 | 0 | 456 | 77 | 12 | 190 | 0 |
| Functional Training: Other Ranks | 9 642 | 2 121 | 199 | 2 850 | 5 | 1 891 | 459 | 67 | 627 | 0 |
| Functional Training: Public Service Act Personnel | 295 | 35 | 0 | 66 | 0 | 131 | 34 | 8 | 147 | 0 |

Table 3.36. Skills Development in the DOD for the FY2003/04 (continued)

| Description | Male | | | | | Female | | | | |
|--------------------------------------------------------------------------|---------------|--------------|------------|--------------|----------|--------------|------------|------------|--------------|----------|
| | Africans | Coloureds | Asians | Whites | Disabled | Africans | Coloureds | Asians | Whites | Disabled |
| Tertiary Studies at Military Institutions: Full-time - All DOD Personnel | 173 | 36 | 12 | 131 | 0 | 33 | 17 | 0 | 32 | 0 |
| Tertiary Studies at External Institutions: Full-time - All DOD Personnel | 352 | 74 | 44 | 154 | 0 | 41 | 9 | 6 | 37 | 0 |
| Tertiary Studies at Military Institutions: Part-time - All DOD Personnel | 61 | 29 | 5 | 74 | 0 | 11 | 7 | 2 | 36 | 0 |
| Tertiary Studies at External Institutions: Part-time - All DOD Personnel | 1 112 | 381 | 81 | 1 007 | 0 | 392 | 55 | 21 | 285 | 0 |
| ETD Seminars: Internal - All DOD Personnel | 244 | 56 | 17 | 288 | 3 | 91 | 34 | 8 | 67 | 0 |
| ETD Seminars: External - All DOD Personnel | 191 | 66 | 8 | 224 | 0 | 54 | 18 | 2 | 34 | 0 |
| Total | 14 927 | 3 564 | 584 | 6 352 | 8 | 3 386 | 791 | 149 | 1 617 | 0 |

PART 3: PROGRAMME PERFORMANCE

The performance reports are contained in the following chapters:

Chapter 4: Synopsis of General Performance

Chapter 5: Defence Administration

Chapter 6: Command and Control

Chapter 7: Landward Defence

Chapter 8: Air Defence

Chapter 9: Maritime Defence

Chapter 10: Military Health Service

Chapter 11: Defence Intelligence

Chapter 12: Joint Support



LEGEND

The following convention is used to denote broad levels of achievement of planned output

Table 4.1. Broad Levels of Achievement of Planned Output

| | |
|------------------------|----------|
| Achieved | ≥ 88% |
| Substantially Achieved | 78 - 79% |
| Partially Achieved | 51 - 80% |
| Not Achieved | 50% |

MILITARY RANKS AND THEIR CIVILIAN EQUIVALENTS

Table 4.2. Military Ranks and Their Civilian Equivalents

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

SYNOPSIS OF GENERAL PERFORMANCE

INTRODUCTION

This chapter provides a short synopsis of performance in the following areas:

- Governance and Accountability
- Operations
- Defence Capabilities
- Social Contribution
- Environmental Management

Detailed performance reports are covered in Chapters Five to Twelve.

GOVERNANCE AND ACCOUNTABILITY

The Department of Defence (DOD) made great strides in improving efficiency and ensuring compliance with Government imperatives. Given the serious budgetary constraints and the escalating requirement for external commitments, the Department had to take painful policy decisions, which were designed to ensure that it continued to deliver on its mandate.

While the White Paper on Defence (May 1996) and the Defence Review (April 1998) are historic and groundbreaking policy documents guiding the defence function, it has become evident that they require substantial review in order to align them with current realities. To this effect, the Department took the decision to review these documents during FY2004/05. Furthermore, the Anti-personnel Mines Prohibition Bill and the ARMSCOR Act were processed during the year under review.

A number of defence diplomatic activities were conducted during the year. These included memoranda of understanding, bilateral and multilateral agreements in the defence arena. Also included in these activities were involvement in the Southern African Development Community (SADC) and the African Union initiatives such as the conflict resolution efforts

in the Great Lakes region and the establishment of the African Standby Force. The DOD continued to improve its internal control systems and processes in order to comply with the Public Finance Management Act and related prescripts. In this regard, the Department focused on implementing the Defence Generally Recognised Accounting Practices (GRAP).

Substantial progress was made in improving the representivity status of the Department in respect of race, gender and disability. While the representivity targets were almost achieved at top management, there were still serious challenges in middle management. Intervention measures have been introduced to expedite transformation at those levels.

The Department relies on the Inspector General of the DOD to audit and verify command and management information provided by the Services and Divisions.

The Defence Inspectorate, in conjunction with the Financial Management Division, the Anti-fraud Directorate, the Military Police Agency and the Military Legal functionaries, has contributed considerably in making the Department more efficient and accountable to Parliament and the general public.

OPERATIONS

Over the past year, the main operational focus has been the achievement of the military strategic objectives of 'Regional Security' and 'Support to the People'.

'Regional Security' operations were mainly deployments as part of the UN mission to the Democratic Republic of Congo (MONUC), and the African Union Mission in Burundi (AMIB). SANDF military observers and staff officers were deployed on UN missions in Ethiopia, Eritrea, Liberia, and Comoros. A daily average of over 3 000 men and women of the SANDF were deployed on these operations, making the SANDF a significant, if not the largest, contributor of peacekeeping troops in Africa.

'Support to the People' operations were mainly focused on continuous borderline control operations (Op INTEXO), involving on a daily basis, an average of eleven companies of troops, (over 2 600 men and women).

Joint and multinational exercises were conducted within South Africa, and externally in conjunction with foreign forces. This co-operation has enabled the SANDF to prepare for potential operations with friendly forces in the future.

The Department of Defence conducted a number of defence diplomatic activities in support of the country's foreign policy initiatives, including the New Partnership for Africa's Development (NEPAD) programmes.

Humanitarian disaster relief missions were undertaken in Algeria, Iran and Madagascar. Such operations included search and rescue and delivery of emergency aid material.



SAAF Oryx helicopter delivering emergency supplies: Madagascar 2004



Rooivalk Attack Helicopter



The G6 self-propelled gun on the move



The second patrol corvette, the SAS ISANDLWANA, seen arriving home on 25 February 2004

DEFENCE CAPABILITIES

Over the past decade the SANDF has undergone tremendous changes and has met and overcome some serious challenges. The number of men and women serving full-time in the Defence Force, which peaked at 103 000 in 1996, has been reduced to the current strength of just over 75 000. Despite this reduction in the number of personnel, the SANDF continues to meet the nation's defence needs. On a daily average, over 3 000 soldiers, aviators, sailors and medics are deployed on external operations whilst some 2 600 are deployed on internal crime prevention and borderline control operations.

The SANDF is coming to terms with the challenges facing all defence forces in modern democracies, namely maintaining a credible deterrence against aggression whilst meeting the needs of Government. The needs of Government are primarily support to the civil power, assisting in the restoration or maintenance of peace and stability in unstable regions or countries, and the provision of humanitarian assistance - all in the face of shrinking defence budgets.

In 1997, recognising the urgent need to replace ageing main equipment, the Government authorised the acquisition of modern aircraft and naval vessels through the Strategic Defence Package (SDP) process. The SDP will not only provide the military hardware necessary to create a credible defence, it will enable the country to contribute towards African and world peace through its participation in peace-support operations. This will also have considerable long-term economic benefits for the country through the defence industrial participation (DIP) process. The first naval vessels were delivered during the year, and the first aircraft and more vessels will be supplied in FY2004/05. The acquisition and defence projects, funded through the normal defence vote, have persisted and numerous upgrades to existing equipment have been undertaken, or are underway.

The erosion of defence capabilities has to be stopped, not only in respect of hardware, but also in terms of the men and women who operate the weapons systems. This process, although not as dramatic as that of acquiring new weapons systems, is far more difficult and costly, as members who are no longer fit for operational duty have to be reskilled and prepared to take their place in civil society. However, substantial progress has been made, including the approval of the pension packages for former members of the Non-statutory Forces. The renewal of the SANDF's human resources will start

bearing fruit when the Military Skills Development System ((MSDS) is introduced when the healthy young men and women are integrated into the deployable elements of the SANDF in FY2004/05. The MSDS will not only rejuvenate both the Regular and Reserve Force components of the SANDF, it will also reduce the cost of the SANDF's human resources.

The political stability in South Africa and the increasing capacity of the South African Police Service (SAPS) have made the phasing out of the Army Territorial Reserves (Commandos) possible.

SOCIAL CONTRIBUTION

The SANDF has pursued its military strategic objective -'Support to the People' - in a variety of ways, using the specialised collateral capabilities of the engineers and SAMHS to great effect.

Project SIYANDIZA, which is an aviation awareness programme launched by the SA Air Force, reached some 60 000 learners in 55 schools. The Young Falcons programme took this initiative further by involving promising young people in military aviation, thereby laying a foundation for them of possible future careers as airmen and women in the SA Air Force.

The Service Corps, in conjunction with the National Youth Commission, was involved with youth mobilisation learnership programmes in community upliftment, and the provision of job opportunities, including the Agricultural Food Security Project, Working for Water Project, and the Mukula Stone Crushing Project funded by the Government of Limpopo Province (Rm2, 5).

The introduction of the Military Skills Development System (MSDS), which aims to rejuvenate the SANDF by providing young men and women to serve in all musters on completion of initial and specialised training, is a welcome development. This will help address some real concerns about the age and health profile of the SANDF and it offers a career opportunity for the youth of the country. The MSDS will also provide human resource capacity for the Reserve Force in the future, once the Regular Force needs are satisfied. The aim of the MSDS is, however, broader than merely meeting the SANDF's need for human resources. It will impart useful skills to young people to empower them to play a meaningful role in civil society on completion of their military duty.

Project PHOENIX was launched in August 2002 with the aim of rejuvenating and transforming the Reserve Force. The main priority is to bring the Army Conventional Reserve up to strength with young and fit recruits whilst retaining the services of members who leave the Regular Force.

Despite the hardships of military life, a career in the SANDF is still highly attractive. That was demonstrat-



Harvard aircraft promoting Project SIYANDIZA

ed by the more than 40 000 applications for posts that were received last year, even though the Department wanted to fill very few vacant posts. This augurs well for the future, as once the enabling mechanisms are in place, it will be possible to rejuvenate the human resources of the SANDF.

Several milestones along the path of the gender and racial transformation of the SANDF were achieved during the year. Examples of these included the appointment of the first African female Brigadier General in the Air Force, the appointment of the first black unit commander in the Air Force, the qualification of the first black Cheetah pilot and the appointment of the first black Chief Director Army Reserves. Of concern is the loss of qualified black naval officers and ratings to the private sector and other Government departments.

ENVIRONMENTAL MANAGEMENT

The promulgation of four Departmental instructions covering aspects of game management, participation in nature conservation, and the establishment of General Support Base environmental work groups will go a long way towards ensuring the DOD's compliance with environmental legislation and imperatives.

The International Conference on Military Integrated Environmental Management took place in Pretoria in August 2003. The governments of South Africa and the USA sponsored the Conference, which was attended by 120 delegates from 26 countries. The Conference offered SANDF members an outstanding opportunity to interact with environmentalists from foreign countries whose military also recognised the importance of environmental issues.

During the year environmental initiatives, such as game counting using aircraft for the first time, enhanced the scope of the environmental management systems that are being used in the DOD. Formal training on ISO 14001 EMS (Environmental Management Systems) has ensured that all regional environmental managers are now capable and equipped to assist units in their regions with the implementation of an integrated EMS system based on ISO 14001.

During Exercise SEBOKA, held at the Combat Training Centre, Lohatlha, in October 2003, an environmental support team participated in the exercise to prepare a report on environmental issues. This led to the establishment of an Integrated Project Team for environmental considerations in operations (ECOps).



SA soldiers on a route march

DEFENCE ADMINISTRATION

INTRODUCTION

The Defence Administration Programme is responsible for administering and directing the DOD's activities. It funds all activities associated with administration, except for logistics and information technology, which are reported on under the Joint Support Programme (see Chapter 12). The Defence Administration Programme consists of the following subprogrammes:

- Political Direction
- Departmental Direction
- SANDF Command and Control
- Policy and Planning
- Financial Services
- Departmental Acquisition and Procurement Services
- Corporate Services
- Inspection Services
- Equal Opportunities and Affirmative Action (EO and AA)

POLITICAL DIRECTION

This subprogramme provides political direction to the DOD to ensure the democratic defence of South Africa by fulfilling the required defence commitments and providing appropriate defence capabilities. It comprises the offices of the Minister of Defence and the Deputy Minister of Defence, collectively known as the Ministry of Defence (MOD). The capacity of the MOD was strengthened with the appointment of the Head of Ministerial Services and the Head of Communication.

DEPARTMENTAL DIRECTION

The objective of this subprogramme is to provide departmental direction to the DOD to ensure the effective, efficient and proper defence activities in accordance with legislation and policy. The Secretary for Defence is funded from this subprogramme as the Head of Department, the Accounting Officer and the Principal Policy Advisor to the Minister of Defence. The Secretary for Defence, in conjunction with the Chief

of the SANDF, guides the provision of strategic direction to the DOD.

SANDF COMMAND AND CONTROL

Headed by the Chief of the SANDF, this subprogramme provides command and control for the SANDF. The Chief of the SANDF has the ultimate responsibility of ensuring the operational efficiency and effectiveness of the SANDF during ordered operations and military exercises.

DEFENCE DIPLOMACY

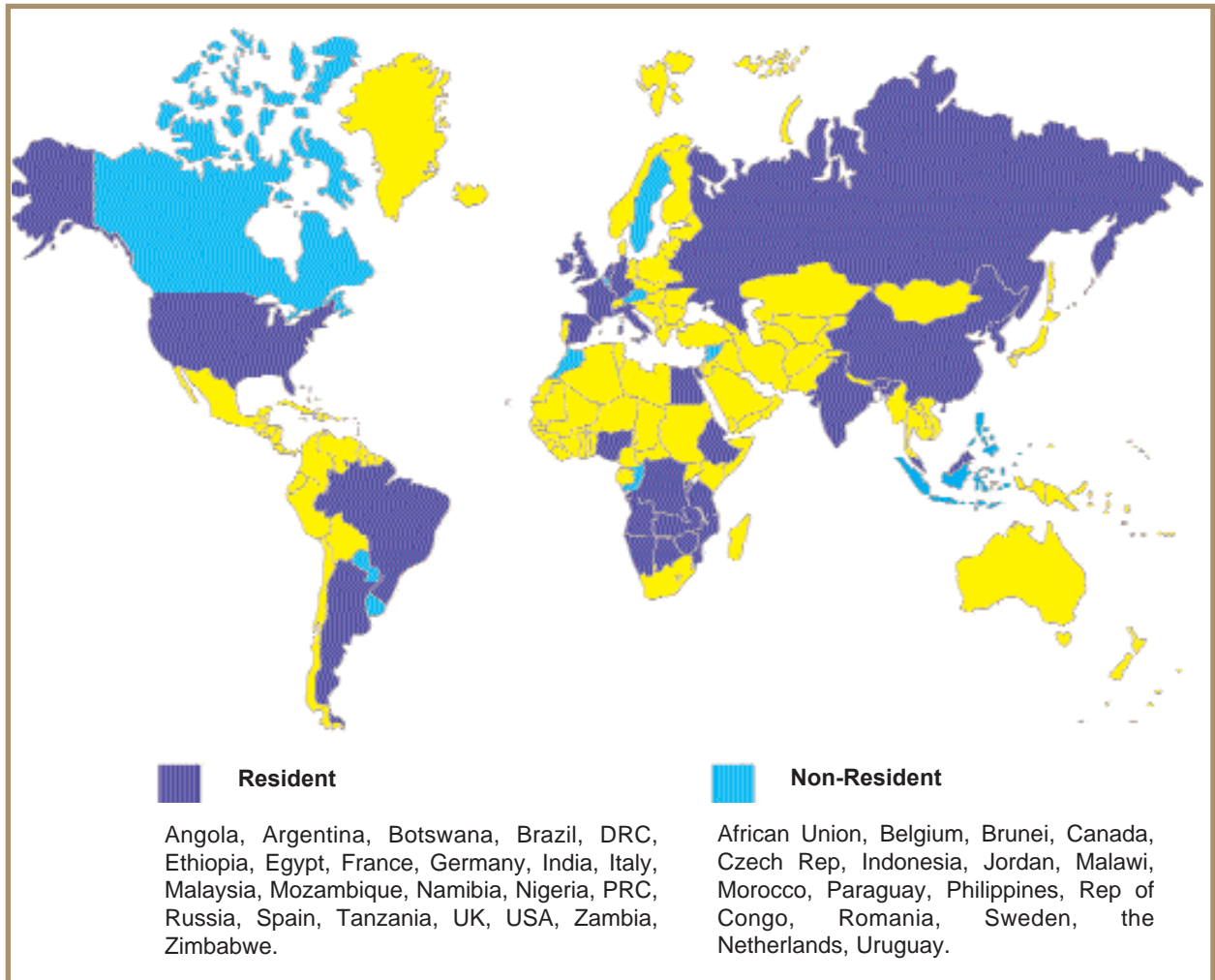
Defence Foreign Relations presented a Military Attaché Conference over the period 27 July to 01 August 2003 near Pretoria for all SANDF Military Attachés. The aim was to inform the Military Attachés of the latest Governmental and Departmental strategies, initiatives and policies. The Chief of the SANDF, General S. Nyanda, (seated in the middle) was the patron for the Conference.



Military Attaché Conference - 2003

SANDF Representation with Military Attachés. The SANDF has 27 Military Attachés deployed in 23 countries and in addition has non-residential accreditation in 16 other countries and/or multinational organisations.

Figure 5.1. Map of Deployed SANDF Military Attachés



Servicing Bilateral Agreements. Memoranda of Understanding were serviced during the following bilateral structure meetings, see Table 5.1. below.

Table 5.1. Bilateral Structure Meetings FY2003/04

| Country | Meeting Location | Date | Type of Bilateral Structure |
|--------------------------------|--------------------------|--------------|----------------------------------------------------|
| People's Republic of China | Pretoria | 7-10 Apr 03 | Defence Committee |
| Mozambique | Mozambique | 21-23 Apr 03 | Defence Committee |
| United Kingdom | United Kingdom | 21-23 May 03 | Defence Committee |
| Botswana | Botswana | 26-30 May 03 | Joint Permanent Commission on Defence and Security |
| United States of America (USA) | United States of America | 4-6 Jun 03 | Defence Committee |
| Russian Federation | Russian Federation | 23-25 Jun 03 | Joint Commission |

Table 5.1. Bilateral Structure Meetings FY2003/04 (continued)

| Country | Meeting Location | Date | Type of Bilateral Structure |
|--------------------------|------------------|--------------|----------------------------------------------------|
| Egypt | Pretoria | 15-19 Jul 03 | Joint Committee |
| Sweden | Sweden | 17-19 Sep 03 | Defence Committee |
| France | Pretoria | 7-10 Oct 03 | Defence Committee |
| Jordan | Jordan | 14-16 Oct 03 | Joint Committee |
| Algeria | Algeria | 21-23 Oct 03 | Joint Committee |
| Namibia | Pretoria | 4-7 Nov 03 | Joint Permanent Commission on Defence and Security |
| India | India | 2-5 Dec 03 | Defence Committee |
| Nigeria | Nigeria | 8-12 Dec 03 | Defence Committee as part of Binational Commission |
| Germany | Germany | 3-5 Feb 04 | Defence Committee |
| United States of America | Pretoria | 9 Feb 04 | Pre-meeting for Defence Committee of May 2004 |
| Zambia | Zambia | 22-24 Mar 04 | Inaugural Defence Committee |

Interstate Defence and Security Committee (ISDSC) Activities of the SADC. The DOD participated in the following ISDSC activities as indicated in Table 5.2. below.

Table 5.2. DOD Participation in ISDSC Activities of the SADC

| Committee | Date | Venue |
|-----------------------------------------------------------------------------------------------------------|--------------|--------------|
| ISDSC seminar | 28-29 Apr 03 | South Africa |
| Operations Sub-subcommittee | 6-9 May 03 | Mozambique |
| Defence Intelligence Standing Committee | 20-23 May 03 | Namibia |
| 24th Session of the ISDSC | 21-25 Jul 03 | Lesotho |
| Council of Ministers | 7-8 Aug 03 | Mozambique |
| Spiritual & Moral Services Work Group | 20-25 Jul 03 | South Africa |
| Standing Maritime Committee | 16-23 Aug 03 | South Africa |
| Southern African Development Community Defence Ministers' meeting (preparation for African Union meeting) | 3 July 03 | South Africa |
| ISDSC | 25-27 Aug 03 | South Africa |
| Military Health Work Group | 27-31 Oct 03 | Botswana |
| Defence Intelligence Standing Committee | 11-14 Dec 03 | Tanzania |
| ISDSC Ministerial meeting | 9-12 Jan 04 | Lesotho |
| Extraordinary ISDSC Ministerial meeting | 14-15 Feb 04 | South Africa |
| Personnel Work Group | 29-30 Mar 04 | Botswana |

Memoranda of Understanding. Although no new memoranda of understanding were finalised during FY2003/04, two were in process of being finalised with Governments of India and Kenya. Both related to exchange programmes for training of personnel.

Activities Related to the African Standby Force. The DOD

is actively involved in the establishment of the African Union structures such as the African Standby Force and the Military Staff Committee.

Military Attaché and Advisor Corps (MAAC) to South Africa. Countries that have military representation in South Africa are listed in Table 5.3.

Table 5.3. Military Attaché and Advisor Corps (MAAC) Representation in South Africa

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

Notes: * denotes non-resident members. Numbers in brackets denote number of accredited members to South Africa

Visits by Foreign Ships. Eleven foreign naval vessels from four countries visited RSA ports during FY2003/04.

Naval Training Afforded to Students from Africa

- 59 from Namibia.
- Six from Nigeria.
- Seven from Ghana.

POLICY AND PLANNING

ANNUAL REVIEW

The FY2003/04 could be regarded as one of the most challenging financial years for the Policy and Planning Division. On numerous occasions the Division was called on to perform tasks which far outstripped available capacity. The Division consistently strives to be a premier division that delivers on expected output on time and every time. As it is charged with the daunting responsibility of supporting the Minister of Defence, the

Secretary for Defence and the Chief of the South African National Defence Force (SANDF) in providing overall strategic direction to the Department of Defence (DOD), the Division usually finds itself extremely over-stretched in terms of capacity and resource requirements because its responsibilities extend over a wide range of issues, especially defence diplomatic activities.

Notwithstanding resource-related challenges, the Division continued to provide excellent service in respect of its mandate. During the period under review, a number of policies and legislation were processed, and statutory requirements complied with, including the tabling in Parliament of the DOD Strategic Business Plan and the DOD Annual Report. Similarly, defence diplomatic activities were successfully conducted in support of the Department of Foreign Affairs (DFA). In this respect, Memoranda of Understanding, and specialised bilateral and multilateral agreements were signed or drafted. The requisite deployment papers were also processed in order to enable the SANDF to deploy in various parts of the continent in support of

the New Partnership for Africa's Development (NEPAD), particularly continued deployment in the Democratic Republic of Congo (DRC) and Burundi. Furthermore, deployment papers were prepared for the timely deployment of the SANDF in support of the Australian Defence Force in order to apprehend a foreign fishing trawler. The DOD met its responsibility with regard to supporting the National Conventional Arms Control Committee (NCACC). Despite staff shortages, the Directorate Conventional Arms Control succeeded in processing a significant number of permits.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

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

- Strategic Direction
- Defence Policy
- Human Resource Policy and Planning
- Strategic Management
- Conventional Arms Control
- Legal Support

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

This objective was achieved as planned.

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

Performance:

This objective was achieved as planned.

- **Support to External SANDF Commitments.** The following was achieved in this regard:
 - Approval was secured for the deployment of the SANDF to
 - the Democratic Republic of Congo (DRC) as part of the UN-mandated intervention force;
 - Ethiopia/Eritrea;
 - Liberia (staff officers) as part of the United Nations mission authorised by United Nations Security Council (UNSC) Resolution 1509 (2003);
 - The Comoros;
 - Madagascar; and
 - assist Australia in apprehending a foreign fishing trawler.
 - Participated in Exercise AFRICAN SHIELD, which was an exercise involving South Africa and the United Kingdom.

Chief of Policy and Planning:
Deputy Director General



Mr T.E. Motumi

The exercise was a peacekeeping exercise and the role of Policy and Planning was to give policy guidelines to the RSA side with regard to peace missions.

- **Legislation.** The following bills were processed:
 - The Anti-personnel Mines Prohibition Bill was signed into law by the President and published in the Government Gazette.
 - The Bill to review the ARMSCOR Act was approved by both the Joint Standing Committee on Defence and the National Council of Provinces.
 - The Plenary Defence Staff Council (PDSC) approved the Certain Conventional Weapons draft Bill.
- **International Conventions and Agreements.**
 - South African Annual reports on the Certain Conventional Weapons Convention (CCW) and the Mines Ban Treaty (MBT) were completed and submitted.
 - Article 6 of the SADC Mutual Defence Pact was reformulated and signed by member states in Tanzania, on 26 August 2003.
- **Policy Developments.** The following policies were finalised and promulgated:
 - The Defence Staff Council decision on the disposal of the decommissioned nutria uniform stocks was successfully facilitated.
 - The DOD policy on procedure for acquiring a domestic mandate for external deployments was developed.

- The DOD policy on DOD Marketing Support to the Defence Industry was updated.
- The DOD policy on Intellectual Property Rights was in the process of being finalised.
- **Land Restitution.** The Division was actively involved in the processing of land claims pertaining to the Madimbo Corridor and Lohattha.
- The South African Military Veterans Organisation was launched.
- Substantial progress was made in revising the Personnel Management Codes for military health professionals and university educators.
- There was constant liaison with the South African Revenue Service with regard to the issue of taxation of soldiers' allowances, while serving outside the RSA.

Human Resources Policy and Planning: Provide HR strategy to support the HR requirements of the DOD and its members; aligning DOD HR policy and planning to the specific needs of the Regulars, Reserves and Veterans, ensuring full compliance with all other policies and plans, further ensuring accessibility; culminating in appropriate and affordable service dispensations; supported by an incorruptible HR information technology system.

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

Performance:

This objective was achieved as planned.

- The effective and efficient monitoring of the DOD's human resource (HR) budget resulted in an underspending of 0.61% during the period under review. It is envisaged that this good performance will be even better in future following the successful implementation of the Legadima HR budget tool to support the budget holders to compile the DOD HR budget for FY2005/06.
 - A joint review by all the Services and Divisions was conducted on the implementation of the HR Strategy 2010. The review provided critical inputs for the next iteration of the HR Strategy 2010 Implementation Plan.
 - A directive for the development of the SANDF's Core Service System was promulgated and the Joint Task Team commenced with its activities.
 - The policy on Inherent Rank/Age Requirement for the SANDF was promulgated. This will form a critical enabling mechanism towards the rejuvenation of the SANDF's (uniformed) HR composition, as required by HR Strategy 2010.
 - South Africa, through the Division, hosted the World Veterans Federation's General Assembly conference in November 2003. President T. Mbeki opened the meeting. It was the first time such a conference was ever held in Africa.
- Performance:**
- **Strategic Business Plans FY2004/05.** The Strategic Business Plans for FY2004/05 were compiled for the Policy and Planning Division, the Defence Secretariat and the DOD. The DOD Strategic Business Plan was compiled in conjunction with Corporate Staff Division. This plan was presented to and approved by the Parliamentary Portfolio/Joint Standing Committee on Defence. It was also presented to the Justice, Crime Prevention and Security cluster.
 - **Annual Reports for FY2002/03.** Annual Reports for FY2002/03 were compiled for Policy and Planning Division, the Defence Secretariat and the DOD. The DOD Annual Report was compiled in conjunction with Corporate Staff Division personnel. It was presented to the Parliamentary Portfolio/Joint Standing Committee on Defence.
 - **Quarterly Reports for FY2003/04.** Quarterly Reports for FY2003/04 were compiled for Policy and Planning Division, the Defence Secretariat and the DOD. The latter was compiled in conjunction with Corporate Staff Division personnel.
 - **Strategic Planning Processes.** The Division was integrally involved in developing strategic planning instructions and guidelines, including the short to medium-term strategic guidelines for FY2005/06 for the Minister of Defence, the Secretary for Defence and the Chief of the SANDF.
 - **Strategic Control Processes.** Instructions and

guidelines in respect of Quarterly and Annual Reports were developed for the DOD in conjunction with Corporate Staff Division.

- **Support to Strategic Direction Processes.** Departmental Strategic Planning Work sessions were planned and co-ordinated. A number of position papers were developed in preparation for the work sessions. Decisions taken at these work sessions are being implemented, monitored and reported to higher authority.
- **DOD Business Strategy.** The DOD Business Strategy was finalised and a questionnaire to assess the DOD Performance Management Systems distributed. The tool used to facilitate the analysis of the systems is the South African Excellence Model. The Business Strategy will be integrated with the Military Strategy to become a Defence Strategy.
- **DOD Structures.** The functional control over the DOD's Organisational Structures and Post-establishment Tables, including system control of Structure Management Control System/Organisation Information System was successfully exercised. Control was further enhanced through the establishment of the Structure Control Board which serves as a platform for which cross-impacting structural issues are addressed and, where possible, either rectified and/or referred to the higher order authority or forum.
- **The Management of Specialised Projects.** During the reporting period Directorate Integrated Management Services (DIMS) was responsible for the development/finalisation of the Occupational Health and Safety process that has culminated in an Implementation Plan being compiled and accepted by all role players. In line with this objective, DIMS have negotiated a new Service Level Agreement for the delivery of Business Architectural services.
- **Policy Configuration and Publication.** Policy advisory and configuration support services were provided to the DOD. These included the management of quality control of policy publications submitted for approval and promulgation of approved policies. At the end of FY2003/04, the following Departmental policy publications were on register:

- 100 Departmental promulgated policy publications on register, which is 20% higher than the same time for FY2002/03.
- There were 206 policies in the process of development, which is 41% up on the same time the previous year.
- There were 66 policies that were either cancelled or withdrawn. This is 61% up on the figure of the previous year.
- **DOD Policy Website.** The DOD Policy Publication website carries all levels and sectors of promulgated DOD policy publications (administrative, operating and technical) as well as Government level policy publications that impact on the DOD. At the end of the financial year there were 4 437 policy publications that were carried on the website that serves all units of the DOD compared to 2,914 at the same time the previous year. This reflects an increase of 52%.
- **Education, Training and Development.** Two Policy Writers' Courses (May and October 2003) were planned, co-ordinated and presented to all DOD policy-writers with great success. These courses were presented with the assistance of the United States Department of Defence, with regard to curricula, handbooks and instruction.

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

Performance:

This objective was achieved as planned.

- Secretarial and administrative services were provided to the National Conventional Arms Control Committee (NCACC) and Scrutiny Committee.
- During the year under review, 3 380 marketing, contracting, import/ export and transits permit applications were received and 3 311 permits issued.
- Draft Regulations and the Policy for the Control of Trade in Conventional Arms were approved and in the process of promulgation. These will help ensure the provision of comprehensive regulations to support the legal basis for the regulation of conventional arms control.

Legal Support: To provide efficient, professional legal advice and support to the Ministry and Department of Defence so as to contribute to an effective defence capability and to ensure that it operates lawfully within the constraints of constitutional, national and international law.

Performance:

This objective was achieved as planned.

- Highlights include the following:
 - The coming into operation of the Defence Act of 2002 in May 2003.
 - The finalisation of the Armscor Act 51 of 2003.
 - The signing of the Anti-personnel Mines Bill by the President of South Africa.
- Support was provided to the Financial Management Division with regard to the handling of various legal claims on behalf of the Minister.
- Legal advice was successfully provided to the Minister of Defence, the Secretary for Defence and the Chief of the SANDF on various issues of the DOD. These included the finalisation of various Memoranda of Understanding, handling of grievances, military labour relations and issues pertaining to access to information in terms of the Promotion of Access to Information Act.

FINANCIAL MANAGEMENT

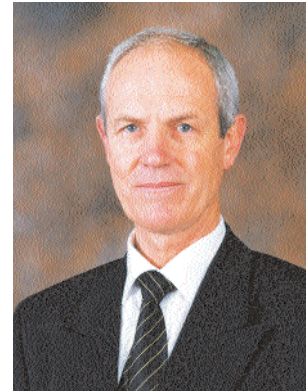
ANNUAL REVIEW

The Financial Management Division (FMD) is a subprogramme of the Defence Administration Programme and its divisional core objective is to provide a cost-effective public finance management service to the Minister of Defence, Secretary for Defence and the Chief of the South African National Defence Force (C SANDF) in accordance with the Public Finance Management Act (PFMA), Treasury Regulations and National Treasury practice notes and circulars.

Since the PFMA was enacted in 1999, the main focus of the Chief Financial Officer was to refine departmental processes and systems related to resource management with a view to aligning them with the public finance management regulatory framework. As from 2001, the emphasis was placed on resource management aspects other than the management information systems.

However, during the period under review the focus

Chief Financial Officer:
Deputy Director General



Mr J.L. Grondling

was shifted to the implementation of Generally Recognised Accounting Practices (GRAP). The Defence GRAP Project was registered with the purpose of determining the future direction in respect of GRAP implementation and the related information system support.

The Defence GRAP Project completed Phase 1 (Proposed Defence Accounting Standards) and Phase 2 (Evaluation of Directional Options) on 31 March 2004. The final report with a recommendation was presented to the GRAP Steering Committee, which was chaired by the Chief Financial Officer. The recommendation, which was accepted by the GRAP Steering Committee, is that the DOD should follow the route of a commercial off-the-shelf (COTS) system. Furthermore, the Division continued to work hard at improving the composition of its human resources in terms of race, gender and disability. Despite the limitations of the Transformation and Restructuring Process, the Division is determined to apply innovative measures in order to achieve its human resource transformation targets.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

This subprogramme consists of the following sub-subprogrammes:

- Budget Management Services
- Accounting Services
- Financial Services

Budget Management Services

Performance:

This objective was achieved as planned.

- **Corporate Budget Preparation Service.** The following outputs were produced timeously, efficiently and effectively:
 - Budget Guidelines.
 - Estimate of Expenditure.
 - Estimate of National Expenditure.
 - Departmental Vote.
 - Departmental Input and Output-based Motivation Report.
 - Approved Special Defence Account.
- Preliminary feedback from the Office of the Auditor-General indicated that the audit executed on the budgeting process would result in a 'clean' audit report for the second consecutive year.
- **Corporate Budget Execution Service.** The following outputs were produced as required:
 - In-year programme adjustments budget.
 - Monthly early-warning reports, including exception reports when necessary.
 - Virement and fund reallocation submissions / authorities.
 - Funding of underfunded and unfunded mandates.
 - Roll-over claim submission.
- The financial year was closed as directed by the Defence Staff Council. The Department overspent on Peace-support Operations by approximately Rm104.
- **Budget Management Service to Budget Authorities.** A cost-effective budget management service was provided to budget authorities on all levels of the Department.

Accounting Services

Performance:

This objective was achieved as planned.

- **Corporate Financial Asset and Annual Reporting Service.** Bank accounts were managed strictly according to prescripts. The debtor management system was operational with minor implementation problems, whilst the related policy was promulgated in March 2004.
- **Stores, Services and Related Payment and Revenue Management Service.** Although there was a significant increase in the monetary value of revenue collected by the DOD, all revenue due to the Department has still not been collected owing to a lack of control measures at lower levels (Force Structure Elements). The FMD is in the process of

decentralising the function of the final approval of payments to suppliers to the Financial Accounting Service Centre (FASC) level. Payment of suppliers does not always occur within 30 days because of delays in the issuing of receipt vouchers.

Remunerations Administration Service. The performance went according to plan.

Financial Services

Performance:

- Despite the fact that some senior-level posts within the financial services environment were in the process of being filled towards the end of FY2003/04, the performance went according to plan. Subdirectorates Risk Management and Audit Report Management were amalgamated to ensure a more cost-effective service to the Department.
- The following services were provided to the DOD:
 - 44 Legal representations.
 - 124 Claims against the Minister of Defence have been administered.
 - Seven (7) claims on behalf of the Minister of Defence were dealt with.
 - 12 Legal opinions were provided.
 - 1 335 Motor vehicle claim files were administered.
 - Authorised write-off of state assets for FY2003/04 = R 3 189 009,00.
 - Authorised write-off of state funds for FY2003/04 = R 1 761 681,00.
 - Debtors of state assets to be recovered on 31 March 2004 = R 210 796,00.
 - Debtors of state funds to be recovered on 31 March 2004 = R 236 363,00.

DEPARTMENTAL ACQUISITION AND PROCUREMENT

ANNUAL REVIEW

The principal task of the Departmental Acquisition and Procurement Division (DAPD) is to acquire material and services for the DOD through its acquisition agency, the Armaments Corporation of South Africa (ARMSCOR) as prescribed in the DOD policies and the Defence Review, 1998.

Reporting directly to and being accountable to the Secretary for Defence, DAPD strives to support the vision, mission and corporate values of the DOD as well as its broad strategies, programmes and objectives for good governance. In order for the Secretary for Defence to fulfil the task of Accounting Officer of the DOD, DAPD was assigned as the nodal point for all interactions between DOD and ARMSCOR, including bilateral ties with foreign countries.

In support of the above-mentioned functions, the SANDF must ensure its future in armament support capability through meaningful technology development. The ability to do local design development must be maintained to ensure that DAPD and ARMSCOR remain knowledgeable buyers in weapon system fields. A minimum capacity to do systems integration should also be maintained in local industry.

The Division is furthermore ultimately responsible to all clients for the functionality of systems that are delivered via the acquisition process.

DAPD takes pride in pointing out the achievements during the period under review. Top amongst the Division's achievements would be the Strategic Defence Packages' first delivery of the corvettes.

The contract with Westland Helicopters was signed by the Minister of Defence on 14 August 2003 and was effective two months later. Delivery of the aircraft will take place 44 months after the effective date of the contract .

The initial assembly of various parts and components for the first SA Gripen was started in the latter half of the financial year, with the first flight due in Sweden in November 2005.

One of the major highlights in the period was the naming of the third corvette by Mrs Thandi Modise, Chairperson of the Joint Standing Committee on Defence, as SPIOENKOP, on 04 June 2003, in Hamburg, Germany.

The first Hawk was released to the media on 04 February 2004 at TVOS. The New Hawk Demonstrator Aircraft of BAE SYSTEMS concluded hot and high trials, as well as clearing the in-flight refuelling system at Air Force Base Makhado. The options to fund the Helmet Mounted Display were tabled with the Armaments Acquisition Steering Board on 16 March 2004.

Another area of great achievement was the delivery of

Chief of Acquisition and
Procurement: Deputy
Director General



Mr B.E. Ramfolo

the first two Type MEKO[®] A-200 (SAN) patrol corvette platforms SAS AMATOLA and SAS ISANDLWANA. Both ships have arrived in South Africa and the installation of their locally-built combat suites has begun. The third platform, SAS SPIOENKOP, has also been delivered to the South African Navy and was undergoing advanced competency training before sailing for South Africa during early FY2004/05.

Furthermore, there was the acquisition of 3 Type 209 1400 submarines. The pressure hull of the first submarine has been completed, and the integration of on-board systems has begun. The vessel was scheduled to be launched on 15 June 2004.

The six workboats have been delivered to the SA Navy and integrated into the Fleet. Similarly, the final elements of the Strike Craft Life Extension Project, which was initiated in the early 1990's, have also been delivered.

The Defence Technology Development programme was executed according to plan with the entire funds committed and 95% paid by the end of FY2003/04. Rm165 was expended on technology for future operational capabilities in the core DOD programmes (Landward, Air, Maritime and Military Health), nearly 50% of which is in support of approved capital acquisition projects.

The project designed to provide the DOD with an updated bearer management system was completed. The final parts of the logistic package will be delivered during FY2004/05, after which the project will finally be closed.

For the better part of the year, DAPD were engaged in efforts to streamline its structures in line with service delivery requirements. External consultants were utilised with a view to providing professional advice on appropriate structures that will help ensure proper accountability and financial prudence.

Despite all the aforementioned achievements, there were serious areas of concern that DAPD had to deal with. These included, but were not limited to, the following: the ROOIVALK combat-support helicopter for which National Treasury only gave Rm200, and the lack of capacity in many of the divisions in ARMSCOR, especially the aircraft and electronic warfare divisions.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

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

- Acquisition Service
- Procurement Service

Acquisition Service

Performance:

This objective was achieved as planned.

- **Policy Developments**
 - The policy and procedure for the acquisition of armaments were revised.
 - Broad policy on combating fraud and crime prevention within the Navy Acquisition Directorate has been developed.
 - The Division participated actively in the deliberations on Intellectual Property Rights. Interdepartmental support for this initiative was co-ordinated and provided by the Department of Trade and Industry (DTI).
 - Restructuring in industry, as directed by the White Paper on Defence-related Industries, requires an interdepartmental response, as does the updating of the White Paper itself. Initial contact was made with representatives from the Department of Arts, Culture, Science and Technology (DACST) and DTI. The need to update the White Paper on Defence-related Industries was accepted by the Portfolio Committee on Defence on 19 August 2003.
 - The drafting of the Defence Technology Strategy commenced in May 2003 after a

strategic work session involving members of the DOD and DACST. Alignment between the National Science Initiative of DACST and Defence Technology Development has the potential of mutual reinforcement.

- **Project Performance**

- The project on the acquisition of four Type MEKO[®] A-200 (SAN) patrol corvettes is progressing well. SAS AMATOLA and SAS ISANDLWANA have arrived in South Africa and their combat suites were being fitted. The SAS SPI-OENKOP was expected to sail to South Africa during May 2004 and the platform would follow a year later (May 2005). Schedule commitments are still on track.
- The project on the acquisition of three diesel-electric Type 209 1400 submarines is progressing well. While the pressure hulls have been completed, the on-board installation of communication consoles and on-the-job training continue as scheduled.
- The objectives of the project on the upgrading of C47 Dakota aircraft to improve the maritime and transport capabilities of the South African Air Force were partly achieved. This was due to minor delays that were beyond the control of the project. Similarly, the projects on upgrading airport firefighting vehicles and the C-130 Hercules Air Transport fleet of aircraft were delayed.
- The objectives of modifying the electronic warfare system of the Oryx helicopter were achieved as planned.
- The recommissioning of the Rooivalk was approved in December 2003. Bridging finance was made available during the FY2003/04. Finance for the recommissioning phase of the Rooivalk was still being negotiated in order to ensure that joint operations for the Rooivalk will take place within approved timescales.
- The project to acquire the Gripen Advanced Light Fighters progressed well during the year. SAAB/BAE are well ahead on their Defence Industrial Participation commitments. The skills and technology transfer programme has seen a SAAF engineer spend a considerable length of time in Sweden working at

SAAB on the Gripen project. A SAAF test pilot has now replaced the Denel Aviation test pilot at SAAB and he will participate in the test programme of the Gripen EBS version for a year. A Design and Development Centre has also been established at Denel Aviation.

- The final project audits on the following projects were completed and the Auditor-General was satisfied that the projects provided the required deliverables. Project closure actions were expected to commence during the first quarter of the FY2004/05 as follows:
 - Project on the navalisation of SAS OUTENIQUA.
 - Project on acquisition of six general workboats.
 - Project on the acquisition of Type 351 minesweepers.
 - Project on DAPHNE Class submarine combat system supportability.
 - Project on Strike Craft Logistic systems supportability.
- **Technology Acquisition.** There was good progress with regard to technology acquisition. However, some cash-flow challenges were experienced, largely due to the multi-year contracting system, especially the two-year contracting introduced for Defence and Evaluation Research Institutes during FY2003/04.
- **Common Weapon Systems.** The objective to satisfy the armaments requirements of the services and second level divisions was fully achieved in terms of the delivery of main equipment and partially achieved in terms of the management of milestone documentation. 23% of the projects, which are not within the agreed standards of time, will be corrected through their respective closure reports, which will be presented for approval during the FY2004/05. The Common Weapon Portfolio achieved a 99,75% contracted and an 88,98% paid out of the total budget allocation for the period under review.

Procurement Service

Performance:

This objective was substantially achieved as planned.

- Good progress was made in ensuring the smooth implementation of Public Private Partnerships as an alternative service delivery mechanism within the DOD.
- The performance of the Central Procurement Service Centre with regard to the total amount paid as a percentage of the total value placed on order, was as follows:
 - SA Air Force: 97,29%
 - SA Army: 91,22%
 - SA Navy: 51,42%
 - SAMHS: 75,97%
 - Travel Control (all users): 95,47%
- **Performance of the Simon's Town Procurement Centre.** The final payment figure against all Government orders placed was 99%.
- The erection of the Weatherhaven Camping System for Burundi will continue during FY2004/05. This is despite a minor delay caused by the transition from the African Union operation in Burundi to a United Nations deployment.
- The policy and procedure on Procurement and Sales within the DOD was nearing finalisation.

CORPORATE STAFF DIVISION

ANNUAL REVIEW

The Corporate Staff Division has continued to show its determination to provide a sound centralised staff capability and service to the SANDF. Reliable and professional strategising in respect of planning, legal, defence foreign relations, corporate communication, defence reserve and chaplain services, were provided.

New challenges were faced arising from Government's new structures and growing commitments to international peacekeeping and regional security. Amongst these are the participation and involvement in Government's clusters, military co-operation activities in the region, peace missions and developments surrounding the African Standby Force. Notwithstanding all the challenges and a tight budget, the Division was successful in achieving its objectives.

After many years of excellent service in the DOD, the Chief of Corporate Staff, Vice Admiral H.J.M. Trainor, went on retirement during the last quarter of FY2003/04.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

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

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

Strategy and Planning Office: To provide military strategy and planning capability, advice and services for Chief of the SA National Defence Force.

Performance:

This objective was substantially achieved.

- The major drive of the Strategy and Plan Office was to align the SA National Defence Force's force structure and force design with available resources. The results of these studies were made known to the Parliamentary Committee on Defence. Externally the main drive of the Strategy and Plan Office was through defence diplomacy, by participation in activities of particular regional and departmental forums.
- The Strategy and Plan Office functions as a staff organ for the Chief of the SA National Defence Force, in the co-ordination of the International Relations Peace and Security Cluster activities.
- The reprioritisation of the Department of Defence missions contained in the Military Strategy as the main driver of Force Preparation was completed successfully.
- The Department of Defence made excellent progress in aligning plans with national priorities. The implementation of the DOD Strategic Business Plan was made through quarterly progress reports.
- The Defence Crisis Management Organisation has reached the point in development where the formulation of standing work procedures in the event of a crisis is a reality.
- The Strategy and Plan Office places a high priority on the mentorship programme, and the progress made in the promotion and creation of equal opportunities, affirmative action, and the implementation of leadership command and management practices.

Chief of Corporate Staff



Vice Admiral
H.J.M. Trainor,
SD, SM, MMM

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

Performance:

This objective was achieved as planned.

- The Ministry of Defence established a central communication capability through the appointment of the Head of Communication.
- Despite being understaffed, Defence Corporate Communication succeeded in achieving most of its objectives and outputs by means of harder and smarter work by all its members. The staffing of appropriately skilled and knowledgeable personnel in vital posts has been a constant challenge. A major effort has been put into (mostly out-sourced professionals) training and development of existing and newly appointed staff members. Defence Corporate Communication will have to embark on a major internal training effort in future, not only of its own staff, but of all corporate communication functionaries within the Department of Defence.
- In addition, new statutory responsibilities have been added. For example, the expanded role of the Information Office to act as a

nodal point for the implementation of activities related to the Promotion of Access to Information Act.

- Defence Corporate Communication has continued to transform not only its staff and processes, but also the methods and content of its communication efforts. The SA SOLDIER magazine, industrial theatre and the publication of the DOD Strategic Plan and Annual Report are cases in point, while the constantly changing media scene has been serviced professionally. The integration of the communication effort between the Government Communication and Information System, the Ministry, Chief of Defence Corporate Communication and the Services and Divisions by means of joint planning, liaison and co-ordination has been an ongoing process.

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

Performance:

This objective was achieved as planned.

- Although subject to human resources, skills and structure constraints, the military courts are functioning well. Ongoing refinements of the military justice system to develop a human rights friendly, constitutional and effective system of being investigated. The SANDF has since 1999 neither been interdicted with regard to any planned action nor seen any military trial overturned by a High Court on the grounds of irregularity or misdirection. These observations apply to all the subsections supporting the military judicial process, and they function both within and outside South Africa.
- The Directorate Military Defence Counsel and Operational Legal Support, for example, ensured the provision of a professional, effective and legitimate military defence counsel and deployable operational legal advice support service wherever required. Over and above its normal responsibilities this Directorate also assisted with the drafting of Implementing Arrangements in respect of exercises, Memoranda of Understanding, bilateral and multilateral agreements and Diplomatic Notes with various countries. Operational legal support was

rendered to eight planned operations and nine joint and multinational exercises.

Judicial Service Report. Under the subheading 'Discipline' in Chapter 3, Table 3.35 reflects the most common military disciplinary offences committed by members subject to the Military Disciplinary Code.

Religious Services: To provide a Chaplains' Service that cares for all DOD members and their dependants, and promotes spiritual growth, social support, and ethical conduct.

Performance:

This objective was achieved as planned.

- The Chaplain General's Office is the smallest Divisional Office in the DOD. It has a total of 12 posts and is organised into five "sections". It must be noted that chaplains in the Department of Defence are an inherent part of all other structures of Services and Divisions. It provides a specialist religious support service to all the DOD members. It ensures the exercising of a ministry that promotes spiritual growth, and sustains an ethos of high morality and ethical credibility, and cares spiritually for all members and their dependants.
- The mandate of the Chaplains' Service, as given in the White Paper on Defence, specifically states that the primary task of the Chaplains' Service is to give spiritual and moral support to members and their families as and when they are deployed in training and on operations. This must be done whilst taking into consideration the principles of freedom of religion. The Chaplains' Service strives to be representative of the population, and in its commitment in the exercise of its mandate.

Defence Foreign Relations: To provide the Chief of the SA National Defence Force with a foreign relations capability and services.

Performance:

This objective was achieved.

- Defence Foreign Relations has, in the short period after it was transferred from Defence Intelligence to the Corporate Staff Division as a corporate entity, established itself in providing an integrated defence foreign relations function to the DOD/SANDF. This

includes the establishment of the Foreign Relations Coordinating Council where all the Services and Divisions are represented.

- Chief Defence Foreign Relations advises the Chief of the SA National Defence Force and the top Department of Defence structure on international defence relations and on multinational organisations and their substructures, such as the Interstate Defence and Security Committee and the African Standby Force.
- Defence Foreign Relations is also actively involved in activities of multinational organisations. Budgetary constraints prevented Defence Foreign Relations from executing its strategy in terms of an increase in foreign representation, especially in Africa (with the exception of Nigeria where a Defence Advisor Office was opened in May 2003).

Reserve Force Office: To direct the development and maintenance of the Reserve Force system, to provide specialist advice on Reserve Force matters, and to promote/market the Reserves and the volunteer Reserve system.

Performance:

This objective was substantially achieved.

- The Reserve Force Office has had a successful year in terms of the attainment of its objectives. Charged with the responsibility of co-ordinating and monitoring the execution of Project PHOENIX, which is aimed at the renewal and transformation of the Reserves, the Office made considerable progress in achieving its objective of establishing a viable system and climate within which the Reserve Force may operate.
- The development of the Reserve Force into a viable combat-ready component of the SANDF rests with the Services and Divisions, which command the Reserve elements of the force design and structure.
- Although progress has been hampered by the limited funding available to the Reserves, the process has maintained momentum and the Reserves have started on a path towards becoming a viable and employable component of the military capability of the SANDF.
- Major General R.C. Andersen was appointed as Chief Director Defence Reserves on 01 November 2003, upon the retirement of Major General Ian Deetlefs.

- The Reserve Force Office played a prominent role in the planning of the phasing out of the Army Territorial Reserve (Commandos) and, besides being a member of the SANDF Exit/SAPS Entry Steering Committee, also participates in the Rural Safety, Human Resources, and Communication workgroups appointed by that Committee. Significant progress has been made during the FY2003/04, and all the workgroups were to present their implementation plans to the Steering Committee in May 2004.
- The Reserve Force Office was involved in the establishment of Fort I'Kapa (formerly Acacia Park Military Base) and Lords Grounds (Durban) as Reserve Force bases where the majority of Conventional Reserve units in Cape Town and Durban, respectively, are now situated.
- The Reserve Force Office, by means of the mechanisms of the Defence Reserve Board and the Reserve Force Workshop, continued to manage Project PHOENIX as well as a number of administrative, operational and technical policies and process issues.

DEFENCE INSPECTORATE

ANNUAL REVIEW

The Defence Inspectorate's strategic objectives derive from legislation, including the Public Finance Management Act (PFMA) and its Schedules and is to provide a system of internal audit to the Department of Defence (DOD). The Defence Inspectorate Organisation subscribes to the Departmental Codes of Conduct, including the related Institute of Internal Auditor's Code of Ethics pertaining to internal audit, as well as of the Institute of Internal Auditor Standards. In complying with this instruction, the Defence Inspectorate Organisation strives for objectivity and independence as prescribed by the aforesaid standards.

The effective functioning of a properly constituted Audit Committee overseeing the internal audit activities of the Defence Inspectorate, an effective Inspector General Staff Council and the Accountability Management Committee have greatly contributed to a maximised Departmental internal audit function.

During the year the division concluded its transformation in accordance with requirements of the PFMA to

give maximum coverage to performance and regulatory audit. The Anti-fraud Directorate also moved towards fuller capacity, giving effect to Departmental anti-fraud initiatives.

These deliberate strategies have effected improved quality in internal audit service delivery, resulting in the enhanced credibility of the internal audit function, corporate management controls and accountability. Together with increased reliance by the Auditor-General on the internal audit output of the Division, the strategic profile of the Defence Inspectorate was enhanced on the whole, contributing to improved departmental corporate governance.

The Defence Inspectorate sought and successfully obtained ISO 9001:2000 Certification in November 2002 from the South African Bureau of Standards (SABS). This first historic achievement for a Government division has greatly improved the capabilities and output of the Defence Inspectorate and Internal Audit activities in the DOD. A consequence of this achievement is that Defence Inspectorate remains subject to ongoing audits by the SABS to ensure that the quality and standards are maintained. Thus far, six review audits by International Standards Organisation (ISO) authorities have been cleared.

Corporate Issues

- **Audit Committee.** During the year under review, the Audit Committee for the Department of Defence was duly constituted according to the PFMA. Six members, external to the DOD, two independent members within the DOD, two Ex-officio officers, the Auditor-General and representatives of the Defence Inspectorate took part in the activities. Four scheduled and two special meetings were held. In accordance with Institute of Internal Audit Standards, the involvement of the Audit Committee was sought in the approval of a three-year rolling audit strategy and the Defence Inspectorate Strategic Business Plan. The Audit Committee approved these plans. Activities of the Audit Committee are formally structured into a plan, allowing the coverage of the total spectrum of risk areas that needs to be assessed and monitored. The Audit Committee has direct access to the Auditor-General and to the Secretary for Defence and Chief of the National Defence Force.
- **Inspector General Staff Council.** An Inspector General Staff Council convened

Inspector General, DOD



Major General
V.I. Ramlakan, DMG,
MMB, MMS, O St J

monthly with Service Inspectors General, as well as representatives from Human Resource Support Centre and Finance. Director Performance Audit, Director Regulatory Audit, Director Anti-fraud and Service Inspectors General gave briefings to members of the IG Staff Council on audit and inspection results and trends pertaining to departmental risk areas.

- A main concern arose from the information technology procurement procedures applied by the State Information Technology Agency (SITA), established by law, as the sole general software procurement agency for the DOD. The protracted procurement process failed to deliver specialised audit related software required to capacitate a more efficient and effective internal audit function at the Defence Inspectorate. Furthermore, the delay in procurement led to a substantial increase of prices with an adverse effect on the Division's budget allocation and financial management process. It also delayed Divisional efforts to comply with certain Auditor-General audit best practices.

Significant Achievements

- The Departmental Internal Audit Organisation progressed considerably on transformational directives and a number of highlights were experienced.
- **Service Inspectors General.** The Plenary Defence Staff Council approved that the inspectors of the Service Inspectors General be regarded also as internal auditors. The Inspector General DOD's primary client remains the Corporate Leadership, whilst the

Service Inspectors General's clients are the Service Chiefs. The Service IGs will conduct performance audits within the Services and regulatory audits for Service specific regulatory aspects.

- **Staffing of Directorate Anti-fraud.** The Plenary Defence Staff Council instructed that the original plan to in-source some of the Directorate Anti-fraud posts be revoked and that eight posts be added to the Inspectorate's establishment table. A well-developed anti-fraud and corruption risk management strategy is now in place to assist with the prevention of fraud and corruption. The Directorate Anti-fraud assisted other stakeholders by initiating a process of recourse. The Chief Military Legal Services completed 34 backlog cases and the Military Police Agency completed seven backlog cases under the Directorate Anti-fraud Programme.
- The Inspectorate attended the European Quality Congress in order to benchmark our developments and experience with the other countries and found that current processes and procedures were in line with international best practices.
- Five Strategic Defence Packages were audited during the FY2003/04. Follow-up audits were conducted on two of the projects, whilst the rest received a positive grading.
- During August 2003 the Defence Inspectorate hosted Australia, Canada, New Zealand, Norway, the United Kingdom, and the United States of America as fellow members of the Association of Defence Auditors Conference and a number of African countries were invited as observers. During this convention it became evident that the Defence Inspectorate, through its endeavours to give effect to the PFMA, attainment of ISO 9001:2000 Certification, institutionalising of the Institute of Internal Auditors Standards and a deliberate education, training and development strategy, is on the cutting edge of contemporary internal audit practices.
- Following guidance from the Audit Committee, the Division decided to embark on a project to implement the Committee of Sponsoring Organisations of the Treadway Commission (COSO) 1992, as amended, a framework for Enterprise Risk Management which aims to enhance assurance to corporate management.
- For the first time since 1994, the Defence

Inspectorate received an unqualified report from the Auditor-General. This is regarded as a major achievement as the Inspectorate was involved in a considerable transformation process.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

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

- Divisional Direction
- Performance Audit
- Regulatory Audit
- Anti-fraud
- Resources Management

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

Performance:

This objective was achieved as planned.

- Inspectorate activities are in accordance with set objectives and timelines indicating successful direction and control in the Division. The Inspectorate audit scope has been covered satisfactorily. The number of reports (including that of the Defence Inspectorate and Services Inspectors General) analysed during this year were 921 on which assurance was provided to the corporate management.
- A comprehensive Education, Training and Development (ETD) plan has delivered a 22% increase in audit and related qualifications underlining the Departmental requirement to invest in skills. A marked improvement in overall competence has assisted the improvement of quality in production regarding audit reports.

Performance Audit: To maximise the performance audit coverage within the prescripts of the PFMA, associated regulations and instructions.

Performance:

This objective was substantially achieved.

- During the financial year the Directorate disposed of the service of six audit teams. During planning, each team was set the objective to complete 13 scheduled performance audits during the year. Provision was also made for five ad hoc audits. During the

year the number of ad hoc requests received, exceed the planned figure. Although ad hoc audits are usually focused and less comprehensive than the scheduled audits, through hard work and effective time management, Directorate Performance Audit take on and completed 14 unplanned ad hoc audits without changing original team objectives. The result was that 83 audits were planned and 97 were completed.

- The Centre for Effect Analysis planned and conducted 80 attitude and opinion surveys. Unit commanders were provided with their own feedback, which led to 236 reports being produced.
- Much of the production time Qualified Performance Auditors lost at the beginning of the year as a result of their role as mentors, was regained when the trainees became more competent and started to function as performance auditors towards the end of the year.

Regulatory Audit: To maximise the regulatory and compliance audit coverage within the prescripts of the PFMA, associated regulations and instructions.

Performance:

This objective was substantially achieved.

- Directorate Regulatory Audit had set a target of 279 audits. A total of 241 audit reports were delivered. The reason for the deviation is the result of changing/rectification of work priorities. While planning schedules included a large number of closing down audits, it, however, became a requirement to address urgent Departmental issues. The result of this was that man-hours were re-allocated and the responsibility of getting units ready for a closing down audit was transferred to the line managers/functionaries.

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

Performance:

This objective was substantially achieved.

- The Directorate Anti-fraud is the main DOD role player in combating fraud and corruption within the Department. In order to perform its task, it liaises and co-operates with internal and external role players. The following targets were achieved:

- The prevention of fraud and corruption is done through specific inputs to functional division heads. These inputs are based on information from completed investigations. The implementation of these suggestions was to be monitored by the Fraud Prevention section. This section did not attain its goals owing to the delay in staffing.
- The Fraud Detection section is responsible for collecting, processing and managing information to activate the investigation process. A total of 98 reports were received over the reporting period. 46 of these reports were received through the toll-free line. A total of 119 cases were reported since the Directorate was established on 01 January 2003. A total of 17 cases were referred to other agencies whilst 17 Detection Reviews were completed.
- The Fraud Investigation section is also responsible for managing the fraud investigation monitoring process and, when fraud is detected, to ensure reaction in a quick, firm, controlled and fair manner. 23 Investigation Instructions were issued to the four (4) investigation teams available. A total of 22 investigations were completed that led to three (3) arrests. These cases were handed over to the appropriate agencies for finalisation and preparation for prosecution.
- The Specialist Services section is responsible for research and development in fraudulent trends, the latest investigation techniques and countermeasures. A special effort was necessary to train the members at the Directorate as the Directorate was understaffed. Forensic investigations were emphasised in order to maximise the fieldwork effort. The National Prosecution Authority (Scorpions) facilitated a basic course to be followed up with an advanced course after a year. Seven members attended seminars on fraud-related topics over the period. Two members completed a Certificate in Fraud Investigation at Pretoria University.
- Unsuccessful and staggered staffing resulted in personnel arriving throughout the year, some members of whom only recently joined the Directorate. Vacancies of 46% still exist in

both Public Service Act Personnel and Military Members. It was especially the staffing of the Fraud Prevention section that faced serious understaffing.

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

Performance:

This objective was substantially achieved.

- This section performed excellently under the circumstances, bearing in mind that their performance depended largely on the co-operation of external clients regarding finalising of staffing aspects, procurement and acquisition over which the Defence Inspectorate had little or no control with regard to expediting processes.

EQUAL OPPORTUNITIES

ANNUAL REVIEW

The importance of equal opportunities to mission readiness cannot be overemphasised. The Equal Opportunities Chief Directorate (EOCD) encompasses the diversity, strength, and knowledge that lie in its most valuable resource - the people. Complete utilisation of this resource, regardless of race, ethnicity, gender, sexual orientation, national origin, religion, age, or level of ability is essential to successful mission accomplishment.

The report of Chief Directorate Equal Opportunities covers policy developments in progress, as well as progress with regard to affirmative action, gender equity, disability equity, development opportunities, research, and evaluation of policies and statistics.

Various DOD policies pertaining to equity were revised and developed over the period under review, most notably the policy on Shared Values which was successfully drafted and is currently awaiting promulgation.

Great strides were made in ensuring that training institutions, in particular, were barrier-free for people with disabilities.

A "Hot Line" was established jointly with the Military Police Agency to monitor violence against women. An

Chief Director Equal Opportunities



Major General
P.R.F. Sedibe, MMM

advertising campaign to launch this service is currently under way.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

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

- Research and Development
- Affirmative Action
- Gender
- Disability

Research and Development

Performance:

This objective was achieved as planned.

- **Equal Opportunity Climate Surveys**
 - The results of the 2002 Equal Opportunities Climate Survey were presented at the Human Resource Staff Council, Plenary Defence Staff Council (PDSC) and DOD Logistic Formation Personnel Officers Conference and later published in SA SOLDIER. The aim was to inform the general population of the DOD on the perceptions and attitudes relating to the status of equal opportunities and affirmative action in the DOD. This was done to ensure that members of the DOD are kept informed about issues that affect mission readiness and unit cohesion. The results were utilised to identify the gaps in the implementation of EO policies and to develop corrective



measures, which address the identified concerns.

- The Equal Opportunity Climate Survey for 2003 was conducted in collaboration with the Inspector General (Effect Analysis) in November 2003 at various units and bases. The results will be made available for publication as soon as they are finalised.
- **Shared Values and Ethics in the DOD.** A Shared Values System in any organisation is crucial as it forms part of that organisation's culture. The Chapters of the lesson plans on the Shared Values in the DOD were compiled and handed over to the Chief of Joint Training for implementation in the development and functional courses. The implementation plan commenced with the involvement of EOCD in briefing the DOD members deployed in Burundi on the Shared Values and Ethics in the DOD. The said values and ethics promote mission readiness and esprit de corps. Therefore, EOCD managed to secure a permanent slot at the DOD Mobilisation Centre where Shared Values and Ethics are presented to members who are to be deployed in the various countries in the region.
- **Focus Groups.** Focus groups continued to explore and determine the obstacles and challenges that affect the working environment and the lives of people with disabilities in the DOD.
- The Chief Directorate also continued with the research projects on women in combat and homosexuality in the DOD to determine the perceptions and attitudes of the members and employees on these issues. The aim is to come up with an appropriate corrective measure or intervention strategy to address the identified problems, fears or concerns. Investigations were carried out in units and bases around the Western Cape and the KwaZulu-Natal regions and will be extended to the remaining areas during the first quarter of 2004. Other focus group interviews were conducted with the women who were on deployment in Burundi with the purpose of determining their needs, concerns, experiences and obstacles that affect their working environment during deployment. The research formed part of the overall database on women in combat roles.
- **People with Disabilities.** Members participated in the celebrations of the International Day of Disabled Persons at Nelspruit, Mpumalanga and also attended the Rehabilitation International Africa Regional Conference on People with Disabilities in Durban. The purpose of the Chief Directorate's involvement was to gather vital information and to identify challenges and other issues relating to people with disabilities for research purposes. Some of the main issues were Community-based rehabilitation, disability and development, the rights of people with disabilities, as well as conflict and disability.
- **Visit to the UK MOD.** Members of the Chief Directorate went on a fact-finding mission to the UK MoD Joint Equality and Diversity Training Centre, Shrivenham. The visit was for benchmarking their diversity and equality training as well as their policy on fraternisation.
- **Suspension of IMET Programme.** With the suspension of the US International Military Education and Training (IMET) programme a need was identified to explore and investigate international EO institutions. This enables the EOCD to do benchmarking with international organisations (state or otherwise). Two EOCD personnel visited the Tri-Service Equal Opportunity Training Centre in the United Kingdom. The aim was to establish the feasibility of the establishment of an EO and AA Training School.
- **Policy on Military Fraternisation.** Research is being undertaken on the framework of this prospective policy. Defence advisors and military attachés, through Defence Foreign Relations, have been requested to assist in this matter. Mozambique, the United States and Argentina have responded so far and the matter will be pursued with their respective defence advisors. Information will be processed for developing the Policy on Fraternisation.
- **Military Professional Resources Incorporated (MPRI).** A member of the Chief Directorate attended the Instructor's Course on Policy Writing in the USA with a view to imparting the knowledge acquired by being involved in the training of DOD Policy writers in the future.
- **The Third African Women Peace Table Seminar.** Attended the Third African Women Peace Table Seminar hosted by the

Deputy Minister in October 2003.

- **Awareness Programmes.** The Equal Opportunity sensitisation and developmental programmes are designed to create awareness, increase knowledge and specifically to address perceptions as well as attitudes of commanding officers, middle managers, warrant officers and senior non-commissioned officers in the DOD.
- **Equal Opportunities and Affirmative Action Seminars.** These seminars create awareness and address issues such as diversity, discrimination, racism, sexism, affirmative action, etc. During the reporting year, 13 seminars were presented to the above target group and a total of 334 DOD participants have been sensitised. The groups were representative in terms of race, gender, disability, rank and management level. The seminars will enable the participants to identify unfair discrimination in their area of responsibility and to take appropriate action.
- Three meetings were held with the Multi-skilled Functionaries (EO assistants) to evaluate, monitor and assess their training schedules and material that is presented at General Support Bases and units. The aim was to standardise all EO and AA training material, give advice and to address the difficulties the EO assistants experience at their level. The issue of commitment of the commanding officers with regard to the implementation of the EO and AA policy was also addressed.
- An EO assistant Course was presented from September to October 2003 in Pretoria. A total of 21 students passed the course, where they acquired the necessary knowledge, EO and cultural background, as well as presentation skills to equip them to assist and advise the commanding officers on the implementation of EO and AA policies.

Affirmative Action

Performance:

This objective was substantially achieved as planned.

- EOCD conducted roadshows to the Western Cape in November 2003 and the Limpopo Province in March 2004. The roadshows were aimed at popularising the acceptance of the Equal Opportunities and Affirmative Action objectives in the DOD. The roadshows also assessed and enhanced the compliance of the Services and Divisions with equity legislation. The roadshows also assisted in identifying problematic areas (red-light/hotspots) regarding attitudes, prejudices, discrimination and racism in the DOD. Reports on the roadshows were submitted to the Minister of Defence, the Secretary for Defence, the Chief of the SANDF and the Service Chiefs. The remaining EOCD roadshows will cover the areas as per plan in the new financial year.
- EOCD hosted the quarterly DOD Affirmative Action Forum where decisions on the progress reports, submissions and the attainment of the representivity objectives by the Services and Divisions were made. The hosting of the DOD Affirmative Action Seminars in 2003 created synergy between Human Resources and Equity implementation in the DOD and assisted in ascertaining top management's buy-in, advocacy and visible commitment on the implementation. The critical areas highlighted in the seminar were the imbalances related to the attainment of racial, gender and disability representivity targets in the different rank/level groups.
- The DOD Fast Tracking Policy, of which the EOCD is the process owner of the implementation, was promulgated in October 2002. In October 2003 EOCD initiated and established

Table 5.4. Targets as Prescribed by the White Paper on Affirmative Action, March 1998

| | Blacks | Women | People with Disabilities |
|------------|-------------|-------------|--------------------------|
| Required % | 30% by 1999 | 30% by 1999 | 2% by 2005 |

| DOD STRENGTH REQUIRED BASELINE PER RACE | | | | | |
|-----------------------------------------|---------|--------|----------|--------|-------|
| | African | White | Coloured | Indian | TOTAL |
| Required % | 64.68% | 24.35% | 10.22% | 0.75% | 100% |



the first DOD Fast Tracking Assessment Board, which is aimed at critically reviewing implementation process of fast-tracking by the Services and Divisions. The second DOD Fast Tracking Assessment Board meeting was hosted by EOCD in February 2004. The terms of reference, Constitution of the Board and the way forward were outlined. Services and Divisions were requested to publicise their Implementation Instructions and career managers were instructed to commence with implementation.

- The DOD utilised both the targets set by the White Paper on Affirmative Action and the Defence Review as noted below.

The Affirmative Action section also monitored the Services and Divisions representivity status according to the White Paper on Affirmative Action terms of reference, ie:

- Service/Division Representivity Breakdown by Race, Gender and Disability.
- Recruitment/Selection.
- Promotions.
- Training and Development and Training Expenditure.
- Performance Rewards.
- Terminations.

For detailed performance against plan, see Chapter Three on the Tables pertaining to representivity in respect of race, gender and disability for all salary bands and musterings.

Risks and Implications. Critical under-funding severely impacts on the effectiveness of the Affirmative Action Section objectives and the attainment of the DOD Transformational Imperatives.

The historical legacy of the over-represented rank and level groups and the absence of an effective exit management strategy, which could help improve the current representivity. It is therefore hoped that the introduction of the Interim Mobility Exit Mechanism (IMEM) will alleviate the problem.

Gender

Performance:

This objective was achieved as planned.

- **Gender Sensitisation**
 - The Chief Directorate continued to engage the EO/AA Advisory Board on

Gender representivity at Senior Management Service (SMS) and middle management level.

- A hotline system to be used for reporting cases of sexual harassment and gender-based violence in the DOD was introduced.
- The Gender section also conducted presentations on gender to the Army Command Council and DOD Inspector General. At strategic level the aim was to sensitise senior members of the DOD on gender issues in order to facilitate behaviour modification that will contribute to the attainment of gender equity in the Department.

● Reports

- A presentation was made to Parliament on all the functions of the Gender Focal Point. The aim of the presentation was to reflect the status of women in the organisation. All Government departments reported on the status of gender in their respective departments. The presentation of the DOD Gender Focal Point was commended as the most informative briefing.
- A progress report on gender for the past five years was submitted to the Deputy Minister of Defence, Ms N.C. Madlala-Routledge. Activities of the Affirmative Action, and Disability Equity were also included. In addition the comparative picture from 1994 to 2004 was also reflected in order to demonstrate the achievements made in the past ten years of democracy.

● Strategic Meetings Attended

- The Office on the Status of Women (OSW) met quarterly to discuss gender related issues with the Gender Focal Point representatives of all Government departments. In February 2004 the OSW Gender machinery met for the preparation of the National Women's Day. Furthermore, feedback was given on gender activities that took place at Departmental level.
- The regular monthly Gender Forum meetings took place as scheduled and general planning of gender activities took place.
- **NEPAD Programmes**
 - Members of the Chief Directorate attended the Inter-Congolese Women's

Dialogue in Pretoria at the invitation of the First Lady of South Africa, Mrs Z. Mbeki. The following visits were also undertaken:

- As part of the NEPAD Programme, the Chairperson of the Gender Forum attended a seminar in the DRC at the invitation of the Spousal Office in the Presidency. The purpose of the seminar was to follow up the Inter-Congolese Women's Dialogue that took place in Pretoria in March 2003.
- A member of the Chief Directorate accompanied the Deputy Minister of Defence on the state visit to the DRC. The aim of the visit was to give the Congolese women the support they needed during the transformation process.
- The Deputy Minister of Defence, through the Gender Focal Point, with Safer Africa as a sponsor, organised the African Women's Peace Table, which included members from the SADC countries. The aim of the Peace Table Seminar was to discuss how women serving in the Defence and Security sector of SADC can contribute to the implementation of the NEPAD principles.
- **Gender Awareness Campaigns**
 - **SA Women's Day.** The SA Women's Day was celebrated on 07 August 2003 in Thaba Tshwane. The aim of the commemoration was to heighten gender awareness among members of the DOD.
 - **Annual Bus Trip.** The Gender Forum annually arranges a bus trip to some welfare or cultural place in Gauteng. The aim of the trip is to market the DOD Gender Focal Point in the community. During the period under review, the visit was to the Optima College for the Blind in Pretoria, and to the SOS Children's Village in Mamelodi.
 - **Gender Training for Capacity Building.** Three courses were arranged for the training of Military Police Agency members who will operate the hotline for reporting cases of sexual harassment and Gender-based Violence in the DOD. The MPA members were chosen from all the regions of the military police formations.
- **Commissions of Inquiry and Investigations**

- **Commission of Inquiry.** The Gender Focal Point was requested by the DOD Inspector General to participate in a commission of inquiry that was probing issues of racism, corruption and lack of compliance with orders from higher authority.
- **Allegation of Sexual Harassment.** The Chief Directorate participated in the investigation into an allegation of sexual harassment. On completion of the investigation, a report was compiled and appropriate measures taken.

Disability

Performance:

This objective was achieved as planned.

- Barrier-free access to DOD amenities was the one area that received the most attention. The Chief Directorate recognised the fact that only through providing a barrier-free environment will the Department be able to accommodate the diversity of needs that will enable employees to move around in the working environment freely and unhindered.
- Considerable progress was made in building ramps, rails and accessible toilets and showers for people with disabilities at nine units/bases throughout the DOD. The biggest problem identified in this endeavour was the bureaucracy, costs involved and the apparent challenges faced by the Department of Public Works in adapting State buildings to provide for the needs of people with disabilities. The Plenary Defence Staff Council allocated an additional R200 000 to the Equal Opportunities Chief Directorate in the FY2003/04 to address the aforementioned priorities.
- The DOD spent in total R292 283 during the reporting period to adapt DOD facilities for persons with disabilities.
- The lack of financial resources in the DOD to address disability equity sufficiently could possibly lead to the following risks:
 - 1 *External Threats.* Non-compliance with national legislation and Departmental policies.
 - 1 *Liability Risks.* Possibility of claims from disabled persons in terms of the non-adherence to disability equity principles as prescribed by law.

- *Dysfunctional Workplaces.* The risk to disabled employees from a dysfunctional DOD environment which does not comply with prescribed equity principles, and the risks to the DOD from these employees working in such an environment.
- The Chief Directorate, in conjunction with the University of the Witwatersrand, conducted Beginners and Intermediate Sign Language Courses during June and July 2003. The DOD, in terms of the White Paper on an Integrated National Disability Strategy, is committed to providing people with disabilities with information in forms accessible to them. The DOD considers access to communication as an integral part of the equalisation of opportunities for people with communication disabilities, such as deaf people, people with speech difficulties and people with visual disabilities.
- Six DOD Disability Forums were co-ordinated and held every second month to facilitate the process of fair acknowledgement of the rights of people with disabilities at all levels in the DOD and to determine the gap and required change. The DOD Disability Forum ensures the promotion, protection, development and attainment of equal opportunities for people with disabilities in the DOD.
- The Disability Equity Section of the Chief Directorate attended four Inter-departmental Collaboration Committee on Disability meetings at the Office on the Status of Disabled Persons in the Presidency. This was done to ensure the DOD's collaboration on repositioning disability as a development issue in South Africa, Africa and other developing parts of the world.
- Casual Day as the biggest fund and awareness-raising event in South Africa for people with disabilities and organisations providing for the needs of disabled persons was supported throughout the DOD on 05 September 2003. The Chief Directorate's Disability Equity Section collected more than R115 000.00 in this endeavour. The Curamus Association, which is directly involved with the DOD, benefited from the DOD's involvement in the Casual Day proceedings.
- The DOD participated in the national celebration of the International Day of Disabled Persons on 03 December 2003. The 2003 national celebration of the International Day of Disabled Persons was hosted by the Premier's Office in Mpumalanga at Nelspruit. The main focus of the said celebration was to promote and honour persons with disabilities and to reaffirm Government's commitment to their upliftment. The DOD, through its participation, demonstrated to South African society and the disabled community its commitment to promoting disability equity and raising awareness about people with disabilities, their rights, needs, potential and contribution.
- The Chief Directorate continued its effort to collect and gather data and information on the number of people with disabilities and their working conditions in the DOD. Eight fact-finding missions to DOD institutions on lower level structures were organised. This was done to identify the size and dynamics of problems impacting on disability equity in the DOD.

COMMAND AND CONTROL

ANNUAL REVIEW

The period between April 2003 and March 2004 placed a high demand on the Joint Operations Division staff owing to the migration into the new three tier organisational structure. The new structure comprises a strategic level divisional headquarters, a joint operational headquarters at the operational level, and nine joint tactical headquarters on the tactical level for each province. The Special Forces Brigade Headquarters remains unchanged under command of the Chief at Joint Operations.

The Joint Operational Headquarters became operational at the end of April 2003, taking over the responsibility of conducting internal and external operations from the Divisional Headquarters. During this period the 5 Regional Joint Task Forces officially handed over their responsibilities to the newly established Joint Operational Headquarters. Owing to the "New Joint Operations" environment, all stakeholders and role players involved in the planning, execution and sustainment of operations have been identified and formal liaison channels and forums have been established and reconfirmed.

The main focus of the Joint Operations Divisional Headquarters is on directing, planning and conducting operations in accordance with the Military Strategy and Employ Forces Strategy. The missions cover the three military strategic objectives, namely, 'Defence Against Aggression', 'Support to the People', and 'Promote Regional Security'. Operations related to 'Support the People' and 'Regional Security' dominated the Joint Operations activities during the period of reporting. Activities in the field of regional security have increased with the deployment of additional forces in support of the United Nations mission in the Democratic Republic of Congo, and the African Union Mission in Burundi.

Chief of Joint Operations



Lieutenant General
G.N. Ngwenya, MMS

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

This programme consists of the following subprogrammes:

- Operational Command and Control
- Special Operations
- Conventional Headquarters

Operational Command and Control: Headquarters to exercise Command and Control of all SA National Defence Force operations through subordinate operational headquarters for the successful achievement of missions and operations.

Performance:

This objective was achieved as planned.

- **External operations.** Details of external operations are shown in Table 6.1.

Table 6.1. External Operations

| Operation and Duration | Aim and Nature | Area | Force Elements ¹ |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FIBRE Continuous since November 2001 | Deployment of South African Protection and Support Detachment to protect returning leaders from exile to participate in the Transitional Government of Burundi | Burundi | AU Mission in Burundi (AMIB) (Max 1600) ¹ AMIB HQ Staff (70) ¹ Main Force (1 083) ¹ VIP Protectors (316) ¹ National Contingency HQ (114) ¹ Military Observers 20) |
| MISTRAL Continuous since February 2001 | Deployment of SANDF Elements in support of MONUC throughout the DRC | DRC | ¹ SANDF Specialised Contingent Elements (147) ¹ Staff Officers/Military Observers (14) ¹ SA Task Force HQ Staff (99) ¹ Infantry Battalion (+ Medium Light Infantry) (850) ¹ Engineer Squadron (+Medium Light Infantry) (175) ¹ Engineer Ferry Unit (16) ¹ Military Police Agency (16) ¹ Support Elements (100+) |
| ESPRESSO Continuous | Deployment of UN Military Observers in Eritrea and staff to the AU in Ethiopia | Ethiopia Eritrea | UNMEE ¹ Military Observers (5) ¹ Staff Officers (5) OLMEE ¹ Senior Military Representative and Staff (3) ¹ Capital Liaison Officer in Addis Ababa |
| AMPHIBIAN Continuous | Deployed in support of the Third Party Verification Mechanism to monitor the Pretoria agreement | DRC and Rwanda | ¹ Members (2) |
| MONTEGO Continuous | Personnel deployed in support of UN Mission in Liberia | Liberia | ¹ A Law Officer ¹ A Force Medical Officer ¹ A Geographic Information Systems Non-commissioned Officer |

- **Internal Operations.** Details of internal operations are shown in Table 6.2.
 - *Operation INTEXO (Borderline Control Operation).* Operation INTEXO is an ongoing operation as part of the SA National Defence Force's commitment to combating transborder crime. Other operations that form part of Operation INTEXO include SA Air Force and SA Navy operations along the coast of South Africa within its Exclusive Economic Zone in order to combat illegal fishing

and smuggling of the country's marine resources. On average, 11 companies are deployed along the national borders at any one time for this purpose. They are deployed along the following borders:

- Lesotho: Free State Province, Eastern Cape Province and KwaZulu-Natal.
- Mozambique: Swaziland and KwaZulu-Natal.
- Botswana: North Western Province.
- Zimbabwe: Limpopo Province.
- *Operation STIPPER (Rural Safeguard-ing in*

¹ Personnel strengths shown in brackets.

Support of the SA Police Service). This ongoing rural safeguarding operation is co-ordinated at Joint Tactical Headquarters level. The Army Territorial Reserve reacted to criminal activities and several successes were achieved in co-operation with the SA Police Service.

- *Combating of Organised Crime and Enforcement of State Authority.* Inshore patrol vessels operating from Simon's Town were utilised extensively for the anti-poaching operation conducted in co-operation with Department of Environmental Affairs and Tourism (DEAT), the SA Police Service and Marine and Coastal Management in the Gansbaai/Hermanus areas. Marine and Coastal Management and the Border Police have conducted borderline integrity and fishing patrols off the coast of Natal adjacent to Mozambique and a West Coast Patrol assisted in the effort.
- *Operational Successes.* The following successes were achieved in the execution of Operation INTEXO and Operation STIPPER between 01 April 2003 and 31 March 2004:
 - Weapons found: 2 451.
 - Narcotics confiscated.

- Dagga: 70 450 kg.
- Mandrax: 3 930 kg.
- Livestock recovered: 3 360.
- Undocumented migrants apprehended: 74 067.
- Stolen vehicles recovered: 863.
- Suspects apprehended: 11 852.

- **Joint and Multinational Exercises.** Details of the exercise conducted are shown in Table 6.3.

- *Joint Exercises.* Several joint exercises were planned and executed during the reporting period. These included exercises GOLDEN EAGLE and RED LION where the operational capability of the SA Air Force and SA Navy in a joint environment was determined and evaluated. Exercise SEBOKA evaluated the SA Army's operational capabilities and its capability to support its formal courses presented at the SA Army Combat Training Centre.

- *Multinational Exercises.* Several multinational exercises were planned and executed during the reporting period. This included Exercise RAINBOW TREK and Exercise AFRICAN SHIELD. While the latter focussed on the conduct of a multinational command post at an operational

Table 6.2. Internal Operational Deployments

| Operation and Duration | Aim | Area | Nature and Number of Members Deployed | Description |
|------------------------------------------------------|-------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| INTEXO Continuous | Border protection | Swaziland, Zimbabwe and Lesotho borders | Border patrols to prevent illegal border crossings into the RSA 1 848 (11 infantry companies) | Conducted in conjunction with SAPS Border Police |
| STIPPER Continuous | Rural safeguarding in support of the SAPS | Rural areas of the RSA | Reaction to incidents of violence in rural areas, area patrols 782 | Deployment of commando members to assist the SAPS in rural safeguarding |
| BARRIER 28 January - 23 March 2003 | Support to the SAPS | All provinces of the RSA | Safeguarding of World Cup cricket games in RSA | Ensuring internal security at cricket matches |
| NEPTUNE Six deployments of eight days each | Crime prevention | Western Cape coastline | Inshore patrols/divers. Between 8 and 22 members per deployment | Anti-poaching operation conducted in co-operation with DEAT, the SAPS and Marine and Coastal Management |



Table 6.3. Joint and Multinational Exercises

| Exercise Name, Duration and Location | Aim | Nature and Number of Members Deployed | Participating Forces |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GOLDEN EAGLE 09 - 20 June 2003 Louis Trichardt, Limpopo/ Hoedspruit, Mpumalanga | To determine and evaluate the SA Air Force's current operational capability in a joint environment | Exercising of air defence and air offensive operations | Elements from SA Air Force, SA Army, SA Navy, SA Military Health Service, Special Forces; a support unit and a signals troop. |
| RED LION 02 - 23 June 2003 Simon's Town to Richards Bay, KwaZulu-Natal | To determine the SA Navy's current operational capability in a joint environment | Evaluate Fleet operational readiness, Command and Control and effectiveness of weapons systems | SAS DRAKENSBERG, SAS OUTENIQUA, ISSAC DHYOBHA, UMZIMKULU, GALESHEWE, MAKHANDA, ADAM KOK, UMHLOTI, KAPA, ASSEGAI |
| SEBOKA 25 September - 31 October 2003 SA Army Combat Training Centre (Lohattha), Northern Cape | To evaluate the SA Army's operational capabilities and support its formal courses | Training related to conventional warfare, techniques and procedures | Brigade Headquarters (minus ²) and various Army units |
| EMEX 17 - 20 February 2004 Koeberg, Western Cape | To exercise emergency procedures at Koeberg Nuclear power station | To plan for potential occurrences of radiological consequences to the general public surrounding Koeberg | 2 x military observers |
| SAAF CPX 16 - 27 February 2004 Air Force Command Post, Pretoria, Gauteng | SAAF to determine procedures and conduct planning for participation on a joint environmental exercise during Exercise INDLOVU | Nuclear power station To exchange experiences and validate the operational procedures on the establishment of a tactical HQ | SAAF planners, Army controllers, SA Navy controllers, a Human Resource Support representative, CMI representatives, Military Police Agency representative and a law officer |
| RAINBOW TREK 31 March 2003 - 11 April 2003 Richards Bay, KwaZulu-Natal | To exercise Peacekeeping/Peace Enforcement Exercises with the FASZOI forces | Peacekeeping/ Peace Enforcement | RSA Task Force Commander, planning staff, and other elements from the SA Army, SA Navy, SA Air Force, SA Military Health Service, Command and Management Information Systems, Military Police Agency, Corporate Communication, Defence Intelligence and Military Legal Service |
| BLUE ANGEL 14 - 24 August 2003 Zambia | To enhance SADC planning and execution capabilities in humanitarian-relief operations as well as disaster-relief operations | Collateral support as part of military strategic objective 'Support to the People' | Elements from the SA Air Force, SA Military Health Service, Corporate Communication, Command and Management System, and Chaplain General |

² This means that some elements of the Brigade Headquarters were excluded.

| Exercise Name, Duration and Location | Aim | Nature and Number of Members Deployed | Participating Forces |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FLINTLOCK 25 June - 02 August 2003 Bloemfontein, Free State | To conduct a multinational airborne-focussed field exercise as an element of a peace-support operation | Peacekeeping exercise, Defence against aggression | RSA Task Force HQ, elements from the SA Army, SA Air Force, SA Military Health Service, Joint Support, Military Police Agency, and Command and Management Information System |
| AIR CONCENTRATION TRAINING UK 15 February - 14 April 2003 and 17 October - 12 December 2003 Oudtshoorn, Eastern Cape | To conduct HALO parachute training | Parachute training | Logistic support to United Kingdom forces by Army Support Base Oudtshoorn |
| LAUREL 03 - 09 November 2003 Durban, KwaZulu-Natal and Simon's Town, Western Cape | To exercise interoperability between the USA Navy and the SANDF | Port visit and Navy/SA Air Force exercise | Elements from the SA Navy and SA Air Force |

level for peace-support operations, the former focussed on the execution of peacekeeping/peace enforcement with the French Forces in the Southern Indian Ocean (FASZOI), and it took place at Richards Bay.

Special Operations: To provide and employ a special operations capability within the approved Special Forces mandate for the SA National Defence Force.

Performance:

This objective was achieved as planned.

- Special Forces Exercises/Operations:
- **Joint Exercises.** Special Forces Formation executed several joint exercises during the reporting period. This included Exercise AMNIO aimed at confirming the SA National Defence Force's Joint Sea-Borne Special Operations capability and Exercise KHUTSONG with the aim of conducting joint hostage release/rapid reaction training with the SA Police Service Special Task Force. The outcome of these exercises is to ensure that joint execution of hostage release/rapid reaction is possible between SA Special Forces

and the SA Police Service Special Task Force.

- **Multinational Exercises.** Special Forces Formation participated in several multinational exercises during the reporting period. These included Exercise BEGUM, with the aim of conducting a multinational hostage-release exercise, between SA Special Forces, Jordanian Special Forces, SA Police Service Special Task Force and the SA Police Service Hostage Negotiations team and Exercise ROTOR with the aim of conducting a multinational command post exercise for a Non-combat Evacuation Operation between SA Special Forces and US Special Forces.

Conventional Headquarters: These are ordered operations for which no provision is normally made owing to their unexpected and unforeseen nature, but once ordered for which specific provision has been made and approved by Cabinet and the President.

Performance:

This objective was achieved as planned.

- **Humanitarian Relief.** Details of Humanitarian Relief operations are shown in Table 6.4.



Table 6.4. Humanitarian Relief

| Operation and Duration | Aim and Nature | Area | Forces |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------|
| INKUNZI May 2003 | Deployment of humanitarian assistance to Algiers as requested by Department of Foreign Affairs - Deployment of RSA Search and Rescue Team | Algeria | Civilians (44) Military Personnel (42) |

Note: Personnel strengths shown in brackets.

- **Ad Hoc Deployments.** Details of Ad Hoc Deployments are shown in Table 6.5. below

Table 6.5. Ad Hoc Deployments

| Operation and Duration | Aim and Nature | Area | Forces |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------------------------------|
| BANDEIRA June - July 2003 | Deployment in support of Department of Foreign Affairs - rendering services during AU summit | Mozambique | Personnel (37) |
| LARIAT II 03 - 08 September 2003 | Assistance to the Royal Australian Navy (RAN) to arrest fish poachers - Transportation and transfer of RAN personnel and equipment | Atlantic Ocean | SAS DRAKENSBERG, SAS GALESHEWE |
| KATUSHA December 2003 to January 2004 | Deployment in support of the Department of Foreign Affairs in support of Haiti bi-centenary celebrations | Haiti | SAS DRAKENSBERG and one Oryx helicopter (152) |
| SUNRAY June to September 2003 | Deployed in support of European Union mission to Ituri - Deployment of personnel and equipment | DRC - Ituri Province | Personnel (22) Two Oryx helicopters |

Note: Personnel strengths shown in brackets.

LANDWARD DEFENCE

ANNUAL REVIEW

The SA Army contributed to the achievement of the Department of Defence's outputs through the provision of Landward Defence Capabilities. The SA Army provides land forces that contribute to 'Defence Against Aggression', 'Regional Security' and 'Support to the People'. These consist of Strategic Direction, Infantry, Armour, Artillery, Air Defence Artillery, Engineer, Operational Intelligence, Training, Operational Support and Command and Control.

FY2003/04 saw a continuation of high levels of operational activity involving the SA Army. The Army provided two infantry battalions supplemented by engineers and other support elements for deployment in Burundi and the Democratic Republic of Congo. Twelve Regular Force companies and 23 Reserve Force platoons were deployed internally under extremely restrictive funding conditions, on a continuous basis. The engineer capability also performed various collateral tasks in support to the people of the RSA.

Force preparation took place despite limited funding. As part of force preparation, the SA Army participated in one single service exercise (Exercise SEBOKA), one joint exercise (Exercise DRAGON), and three multinational exercises (Exercises OXIDE, RAINBOW TREK and FLINTLOCK). Exercise SEBOKA, a brigade level exercise, was a resounding success. It is a cause for concern that only one exercise of this nature can be conducted each year instead of the three required. 15 776 SA Army members also qualified on formal career developmental courses during the year.

In terms of structuring, the SA Army has, in accordance with its core functions and affordability, made progress in the phasing out of the Commandos. It is currently awaiting the SA Police Service Entry Strategy before the phasing out can be finalised. The past financial year has, however, been a challenging one for the logistics environment due to the limited budget, and the ever-increasing costs of sustainment of main combat equipment, facilities, and general commodities. Severe underfunding in these environments is having a serious negative impact on the combat readiness of SA



Chief of the SA Army

Lieutenant General
G.L. Ramano, SSAS,
SD, MMS, MMM, MMB



The G6 self propelled gun on the move

Army capabilities. On a more positive note, disposal efforts have been stepped up, and the SA Army expects to receive some financial relief from this source.

As human resources is one of the most important components in the SA Army, the initiation of the Military Skills Development System is seen as the highlight of the past year as it marks the beginning of the rejuvenation of the SA Army. The Leadership, Command and Management Principles (LCAMPS) has been further institutionalised, and the South African Excellence Model and Risk Management systems are in the process of being implemented. It is foreseen that these initiatives will result in great service delivery improvements in the provision of Landward Defence in future.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Landward Programme consists of the following subprogrammes:

- Strategic Direction
- Infantry Capability
- Armour Capability
- Artillery Capability
- Air Defence Artillery Capability
- Engineer Capability
- Intelligence Capability
- Support Capability

Strategic Direction: To direct, orchestrate and control the SA Army in the achievement of its mission.

In order to achieve this objective the SA Army Office is structured as follows:

- Office of Chief of the Army.
- Chief Directorate for Army Force Structure.
- Chief Directorate Army Force Preparation.
- Chief Directorate Army Corporate Services.
- Chief Directorate Army Reserve Forces (newly established).

Performance:

This objective was substantially achieved.

- **Force Structure Development.** Chief Director Army Force Structure initiated an investigation into the SA Army Force design and armaments in order to ensure compliance of the Force Employment Strategy and Medium-term Guidelines of Chief Joint Operations. Progress was also made regarding the phasing out of the Commandos over the period FY2004/05 to FY2008/09. It is cur-

rently awaiting the SA Police Service Entry Strategy before the phasing out of the Group Headquarters and Army Territorial Reserve can be finalised.

- **Logistic Management.** The SA Army Stock Policy, SA Army Vehicle Strategy and the SA Army Ammunition Strategy have been approved and will be implemented from 01 April 2004. Members of the SA Army attended the SA Bureau of Standards ISO 14001 Environmental Management System and Auditing course during the past financial year with the intention of implementing these practices on 1 April 2004.
- **Human Resources Planning.** Legadima, the newly developed Information Technology budgeting tool for human resources, was utilised for the first time to determine the SA Army Personnel Expenditure for FY2005/06. A Reserve Force section was also established in the Human Resource Planning environment to assist with the phasing out of the Commando system.
- **Policy Development.** A total of 52 SA Army policies were registered, 38 were promulgated, and another 36 are in the process of promulgation. 11 Publications were registered, three were promulgated, and eight are in the process of promulgation
- **Education, Training and Development.** 57 Foreign learners attended 13 SA Army courses, 15 776 SA Army members were qualified on formal career developmental courses, 597 members of the SA Army attended symposia and seminars, and 184 curricula developed and approved.
- **Military Skills Development.** The 2004 and 2005 Military Skills Development Plans were completed, and the 2004 plan is currently being executed.
- **Organisational Development.** The centralisation of the Organisational Development (Renewal) within Chief Directorate Corporate Services has also been finalised and is contributing to improved performance and cost reductions. Previously the renewal function was decentralised to the various Formation Headquarters. The LCAMPS Strategy was also finalised. The implementation of the South African Excellence Model within the SA Army was piloted at the SA Air Defence Artillery Capability. A number of SA Army members were trained as occupational, health and safety instructors, with

the intention of addressing some of the occupational, health and safety deficiencies that currently exist within the SA Army. The SA Army Information Technology/Local Area Network Master Plan was completed and computer hardware was distributed to the lowest levels to help facilitate the processes of the SA Army.

- **Army Reserves.** Despite the planned phasing out of the Commando system, good progress has been made towards the "One Force Policy". FY2003/04 saw various highlights in terms of the rejuvenation and transformation of the SA Army Reserves under the auspices of Project PHOENIX. These highlights included:
 - The restructuring of Chief Directorate Army Reserves in line with transformation objectives.
 - The appointment of Major General K.M. Mokoape as the new Chief Director Army Reserves.
 - The appointment of Reserve Senior Staff Officers (including former Non-statutory Force members) within SA Army Office, Chief Directorates, and the Formations.
- An orientation course was presented from 19 to 29 February 2004 at the SA Army College for 23 newly appointed senior Army Reserve Force officers (11 former Non-statutory Force and 12 former Statutory Force members). Induction training for the appointees in the various Chief Directorates and Formations commenced towards the end of the financial year.

Infantry Capability: To provide the Infantry Capability of the Landward Defence Programme.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Infantry Capability was required to provide:

- An Infantry Formation Headquarters.
- Corps School (Training Capability).
- Infantry Battalions comprising:
 - Mechanised Infantry
 - Motorised Infantry
 - Light Infantry
 - Specialised Infantry
 - Parachute Infantry
- Group Headquarters.
- Army Territorial Reserve (Commandos) units.

Performance:

This objective was substantially achieved.

- The Infantry capability succeeded in providing two battalions for deployment in Burundi and the Democratic Republic of Congo, as well as eleven Regular Force companies and twenty-three Reserve Force platoons internally under extremely restrictive funding conditions.
- The formal training presented at the Infantry School, 1 South African Mechanised Infantry Battalion, 12 South African Specialist Infantry Battalion and 44 Parachute Regiment was consistent and highly effective. There are, however, factors that negatively influence the combat readiness of the Infantry capability:
 - Force training is currently focussed only on those forces deploying outside the RSA, while regular force training in the form of retraining of the Infantry soldier is at a dangerously low level due to financial constraints.
 - The health status and age of troops are also areas of concern as these are putting the achievement of force preparation and force employment objectives at risk. The Parachute capability is of special concern. These issues are currently being addressed through the Military Skills Development System.
- The combat readiness of the Mechanised, Motorised, and Light Infantry has been adversely affected by
 - the availability and serviceability of echelon vehicles;
 - constraints on the acquisition of ammunition for main combat equipment; and
 - the understaffing of Army Conventional Reserve units. Project PHOENIX is attempting to address this shortfall.

Armour Capability: To provide the Armour Capability of the Landward Defence Programme.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Armour Capability was required to provide:

- An Armour Formation Headquarters.
- Corps School (Training Capability).
- Tactical Tank Regiment Headquarters and Tank Squadron as Core Growth Capability including a Tank Transporter Troop.

- Tank Regiments.
- A Tactical Armoured Car Regiment Headquarters and Armoured Car Squadrons including an Anti-tank Missile capability.
- Armoured Car Regiments.
- An Armoured Car Reconnaissance Regiment.

Performance:

This objective was partially achieved.

- No armour exercises were conducted, and only limited continuation training could be undertaken. Financial constraints impacted on the utilisation of the Rooikat armoured car squadron, and the availability and serviceability of support vehicles.
- The age and health status of the Human Resources component of the Armour capability is of concern. An insignificant inflow of personnel in terms of the Military Skills Development System is taking place. The situation will only improve when intakes take place in larger numbers.
- Achievements included
 - the deployment of a dismounted armour subunit on borderline control operations (Operation INTEXO) on the Lesotho/Eastern Free State border for three months; and
 - the qualification of 1 740 learners on 103 military courses presented by the School of Armour.

Artillery Capability: To provide the Artillery Capability of the Landward Defence Programme.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Artillery Capability was required to provide:

- An Artillery Formation Headquarters.
- Corps School (Training Capability).
- Composite Artillery Regiment.
- Light Artillery Capability.
- Medium Towed Artillery Capability.
- Medium Self-propelled Artillery Capability.
- Multiple Rocket-launched Artillery Capability.
- Artillery Mobilisation Regiment.

Performance:

This objective was partially achieved.

- The Regular Force component of the Artillery capability mainly staffs a composite artillery regiment and the artillery mobilisation regi-

ment. The rest is generally manned by the Reserve component. There is a dire need for support vehicles, equipment and funds for sustainability.

- A highlight was the commissioning of the Artillery Target Engagement System, which will greatly enhance the artillery's capability.
- While the general human resources capacity is at a satisfactory level, there is, however, concern about the limited number of specialist personnel especially in the self-propelled and multiple rocket-launched artillery environments.
- The Artillery Mobilisation Regiment is responsible for the provision of effective storage and maintenance of all artillery main equipment, ancillary equipment and vehicles and is currently performing satisfactorily.
- The Reserve Force regiments are below critical mass in terms of their human resources component. Although initiatives have been launched to recruit members for appointment in the Reserves, the actual feeding of these units with young and healthy soldiers will remain a strategic issue in the medium term. While these regiments are fully equipped with artillery main combat equipment, there is a vehicles and equipment.

Air Defence Artillery Capability: To provide the Air Defence Artillery Capability of the Landward Defence Programme.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Air Defence Artillery capability was required to provide:

- A Formation Headquarters.
- Corps School (Training Capability).
- Composite Air Defence Artillery Regiment.
- Towed Air Defence Artillery Regiment.
- Self-propelled Air Defence Artillery Regiment.
- Parachute Air Defence Artillery Battery.

Performance:

This objective was substantially achieved.

- The Air Defence Artillery School produced formal training of a high standard and presented a total of 25 courses. 420 Regular Force learners and 32 Reserve Force members (these learners achieved a 92% and 100% pass rate respectively) attended the courses.
- The Air Defence Artillery School utilises sim-

ulators for Air Defence Artillery Corps training, small calibre shooting and driving skills. The effectiveness of simulator training is illustrated by the fact that Air Defence Artillery School won the Chief of the Army Category "A" Small Calibre-shooting Trophy for FY2003/04. Simulator training is relatively cheap and readily available for use by all members.

- 102 Battery of 10 Anti-aircraft Regiment was deployed in Burundi from July 2003 to February 2004 and was relieved by 101 Battery, which will be deployed in Burundi until August 2004. Elements of 10 Anti-aircraft Regiment also deployed internally in KwaZulu-Natal and the Free State where they successfully assisted the SA Police Service with border control and other crime fighting interventions.
- The objectives of preparing a Towed Air Defence Artillery Regiment (Reserve Force) and a Self-propelled Air Defence Artillery Regiment (Reserve Force) were only partially achieved because only a limited number of Reserve Force leader groups and non-leader groups were available for training. The Air Defence Artillery Parachute capability (Regular and Reserve Force) objectives were not achieved owing to financial constraints.

Engineer Capability: To provide the Engineer Capability of the Landward Defence Programme.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Engineer capability was required to provide:

- An Engineer Formation Headquarters.
- Corps School (Training Capability).
- Combat Field Engineer Regiment.
- Combat Field Engineer Regiments.
- Construction Regiment.
- Terrain Intelligence Regiment: Mobile Printing, Mapping and Survey.
- Terrain Intelligence Regiment: Mobile Printing, Mapping and Survey.
- Engineer Parachute Field Regiment.
- Survey and Mapping Regiment.
- Engineer Support Regiment.
- 1 Military Printing Regiment.

Performance:

This objective was achieved as planned.

- The Engineer capability achieved most of its

objectives during the period under consideration and was much in demand both internally and externally. The requirements for engineer support placed a strain on resources. Commitments during the year included:

- The deployment of two composite engineer squadrons (minus) to support the African Mission in Burundi (AMIB), as well as for the United Nations Mission in the Democratic Republic of Congo (MONUC).
- The preparation of an engineer squadron for disaster-relief operations, as well as a squadron to maintain operational infrastructure for Chief Joint Operations.
- The commissioning of a composite engineer squadron to participate in the African Regional Standby Force. However, in order to meet this requirement, reserves of main combat equipment had to be used.
- The situation is further exacerbated by the shortage of:
 - deployable personnel resulting in members being asked to volunteer again within six months of returning from external deployments; and
 - specialist personnel, eg civil engineers, architects and surveyors, are not available for operational construction. These skills are in great demand in the private sector. Options to address these issues are currently receiving attention.

Intelligence Capability: To provide the Operational Intelligence Capability of the Landward Defence Programme.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Operational Intelligence capability was required to provide:

- An Intelligence Formation Headquarters.
- Corps School (Training Capability).
- Tactical Intelligence Regiments.

Performance:

This objective was substantially achieved.

- With the exception of preparing a Reserve Force Tactical Intelligence Regiment, the Intelligence capability succeeded in achieving all of its objectives in FY2003/04.
- The Formation Headquarters effectively

directed and orchestrated intelligence capability activities, conducted periodic inspections, and implemented rectification plans where necessary.

- The School of Tactical Intelligence presented 23 courses for Regular Force members and achieved a pass rate of 100%. The Distance Education Programme was also improved, and 164 Reserve Force members passed their courses.
- Continuation training also took place according to plan with members of 1 Tactical Intelligence Regiment not only receiving training for their primary task (surveillance), but also training for their secondary role (infantry).
- 1 Tactical Intelligence Regiment was also involved in a very successful exercise at the SA Army Combat Training Centre from 3 to 28 October 2003. A Composite Squadron, together with a Regiment Headquarters, participated in the exercise.
- In terms of force employment, a Squadron of 1 Tactical Intelligence Regiment deployed in the Limpopo Province in the borderline protection role from January 2004.
- 72 Intelligence officers and VIP protectors were deployed in Burundi, and 37 intelligence officers in the Democratic Republic of Congo.
- The failure to prepare a Reserve Force Tactical Intelligence Regiment was the result of an inadequate Human Resources feeder system into the Reserve Force leader group. The issue is currently being dealt with through the Military Skills Development System.

Support Capability: To provide operational level command and control for the support capability of the Landward Defence Capability.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Support capability was required to provide:

- A Support Formation Headquarters.
- Maintenance Units.
- Workshops.
- A National Ceremonial Guard Unit.
- Army General Support Bases.

Performance:

This objective was achieved as planned.

- The SA Army Operational Support Capability performed satisfactorily during the reporting period. Despite being overstretched in terms of capacity, the SA Army Operational Capability provided efficient support to SA Army forces deployed in Burundi and the Democratic Republic of Congo.
- Army General Support Bases also provided efficient general logistic support to SA Army units internal to the RSA, while the National Ceremonial Guard provided high quality ceremonial services as required by various DOD clients.

General Training Capability: To provide operational level command and control for the General Training Capability of the Landward Defence Programme.

In terms of the SA Army's Force Preparedness Schedule the SA Army Support capability was required to provide:

- A Training Formation Headquarters.
- SA Army College.
- SA Army Combat Training Centre.
- SA Army Gymnasium.
- 3 SA Infantry Battalion.

Performance:

This objective was achieved as planned.

- During the FY2003/04 the SA Army Training capability proved itself as a 'Centre of Excellence' for common training.
- The SA Army Gymnasium qualified 135 Junior Leaders and 3 SA Infantry Battalion trained 744 members in terms of the Military Skills Development System.
- The SA Army College presented two Junior Command and Staff Duties courses with the aim of training unit commanders and grade 1 staff officers. Officers from South Korea and Namibia also attended the courses. The average pass rate achieved was 95%.
- The SA Army Battle School in turn presented various practical and theoretical courses on Regimental Duties, Non-commissioned Officers' Operational Duties, Integrated Sub-unit Commanders, as well as Junior Staff and Command Duties.

Command and Control Capability: To provide a Tactical Command and Control Capability for Higher Order User Systems force preparation and employment for the Landward Defence Programme.

In terms of the SA National Defence Force's Force Employment Strategy and the SA Army's Force Preparedness Schedule, the SA Army Support capability was required to provide:

- 43 SA Brigade Headquarters.
- 46 SA Brigade Headquarters.

Performance:

This objective was achieved as planned.

- Both 43 and 46 SA Brigade Headquarters achieved their required objectives within the allocated budget according to plan.
- 43 SA Brigade Headquarters provided the Sector Headquarters and the Contingent

Headquarters for the deployment in the Democratic Republic of Congo (MONUC III), while 46 SA Brigade Headquarters provided members as the core of the AMIB Headquarters in Burundi.

- In terms of force preparation, 46 SA Brigade Headquarters successfully completed Exercise SEBOKA (a single service exercise). 15 Members of the headquarters also attended an instructors' course on the Law of Armed Conflict presented by the International Committee of the Red Cross in November 2003.

OTHER OUTPUTS PRODUCED

The outputs produced for internal consumption by the Department of Defence are reflected in Table 7.1.

Table 7.1. Outputs Produced for the Department of Defence

| Description of Service | Service Recipient | Results |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------|
| The funded command and control of supported deployed SA Army Regular and Reserve Force units | Chief Joint Operations | Achieved |
| The management and maintenance of SA Army Regular Force, Reserve Force and Public Service Act Personnel | DOD Human Resources Support Centre | Achieved |
| The provision of ceremonial artillery gun salutes and other ceremonial services | DOD/ The Presidency | Achieved |
| SA Army services to SAMHS sickbays and veterinary services | SAMHS | Achieved |
| Product systems support | DOD Services and Divisions | Achieved |
| DOD cross-subsidisation. The provision of: <ul style="list-style-type: none"> ● Ammunition for force preparation ● Uniform pieces to members of SA Army outside the SA Army ● The provision of ration packs for support to the people to other services and divisions ● The provision of centralised stationery ● The provision of updated maps and charts | DOD Services and Divisions | Achieved |
| Course support to DOD common training | DOD | Achieved |
| Driving and maintenance courses for instructors and examiners | DOD | Achieved |
| Maintenance of operational infrastructure | Chief of Joint Operations | Achieved |
| Printing and photography services | DOD | Achieved |
| 36 concluded service agreements | DOD | Achieved |

CONCLUSION

Despite all the challenges that the SA Army is currently facing, it continues to fulfil its role and mandate. The SA Army is proud to support the Government's initiatives both locally and regionally and will continue to do so when instructed. All in all, the SA Army has pro-

gressed. A firm base has been created for the challenges of the second decade of freedom and democracy. These challenges include participation in the creation of the African Standby Force, the implementation of the Human Resources Strategy 2010, and the transformation of the Reserves Force with recruitment from the Military Skills Development System.

AIR DEFENCE

ANNUAL REVIEW

The year was a very special one for the SA Air Force as it marked the centenary of flight. It was also a year filled with great opportunities and some outstanding achievements. The SA Air Force again confirmed its status with the national and international communities as a valuable national asset, and an important contributor to the New Partnership for Africa's Development (NEPAD) initiatives of Government. During the year the SA Air Force contributed substantial manpower and air assets to the contingents of the SA National Defence Force deployed in the Democratic Republic of Congo and Burundi. The services rendered by SA Air Force members are good examples, and a visible confirmation, of the SA Air Force's involvement in, and commitment to NEPAD.

As part of its normal support to the people of South Africa, the SA Air Force was continuously involved in air transport, humanitarian operations and coastal patrol missions. More than 1 800 hours were flown in support of the deployments in the Democratic Republic of Congo and Burundi, and 1 356 hours in support of the SA Police Service in crime prevention and border-



Deputy President Jacob Zuma, Ambassador Sonto Kudjoe and Lt Musa Mbhokota at the Opening of the SAAF Gripen Production Line in Sweden 2003 - Gripen Multi-Role/Swing-Role Fighter in background



Chief of the SA Air Force

**Lieutenant General
R.J. Beukes, SD, SM,
MMM**

protection operations. During the year the SA Air Force flew a total of 35 472 hours and 3 384 force employment missions in service of the country.

An outstanding achievement for the year was the return to regular operational service of the Boeing 707 aircraft system. This was made possible by National Treasury's approval to have all funds from flights against repayment returned to the SA Air Force's operating budget. The Boeing 707 system is now able to sustain its operations with only a minimal input from the SA Air Force's budget allocation. The aircraft was extensively used in peace-support operations, as well as various humanitarian and disaster-relief operations, and continues to be a pivotal asset in the SA Air Force's inventory in meeting its obligations to provide appropriate air capabilities.

The annual SA Air Force Memorial Service was held at Bays Hill in May 2003. The service is held in honour of war veterans and airmen who died in the service of South Africa, and commemorated the 50th anniversary of South Africa's participation in the Korean War as a member of the United Nations. The service also commemorated two members who died in the line of duty during the previous year.

The annual Exercise GOLDEN EAGLE took place in June 2003. The aim of the exercise was to evaluate the operational capability of the SA Air Force in a joint environment. The activities were conducted in the form of a counter-air exercise involving the SA Air Force, SA Army, and Special Forces Brigade.

Eight Regular Force pilots, one Air Force Reserve pilot, eight flight engineers, two electronic warfare operators, two loadmasters, one flight attendant, and nine air photographers received their wings from the Chief of the Air Force at a wings parade held at Air Force Base Langebaanweg in December 2003.

The Chief of the SANDF awarded a floating trophy for Excellence in Planning to the SA Air Force in November 2003. It was the first time this trophy was awarded and the SA Air Force is proud to be the first recipient. The trophy will be awarded annually to the Service or Division that makes the most significant contribution to the DOD planning process.

A Boeing 707 from 60 Squadron undertook a disaster relief flight to Iran on 28 December 2003. 47 Passengers and 11 000 kilograms of rescue equipment and blankets were flown to Iran to assist in the rescue operations after the devastating earthquake that struck the town of Bam. There were also four Oryx helicopters and a Casa 212 transport aircraft deployed to Madagascar in March 2004 to assist in disaster-relief operations. Those aircraft flew a total of 285 hours and moved 327 tons of freight during the operation. At the same time there was a Casa 212 deployed to the Comores to contribute towards the African Union Observer Mission in overseeing the elections and to assist the SA Police Service which was deployed there, to provide training for security arrangements for the elections.

The first SA Air Force Hawk aircraft was successfully presented to the media in February 2004 at Air Force Base Overberg. The event marked the start of the final development test phase of the Hawk aircraft. The air-

craft will continue to undergo flight trials at the Test Flight and Development Centre for the rest of 2004. An historic milestone was achieved when Lieutenant G. Ndabandaba, a flying instructor at Central Flying School Langebaanweg, became the first African pilot to be inducted into the elite Silver Falcons aerobatic team. Another major highlight was the substantial progress made with the Air Force aviation awareness programme, SIYANDIZA. 55 Schools were visited during the year and it is estimated that in excess of 60 000 learners were reached.

The Young Falcons programme, an initiative to take military aviation directly to promising young people, was introduced during the year. 120 Learners from various schools in Gauteng took part in the introductory Young Falcons programme that was held at the Air Force Gymnasium during June 2003. Programmes scheduled for 2004 will involve learners from schools countrywide. Colonel Charles E. McGee, the famous Tuskegee Airman, played a major role in promoting aviation awareness by addressing SIYANDIZA and Young Falcon children at SA Air Force bases during his visit to South Africa.

The year saw the promotion of an African female member into the rank group of Brigadier General. This was another important step in enhancing gender representivity in the Senior Management Service. The first African to command a helicopter squadron was appointed as Officer Commanding 87 Helicopter Flying School. Of the 400 uniformed and civilian people appointed during the year, 255 were Africans, 89 were Whites, 45 were Coloureds, and 11 were Indians. The gender composition of new appointments was 346 males and 54 females. This represents a significant step forward in correcting representivity imbalances.

During the year flying instructors, who were trained in the United States of America and Algeria, returned to South Africa. This has enhanced the number of Black flying instructors at Central Flying School Langebaanweg considerably, and will assist in achieving even better levels of flying instruction as part of the objectives set by the SA Air Force Strategic Transformation Plan Towards Vision 2012.

On the sporting front, SA Air Force members excelled again as in the past. Eight members were awarded national colours, while 87 members obtained provincial colours in various sports.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Air Defence Programme consists of the following subprogrammes:

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

Strategic Direction: To provide strategic direction to the Air Defence Programme by the formulation, promulgation, and control of strategies, policies and plans by the Air Force Office in order to prepare and provide the capabilities required by Chief of the SA National Defence Force.

Performance:

This objective was substantially achieved.

- Substantial progress was made during 2003 with the implementation of the *SA Air Force Strategic Transformation Plan Towards Vision 2012*. The Air Force Board identified six focus areas, consisting of the most urgent and pressing matters of the key strategic issues, and focused managerial attention and resources towards these areas. Several feasibility studies were completed and their recommendations implemented. Most notable were the relocation of the Command and Control School from Air Force Base Waterkloof to Air Force Base Hoedspruit, and the relocation of 19 Squadron from Air Force Base Makhado to Air Force Base Hoedspruit. In addition, certain key activities were initiated to execute Vision 2012, such as the renaming of Air Force Base Louis Trichardt to Air Force Base Makhado; ministerial authority to dispose of several obsolete main systems; ministerial authority for several structural changes, such as the split between Test Flight and Development Centre and its host base, Air Force Base Overberg; the creation of several implementation plans and supporting strategies; and renewed focus on the aviation awareness programme. These interventions have laid a solid foundation on which the strategic

objectives for 2004 will be based.

Air Combat Capability: To provide and sustain operationally ready advanced light fighter aircraft, light fighter training aircraft, long range transport, in-flight refuelling and electronic warfare aircraft, crewed by appropriately qualified personnel.

Performance:

This objective was achieved as planned.

- Except for air refuelling competency all stated objectives for the supersonic fighter capability were achieved. Inclement weather and limited availability of the Boeing 707, due to more urgent operational taskings by Joint Operations, were the main reasons for failing to achieve air-to-air refuelling competence at 2 Squadron. The engine standardisation programme was completed during the reporting year, allowing for the total phasing out of the ATAR 09C engine system. This will lead to substantial future savings on this expensive support component. Air-borne target designation for precision guided munitions and night weapons delivery were also reactivated during 2003, and successfully demonstrated at the Air Capability demonstration in September 2003.
- During the reporting period, three courses (Pilots Wings Course [PWC] 102/03, 103/04 and 104/04) were running concurrently in the different phases, with the results as indicated in Table 8.1.
- The following is a summary of the main reasons for the small number of students graduating, as well as the numbers of students lost to each listed cause:

| | |
|---------------------------------|-----|
| ● Resigned/Withdrawn - | 7. |
| ● Medical Reasons - | 5. |
| ● Failing Theory - | 8. |
| ● Failing Practical - | 4. |
| ● Roll Forward with Potential - | 20. |
- **Attrition in Service.** During the reporting period, a total of 20 pilots were lost to the SAAF due to resignations, death, and contract expiry. The 20 members consisted of one African male, 18 White males, and one White female.
- A fatal accident in November 2003 curtailed fighter training at 85 Combat Flying School until mid-March 2004. This temporarily halted a highly successful fighter pilot recovery programme that had already delivered four additional pilot attack instructors, with three

Table 8.1. Results of Pilot Wing Course

| PWC 102/03 | Number Started at AF Gymnasium | Number Finished at CFS Langebaanweg |
|------------|--------------------------------|-------------------------------------------------------|
| African | 19 | 2 |
| Asian | 2 | 1 |
| Coloured | 3 | 0 |
| White | 11 | 6 |
| PWC 103/04 | Number Started | Number Finished |
| African | 13 | 3 |
| Asian | 1 | 0 |
| Coloured | 4 | 0 |
| White | 10 | 7 |
| PWC 104/04 | Number Started | Number Finished |
| African | 14 | In progress - wings to be awarded in December 2004 |
| Asian | 2 | |
| Coloured | 3 | |
| White | 8 | |

more to qualify. The conversion course for six nominated pilots (including one African male and one White female pilot) and two navigators also had to be temporarily suspended.

- Delays in contractual negotiations with certified support agencies restricted the Boeing 707 availability to a single aircraft for most of 2003. Through emergency intervention the aircrew compliment was recovered from a zero potential to two full crews within the first quarter of the year. Based on National Treasury authority to recover income from flights against repayment the Boeing 707 system was primarily utilised in support of peace-support deployments in Central Africa. Three tasks for humanitarian aid relief were also flown on request from the Department of Foreign Affairs. Requests by Denel Overberg Test Range for the support to a German Ministry of Defence contractual obligation, as well as air refuelling commitments to two Strategic Defence Package programmes, were also successfully met.
- **Combat Training Capability.** The progressive phasing out of the Impala proceeded as authorised by the Minister of Defence. On average, the fighter trainer inventory of the Air Force for 2003 consisted of 12 Impala Mk I and 12 Impala Mk II aircraft. During the year four additional pilot attack instructors were qualified at 85 Combat Flying School,

increasing the qualified training complement to six. A fighter orientation course and a flight leader course were presented during the year, and a basic jet conversion course commenced during the last quarter. During the year advanced combat skills, as well as basic night operations were re-established until a fatal aircraft accident halted flying operations during mid-November 2003. Two pilots were killed during a low-level navigation-training mission. As no immediate cause of the accident could be determined, the Impala fleet was grounded until the system integrity of the fleet could be formally reconfirmed. This milestone was achieved in mid-March 2004, supported by technical findings by Rolls Royce and audit findings by Directorate System Integrity.

- Planning for the migration of the combat training capability to Air Force Base Makhado was refined, with changes to the logistic support philosophy being implemented ahead of the planned introduction of the HAWK 120 Lead-in Fighter Training System during 2005. During the year a qualified fighter navigator was seconded to the Royal Air Force to attend an Aero-Systems Course at the Royal Air Force College Cranwell. A qualified flight leader was seconded to the Chilean Air Force to undergo an ELKAN (Mirage III derivative) Operational Conversion Course. Two flight leaders are

also to be transferred to 2 Squadron to undergo a Cheetah Operational Conversion Course. In addition to the two pilots who were lost in the fatal accident, one flight leader tendered his resignation.

- **Combat Capability.** The engine upgrade of the Cheetah D restricted the flying potential of the training capability, impeding the training curriculum of three pilots transferred in from 85 Combat Flying School. The primary focus of the unit was to regain combat proficiency in their core allocated missions. Apart from excellent performance in aerial reconnaissance, the use of the cockpit laser designator for precision bomb delivery was reactivated and demonstrated during the Air Capability Demonstration in September 2003. Basic night weapons delivery was also reintroduced. One pilot remains seconded to the Royal Air Force, while another operational pilot is serving on the Gripen Project Team. The squadron, however, stands to gain significantly with the services of the Officer Commanding Air Force Base Makhado, returning to active flying duty. Two pilots are to commence conversion training in April 2004.
- **Heavy Transport/Mission-support Capability.** The year saw 60 Squadron (Boeing 707) returning to the formal force design. The launch of formal system integrity recovery was ensured because of a transfer of Rm31 from the capital account. Based on an approved funding strategy, the National Treasury authorised the recovery of income from flights against repayment to ensure the retention of a viable heavy transport capability with a collateral mission support capability. This approach required a minimal allocation from the operating budget to fund essential training and squadron operating costs only. Unparalleled dedication from the limited technical and operational personnel thus ensured that with only two crews, almost 850 flying hours were generated with a single aircraft. Hence the return to service of a second aircraft currently in deeper-level maintenance at South African Airways Technical and the allocation of additional technical personnel are eagerly awaited to enhance the flying potential of the unit.

Air Transport and Maritime Capability: To provide and sustain operationally ready transport and maritime

aircraft crewed by appropriately qualified personnel.

Performance:

This objective was achieved as planned.

- During the year the Directorate Air Transport and Maritime Systems focussed efforts on producing maximum force employment output with the allocation of hours for force preparation and training just sufficient to keep aircrew current in all capabilities. This resulted in more funds being allocated towards hours for force employment at the cost of a reduction in force preparation and training hours.
- During the year only two of the nine students that qualified at the Celtral Flying School were accepted at 44 Squadron. The majority of the students were directed towards careers in the Strategic Defence Package aircraft in order to achieve the highest possible level of representativity on these aircraft. These circumstances forced a change in the business plan of 44 Squadron, resulting in under-utilisation of the Cessna 185 allocated hours. 35 Squadron is still hampered by the slow progress of the upgrade programme. The result was that the Operational Test and Evaluation programme could not be completed to release these aircraft for service, which also resulted in the non-utilisation of flying hours. The Casa aircraft experienced serviceability problems during the year and were underutilised.

Helicopter Capability: To provide and sustain operationally ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel.

Performance:

This objective was achieved as planned.

- The year was marked by a substantial increase in the number of helicopters being deployed externally in support of Government initiatives. Operations and training exercises took place in Mozambique, Burundi, Democratic Republic of Congo, the Atlantic Islands, Antarctica, Zambia and Haiti. All the deployments, with the exception of Burundi, were relatively short, which allowed a limited capacity time to recover in terms of personnel and logistics. Unfortunately the year was also marked by a large increase in the number of serious accidents.

Although no lives were lost, one Oryx and one BK117, were destroyed whilst one BK117 was seriously damaged. 19 Squadron was successfully relocated from Air Force Base Makhado to Air Force Base Hoedspruit.

- **Medium Transport Helicopter Capability.** The Medium Transport Helicopter capability consists of the Oryx helicopter fleet, which is distributed throughout South Africa.
- Following a request from the Minister of Environmental Affairs and Tourism to the Minister of Defence, to re-establish support for the Antarctic, a support concept was formulated in which there would be financial risk-sharing between both departments, as well as proactive financial support from the Department of Environmental Affairs and Tourism. The helicopter support to that department resumed in September 2003 when the civilian contract that they had been utilising expired.
- **Light Utility Helicopter Capability.** The Light Utility Helicopter capability consists of the Alouette III helicopter fleet and the BK117 helicopter fleet. The Alouette IIIs are located at various locations in the country. It is hoped that the operational limitations of the Alouette III fleet will be alleviated when the Agusta 109 fleet replaces it.
- The two BK117 aircraft at Air Force Station Port Elizabeth received priority support, as these are the only SAAF helicopters permanently deployed in the region. Owing to inadequate funding this fleet has been supported with very few spares since it was introduced into service in 1994. As the single biggest problem facing the fleet is the poor state of the engines, an upgrade programme was initiated to improve the safety of the single engine performance and the hot and high operational performance.
- **Combat Support Helicopter Capability.** In terms of the Armscor contract with Denel, the Rooivalk helicopters are delivered to the SAAF as they come off the production line. As of the end of FY2003/04, 11 of the 12 aircraft ordered had been delivered. These aircraft are, however, not fully developed yet, and are therefore delivered in a status where the aircraft cannot be used for operational purposes. The main purpose of the flying currently done on these aircraft is operational testing and evaluation, limited force preparation, and the development of tactics.

Development work on the Rooivalk system is still continuing, and the aircraft already delivered, are continuously returned to Denel Aviation to be retrofitted as the development programme progresses. The end of development is scheduled for 2008, at which point all aircraft will have received the required upgrades that will make it a fully operational and supportable system. An interim technical baseline has been negotiated with Denel that will deliver a partially operational platform with restricted supportability by July 2005.

Command and Control Capability: To supply and maintain operationally ready command and control elements in support of air battle space operations.

Performance:

This objective was achieved as planned.

- Directorate Command and Control Systems comprises four capability areas that provide the backbone to the Ground and In-flight Command and Control System of the SA Air Force. These four capability areas are: Air Traffic Management, Air Defence Management, Information Technology & Communications Management and Ground Command and Control Management. The Directorate is also responsible for the SA Air Force Command and Control School, which was successfully relocated to Air Force Base Hoedspruit during the reporting period.
- **Air Traffic Management.** Despite restrictive budget constraints, Air Traffic Management managed to provide the required air traffic services, which ensured that the main core function of the SA Air Force was attained and met all the output objectives in respect of Air Traffic Management equipment. A major effort was focused on the effective utilisation of the Reserve Force component, which within the Air Traffic Management environment has proved extremely successful. For instance, the services of a civilian Air Traffic Controller with 30 years air traffic controller functional and senior management experience were secured. Air Traffic Management was a key role-player in Exercise BLUE ANGEL that was conducted in Zambia in 2003 with the SA Air Force Air Traffic Controller overseeing the total Air Traffic Management function for the exercise. Air Traffic Management participation in Exercise



GOLDEN EAGLE saw the first full mobile Air Traffic Management deployment of tower and mobile airfield radar systems in eight years. The Ground Controlled Approach capability has also been re-established with excellent support from the combat capability at Air Force Base Makhado and Air Force Base Hoedspruit. Representivity, in terms of race, gender and disability, is also being actively addressed. The South African Civil Aviation Authority approached the SA Air Force to take full control of the Lowveld Flight Information Service. Air Traffic Management now provides a seven-day a week full Flight Information Service to both military and civilian aircraft in the airspace north of Johannesburg to the Zimbabwe, Mozambique and Botswana borders.

- **Air Defence Management.** The Mission Control mustering was able to re-validate a number of the more senior mission controllers, especially in the Pretoria area, as part of a plan to bring some of the skills, experience, and knowledge back into the system. The progress of the junior Mission Controllers was unfortunately hampered by the grounding of the Impala fleet towards the end of 2003. However, the lull in flying activities was utilised positively to allow these members the opportunity to attend other training opportunities. Representivity, in respect of race, gender and disability, is still not good, but is being actively addressed. The staffing levels within the Radar Reporting Operator mustering have also increased slightly and Lowveld Airspace Control Sector especially has benefited to some extent in this regard. The representivity within the Radar Reporting Operator mustering is quite good, albeit not at Warrant Officer level. During the year Air Defence Management participated in
 - the air capability demonstration for the Executive National Security Programme;
 - the electronic warfare camp at Roodeval;
 - Exercise GOLDEN EAGLE, a deployment in support of the Air Traffic and Navigation Services Company at Bloemfontein;
 - Exercise NEW HORIZON, the Command Post Exercise; and
 - Exercise AFRICAN SHIELD at the Mobile Deployment Wing as hosts. The ser-

viceability of the Tactical Mobile Radar systems and Monopulse Secondary Surveillance Radar systems was good, but concerns exist with regard to the serviceability of the UMLINDI Long-range Radar systems. The upgrade programme on the process models and the replacement of the displays in the radar display control cabins are in process to resolve the UMLINDI serviceability concerns. Efforts are also in place to clear some of the backlog that exists in the doctrine and documentation environment.

- **Information Technology & Communications Management.** Mobile Communications Unit successfully completed 40 deployments, one of which is permanently deployed in Burundi. The process to migrate the SA Air Force Static Command and Control Communications Transmission Network out of the 1 800 Megahertz band, to satisfy the needs of cellular networks, has commenced and is expected to be completed by September 2004. The SA Air Force was the first Service or Division that completed the Service Agreement with Command, Management and Information Systems and this layout was used as the standard for other Services and Divisions. A personnel forum was established between Directorate Command and Control Systems and Command and Management Information Systems to ensure effective liaison and coordination with SA Air Force personnel within Command, Management and Information Systems. The first Information and Communication Technology Symposium took place at the Air Force Gymnasium during October 2003 with the main theme of discussion being the roles, tasks and boundaries between Command and Management Information Systems and SA Air Force specific systems. Three African females and one African male were promoted to the rank of major. One African male and the first Indian was promoted to Warrant Officer Class 2.
- **Ground Command and Control Management.** Staffing requirements have been satisfactorily addressed with less than 5% of all available posts for command post officers and command post assistants being vacant. The process to improve representivity is progressing within expectations. The majority of members exiting from the command post

officer and command post assistant fraternity were white males. Command Post staff participated in various exercises involving foreign forces and one external operation to Mozambique, and took part in several internal force preparation exercises including a seaborne command post. Command Post staff are deployed to Burundi on a rotational basis.

- 18 Deployment Support Unit continuously supported all deployments and long-distance hauling requirements. A total distance, in excess of 398 000 km was travelled, which delivered more than 2 000 tons of cargo, without any major incident or loss of life. The unit is currently not sufficiently equipped to meet its output objectives. A five-year business plan has been drafted to initiate the upgrade/replacement of equipment. The Ground Command and Control System and Current Intelligence System are maintaining their operational status. A major enhancement to the Ground Command and Control System is the incorporation of remote switching between the servers. This option will ensure that all users will be linked to the network at all times, which will greatly enhance the operational availability.
- **Air Force Command and Control School.** The Air Force Command and Control School successfully completed 17 courses during the year. The 199 learners who were trained consisted of 106 African, 61 White, 11 Indian and 20 Coloured members. These courses were completed under extremely difficult circumstances due to the school management responsibility moving from Directorate Education, Training and Development to Directorate Command and Control Systems. Later in the year the decision was made to relocate Air Force Command and Control School to Air Force Base Hoedspruit. This relocation was successfully completed in January 2004, well within financial and time constraints.
- Directorate Command and Control Systems has grasped this opportunity to change the Air Force Command and Control School into a centre of learning excellence where learners are able to study and empower themselves. Furthermore, the Air Force Command and Control School was realigned so that it could form the cornerstone for the Command and Control human resource needs for Vision 2012. An excellent learning environment is

being created that will empower learners to strive for the excellence required.

Operational Support and Intelligence Capability: To prepare, develop, provide and support protection support, intelligence systems and counter intelligence support to the SAAF through protection squadrons, intelligence subsystems and Air Force unique intelligence training.

Performance:

This objective was substantially achieved.

- **Intelligence Capability.** The aim is to provide combat ready intelligence systems. All intelligence training within the SA Air Force takes place at the Joint Air Reconnaissance Intelligence Centre. 18 Courses for 233 learners were planned to take place during the year. The output was partially achieved in that 16 of the 18 courses (148 of the 233 learners planned) were utilised. Two courses were cancelled due to the non-availability of learners. A number of courses were not fully utilised due to the planned learners being occupied with other commitments. Of the 148 members actually trained, 146 members completed their training successfully (99%).
- Members from the Intelligence Services participated in nine joint force preparation exercises during the year. At least 30 members took part in these exercises.
- **Seeker 1 Unmanned Aerial Vehicle.** In March 2003, during a deployment at Air Force Base Overberg, the Seeker 1 Unmanned Aerial Vehicle System was declared unsafe for any further operational deployments until extensive repairs and upgrades were completed. After careful consideration of the required work intensity, and finances required to guarantee an effective baseline, it was concluded that the system could not be brought back in service. An agreement was reached with Joint Operations to initiate the process of formally withdrawing the system from service. An audit in conjunction with Kentron was done, and the SA Air Force is currently in the process of disposing of the system.
- **Joint Reconnaissance and Intelligence Centre.** The Joint Reconnaissance and Intelligence Centre provided the following image support to its clients. A 96% operational delivery of its products was achieved with 2% not completely achieved and 2% not



completed. 88% of the Joint Reconnaissance and Intelligence Centre products had a positive impact on society. 47% of the products were on time, whilst 52% were produced earlier than expected, (1% of the products were late). Shortcomings can be ascribed to technical difficulties experienced with hardware, availability of essential personnel to perform tasks, and other priority tasks that were received. The following awards were presented to the Joint Reconnaissance and Intelligence Centre:

- Gold for the Best Support Unit in the SA Air Force FY2003/04.
- Silver for co-operation with the SA Police Service.
- Silver for Royal Air Force training.
- **Counter-intelligence.** The subsection Counter-intelligence achieved its objectives at a satisfactory level. Resignations and inter-departmental transfers of Counter-intelligence officials in the non-commissioned officers rank levels, and a general lack of security awareness in the SA Air Force, lead to a decline in security. No other serious deviations were experienced.
- **Protection Services.** The protection squadrons at Base level have the responsibility of protecting the resident Force Structure Elements of the SA Air Force. 500 Squadron (SA Air Force Task Force) successfully conducted specialised protection operations in the fields of search and rescue, aircraft accident deployments, and protection of assets in transit. The Protection Services also provided a VIP protection capability that successfully executed all VIP taskings that were issued. These taskings included the protection of the Minister of Defence and other national and international dignitaries. Persistent underfunding has caused deterioration in equipment and infrastructure over the past years. However, some new equipment in the form of x-ray machines, metal detectors, bullet-proof jackets and operational/dog trailers, was procured and issued to protection squadrons. A project is under way to address the renewal of systems.
- Protection squadrons experienced personnel shortages due to external deployments, and the remustering of personnel. This had a negative affect on the operational capabilities of the squadrons, as most of the standby element had to be cancelled at squadron level.

Base Support Systems Capability: To provide air base infrastructure facilities to squadrons and resident units on bases, including maintenance of all relevant systems and personnel, in order to support flying operations.

Performance:

This objective was substantially achieved.

- Persistent underfunding over a number of years has seen a gradual deterioration in air base facilities and operational infrastructure. Runways, taxiways, and aircraft parking areas (including the associated lighting systems) at many air bases require urgent attention. Fire-fighting equipment has also deteriorated and requires renewal. A significant management intervention in 2003 has resulted in a large increase to the budget allocation of this capability area for 2004, to start addressing the recovery of operational infrastructure system integrity.
- **Operational Infrastructure.** Funds were allocated for the upgrade of Air Force Base Langebaanweg's secondary runway and taxi strips during 2003. The main runway will be completed during 2004. An amount of Rm15 was received from the Department of Public Works to commence with critical runway maintenance at Air Force Base Waterkloof. The work started during February 2004, and must be completed before Africa Aerospace and Defence 2004 starts in September 2004. Critical maintenance must still be conducted after the exhibition. Consultant reports have indicated that Air Force Base Makhado and Air Force Base Bloemspruit's runway and taxi strips will have to be upgraded as a matter of urgency. It is envisaged that the repair work required on Air Force Base Ysterplaat's runway and runway lighting systems could be done in conjunction with an Alternate Service Delivery programme.
- **Fire-fighting Capability.** Prolonged underfunding over a number of years has eroded this capability and a project has now been registered to restore it. Agreements were negotiated with the Airports Company of South Africa for the provision of fire-fighting services at airbases that are co-located with civilian airfields.
- **Bulk Fuel Capability.** The SA Air Force received funds from Chief of Joint Operations to procure a new bowser for the operational area in the Democratic Republic of Congo. A

substantial strategic gap exists in the ability to place large amounts of aviation fuel at unprepared and remote sites, usually required for disaster-relief helicopter operations. An initiative was started to relieve the negative effects of this deficiency during 2004.

- **Organisation Information System.** The implementation of the Organisation Information System on the general support functional area at Air Force Base Makhado was finalised, and the implementation of the Organisation Information System at Air Force Base Waterkloof has started.

Education, Training and Development Capability:
Education, training and development of SAAF personnel.

Performance:

This objective was substantially achieved.

- Directorate Education, Training and Development is responsible for basic flying training for pilots at Central Flying School Langebaanweg and for navigators at the Air Navigation School at Air Force Base Ysterplaat. It is also responsible for development training at the SA Air Force College, non-technical and technical training at 68 Air School and SA Air Force Air Servicing units. Basic military training is provided at the Air Force Gymnasium and tertiary training at various civilian training institutions. All the training is integrated within the National Qualification Framework.
- **Basic Flying Training.** All basic flying and flying instructor's training courses are presented at the Central Flying School Langebaanweg. Two flying instructors' courses and one pilot wings course were completed during the year with an output of 30 learners. In the same period two more pilot wings' courses commenced with training as well as one additional flying instructor's course. Central Flying School Langebaanweg also completed the validation of the flying instructors who received their training in Algeria and the United States of America. To accomplish these training objectives, a total of 8 121 flying hours were required of which 5 256 hours (65%) were flown. Only 16 of the 30 learners (53%) achieved the desired course outcomes. Owing to the underachievements of 47% of the learners, fewer flying hours than planned were flown.
- All the navigator, navigator instructor and other flying-related courses, such as aircrew survival training and aircrew orientation training, are done at 80 Air Navigation School at Air Force Base Ysterplaat. During 2003, 80 Air Navigation School completed the migration from Cape Town International Airport to Air Force Base Ysterplaat. The School also presented one *ab initio* survival course, one aircrew orientation survival course, one continuation training survival event and one aviation orientation course. During the same period one navigator course commenced with training. The intended output was achieved in that 111 learners of the planned 119 reported for training and 108 (97%) achieved the desired outcomes of the courses.
- **Physical Training, Sport and Recreation.** The participation of SA Air Force members in fitness evaluations for members under the age of 35 years was 69,2% with a pass rate of 65%. The participation in organised sport codes totalled 56%. 17 SA Air Force sport code championships were successfully presented and a total of 1 469 SA Air Force members competed in these tournaments.
- **Advanced Training Wing - 68 Air School.** The objective was partially achieved as 166 of the 222 planned courses (75%) took place and 1 220 of the 2 030 planned learners (52%) attended the courses that were presented by the Advanced Training Wing. The restructuring of courses, problems with infrastructure, as well as the cancellation of courses due to a lack of computer hardware and software, and the competency training of instructors by contractors, brought about the partial achievement of outputs. 1 111 (91%) of the 1 220 learners successfully completed the courses.
- **SA National Defence Force Fire Training School - Air Force Gymnasium.** The objective was achieved in that all six planned courses took place and all 206 learners attended the courses presented at the Air Force Gymnasium. 190 of 206 learners (92%) passed their courses. The 16 learners who did not complete the courses either failed or withdrew at their own request.
- **SA Air Force School of Cookery - Air Force Gymnasium.** The output was substantially achieved in that 3 of the 4 planned courses took place and 50 of the 63 learners (79%)

attended the scheduled courses. 29 of the 50 learners successfully completed the courses. The 21 learners who did not complete the courses either failed on academic grounds, or withdrew at own request, or for medical reasons.

- **Planned Advanced Training.** The original planning was to train 3 000 members in various fields of advanced training. However, 3 735 members were trained during the year. Additional training was provided to overcome the problem of experienced members taking discharges, and many new members not being suitably qualified. Changes in the validity period of certain competencies and unplanned training due to the implementation of the South African Excellence Foundation Model and the minimum requirement set for artisan status also contributed to the extra training provided.
 - **Planned Technical Training.** Technical training was done at 68 Air School and various Air Servicing Units during the year. Three courses were planned for 83 learner engineers at universities and Centurion Technical College. 80 Learner-engineering technicians attended these courses. 35 Courses were planned for apprentice training at Centurion College and 68 Air School for 560 learners. Only 544 learners, however, attended these courses. Three courses were planned for 60 artisans to complete full-time technical tertiary training at various colleges and 50 artisans attended these learning opportunities. Seven learner engineers were withdrawn from the training programme due to poor academic performance and requests for possible remustering within the SA Air Force. During basic military training, five first year apprentices took their discharge from the SA Air Force because of personal reasons. From the 10 vacancies for artisan tertiary training, no learners met the minimum requirement. Four learners were unsuccessful with their studies, whilst the results from the last school block (September to December 2003) are awaited from the Department of Education.
 - **Officers Development Programme.** Officers' development training took place at the SA Air Force College. A total of nine courses, for 367 learners, were planned for the year. The output was partially achieved, as 344 of the scheduled 367 learners (93%) attended the
- **Non-commissioned Officers Development Programme.** All non-commissioned officers development training takes place at the SA Air Force College. A total of 18 courses were planned with an attendance number of 780 learners for the year. The output was partially achieved as 13 of the 18 planned courses took place with 630 of the 780 planned learners. Directorate Human Resource Services cancelled five courses, and only 495 of the planned 630 learners attended the courses (79%). This was mainly due to the undersubscription of courses, and members not arriving on the first day. Of the 495 learners who attended the courses, 130 (including individual study phase learners) did not complete the courses. This was a result of withdrawals at own request, or withdrawals due to a lack of satisfactory academic progress.
 - **Air Power Development Programme.** The Senior Air Power Development Programme is presented at the SA Air Force College. Six courses, totalling 120 learners, were planned for the year. The output was partially achieved. Four of the six courses took place (53 out of 120 learners actually attended). Two courses were cancelled due to changed requirements. 50 Members successfully completed the course whilst three were withdrawn at own request. Air Power is also presented as a separate subject on all developmental courses from basic military training to Junior Command and Staff.
 - **Tertiary Training.** The original plan was to train 360 members at tertiary training institutions. Of these, 100 members were newly selected as learners for the year. 338 Members were accommodated for tertiary training. This shortfall was due to various factors such as individuals who were not successful with their studies from previous years, and members who could not continue with their studies because of military courses and operational deployments.
 - **Ab Initio Training.** During the year three basic military training courses for non-com-

nine courses. The undersubscription of the courses and members failing to arrive on the first day caused the partial achievement. 304 Learners (83%) completed the courses successfully. The 40 learners who did not complete the courses withdrew for academic reasons, or at their own request.

missioned officers' and four basic military training courses for candidate officers were planned to train 318 new members for the SA Air Force. Six reorientation courses were also presented in order to retrain 29 members. The output was achieved in that all 12 planned courses took place (318 learners attended). 237 Members (95%) successfully completed the non-commissioned officers training, whilst 11 withdrew at their own request, or for medical reasons. 66 Candidate Officers successfully completed their training, with a 100% pass rate. 25 Members (86%) successfully completed their reorientation whilst four members were withdrawn at their own request.

- **Advanced Training.** During the year, 23 Protection Services Learning Programmes were planned to train 305 members required by the Protection Services. The output was achieved as 22 of the 23 planned courses took place for the year, with 285 learners attending. The VIP Protection course was cancelled due to budgetary constraints (20 learners). Of the 285 learners 263 (92%) successfully completed the courses. The reasons for 22 members failing to complete the courses were withdrawals on medical grounds or at own request, poor academic results, and one case of misconduct.
- **Training Integrity Centre and Implementation of the SA Qualifications Authority/National Qualification Framework.** The Training Integrity Centre was established to act as a single point of responsibility for Training Quality Assurance in the SA Air Force.
- **Training Council.** The SA Air Force Training Council was established as required by the SA Air Force Training Policy.
- **Air Defence Standard Generating Body.** A key issue in the implementation process for the SA Air Force was to register a Standard Generating Body. The application for the Air Defence Standard Generating Body was submitted to National Standard Body 08 and approved by the SA Qualifications Authority in March 2004. A capacity building session, involving all the appointed SA Air Force members of the Air Defence Standard Generating Body, was also completed.
- **Human Resources Database.** This database has been developed and has been ready for utilisation for some time. It complies with the requirements of the SA Qualifications Authority and the National Qualifications Framework, as interpreted by the SA Air Force Steering Committee and Directorate Human Resources Services.

MARITIME DEFENCE

ANNUAL REVIEW

The SA Navy is responsible for the provision of supported combat-ready naval forces at the required readiness levels for meeting defence commitments and contingencies as ordered by the DOD Strategic Plan and the Short-term Force Employment Requirements. The objectives to be achieved in this regard and the allocation of personnel, materiel and budgetary resources required, were stipulated in the SA Navy Strategic Business Plan for FY2003/04.

Over the past two years the SA Navy has gained confidence in its ability to strategise, plan, replan, execute the plan and, very importantly, to report both quarterly and annually on its performance against the plan. The focus of the FY2003/04 Plan was to

- downsize the force structure to a level where it is both affordable and sustainable;
- dispose of redundant/obsolete Force Structure elements and their associated systems so as to create capacity for accepting the new corvettes and submarines into service;
- prepare the human resources for operating these new vessels; and



Change of Command : Cdr Bravo Mhlana, the first black officer to command a warship, takes over



Chief of the SA Navy

**Vice Admiral
J.F. Retief, SD, SM,
MMM**

- rejuvenate facilities and to prepare naval forces for meeting ordered defence commitments.

With minor exceptions the SA Navy has performed in accordance with its plan and has achieved its core objectives for the reporting period. The following is a brief overview of actual performance, highlights and significant achievements with specific reference to the focus areas highlighted in the SA Navy FY2003/04 Strategic Business Plan.

Planning and Budgeting. In FY2003/04 SA Navy Plan carried an underfunded risk of Rm157. To minimise the risk of non-delivery of the required output, given the aforementioned underfunding, a key objective of the SA Navy was to achieve a 100% expenditure of its budget. Despite the forced cut caused by Departmental reprioritisation, the SA Navy achieved its objective.

Strategic Defence Packages (SDPs). FY2003/04 has been marked by a number of highlights, the most significant being the delivery of the first two Type MEKO[®] A-200 (SAN) patrol corvette platforms SAS AMATOLA and SAS ISANDLWANA. The SAS AMATOLA was commissioned in Hamburg on 25 September 2003 and arrived in Simon's Town on 04 November 2003, on schedule. SAS ISANDLWANA was handed over to the DOD on 19 December 2003 and arrived in Simon's Town on 25 February 2004. The installation of the combat suites has subsequently begun and is progressing well. The third corvette, SAS SPIOENKOP, completed her sea acceptance trials in February 2004 and was commissioned on 15 March 2004. She is presently undergoing advanced competency training trials before sailing to South Africa. The rest of the project production schedule is still meeting all the set milestones. Similarly, the project on the acquisition of new submarines is on schedule. The project on the acquisition of four Super Lynx 300 maritime helicopters, with associated logistic support, was approved during April 2003, and the contract placed in August 2003.

Force Structure. The SA Navy is committed to maintaining an affordable and sustainable force structure. In preparation for the introduction of new force structure elements, the SA Navy has reduced its geographic footprint by scaling down and abolishing units and ships. Naval Base Durban has been reduced to a Naval Station, with supporting units migrating to Simon's Town. A number of ships and submarines have been decommissioned, and the disposal process for these vessels has commenced. This will ensure that the SA Navy's force structure provides for sufficient flexibility to prepare forces, whilst being affordable within the present financial allocation.

Naval Dockyard Simon's Town. In September 2002 the Minister of Defence issued an instruction that ARMSCOR was to take over the operation and management of the Naval Dockyard Simon's Town. A due diligence study was initiated and completed during 2003. A Steering Committee, composed of senior ARMSCOR and Department of Defence personnel was constituted to oversee the process. A Public-Private-Partnership Memorandum of Agreement and a Service Level Agreement were accepted, and work groups are currently addressing issues of human resources, facilities and operating procedures.

Personnel Retention. The SA Navy had difficulty retaining some of its key personnel, especially its black members, which was potentially attributable to poaching by other State departments and private sector

organisations. This situation is further exacerbated by the various training requirements for the new equipment under the Strategic Defence Packages. These challenges are currently receiving attention within the Department.

Training

- **Military Skills Development Training.** FY2003/04 saw the inception of the very successful Military Skills Development Training Programme. On 15 September 2003, Mrs Z. Mbeki and the Deputy Minister of Defence visited the Naval Gymnasium, SAS SALDANHA. The Military Skills Development Graduation Day on 16 October 2003 was a resounding success. Due to the expansion of the Military Skills Development Programme in the Department of Defence it is envisaged that numbers in the Military Skills Development Programme will increase. The Department of Public Works and Council for Scientific and Industrial Research initiative was launched to upgrade the facilities in SAS SALDANHA.
- **Functional Training.** The SA Navy Signal School has been relocated successfully from Red Hill to the Maritime Warfare Training Centre in Simon's Town.
- **Staff Training.** Naval Staff College increased the capacity of the Junior Staff and Warfare Course from 18 to 24 per course at no extra direct cost to the SA Navy.
- **Foreign Training.** Preparation of personnel for the operating new vessels has started, and various courses have been scheduled and attended. During the reporting period, members have attended courses in Germany related to the new corvettes and submarines. One member attended a Helicopter Transit Course in the United Kingdom, in preparation for the integration of the new helicopters and vessels.

Disposal. The Director Fleet Logistics created a full-time disposal section in the system support environment to deal with the staff work relating to cleaning up the inventory. The results of their efforts should lead to an increase in the disposal of systems and equipment, necessitated by the acquisition of new corvettes and submarines, which will directly affect the stockholding of the SA Navy. The Parliamentary Standing Committee on Public Accounts enquiries put the SA Navy under severe pressure to radically reduce its current stockholding. The dismantling of the SAS JAN SMUTS

in Durban has been successfully completed, thereby achieving the first disposal of a strikecraft.

Rejuvenation of Facilities. The rejuvenation of the Simon's Town Fuel Farm began in October 2003. This project has consistently run ahead of schedule and payment for 2003 has been made in full. The project is due to be completed in October 2004. The work on upgrading the existing facilities for the new equipment in Simon's Town is progressing well.

Force Preparation. The preparation of forces for meeting ordered commitments is ongoing with increased pressure being put on the present fleet, especially due to the staffing demands of the future fleet. A problem is being experienced with the availability of qualified and experienced seagoing personnel. Furthermore, the high instance of ships' defects undermines the reliability of the core capabilities of the SA Navy. Some of these defects were due to equipment reaching the end of its lifespan, while logistical constraints with respect to the availability of materiel, spares, funds and manpower also had a huge impact on force preparation.

Force Employment. The SA Navy has been able to meet all of the set objectives in respect of the provision of prepared and supported forces as required by Chief of Joint Operations and ended the reporting period well within the Force Employment hours allocated. This indicates that the Force Employment hours required were potentially overestimated and have therefore not been fully utilised by Chief of Joint Operations. In the case of the Submarine Combat capability and the Mine Warfare capability, no requirement for force employment was received from Chief of Joint Operations, despite hours available for this purpose. Elements of the Operational Boat Squadron, which has still to be established, were deployed to Lake Tanganyika, Burundi, in support of peacekeeping initiatives.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Maritime Defence Programme consists of the following subprogrammes:

- Maritime Direction Capability
- Maritime Combat Capability
- Maritime Logistic Support Capability
- Maritime Training Capability
- General Base Support Capability

Maritime Direction Capability: To provide the strategic direction within the Maritime Defence Programme by the formulation, promulgation and control of strate-

gies, policies, plans, and advice in order to prepare and provide the maritime capabilities required by the Chief of the SANDF.

Performance:

This objective was achieved as planned.

- **Strategic Direction Capability.** The core objective of the Strategic Direction Capability is to provide strategic direction to the Maritime Defence Programme by providing maritime advice to the Department of Defence and to oversee the allocation and management of resources. All the set objectives for FY2003/04 were met, with the focus on addressing the risks identified in the Strategic Business Plan for FY2003/04. These risks were the ability to meet life-cycle costs of the new equipment, the ability to establish/adapt the infrastructure needed to support the new vessel, and acquiring and developing the personnel needed to staff and support the new vessels. The risks were partially addressed as follows:
 - In order to create capacity for the new vessel's force structure elements there was a further reduction in obsolete systems. This downscaling of capabilities has also resulted in the release of personnel to be trained for the new vessels. Approval for the closure of the listed Force Structure Elements was sought and obtained during FY2003/04. These include the following:
 - SAS FLEUR, the diving support and torpedo recovery vessel.
 - SAS OUTENIQUA, a combat support vessel.
 - SAS ASSEGAAI and SAS UMKHONTO, two submarines.
 - SAS JOB MASEGO, a strike craft.
 - CITY-Class minesweepers.
 - The transfer of the Dockyard to ARMSCOR, which is in process, and the facilities rejuvenation and building programmes all contribute to addressing the infrastructure risk. The following changes in Force Structure Elements and Force Structures were approved in the reporting period:
 - Naval Station Port Elizabeth.
 - Commissioning of the inshore patrol vessels: SAS TERN, SAS TOBIE and SAS TEKWANE.
 - SAS IMMORTELLE.

- **Force Preparation Direction Capability.** The Force Preparation Direction capability provides force preparation direction to ensure that the Force Structure Elements are ready in all respects. All the objectives for FY2003/04 were met, with an emphasis on the following:
 - Disposal of old and obsolete systems and equipment in the SA Navy.
 - Maintenance of the SA Navy Fleet current capabilities.
 - Preparation and training for systems, materiel and personnel to operate the new corvettes and submarines.

Maritime Combat Capability: To provide prepared and supported Maritime Combat Capabilities in accordance with the approved Department of Defence Force Design.

Performance:

This objective was achieved as planned.

- A number of Force Preparation exercises, including those involving other countries, were held during the reporting period, and contributed to the achievement of the set objectives for this capability. For instance there was a humanitarian-relief exercise with the French Navy and a Naval Control and Guidance to shipping exercise with nine countries. The Australian Defence Force requested assistance in an operation to pursue and intercept a fishing vessel. The operation was conducted successfully, with much praise for the SA Navy from the Australian authorities.
- Details of the performance of this subprogramme are shown in Table 9.1. below.

Table 9.1. Detailed Performance: Maritime Combat Capability FY2003/04

| Capability | Total Achieved to Date | Annual Target | Achievement | Remarks/Reasons for Deviations |
|---------------------------------------------------|------------------------|---------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Surface Combat Capability | | | | All the Force Employment requirements from Chief Joint Operations were met |
| Force Preparation Hours | 1714 | 2 528 | Partially Achieved | |
| Force Employment Hours | 576 | 3 182 | Achieved | |
| Submarine Combat Capability | | | | The submarine is now decommissioned and no further capability exists until the arrival of the new submarines |
| Force Preparation Hours | 1166 | 900 | Achieved | |
| Force Employment Hours | 0 | 168 | Achieved | |
| Replenishment and Sealift Capability | | | | The SAS OUTENIQUA is still undergoing a maintenance period, which has negatively influenced the vessel's utilisation. All the Force Employment requirements from Chief of Joint Operations were met |
| Force Preparation Hours | 1146 | 1 800 | Partially Achieved | |
| Force Employment Hours | 1107 | 5 280 | Achieved | |
| Mine Warfare and Diving Support Capability | | | | No requirement received from Chief of Joint Operations for Force Employment |
| Force Preparation Hours | 1571 | 1 500 | Achieved | |
| Force Employment Hours | 0 | 1 080 | Achieved | |
| Hydrographic Capability | | | | The SAS PROTEA was in refit for the greater part of the reporting period. (For the purpose of this report, hydrographic hours are reported as Force Preparation hours) |
| Force Preparation Hours | 506 | 1 600 | Partially Achieved | |
| Force Employment Hours | 0 | 120 | Achieved | |
| Operational Diving Capability | | | | All the Force Employment requirements from Chief Joint Operations were met |
| Force Preparation Hours | 324 | 800 | Partially Achieved | |
| Force Employment Hours | 3848 | 7 200 | Achieved | |



| Capability | Total Achieved to Date | Annual Target | Achievement | Remarks/Reasons for Deviations |
|----------------------------------------------------------------|------------------------|---------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Harbour Patrol and Operational Boat Squadron Capability | | | | Hours indicated are for the harbour patrol boats only (This excludes the Force Employment hours used by the Operational Boat Squadron in Burundi) |
| Force Preparation Hours | 1092 | 1 600 | Partially Achieved | |
| Force Employment Hours | Incomplete data | 360 | Achieved | |
| Inshore Patrol Capability | | | | All Force Employment requirements from Chief Joint Operations were met |
| Force Preparation Hours | 326 | 1 200 | Partially Achieved | |
| Force Employment Hours | 115 | 996 | Achieved | |

Maritime Logistic Support Capability: To provide a maritime logistic support capability in order to maintain and sustain the approved force design and comply with ordered operational commitments.

Performance.

This objective was achieved as planned.

- **Dockyard Capability.** The Naval Dockyard Service provides a vessel repair capability. Its objectives were achieved as planned. The staffing issue remains a problem in the Naval Dockyard Service. The migration to ARMSCOR is proceeding well and the following may be noted:
 - The transfer of personnel in terms of the Labour Relations Act, section 197 transfer (function shift), ie Dockyard moves to ARMSCOR as a 'going concern'.
 - Physical assets need to be transferred at the same time as human assets.
- **Fleet Maintenance Capability.** The mission of the Fleet Maintenance Unit is to provide an operational repair capability. All objectives were achieved as planned. A notable event for Fleet Maintenance Unit was the arrival of the two new ships in the latter part of 2003 which resulted in the Fleet Maintenance Unit receiving a number of new job cards.
- **Publications Provision Capability.** The Naval Publications Unit provides a publications provisioning service. The unit achieved all its objectives as planned. The investigation into the market-testing of the printing capability of Naval Publications Unit was completed during this period following the year-long introduction of a measurement system at Naval Publications Unit.
- **Logistics Warehousing Capability.** SA Naval Stores Depot Wingfield provides a logistics warehousing and distribution capability. All the set objectives for the reporting period were met. Significant events include
 - the mapping of the depot's Operation Support Information System processes in preparation for going online;
 - preparation of adequate warehousing for the new ships' acquisition of spares; and
 - the handing over of two warehouses to the ARMSCOR disposal initiative.
- **Armament Warehousing Capability.** SA Naval Armament Depot provides an armament warehousing and distribution capability. The unit achieved its objectives as planned. However, it is facing a number of challenges, which include vacant posts, the slow procurement process, and infrastructure problems.
- Directorate Fleet Logistics managed to expend about 70% of its budget for FY2003/04 in support of the Maritime Combat Capability.
- Further achievements for FY2003/04 were:
 - *Simon's Town Fuel Farm Rejuvenation.* The rejuvenation of the fuel farm began in October 2003. This project has consistently run ahead of schedule (three months ahead at this stage) and payment for 2003 was made in full. The project is due to be completed by October 2004.
 - *Technical Logistic Support Unit.* The Technical Logistic Support Unit is a mobile support unit designed to keep the ships operational during deployments. Exercise RED LION was conducted towards the end of the first quarter of 2003, and the Technical Logistic Support Unit was used to support this exercise. This proved that the capability to keep the ships operational during deployment

- could be achieved. During the second quarter the Fleet Maintenance Unit long-range projection abilities were again tested with a 'mini Technical Logistic Support Unit' in support of the SAS UMZIMKULU in Mossel Bay, and the preparation of personnel, tools, and spares for deployment in Burundi.
- *Full-time Disposal Section.* Following the advice of the Parliamentary Standing Committee on Public Accounts (SCOPA), Directorate Fleet Logistics created a full-time disposal section in the system support environment to deal with the staff work relating to the disposal of systems and equipment, which will directly affect the stockholding of the SA Navy.
- **Obstacles to the Achievement of Objectives.** The SA Navy managed to maintain its required capabilities in respect of the SA National Defence Force readiness levels and achieve all objectives for FY2003/04. However, a number of obstacles and constraints placed great stress on the logistic organisation's attempt to achieve its objectives, which cannot be maintained indefinitely.

ly. These included the following:

- A lack of qualified and experienced personnel, which was further compounded by various training and support requirements for the new equipment.
- *The SAS OUTENIQUA.* Docking and essential defects is nearing completion. However, there are still capacity constraints in certain critical areas, such as mechanical engineer officers and engine room watchkeepers.
- The contract to build the changes in terms of the Submarine Training Centre is being conducted through Department of Public Works. This task is on the critical path.

Maritime Training Capability: To ensure that the maritime combat capability requirements are met with respect to the provision of trained full-time and reserve personnel.

Performance:

- **Formative Training**
 - **Naval College Gordon's Bay.** The core objective for FY2003/04 was to optimise and execute formative Education, Train-

Table 9.2. Formative Training: Planned Output vs. Output Achieved

| Planned Outputs (Course/ Activity and Learners) | | Performance | Remarks/Reasons for Deviations |
|-------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Leadpro | Objectives achieved | 1 Courses presented as required |
| 1 | Assessment Centres | | 1 Courses not presented were cancelled due to lack of nominations |
| 1 | English Remedial Training | | |
| 1 | Military Training for Rating 1 - 500 learners | 1 Objectives partially achieved | Military Training for Rating 1: 438 learners reported and 369 completed training. The difference between the reporting and completion figure can be attributed to discharges (own request and medical) |
| 1 | Military Training for Rating 1 Reserve | 1 Military Training for Rating 1 Reserve Force: 6 learners completed training | |
| 1 | Military Training for Rating 2 - 144 learners | 1 Objectives achieved | No requirement for Reserve Officer training |
| 1 | Military Training for Rating 2 Reserve | 1 Military Training for Rating 2: 146 learners completed training | |
| 1 | Military Training for Rating 3 - 96 learners | 1 Objectives partially achieved | 1 Military Training for Rating 3: 198 learners were trained. The increased total due to HR Strategy 2010 / Transformation |
| 1 | Military Training for Rating 3 Reserve | 1 Military Training for Rating 3 Module A: 108 learners completed training | |
| | | 1 Military Training for Rating 3 Module C: 90 learners completed training | |
| | | 1 Military Training for Rating 3 Reserve Force: 16 members reported for training | 1 Military Training for Rating 3 Reserve Force: 4 learners withdrew due to civilian work commitments. Course not completed |



Table 9.3. Military Functional and Warfare Training: Planned Output vs. Output Achieved

| Objective | Planned Output | Output Achieved | Level of Achievement | Remarks/Reasons for Deviations |
|-------------------------------------------------------------|----------------|-----------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Conduct Functional Training for Officers and Ratings | 1 986 | 620 | Partially Achieved | Many learning opportunities cancelled due to lack of demand and some members were sent to Germany for corvette training |
| Rendering a War-gaming System House Service | 40 | 101 | Achieved | Includes use of simulator at Maritime Warfare Training College for learning opportunities as well as utilisation by the Fleet |
| Conduct Submarine Escape Training | 400 | 30 | Achieved | Training conducted for General Submarine Knowledge only. Due to the decommissioning of Daphne Class no requirement was sought for FY2003/04 |
| Conducting Continuation Training for the Fleet | 1450 | 874 | Achieved | All requirements met. The Fleet did not request continuation training for all musters during FY2003/04 |
| Conduct Computer Software Application Training | 800 | 192 | Achieved | All requirements met. Many learning opportunities cancelled due to lack of demand |
| Conduct Nuclear, Biological, Chemical and Disaster training | 1 056 | 533 | Partially Achieved | Training conducted for Military Skills Development (MSD) learners only |
| Prepare Operational Diving Team to conduct diving training | 92 | 0 | Not Achieved | Learning opportunities cancelled due to lack of demand |
| Conduct Underwater Sabotage Device Disposal | 92 | 7 | Partially Achieved | All requirements met. Learning opportunities cancelled due to lack of nominations |
| Conduct Combat Search and Rescue | 92 | 36 | Partially Achieved | All requirements met. This is a support function to DFFP in terms of SUBMISS/SUBSUNK. Only divers have therefore been trained |

ing and Development for 85 officer candidates (24 female) in the SA Navy. The objective was achieved. 84 Candidates were successfully trained.

- **Naval Gymnasium SAS SALDANHA.** Table 9.2. indicates the objectives set and the outputs achieved.

- **Military Functional and Warfare Training Capability.** The planned and achieved outputs for Military Functional and Warfare Training Capability are shown in Tables 9.3.
- **Technical Training Capability.** Table 9.4. shows the outputs that were achieved for the Technical Training Capability.

Table 9.4. Technical Training: Planned Output vs Output Achieved

| Objective | Planned Output | Output Achieved | Level of Achievement | Remarks/Reason/Comments |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To conduct Apprentice Training for uniformed SA Navy personnel | First year students: 40 Mechanical 40 Electrical Second year students: 40 Mechanical 40 Electrical Third year students: 40 Mechanical 40 Electrical. Engine Room Attendant: 100 students per annum TOTAL: 340 | 72% (245 learners) | Achieved | There has been a steady decrease in the number of learners identified for apprentice training. Due to the envisaged future strategy with respect to Artisan Training, performance targets will have to be amended SAS WINGFIELD is currently in the process of registering as an Accredited Training Provider |
| To administer full-time students seconded to SAS WINGFIELD undergoing specified higher education opportunities at civilian institutions | First year students: 13 Second year students: 12 Third year students: 13 Fourth year students: 12 TOTAL: 50 | 182% (91 learners) | Achieved | The overall learner opportunities with respect to learners attending tertiary training have increased considerably, especially for the first semester of 2004 |
| To provide Management, Media Centre and ETD Quality Assurance (Research and Development and Evaluation) Services | Provide specified media training aids as required Evaluate facilitators Curricula to meet end-user specifications in a cost-effective manner Learner ETD material, facilities, and equipment to meet statutory requirements | 31 Facilitators provided with training aids 31 Facilitators evaluated All curricula meet end user specifications All ETD material meets statutory requirements | Achieved | |
| To provide Management, Media Centre and ETD Quality Assurance (Research and Development and Evaluation) Services | Provision of media training aids for facilitators Regular evaluation of Internal facilitators | Provision of media training aids to facilitators met internal facilitators regularly evaluated | Achieved | Media Centre has been short-staffed for a long period Fleet Command facilitators must still be officially identified |

- **Staff Training Capability.** Table 9.5 shows the outputs that were achieved for the Staff Training Capability.

Table 9.5. Staff Training: Planned Output vs Output Achieved

| Planned Output | Output Achieved | Level of Achievement | Remarks/Reasons for Deviations |
|----------------------------------------------|----------------------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Command Orientation Seminar: 18 | Command Orientation Seminar: 0 | Not Achieved | Command Orientation Seminar: Director Fleet Human Resources instructed Naval Staff College not to run it due to changing priority |
| Staff Methods Course: 18 | Staff Methods Course: 46 | Achieved | Staff Methods Course: Surplus due to apparent "backlog" of Lieutenant Commanders |
| Junior Staff and Warfare Course Module 1: 36 | Junior Staff and Warfare Course Module 1:46 | Achieved | Junior Staff and Warfare Course: Module 1: Surplus due to backlog of Lieutenant Commanders |
| Junior Staff and Warfare Course Module 2: 36 | Junior Staff and Warfare Course Module 2: 44 | Achieved | Junior Staff and Warfare Course: Module 2: Surplus due to backlog of Lieutenant Commanders |
| Ship Maintenance Period: 18 | Ship Maintenance Period: 17 | Achieved | Ship Maintenance Period: One officer withdrew |

- **Overseas Training Capability.** Table 9.6 shows the outputs that were achieved for the Overseas Training Capability.

Table 9.6. Overseas Training: Planned Output vs Output Achieved

| Planned Output | Output Achieved | Level of Achievement | Remarks/Reasons for Deviations |
|-----------------------|---------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Developmental Courses | 3 Officers 1 NCO | Achieved | |
| Functional Courses | 9 Officers | Achieved | |
| Exchange Programmes | - | Not achieved | Lack of suitable candidates |
| Instructors Courses | 1 NCO | Achieved | |
| Attachments | 6 Officers | Achieved | |
| Project on Corvettes | 30 Members | Achieved | |
| Project on Submarines | 2 Officers | Partially achieved | 18 Members were due to attend the Submarine Training Course in India, but the Memorandum of Understanding had not yet been finalised |

General Base Support Capability: The Naval Base Simon's Town provides a general base support capability in support of the fleet, ships, shore units and other identified clients in order to maintain and sustain the approved force design and force structure.

Performance:

This objective was substantially achieved.

- **Base Management.** The Division achieved all stated objectives during FY2003/04. Individual facilities projects have progressed well during the period.
- **Executive.** While the Support Base's Operations Division achieved the objectives stated in the Business Plan, shortages in manpower and reliable vehicles, as well as old systems (Dorset) posed serious challenges. The Fire and Rescue Services, Catering Services and the Military Sport Centre met the stated objectives in the Business plan. Productivity and service delivery to Naval Base Simon's Town and clients have been increased due to the acquisition of new fire vehicles and equipment.
- **Logistics Division.** The Division performed well overall, although there are some problem areas that prevented the 100% achievement of all stated objectives.
- **Base Supply Organisation.**
 - 1 **Transport Services.** The Transport Service is being placed under progressively greater pressure to assist its clients on a day-to-day basis due to the age and unserviceability of the vehicle fleet. This is compounded by the inability of the Repair Depot to cope with the degraded vehicle fleet, and an inadequate allocation of funds to replace vehicles that have been disposed of.
 - 1 **Internal Inspections.** The transfer of Distribution Accounts on Operation Support Information System from Naval Base Durban, and the closure of Naval Base Durban are almost complete. Distribution accounts for various disposed ships or those in the process of closing, are still reflecting items in open balance and on distribution.
 - 1 **Satellite Units.** Operation Support Information System has successfully been implemented at SAS WINGFIELD, Naval Stores Depot Wingfield (Unit), SAS UNITIE, RS GOEDVERWACHT, SAS SIMONSBERG and the SA Naval College.

The creation of Distribution Accounts for the Military Health Sections at the SAS WINGFIELD, ie Sickbay, Dentist and Veterinary Services was completed and the items have been transferred to the respective Distribution Accounts.

- **Satellites.** The Fuel Issue Point at SAS SIMONSBERG remains an Occupational Health and Safety Act issue. SA Navy Armaments Depot and the Naval Publications Unit have been experiencing problems with the quality of portable water. The entire supply pipeline in both units must be replaced in order to provide a long-term solution to this issue, and the Department of Public Works has been made aware of the problem.
- **Naval Harbour Master.** All outputs to supply an effective harbour service as required by the Fleet have been achieved despite crew and other personnel shortages, and the non-operational Fuel Farm. Tug De Mist became operational after major repairs during FY2003/04. The planned maintenance objectives of the harbour craft, harbour patrol boats and yachts have been met. Furthermore the "down time" of these craft has been reduced significantly in the past year.
- **Navy Band.** The Navy Band has had a number of successes in the past year, including a very successful trip to Germany, performing 13 concerts in 12 days.
- 1 **Public Relations.** The Public Relations Division achieved all objectives as stated in the Business Plan.
- 1 **Naval Station Durban.** Naval Station Durban has achieved the objectives stated in FY2003/04 Business Plan.

Maritime Reserve Capability: To provide combat-ready Reserve Forces.

Performance:

This objective was partially achieved.

- The SA Naval Reserve is an integral part of the SA Navy and is able to supply manpower to the SA Navy when and where required.
- 1 Substantial progress was made in the FY2003/04 with the transformation of the SA Navy's Reserve Component in terms of the Department of Defence's Transformation.
- 1 Outputs. 28 464 of the 29 000 personnel utilisation days planned for Reserve units were



- utilised in FY2003/04.
- There are currently seven SA Navy Reserve units in commission:
 - SAS MAGALIESBERG in Pretoria;
 - SAS RAND in Johannesburg;
 - SAS INKONKONI in Durban;
 - SAS PORT REX in East London;
 - SAS DONKIN in Port Elizabeth;
 - SAS YSELSTEIN in Simon's Town; and
 - SAS UNITIE in Cape Town;
 - All these Reserve units are located in urban areas and coastal cities where the biggest concentrations of Reserve members are domiciled. The units have a Reserve Force officer as their Officer Commanding, an Executive Officer, Master at Arms and a Reserve Force ships company, the size of

which varies amongst units. A number of regular Force and Public Service Act members are also attached to each of the units to provide backup in the operation of the unit.

- Chief of the Navy has directed extensive actions to rejuvenate the Navy Reserve.

CONCLUSION

During FY2003/04 the SA Navy achieved most of its objectives for the reporting period. However, the Fleet Command was stretched owing to a lack of capacity in certain areas coupled with the increased workload in preparation for the integration of the new corvettes and, from next year, the new submarines. The SA Navy is confident that it is on track to achieve all its objectives for FY2004/05.

MILITARY HEALTH SERVICE

ANNUAL REVIEW

The SA Military Health Service (SAMHS) is a strategic asset to the SANDF and the RSA. The vision of SAMHS can be seen as that of a healthy military community. As such and flowing from this is its mission to provide a comprehensive, excellent, self-supporting, multidisciplinary military health service that ensures a healthy military community. The functions of the SAMHS are the following:

- Provision of military health support to the SANDF.
- Regional and global military health co-operation and assistance.
- Provision of combat-ready military health forces.
- Preservation of life, health and property.
- Disaster-relief operations.
- Assistance in maintaining essential health services.
- Support to other State departments and institutions with regard to unique capabilities.
- Formulation of expert inputs with reference to policy and planning.
- Health support of approved clientele.
- Diplomatic-assistance operations.
- Maintenance of chemical and biological defence capability.
- Military health research and development.
- Health support to the SA Police Service.

Highlights

SA Military Health Service highlights of the year include:

- The official opening of the Regional Military Health Training Centre.
- SA Military Health Service participation in rescue efforts in the Algerian Disaster.
- The hosting of an International Congress of Military Medicine for Veterinarians.
- Attendance of Conferences on Aviation and Space Medicine, the Association of Military Surgeons of the USA and the World Veterans 24th General Assembly.
- The opening of the first PHIDISA Clinic in January 2004. The combined efforts from the



Surgeon General

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

SA Military Health Service and the USA regarding the HIV/AIDS retroviral research is gaining momentum and a work session on PHIDISA was held during the reporting period.

- Project MASIBAMBISANI implementation process was presented to the Deputy Minister of Defence, Ms N.C. Madlala-Routledge, during October 2003. The project, funded over five years by the USA, was well received as an element combating this disease.
- The SA Military Health Service attended the Military Health Work Group of the Interstate Defence and Security Committee in Botswana with an extended group. Papers presented by SA Military Health Service

members were well received and the level of scientific research in the Interstate Defence and Security Committee military health environment can be regarded as of a high quality.

Chemical and Biological Defence

The SA Military Health Service was involved in internal and external (international) activities. Internally, lectures on various aspects of Chemical and Biological Defence were presented to elements in the SANDF, personnel who deployed to Democratic Republic of Congo and Burundi, various civilian institutions (primarily on chemical and biological terrorism), as well as at two international workshops.

Research and development continued, and all planned projects were completed. Final evaluation was done on the personnel decontamination shower technology demonstrator, and only the final phase of completion of the datapac is still outstanding.

In September 2003, a proposal drafted by the Chemical and Biological Defence Advisor and others to improve the joint management by emergency services of incidents involving chemical, biological, and radioactive materials, was presented to the Interdepartmental Disaster Management Committee. The Interdepartmental Disaster Management Committee approved the following implementation plan:

- Establishment of a working group to implement the plan.
- Development of a joint incident management manual.
- Determination of training requirements.
- Development of a training curriculum and training courses.
- Joint exercises involving all the role players.

Training for Hospitals in the Handling of Contaminated Casualties. In this regard a one-day training seminar was developed, and the first seminar was held at the Pretoria-East Hospital. A second seminar took place in February 2004 at the Johannesburg Hospital. The possibility of standardisation and joint procurement of specialist equipment will be investigated.

Externally, the Chemical and Biological Defence Advisor was requested by the World Health

Organisation, to represent Africa on the Advisory Group of the World Health Organisation (Chemical, Biological and Radioactive). In this regard, the Chemical and Biological Defence Advisor is involved with the World Health Organisation in the development of guidelines for national health departments on the management of chemical, biological and radioactive terrorism.

In the area of non-proliferation, the Chemical and Biological Defence Advisor is still chairing the two sub-committees of the Council for the Non-proliferation of Weapons of Mass Destruction on Chemical and Biological weapons. Regulations implementing export control measures for biological agents and toxins and related equipment, were drafted and published, and a second set of regulations increasing security of these agents is under development. Existing export control regulations on chemicals and related equipment were updated. The Chemical and Biological Defence Advisor again acted as the technical expert of the South African delegation to the two meetings of the States Party to the Biological Weapons Convention.

SA Military Health Service Reserve Force Directorate

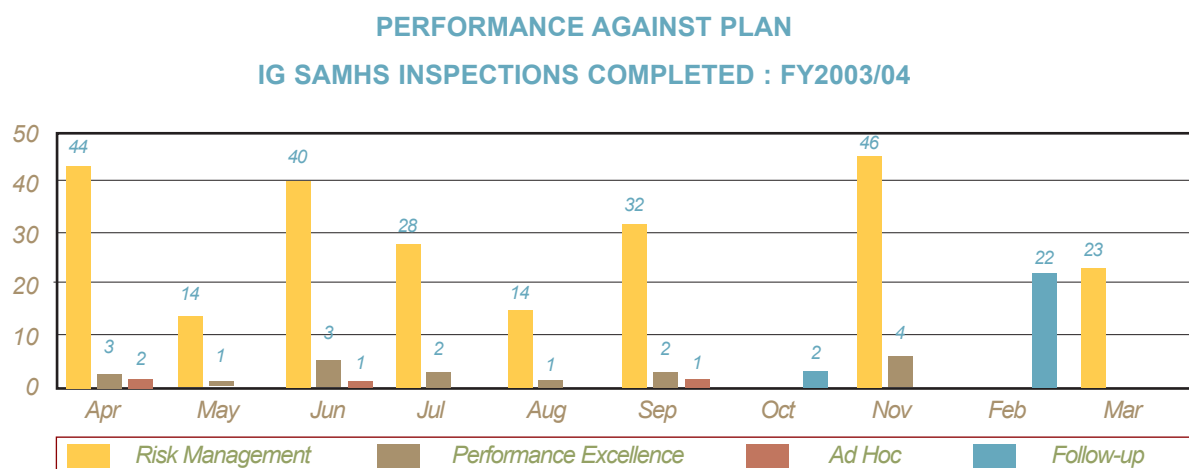
The SAMHS Reserve Directorate was established on 01 January 2002 in order to give more attention to reserve force requirements of SAMHS. The development of a Reserve Force Officers Training System to entice suitable candidates into the Military Health Reserve Force, and to act as a feeder system of health professionals, is far advanced and will be presented for approval to the Military Council in April 2004.

SA Military Health Service Inspector General

A summary of Inspector General SA Military Health Service inspections completed for the FY2003/04 is depicted in Figure 10.1. 284 Missions were completed during FY2003/04.

Risk Management. 15 Critical risks for the organisation were identified and the Inspector General SA Military Health Service inspected the processes at SA Military Health Service units and requested rectification plans. A total of 218 risk management inspections were conducted during FY2003/04.

Figure 10.1. Inspector General SA Military Health Service Inspections: FY2003/04



Some of the significant findings within the SA Military Health Service during Inspector General missions included the following:

- The SA Excellence Model was successfully implemented to the lowest levels in SAMHS structure.
- The understanding and awareness of the Occupational Health and Safety imperatives have improved immensely.

Physical Training, Sport and Recreation

Despite numerous challenges faced by the Directorate, the Directorate managed to deliver on its mandate.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Military Health Service Programme consists of the following subprogrammes:

- Strategic Direction (Surgeon General's Office)
- Mobile Military Health Formation
- Area Military Health Formation
- Tertiary Military Health Formation
- Military Health Support Formation
- Thaba Tshwane General Support Base
- Military Health Training Formation

Strategic Direction (Surgeon General's Office): To provide strategic direction to the Military Health Service Programme by the formulation, promulgation and control of strategy, policies and plans, and the provision of advice by the Surgeon General's Office in order to prepare and provide the capabilities required by the Chief of the SANDF.

Performance:

This objective was achieved as planned.

- The performance improvement initiatives of the Department of Defence were supported by implementing an integrated approach with the SA Military Health Service Strategic Management Model. Two issues are noteworthy:
 - The Batho Pele principles were operationalised with a training workshop implemented in the SA Military Health Service. After completion of the training, the units comply with the Batho Pele principles by managing a service delivery improvement plan, and producing a client report.
 - The SA Excellence Model requires a regular client satisfaction audit. The results of the client satisfaction audit for 2003 show improvement in client satisfaction.

Mobile Military Health Formation: To provide mobile military health support in a multidisciplinary military health combat-ready capacity (including specialised functions for land, air, maritime, clinical evacuation support) and equipment for operational utilisation at short notice, in accordance with the Department of Defence force design, national and international obligations.

Performance:

This objective was achieved.

- During 2003, the Military Mobile Health Formation focussed on its core function of ensuring combat-ready Military Health

forces for deployment by Chief of Joint Operations. In this endeavour it was supported by the other formations in the SA Military Health Service. The Formation succeeded in ensuring combat-ready Military Health Task Groups for two rotations each in the Democratic Republic of Congo (Operation MISTRAL) and Burundi (Operation FIBRE). Operational Readiness courses were developed and presented to members going on deployment before each rotation. Four of these courses were presented and a total of 200 SA Military Health Service members were prepared for deployment in peace-support operations. This action increased the level of combat readiness of the SA Military Health Service as a whole. Initially the supply of pharmaceuticals to the mission areas was problematic, but during the last quarter of 2003 this process improved dramatically. This was made possible with the support of the Military Health Support Formation.

- Apart from its support to Special Forces, 7 Medical Battalion Group also provided support to Operation BLUE ANGEL (humanitarian support in Zambia), Operation CONTINENTAL (Liberia), during the earthquake in Algeria and the disaster in Madagascar. 8 Medical Battalion Group was also responsible for co-ordinating the SA Military Health Service exhibition as part of the SANDF exhibition during the Pretoria Show. This exhibition received a Gold Award.
- The Medical Task Group deployed in Operation FIBRE (Burundi) did 11 824 con-

sultations over the period 01 April 2003 to 31 March 2004. The Medical Task Group in Operation MISTRAL (Democratic Republic of Congo) conducted approximately 1 000 consultations per month. (Due to the non-availability of the mainframe in Democratic Republic of Congo, accurate statistics are not available.)

The SA Military Health Service participated in the Force Preparation exercises listed in Table 10.1. below.

Area Military Health Formation: To provide a comprehensive, excellent, self-supporting, multidisciplinary area military health service through a formation headquarters commanding and controlling nine Area Military Health units to ensure a healthy military community.

Performance:

This objective was achieved as planned.

- Services were rendered by the Area Military Health Formation during FY2003/04 to the following stakeholders/clients:
 - The Presidency
 - Serving SANDF members
 - SANDF dependants
 - Retired members
 - Services in assistance to other State departments as approved
- The Area Military Health Formation Headquarters' main role is to guide and control the outputs and thus the service delivery of the various units under its command and control. In order for this to be achieved, numerous management improvement strategies

Table 10.1. SA Military Health Service Force Preparation Exercises: FY2003/04

| Exercise Name | Type | Participants |
|----------------|---------------|-------------------------------------------------------------------|
| UMBUMBE | SAMHS Unique | 1 Medical Battalion Group |
| HIGHLANDER | SAMHS Unique | 1 Medical Battalion Group |
| REALITY | SAMHS Unique | 1, 3, 6 & 8 Medical Battalion Groups |
| REFRESHER | SAMHS Unique | 8 Medical Battalion Group |
| IRON EAGLE | Joint | SAAF, SA Army, SAMHS |
| WAYSIDE | SAMHS Unique | 7 Medical Battalion Group Chemical and Biological Defence Wing |
| RAINBOW TREK | Multinational | RSA, France |
| FLINTLOCK | Multinational | RSA, USA |
| AFRICAN SHIELD | Multinational | RSA, UK |
| DRAGON | Joint | 44 Parachute Regiment, 6 SAI Battalion, 7 Medical Battalion Group |

were implemented during the reporting period in order to improve efficiency and effectiveness.

- The following services were rendered by the Area Military Health Formation during the report period:
 - Ancillary Health consultations done: 5 465.
 - Clients who benefited from individual and family social work counselling: 28 689.
 - Clients who were part of 150 therapeutic social work groups: 2 241.
 - Clients who were part of the 1 016 social work community projects: 196 552.
 - The total number of people involved in social work interventions: 208 376.
 - A total number of peer educators trained by social work officers in the HIV/AIDS prevention and Gender Equity programme: 508.
 - Social work officers facilitated mission-readiness training to all members before deployment, and with reintegration into their respective families and the workplace on their

return. Comprehensive operational support was made available to all deployed members and their families.

- Resilience programmes were co-ordinated which resulted in these programmes being conducted at 90 % of the health units.
- Social work officers facilitated 49 supervisory training programmes (Employee Assistance Programmes).
- Clients reached by means of psychological groups for therapeutic assessments and interventions: 35 946.
- Clients assisted by means of 11 234 individual psychological consultations: 8 935.
- Consultations done by medical officers and community service doctors: 178 356.
- Consultations conducted by specialists: 2 864.
- Consultations that were undertaken by Section 38A nurses were 140 731 and by other nurses: 22 097.
- Consultations conducted by other health care professionals: 20 794.
- Consultations conducted by Area

Table 10.2. Services Supplied by the Tertiary Health Formation, FY2003/04

| Service Supplied | | Output | |
|----------------------------|------------------------------|------------------|---------|
| Hospitalisation: | In-patients | 28 236 | |
| | Consultations | Medical Officers | 286 163 |
| | | Specialists | 28 992 |
| | Operations in Theatres | 14 073 | |
| Ancillary Health Contacts: | Biokinetics | 58 276 | |
| | Dietetics | 31 316 | |
| | Clinical Technologists | 11 272 | |
| | Medical Technologists | 921 273 | |
| | Prosthetist | 7 495 | |
| | Occupational Therapy | 21 343 | |
| | Physiotherapy | 79 879 | |
| | Podiatry | 5 274 | |
| | Radiography | 108 134 | |
| | Speech Therapy and Audiology | 15 209 | |
| | Prescriptions | 449 353 | |
| | Items Dispensed | 1 311 521 | |
| | Psychology Contacts | 12 352 | |
| | Social Work Contacts | 4 367 | |



- Military Health Formation health care professionals: 365 024.
- Consultations referred for private treatment: 5 734, compared to 7 689 for the previous financial year. The decrease in private referrals can be attributed to stringent criteria for utilising private medical facilities in order to reduce costs.
- Patients referred for private X-rays: 4 763.
- Laboratory tests requested: 23 346, which compares favourably with the 25 585 tests in the previous financial year.
- 65 Volunteers were trained in three health units for home-based care. Three palliative care units developed out of need for health care to terminally ill patients.

Tertiary Health Formation: To provide a specialist health service to ensure the development, establishment and maintenance of tertiary military health capa-

bilities within the parameters of relevant legislation as contained in the SAMHS strategy.

This subprogramme includes hospital, aviation, maritime, psychological and animal health specialities. The Tertiary Health Formation capability consists of the following:

- Formation Headquarters
- Three Military Hospitals
- Institute for Aviation Medicine
- Institute for Maritime Medicine
- Military Veterinary Institute
- Military Psychological Institute

Performance:

This objective was achieved as planned.

- Services provided to clients are listed in Table 10.2.
- **Aviation Health Services.** The Formation is not only responsible for aviation health services to the SA National Defence Force, but also for the licensing of all pilots controlled by the Civil Aviation Authority of South Africa. The services supplied are indicated in Table 10.3.

Table 10.3. Aviation Health Services Provided, FY2003/04

| Aviation Services Supplied | Output |
|--------------------------------|--------|
| VIP Medical Assessments | 212 |
| Flight Medicals | 1 254 |
| G-tolerance Training | 58 |
| Hyperbaric Treatments | 204 |
| A and B License Confirmations | 15 300 |
| Air Evacuations Performed | 32 |
| Attaché Medicals | 119 |
| Video Nogstagnograms Completed | 211 |
| Sick Reports Conducted | 333 |

Table 10.4. Maritime Health Services Supplied, FY2003/04

| Maritime Health Services Supplied | Output |
|-----------------------------------|--------|
| Maritime Health Assessments | 640 |
| Diving and Submarine Medicals | 206 |
| Medical Boards | 58 |
| Sick Reports | 13 162 |
| Psychological Contacts | 4 213 |
| Social Work Contacts | 9 484 |
| Hyperbaric Oxygen Treatments | 102 |

- **Maritime Health Services.** The Institute for Maritime Health is responsible for the SA Navy Community within the Simon's Town/Cape Town area. This service also provides base-orientated services to the SA Navy members and their dependants, creating a one-stop service in Simon's Town. The maritime health services supplied are indicated in Table 10.4.
- **Military Health-related Research and Psychological Assessments and Development.** The Military Psychological Institute is tasked to conduct all research and development within the Department of Defence and is also responsible for conducting assessments on members wishing to join the Department of Defence, as well as those who wish to leave due to medical reasons or any other exit mechanisms in place. The services supplied are indicated in Table 10.5 below.
- **Veterinary Health Services.** This Force Structure Element came into the fold of the Tertiary Health Formation during 2002. They are responsible for the supply of veterinary services, not only to the Department of Defence but also to the SA Police Service and Department of Correctional Services. They supply a large input into the activities of the Department of Defence, especially the environmental aspects, where game is managed on the land of the Department of Defence. The services provided are indicated in Table 10.6 below.
- Operational support to the SA Army is supplied on demand throughout their deployment periods.
- Veterinary courses presented during the year are indicated in Table 10.7.
- The Formation is fully committed to the Force Preparation process and members are sent on courses, functional as well as military, to enhance capabilities for deployment, and to obtain skills for deployment inside and outside the borders of the RSA.

Table 10.5. Services Supplied on Military Health-related Research and Psychological Assessments and Development, FY2003/04

| Services Supplied | | Output |
|---------------------------------------|-----------------------------------|--------|
| Research and Development | Research and Development Projects | 48 |
| | Courses | 8 |
| | Consultations | 50 |
| | Software Developments and Support | 3 000 |
| Assessment and Development Activities | Special Selections | 28 |
| | Pre-selections | 8 |
| | Tests Analysis | 8 |
| | Training | 12 |
| | Organisational Development | 11 |
| | Career Counselling | 33 |
| | Group Forming | 15 |
| Validation studies | | 5 |

Table 10.6. Veterinary Health Services Provided, FY2003/04

| Veterinary Health Service | | Output |
|--------------------------------------------------------------------------|--------|--------|
| Consultations and Procedures for the Department of Defence | | 5 636 |
| Consultations and Procedures for the SA Police Service | | 3 060 |
| Consultations and Procedures for the Department of Correctional Services | | 326 |
| Farrier Services to all Services | | 656 |
| Hospital Days for In-patients | Canine | 3 836 |
| | Equine | 6 176 |

Table 10.7. Veterinary Courses Presented, FY2003/04

| Veterinary Courses Presented | Quantity |
|------------------------------|----------|
| Veterinary Assistant Course | 6 |
| Veterinary Orderly Course | 4 |
| Farrier's Assistant Course | 4 |

Members are allowed to attend congresses, symposia and seminars to broaden the health care professional skills pool. The Formation, especially 1 Military Hospital, is the Level 4 facility for all UN operations in Africa, and all the Formation facilities are visited at regular intervals.

- The Military Veterinary Institute successfully presented and hosted the International Congress for Military Medicine for Veterinary Officers during August 2003. The Institute for Maritime Medicine also liaises with the Department of Environmental Affairs for medical assistance in the form of medical officers, as well as Operational Emergency Care Orderlies for deployment to Antarctica and the Islands.

Military Health Support Formation: To provide military health support, warehousing of pharmaceuticals, sundries, SA Military Health Service mobilisation equipment and unique stock, procurement of SA Military Health Service unique products, materials and services, an electro-medical equipment asset management service for Area and Mobile Military Health Formations, and the directing of SA Military Health Service product systems and co-operative common logistics.

Performance:

This objective was achieved as planned.

- The Military Health Support Formation has been fully operational since its inception in 2001. The Formation consists of the Military Health Support Formation Headquarters with an Electro-medical Service Centre attached to the structure, the Military Health Base Depot consisting of the Military Health Depot and the Military Health Mobilisation Depot, and the Military Health Procurement Unit.
- The staffing of Public Service Act Personnel was completed in 2003. A drive to have military members functionally trained has resulted in more than 90% of the members being

qualified, both functionally and militarily, for their current ranks. Some members were given the opportunity to study at tertiary institutions at State expense. The increased costs in uniform maintenance as well as the budget cuts will have to be balanced by innovative thinking with regard to dress regulations. The increased requirements necessitated by our external deployments have put an increased strain on the issuing of camouflage dress.

- The PROCURE/PROQUOTE computerised tender compilation/evaluation system was installed at the Military Health Procurement Unit during February 2004 and the members involved in the compilation and evaluation of tenders received the necessary training in the operation of the system. This system will be rolled out in FY2004/05 and will improve the capability of the Military Health Procurement Unit by enabling it to control and monitor the process more effectively.
- The Support Formation had two important challenges during the report period, which revolved around changing pricing regulations for pharmaceuticals and the serviceability of vehicles in the SA Military Health Service.

Thaba Tshwane General Support Base: To provide general base support services to identified units and other identified clients so as to sustain and maintain the approved force design and structure.

Performance:

This objective was substantially achieved.

- The global collective output of General Support Base Thaba Tshwane is general support to its clients. The output consists of support in the following functional areas:
 - Physical Protection Service
 - Physical Training, Sport and Recreation Service
 - General Training Support
 - Procurement Service

- Logistic Control Service
- Supply Support Service
- Transport Service
- Facility Management Service
- Hospitality Service
- Technical Support Service
- The General Support Base, although a new institution and currently on a steep learning curve, has grown in numbers and experience.

Military Health Training Formation: To provide a military health training service to ensure the development, establishment and maintenance of military health training capabilities within the parameters of relevant legislation and policies.

Performance:

This objective was substantially achieved.

- The School for Military Training presented 43 courses ranging from basic training to SA Military Health Service Senior Management courses during the year.
 - The Directorate Occupational Health and Safety had a successful year. While the policy on Occupational Health and Safety was revised in line with amended legislation, the following policies and guidelines were at various stages of development:
 - Hearing Conservation policy
 - Substance Abuse policy
 - Occupational Health Monitoring policy
 - Guidelines on Hazardous Biological Agents
 - The development of Occupational Health and Safety structures within the Department of Defence had a positive effect on other State departments that interacted with Directorate Occupational Health and Safety
- in the past two years. The SA Police Service and National Intelligence Agency, as well as Gauteng Department of Health visited the Directorate to obtain information on functional structures to execute Occupational Health and Safety in their own domains. Information and guidelines were provided to the role players for further perusal and adaptation in their own environments.
- The leading health indicators that are jointly addressed with the multidisciplinary team, include the following:
 - Prevention of back, knee and ankle injuries at work and during training.
 - Early detection of asthma, tuberculosis, and diabetes.
 - Promotion of physical activity (fitness and sport) as well as education on overweight/obesity and nutrition.
 - Smoking cessation programmes.
 - Identification and rehabilitation of members with substance abuse.
 - Promotion of and training in responsible sexual behaviour (Project MASI-BAMBISANE) as part of workplace programmes on HIV/AIDS.
 - Promotion of mental health and stress management.
 - Promotion of hearing conservation programmes.
 - Promotion of Environmental Quality (pollution control and waste management).
 - Promotion of personal protective equipment and prophylaxis against health and safety hazards, risks and preventable diseases.
 - Promotion of hypertension control and other risk factor screening and education.

DEFENCE INTELLIGENCE

ANNUAL REVIEW

Defence Intelligence continued to serve the Department of Defence with intelligence in support of operations, planning and policy formulation. Intelligence support to key clients was of a high standard according to client feedback. Clients from Services, Divisions, and the defence industry confirmed the value of the technological products for South African National Defence Force (SANDF) projects. Continuous realignment of intelligence products with international developments and initiatives, as well as Department of Defence and Government priorities, contributed to client satisfaction.

Interaction with clients will continue, with the focus on service delivery. Support to operations was relevant in the light of the current external peace-support operations in the Great Lakes area and the Democratic Republic of Congo (DRC). Special mention was made nationally and internationally of Defence Intelligence's contribution to the peace processes in the DRC and Burundi.

Defence Intelligence played an active role in security management in the RSA. This specifically relates to Defence Intelligence's role in achieving milestones in the DRC and Burundi. Continuous engagement with national and operational initiatives ensured the delivery of products appropriate to security management. Defence Intelligence also continues to render policy advice to clients, especially in the counter-intelligence environment. A number of successes in this regard were reported. Specific mention may be made of the counter-intelligence assessment made of SANDF units deployed externally, and units deployed in support of the 2004 elections. Defence Intelligence continued to support other departments, especially in matters related to internal stability, security and law enforcement.

The development of strategic partners remains a high priority, and Defence Intelligence continues to accomplish successes in this environment. The focus remains on the SADC as a region. The emphasis has been on confidence building and the improvement of mutual capacity.



Notwithstanding a significant increase in external deployments, Defence Intelligence managed to conduct business within its budget allocation. Defence Intelligence continues to exert stringent budget-control measures.

Staffing of posts with members with the correct profile and training remains one of the primary challenges. Defence Intelligence is employing a special analytical tool to evaluate post profiles in order to create a comprehensive recruiting and training profile. Defence Intelligence members belonging to trade unions do have a conflict of interest, and the situation needs to be addressed.

The relocation of the Defence Intelligence Headquarters remains a priority. Defence Intelligence will continue to expedite the processes with the Department of Public Works to find a public-private partnership for this purpose. The renewal of Defence Intelligence's information systems is another challenge. Defence Intelligence completed planning for the replacement of these systems at the end of 2000 under the auspices of Command and Management Information Systems. The envisaged systems need to be implemented. Lack of progress in this regard will force Defence Intelligence to implement more renewal initiatives on its own in order to support the internal intelligence processes. One example in this regard is the renewal of the information system backbone by Defence Intelligence at a fraction of the initially estimated costs.

Collection of information remains one of the prime cost drivers. Worldwide developments in information tech-

nology, sufficient bandwidth, the availability of collection databases, and space technologies are some of the challenges that may put obstacles in this environment beyond Defence Intelligence's current budget allocation.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

Objective: To provide the Department of Defence with information and intelligence for effective policy formulation and decision-making as well as to prepare and employ forces in terms of national security objectives.

Performance:

This objective was achieved as planned.

- During the period under review, Defence Intelligence played a pivotal role in facilitating negotiations between opposing military elements in the DRC. These negotiations resulted in the signing of a power-sharing agreement among military elements that strengthens the fragile political process.
- Defence Intelligence's successes in the DRC led to the renewal of South Africa's inclusion in the Third Party Verification Mechanism in that country. Defence Intelligence personnel are, as a result, held in high esteem by the DRC government and United Nations members deployed in that country and the Great Lakes area. Elements of Defence Intelligence were also deployed in support of the peace processes in Burundi, the presidential elections in Rwanda, and in resolving the crisis in Sao Tomé. Later during the reporting period, Defence Intelligence members were directly involved in the facilitation team that brought about a ceasefire and peace agreement in Burundi.
- Defence Intelligence managed to foster a common approach among intelligence chiefs of the SADC region towards developments in the DRC. The training of a group of intelligence officers from SADC countries at the SA Defence Intelligence College took place in support of intelligence co-operation in the region. A train-the-trainer workshop for intelligence functionaries from the region was conducted during August 2003 at the College for Educational Technology. These efforts will undoubtedly contribute to a common intelligence doctrine in the region. Communication with Defence Intelligence organisations of the SADC countries also improved.
- Deployment to the DRC and the Great Lakes area offers intelligence personnel exposure and experience that could be used to enhance peace efforts in the whole region. The flow of information improved after joint visits by senior members of Joint Operations and Defence Intelligence to these deployed elements. Defence Intelligence also assisted Joint Operations in the drafting of proposals for the regional component of the African Standby Force, and continues to support Joint Operations with quality intelligence briefings for planning purposes. It assists Joint Operations in the preparation of mission-ready forces for deployment.
- Defence Intelligence's products had a significant impact on the quality of National Intelligence Co-ordinating Committee's (NICOC's) products. This improved the use of these products at national level. Defence Intelligence presented an editing workshop to NICOC personnel in August 2003 at the request of the National Intelligence Co-ordinating Committee and further supported the NICOC in developing their regulatory framework for various intelligence-related policies. Defence Intelligence also supported NICOC in the drafting of early warning systems for use in South Africa, SADC and the African Union (AU).
- Defence Intelligence improved its collection capability significantly in support of maritime deployments, while major improvements in imagery collection and mapping are in process.

JOINT SUPPORT

ANNUAL REVIEW

Introduction. The FY2004/05 has been an exceptional year for the Joint Support Division. At the strategic level, the Chief of Joint Support and the chiefs of the six business units gave full attention to improving the support processes of the DOD. Guided by the intent to streamline support functions and processes to improve service delivery, alternative structural models were explored and presented to the Executive Committee to ascertain the best way forward. This structural investigation is still in process and a decision is expected to be made in the next financial year. Once determined, the way will be open towards consolidating an integrated support strategy, concept and management process model. Notwithstanding the structural challenges, the Joint Support Division provided excellent logistics, military policing, personnel administration, and Command and Management Information support to the external missions during the year under review.

Strategic Direction (Joint Support Office). The Joint Support Office achieved full compliance in the formulation, promulgation and control of strategies, policies, instructions and plans in relation to joint support for the Chief of the South African National Defence Force (SANDF). Over the medium term, the movement will be towards a situation where an integrated joint support capability is directed from the Joint Support Office. It will also ensure that the Joint Support Office will deliver the requirements of the Public Finance Management Act with respect to economy, effectiveness, efficiency and transparency in all the outputs.

Human Resources Support Capability (Human Resources Support Centre). The Human Resources Support Centre was able to meet the objectives it set out for the period with the minimum of obstacles. It was done in such a way that the Human Resources Support Centre was constantly praised for its improvement on the Strategic Business Plan and financial expenditure.

Logistic Support Capability (Department of Defence Logistic Agency). The overall status of the Department of Defence Logistic Agency's performance against plan ranged from achieved to partially achieved.



Chief of Joint Support



Lieutenant General
T.T. Matanzima,
CCM, SM, MMM

The integration of the three major logistic information systems proceeded from the successful implementation of the interface in the demand and issue functionality to actual analysis of each system. The results of the latter will form the planning basis for the development of various options for a single system for the future. The main focus for FY2004/05 will be the establishment of a single integrated logistic management system in the DOD. The problem relating to the disposal of redundant/obsolete ammunition is receiving urgent attention.

Various options were explored and presented to the Minister of Defence, the Secretary for Defence and the Chief of the SANDF. It is hoped that this problem, which was caused by the previous large procurement of ammunition, and the banning of dumping at sea, will be solved by means of an Ammunition Disposal Plant.

Command and Management Information Systems Capability (Command and Management Information Systems). The overall performance per core objective for Command and Management Information Systems is satisfactory. However, there are challenges that might influence the outputs of the next financial year, if they are not addressed. These challenges include the staffing of vacant posts, and the underfunding of Command and Management Information systems and services.

Reskilling and Employment Assistance Capability (Service Corps). The throughput of serving members of the Department of Defence as potential clients has once again not been forthcoming as projected, resulting in a less than satisfactory performance for this financial year. In view of the HR Strategy 2010 roll-out, it is anticipated that this trend will continue for some time. A positive improvement of output in terms of requirements will be experienced within the Medium-term Expenditure Framework.

Military Police Capability (Military Police Agency). The financial year was characterised by a number of requests by top management to make funds available to finance a shortfall that the Department of Defence was experiencing. The contribution of the Military Police Agency to the Department of Defence's financial shortfall resulted in the Military Police Agency having to reprioritise its outputs/functions and to restrict, and in some cases even stop, the less important functions/outputs required from the Military Police Agency. However, with the exception of a few delays, especially in the processes of procurement, the Military Police Agency managed to achieve the more important outputs as planned.

Education, Training and Development Capability (Joint Training Formation). The Joint Training Formation did achieve most of its set objectives for the reporting period. It has met most of the expectations and requirements as set by its clients and stakeholders. Substantial progress was made within the areas where shortcomings existed.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

This programme consists of the following sub-programmes:

- Office of the Chief Joint Support
- Human Resources Support Centre
- Logistic Agency
- Command and Management Information Systems

- Joint Training
- Military Police Agency
- Service Corps

Office of Chief Joint Support: To provide strategic direction to the Joint Support Programme.

Performance:

This objective was achieved as planned.

- The Joint Support Office achieved full compliance with the formulation, promulgation and control of strategies, policies, instructions and plans with regard to joint support for the Chief of the SANDF.

Human Resources Support Centre: To provide human resources support services to the Department of Defence.

Performance:

This objective was substantially achieved.

- **Effective Communication Skills.** The Human Resources Support Centre presented an Effective Communication Skills course to PSAP employees from 27 to 31 October 2003.
- **French Course.** The Human Resources Support Centre presented a VIP Protectors' French language course to 200 SA National Defence Force members at De Brug from 10 to 20 November 2003.
- **Skills Facilitators and Report Writing.** The Human Resources Support Centre commenced with the training of identified Language Practitioners as Skills Facilitators at Diplomacy, Intelligence, Defence and Trade Education and Training Authority, as part of the process to register Director Language Services as a provider at the SA Qualification Authority. A Report Writing course was presented to Public Service Act Personnel from 17 to 21 November 2003.
- **Military Skills Development System Recruiting Targets.** The Human Resources Support Centre achieved the recruiting targets for the SA Navy, SA Air Force, and the SA Army Military Skills Development System.
- **Youth Foundation Training Programme.** All 225 learners of the Youth Foundation Training Programme reported on 16 February 2004 as planned.

Department of Defence Logistic Agency: To provide logistic services to the Department of Defence.



Performance:

This objective was substantially achieved.

- **Facilities Maintenance Backlog.** Discussions took place between DOD's Chief of Logistics and the Director General of the national Department of Public Works (DPW) regarding the urgent requirement for additional funding to address the backlog of maintenance on DOD facilities. DPW, with the assistance of Chief of Logistics, prepared a presentation for Cabinet to obtain additional funds, which did not take place. The extent of this problem was dramatically illustrated by the closing of 4 SAI Battalion's barracks in March 2004 by the Department of Labour as the buildings did not comply with the provisions of the Occupational Health and Safety Act.
- **Capital Works Budget.** DPW's lack of capacity to utilise the Capital Works Budget of the DOD is a matter of concern. Measures have, however, been put in place to minimise the underexpenditure.
- **Restitution Claims.** The finalisation of restitution claims is proceeding to the satisfaction of the DOD. These include claims at Boschhoek, Wallmansthal, Madimbo Corridor and Lohatlha. The eastern and southern parts of the Walmansthal military area have been handed over to the Land Claim and Restitution Commission.
- **PHIDISA.** As part of a comprehensive programme for containment of AIDS, identified DOD facilities are being upgraded and renovated. This will ensure suitable facilities for the establishment of AIDS research laboratories nationwide.
- **Master Plan for Facilities Management.** The first formal master-plan for Southern Pretoria has been initiated, finalised, and implemented within one year. Contracts have already commenced as part of the action to be taken in implementing the master-plan.
- **Project COPERNICUS.** Cabinet approval was received for the relocation of Defence Intelligence from the Liberty Life Building in Pretoria to a new building to be constructed on a defence property.
- **Special Projects.** The following special projects were at different stages of completion:
 - The repair of 3 Military Hospital.
 - The planning of the construction of a new Navy HQ.
 - The repair of the War College and Ad Astra building.
 - Plans for the Lohatlha sickbay.
- **Disposal of Surplus and Redundant Ammunition.** The DOD has a vast quantity of surplus ammunition that has exceeded its shelf life. This ammunition poses a serious risk to personnel and facilities. It will have to be disposed of in accordance with prescribed procedures. A disposal plant needs to be built to address this issue. This matter is receiving urgent attention at the highest level.
- **Compliance with Internal Control Systems.** While the DOD Logistics Agency has developed a sufficient policy framework in order to improve logistic efficiency and effectiveness, there are still serious challenges in respect of implementation and compliance with the logistics internal control systems.
- **Service Delivery Level of Equipment.** The current service delivery levels of support equipment, eg within the Air Supply Products System environment and the current material handling equipment fleet, is a serious area of concern. Current age and frequent breakages will hamper service delivery.
- **Completion of Training Packages.** Additional funds were obtained from the SA Army, SA Air Force, SAMHS and the Department of Defence Logistic Support Formation for the purpose of completing training packages. This enabled the Department of Defence Logistic Agency to complete the Junior Supply, Senior Supply, Computer Aided Logistic Management Information System, Material Management System, Computer Aided Logistic Management Information System, Transport and Operational Support Information System, Facilitator/ Assessor, Junior Supply Officers, Military Skills Development System (MSDS) and Officers training packages.
- **Co-use of 2 Signal Regiment.** The Department of Defence Logistic Agency has successfully facilitated the co-use of 2 Signal Regiment (Boekenhoutkloof) with the SA Police Service over the period of 05 January to 19 June 2004.
- **Environmental Policy.** In the past year the following policy developments in the field of environmental management in the DOD took place:

- Department of Defence Instructions covering participation in nature conservancies by the DOD, the operation of incinerators, the establishment and functioning of base Environmental Working Groups and the management of game were completed and are in the final stages of promulgation
- A Commanders' Guide on Environmental Compliance was completed and distributed to all commanders.
- The first draft manual on the DOD Environmental Management System was completed. A training course on Environmental Management Systems was presented to 50 members. The draft manual is now being tested at seven selected bases.
- **Environmental Management Structures.** Sound progress was made in developing and firmly establishing the structural arrangements needed to ensure the success of environmental management in the DOD. These included the following:
 - *Integrated Project Team (IPT) for Environmental Considerations in Operations.* Following the successful participation of an Environmental Support Team in Exercise SEBOKA at Lohatlha in October 2003, and the subsequent report submitted by the Environmental Support Team, an Integrated Project Team for Environmental Considerations in Operations (ECOps) was established.
 - *Liaison Forum.* The Standing Liaison Forum between Environmental Services, Environmental Health, and Occupational Health and Safety has now been firmly established. The Surgeon General and Chief Joint Support recently approved its Terms of Reference.
 - *Environment Audit Steering Committee.* The DOD Environmental Audit Steering Committee is making good progress in addressing the issues raised during the environmental audits in 2002.
 - *Sponsorship.* Several new sponsors and adjudicators were included in the DOD Environmental Award Programme. For instance, Rand Water will in future sponsor the Water Efficiency Award, while the National Botanical Institute will sponsor the Environmental Education and Training Award.
- **Environmental Management Awareness.** In order to increase the SANDF's environmental awareness the following educational initiatives took place:
 - Military Integrated Environmental Management (MIEM) modules have been developed for the military learners attending the Joint Senior and Command Staff Course, the Joint Warrant Officers and for the Resource Management Programme for lower level structures of the DOD.
 - High standard training ensured that all regional environmental managers are now capable and equipped to assist FSEs in their regions with the implementation of an integrated Environmental Management System (EMS) based on the principles of ISO 14000.
 - A trilateral programme is about to be initiated between the DOD, the NDPW, and DWAF regarding the development of water efficiency programme in the DOD.
 - Flying hours were officially allocated for the purpose of game management, which enhanced the professional management capabilities. Through proper game census methods, management can now capture usable statistics and databases.
- **International Conference on Military Integrated Environmental Management (MIEM).** The International Conference on MIEM took place in Pretoria in August 2003. The conference was co-sponsored by the RSA and the USA DODs, and was attended by 120 delegates from 26 countries.

Command and Management Information Systems (CMIS): To provide a command and management information and related service to the Department of Defence in support of Department of Defence objectives.

Performance:

This objective was substantially achieved.

- **Department of Defence Information Strategy.** The Department of Defence Information Strategy was approved by the Plenary Defence Staff Council on 15 September 2003.
- **Defence Information and Communication Technology Architecture (DICTA) Projects.** Three Defence Information and Communication Technology Architecture projects were



completed during the FY2003/04. These projects are:

- *Defence Information and Communication Technology Architecture for Data Warehouse.* The aim of the project was to formulate a set of prescripts in the form of principles, standards, and guidelines by which to govern the selection, design, and implementation of data warehouse technologies, related services, and products in the Defence Information Infrastructure.
 - *Defence Information and Communication Technology Architecture for Computer Hardware.* The aim of the project was to formulate a set of prescripts in the form of principles, standards, and guidelines, to direct and govern the selection, design, and implementation, of computer hardware technologies, related services, and products in the Defence Information Infrastructure.
 - *Defence Information and Communication Technology Architecture for Demilitarised Zones.* The aim of the project was to formulate a set of prescripts in the form of principles, standards, and guidelines, to direct and govern the selection, design, and implementation of Demilitarised Zones technologies, related services, and products in the Defence Information Infrastructure.
- 1 **Exercise COMBINED ENDEAVOUR.** Exercise COMBINED ENDEAVOUR is an international exercise during which the interoperability of high frequency communications is tested. The participation of the Command and Management Information Systems' members in Exercise COMBINED ENDEAVOUR had a positive influence on relations between the United States European Command and Command and Management Information System' members. The knowledge gained by the participation in this exercise can be incorporated into the future utilisation of the Department of Defence's high frequency communication systems.
- 1 **Freedom of Entry to the City of Tshwane.** Command and Management Information Systems Formation was bestowed the honour of the Freedom to the City of Tshwane. The parade took place on 27 June 2003. The procedures and documentation (orders and

instructions) for the parade were used as a baseline for the Freedom of the City of Saldanha Parade. The Freedom of the City of Tshwane Parade was captured on video and is being used by the College for Education and Technology as training material.

1 **External Deployments.** Positive feedback was received by the Chief of Joint Operations on the Command Management Information Systems service delivery produced by operational elements deployed in the Democratic Republic of Congo and Burundi.

1 **Library in Kindu (Democratic Republic of Congo).** A project was launched to establish a reading library in Kindu for the deployed members. As this activity was unfunded, Command and Management Information Systems had to rely on the generosity of its own staff members, local publishers, and book distributors for supplying reading material. The project has been running since late January 2004 and over 1,000 books have been delivered to Kindu. Books unsuitable for use (ie children's books) have been distributed to various primary schools in the Pretoria area.

1 **Upgrading of the Telecommunication Infrastructure.** The following initiatives have been implemented to improve the telecommunication service to Department of Defence clients.

1 **Upgrading of Existing Department of Defence Switch Speech Network (SSN) Telephone Infrastructures.** This includes the urgent replacement of the Department of Defence legacy Private Automatic Branch Telephone Exchanges. The upgrading of certain telephone exchanges in the Pretoria area (Defence Headquarters, Blenny and Army Office) allows separate Telkom telephone accounts to be received by the primary users of the telephone exchanges.

1 The replacement of redundant telephone and local area data network cable infrastructures at various SA National Defence Force HQs and bases.

1 The optimisation of the Department of Defence Telecommunication Network in order to contribute to cost-effective Command and Management Information System service delivery.

1 **Force Utilisation: Internal Operations, Joint and/or Combined Exercises and Single Service.** Command and Management Infor-

mation System effectively supported the following internal deployments:

- *Exercise FLINTLOCK.* 1 Signals Regiment participated in a combined exercise between SA and the USA to enhance compatibility in airborne operations. The Exercise took place from 06 to 27 July 2003 at De Brug (Bloemfontein).
- *Exercise IRON EAGLE II.* 1, 2, 5 Signals Regiments and 3 Electronic Workshop participated in this exercise from 25 September to 31 October 2003 at the Army Combat Training Centre (Lohatla).
- *Exercise INVIGILATOR.* The School of Signals held a training exercise over the period 18 August to 05 September 2003 in the Gauteng and Limpopo provinces. The purpose of this exercise was to test the combat readiness of learners from the R13 Tactical Telecommunications, R22 Signal Squadron Warrant Officer, and R24 Signal Junior Officers courses in terms of United Nations Chapter 7: Peace-support Operations requirements.
- *Exercise TROY.* The School of Signals held a training exercise over the period 11 to 22 August 2003 in the Kaallaagte and Warmbaths areas. This training exercise forms part of the Leadership Development Programme for the R11 Signal Instructor and R14 Basic Personal Computer Orientation courses and was used as preparation for Exercise INVIGILATOR.
- *Exercise QUO VADIS II.* 6 Signals Regiment held a Reserve Force Signal Training exercise over the period 05 to 07 December 2003 at Rooiwal. The purpose of this exercise was to train and evaluate the Command Management Information System Reserve Force capability.
- **Cost Savings on Data Lines.** Through auditing and planning, current telephone systems have been restructured to ensure optimal utilisation. This resulted in Command and Management Information Systems Support Formation being able to limit the Corporate Telkom Account for data lines to approximately Rm37 for two consecutive years. This is significantly less than the peak payment of Rm57 in 2001.

Joint Training Formation: To provide the Department of Defence with professional developmental and non-combat/mission common functional learning opportunities.

Performance:

This objective was substantially achieved.

- **Mobile Training Team (MTT) Course on Sustainable Range Management.** A Mobile Training Team from the USA presented the third MTT course on Sustainable Range Management to 55 members of the Department of Defence. The course was a success and has contributed substantially to capacity building in this field. A total of 170 Department of Defence members have now undergone this training.
- **Training Statistics.** The SA National Defence College and SA National War College had respectively 100% and 97% success rates of learners that passed the Executive National Strategic Programme and Joint Senior Command and Staff Programme. At the Military Academy 73% of the 3rd year B Mil learners graduated.
- **Youth Foundation Training Programme.** The Youth Foundation Training Programme, which is managed by Director Formation Staff, ended on a high note with an exceptionally high improvement rate where 30% of the learners achieved 80% averages. This included 3 who achieved an average 95%.
- **Exercise PURPLE NILE.** Exercise PURPLE NILE presented by the British Joint Warfare Staff to the Joint Senior Command and Staff Programme learners took place over period 03 to 07 November 2003. This exercise covered the Operational Planning Process from a British perspective.
- **Exercise AFRICAN SHIELD.** Exercise AFRICAN SHIELD took place in November 2003. This was a combined exercise involving the British Defence Force and the SANDF.

Military Police Agency: To provide a military policing capability to the Department of Defence.

Performance:

This objective was achieved as planned.

- **Military Police Agency Support to Peace-support Operations.** Although the Military Police Agency did not structure for the

increase in the requirements of peace-support operations, the Military Police Agency continued with the provision of a service during peace-support operations by utilising Military Police Agency members from other structures. The Military Police Agency is currently utilising non-staffed Military Police Agency personnel to address the inadequate structuring of Military Police support during peace-support operations. The Military Police Agency is currently deploying a total of 103 members at a time externally to the RSA, and these members are successfully being relieved. The total operational capability of the Military Police Agency was only 188 members.

- **Deliberate Crime-prevention Operation.** The Northern Military Police Region established a temporary Task Team that was involved in a deliberate crime-prevention operation in the Tshwane area and has had outstanding results.
- **Protection Services.** The Military Police Agency is investigating the management and centralisation of Protection Services within the Joint Support Division in order to assist in improving the service delivery of the Military Police Agency in the combating of crime.
- **Electronic Crime Administration System.** The Military Police Agency received a great deal of assistance from the Command and Management Information System in the funding of the Electronic Crime Administration System (although not the total requested). The Electronic Crime Administration System was successfully implemented on 01 December 2003 in the Southern Military Police Region.
- **Department of Defence Support Plan on Criminality.** The Military Police System addressed the required support plans on criminality at the Department of Defence Strategic Work Group. Department of Defence Instruction 18/03 was issued to all role players. The Military Police Agency also negotiated a permanent slot at the Departmental Planning and Budgeting Evaluation Committee to manage the progress made concerning criminality at all Services and Divisions.
- **Vehicle Theft Squad.** The Northern Military Police Region established a temporary Vehicle Theft Squad to investigate and con-

centrate on vehicle theft dockets. A number of stolen Department of Defence and other civilian vehicles were retrieved in the process.

- **Crime Prevention Roving Squad.** The Southern Military Police Region instituted a Crime Prevention Roving Squad in the Cape Metro with great success. The Central Military Police Region also successfully implemented a Roving Crime Prevention Team consisting of non-staffed Military Police Agency members. This action improved the ability of the region to provide police support, and also enhanced the image of the Military Police officials in the region.
- **Replacement Initiative for Mamba Vehicles.** The Military Police Agency is negotiating the feasibility of replacing the Mamba vehicles which are very expensive to maintain, with normal 4x4 soft skin Light Tactical Vehicles, in order to increase the effectiveness of the Military Policing Agency.
- **Training of Unstaffed Military Police Agency Members.** The Military Police Agency has successfully negotiated with the Service Corps for the attendance of Military Police Agency members not likely to be staffed, for computer, driving, and maintenance courses, at the Service Corps. The Military Police Agency has negotiated 11 courses that will train 298 learners. The Military Police Agency members will attend these courses free of charge as external German donors have funded the courses. Currently 104 members have successfully completed the two courses. The Military Police Agency is making use of the School of Armour for the training of Military Police Agency members in computer literacy.
- **SA Police Service Training.** The Military Police Agency submitted the applications of 108 Military Police Agency members for interdepartmental transfers. 28 Members' applications were successful. The Director Personnel Separation will deal with the balance.

Service Corps: To provide a demilitarisation service to individual members of the Department of Defence.

Performance:

This objective was substantially achieved

- **Unstaffed Department of Defence Members.** A total of 144 unstaffed members (with

potential for redeployment) were identified for training at the Centre for Advance Training. The members reported at the Centre for Advance Training on 17 October 2003, to begin their 12 month training courses in the various technical fields that are funded through German donor funds. The accommodation costs are borne by the Services and/or the Divisions.

- **Youth Mobilisation.** The Service Corps regional office at Kimberley is currently busy with youth mobilisation through learnership programmes involving Service Corps clients, namely the Umsobomvu Youth Trust, the National Youth Commission and the Department of Labour.
- **Community Upliftment and Job Opportunities Projects.** During the period under review, the Service Corps was involved in the following projects which are aimed at community upliftment and provision of job opportunities for Service Corps clients:
 - *Agricultural Food Security Project.* The agricultural food project facilitated by the Service Corps regional office in Durban, in conjunction with the Department of Agriculture successfully trained 40 clients from the greater KwaZulu-Natal Region in food production at Zakhe Training Institute.
 - *Mukula Stone Crushing Project.* On 23 February 2004, after nearly 18 months of

negotiations, the Limpopo Government (Department of Finance) allocated Rm2,5 to the Mukula Stone Crushers project in Sibasa. Currently 28 clients of the Service Corps and community members are active in this project.

- *Hydroponic Irrigation Scheme.* This project is managed with the Service Corps clients in the Nelspruit area. The project produces vegetables, and is financed by the Mbombela municipality. Currently 15 members are involved in this project.
- *Working for Water Project.* The Service Corps regional office in Cape Town is currently involved in project liaison which focuses on employment in three provincial projects and Working for Water (Operation VUSELELA), involving the participation of 99 clients.
- *Construction and Agriculture Projects.* At the request of the National Youth Commission, the Service Corps, through its regional office in Kimberley, has successfully facilitated employment through negotiations with the Gong-Gong Road Construction and Rooisand Agricultural Projects. This regional office is also involved in learnership programmes in association with the Department of Labour, Water Affairs and Forestry, Sol Plaatjie Municipality and the Department of Local Government and Housing.

APPENDIX A

REPORT ON THE RESERVE FORCE

OVERVIEW

The state of the Reserve Force as a whole is still a matter of concern as the Conventional Reserve, despite the interventions occasioned by Project PHOENIX, is still not a combat ready and deployable force. However, several important milestones have been achieved and elements of the Army Conventional Reserve and other Services and Divisions will be available for deployment in peace-support operations from October 2004.

The limited funds available continue to be the main inhibiting factor in the execution of plans developed by Project PHOENIX to address the critical issues. These are chiefly the lack of trained personnel to the Reserves and the limited training opportunities available. However, a concerted effort to provide funds for an intake of at least three thousand Military Skills Development System trainees in 2005 promises to be the start of a limited flow of fully-trained personnel to the Reserves from 2007.

Various other initiatives are also under way and will help to create and maintain a more conducive climate for the Reserve Force system to function more effectively. These include:

- Suggested revisions to the Defence Act that will enable better utilisation of the Reserves.
- The restructuring of the Council for the Support of National Defence (previously the National Defence Liaison Council) to enable it to function more effectively in its role as an employer and labour-support body.
- A complete revision of the Reserve Force strategy in order to ensure that the value of Reserves and their role in the total defence strategy and capability are carried through to a logical conclusion in force preparation and employment plans.

A concept for a Reserve Officer Training Scheme has been developed and approved which will begin to supply well-qualified young officers with specific skills to the Reserves and will also significantly contribute to correcting representivity in the leader group of the



Reserves. An initiative was launched by the Army to recruit leader group members from the Regular Force with emphasis on the former Non-statutory Forces into the Reserves, with the aim of promoting representivity, not only in terms of race, but of former forces, in the Reserves.

The Army has also instituted a decentralised training programme and allocated Rm10 to enable the conventional units to do basic and individual training of the members who are recruited directly into the units. This has been a great morale booster and will deliver six deployable subunits (infantry and engineers) by October 2004. The training of Reserve Force members on a decentralised basis is a giant step towards rejuvenation of the Reserves and supplements the supply of trained personnel until the Military Skills Development System becomes fully functional.

There has also been a strong effort, co-ordinated by the Chief of Joint Operations in conjunction with the SA Police Service, to plan the withdrawal of the SA National Defence Force from routine support to the SA Police Service. For this purpose, the Army has developed various options for the phasing out of the Army Territorial Reserve (Commandos). Plans for the recruitment of selected Army Territorial Reserve members to join the conventional reserves are being developed together with plans for the SA Police Service to recruit selected members to the Reserve Police Force.

In summary, the state of the Reserves is still not satisfactory. Nevertheless, progress is being made on a number of fronts towards the desired Project PHOENIX

end-state, which is a viable and deployable Reserve Force as an essential capability of the SA National Defence Force.

As 96% of the Reserves lie within the Army, this is where the greatest challenges lie in terms of the availability of funds to effect the desired renewal and transformation. The other Services and Divisions with smaller Reserve elements have also made significant progress and there is great commitment by all Services and Divisions to the aims of Project PHOENIX and the development of interim and/or alternative solutions.

BRIEF STATUS OF THE RESERVE FORCE PER SERVICE/DIVISION

SA ARMY

The Army Conventional Reserve. The available budget and the lack of any feeder system has resulted in the Army Conventional Reserve not being fully combat ready as it has had inadequate training and is generally outside the ideal rank/age profile for combat troops. This is being addressed by the allocation of limited funds to enable the units to recruit and train on a decentralised basis. Project PHOENIX has also resulted in a drive to increase course attendance and participation in

force preparation exercises. The Reserve Force members attend courses and participate in exercises together with the Regular Force members.

Army Territorial Reserve (Commandos). The Army Territorial Reserve is still involved in operations in support of the SA Police Service but, in line with the withdrawal of the SA National Defence Force from routine operations, such support is now limited to intelligence-driven operations at the specific request of the SA Police Service. The Army Territorial Reserve rendered 697 000 man-days of service during FY2003/04. The current strength of the Army Territorial Reserve is shown in Table A.1.

Planning for the phasing out of the Army Territorial Reserve has progressed well and, in conjunction with the SA Police Service, the units have been categorised for phasing out in accordance with their activity category.

Inactive units and less active units will be phased out sooner, followed by active units, according to the SA Police Service which will take full responsibility for internal safety and security. The completion of this process is planned for March 2009. Table A.2. contains the categories of Army Territorial Reserve units.

Table A.1. Army Territorial Reserve Strength as at 31 March 2004

| Province | Number of Commando Units | Number of Members |
|---------------|--------------------------|-------------------|
| Eastern Cape | 22 | 7 808 |
| Free State | 33 | 7 385 |
| Gauteng | 26 | 4 950 |
| KwaZulu/Natal | 15 | 4 525 |
| Limpopo | 12 | 4 837 |
| Mpumalanga | 19 | 5 890 |
| Northern Cape | 17 | 4 393 |
| North West | 21 | 5 097 |
| Western Cape | 18 | 5 185 |
| Total | 183 | 50 070 |

Table A.2. Categorisation of Commando Units

| Category | Total |
|----------------------------|------------|
| Inactive Commando Units | 28 |
| Less Active Commando Units | 39 |
| Active Commando Units | 116 |
| Total | 183 |

SA AIR FORCE RESERVE

The SA Air Force Reserve is an integral part of the SA Air Force's human resources, and co-operation between the Regulars and Reserves is good. The SA Air Force regularly employs Reserve Force aircrew and specialist staff to supplement its capacity and is building that capacity as an ongoing process.

The issue of representivity, in terms of gender, race and disability, is being addressed on an ongoing basis. The SA Air Force Reserve is also supporting Project SIYAN-DIZA to foster aviation awareness amongst previously disadvantaged youth.

NAVAL RESERVE

The SA Navy has completed restructuring its Reserve and is in the process of implementing the new structures. The existing Naval Reserve units will be decommissioned and Reserve posts created at all naval establishments and ships. Multiple incumbents staffing will commence in May 2004. This will enable the Naval Reserve members to be part of seagoing units and to participate and train regularly in active musterings. This approach is more suited to the Navy's role and the decommissioning of the existing administrative units will contribute to cost saving.

SA MILITARY HEALTH SERVICE RESERVE

The SA Military Health Service has a pool of Reserve Force members in various musterings who render valuable service on a part-time basis. In addition, the structures provide for 4 Medical Battalion Groups whose main function is battlefield medical support. At present these are understaffed and the renewal of this capacity is one of the aims of Project PHOENIX

The presentation of Battlefield Advanced Trauma and Life Support courses by the SA Military Health Service, in association with the Royal Medical Corps of the British Army, was an resounding success. These courses provided the opportunity for SA Military Health Service members, particularly more junior members, to gain practical training in this highly specialised core function of the SA Military Health Service. However, the lack of resources has resulted in the cancellation of two such courses, and the result is a fear that the British owners of the course may question the ability of the SA Military Health Service to present it to an acceptable standard.

The development of a concept for a Reserve Officer Training Scheme which will serve as a pilot project for an expanded scheme for the SANDF and which will be launched at a leading university medical school, will serve to address the current shortage of specialist junior officers as well as representivity in these ranks.

JOINT SUPPORT DIVISION

Logistics. The combat-support units of the Logistics Support Formation, consisting of maintenance units, field workshops and an air-supply unit, are currently not at the optimal level of readiness. The renewal and transformation of these units will be addressed by Project PHOENIX as the restructuring of the logistics function progresses. Some of these units may be transferred to the Army.

Command Management Information Services. The Command Management Information Service Formation has a Reserve signal regiment. There is an ongoing process to recruit and train new members, but the units are not deployable other than as individuals or small groups. 11 Field Post Office has, however, continued to function well and handled some 71 tons of post and parcels to and from the SA National Defence Force external deployments during the year.

Military Police Agency. The Military Police Agency Reserve structure consists of a Provost Regiment which is not yet properly staffed. This is attributable to financial constraints.

CHAPLAINS' SERVICE

The Military Chaplaincy Reserve consists of 168 chaplains, 151 of whom are serving at Reserve Force units, the balance being attached to Regular Force structures. The chaplains are utilised on a regular basis and form an important part of the command group of units. They also play an essential role in the morale of units and in promoting transformation.

MILITARY LEGAL SERVICE

The Military Legal Service has built a capable Reserve element of military judges, prosecutors and defending officers and has achieved almost 60% representivity. Of the 345 members recruited, 103 are fully qualified for their musterings and the balance are in various stages of training. Many of these members have been utilised during the year and have played an important role in

supplementing the capability of the Division. There is, however, a delay in the appointment of additional military judges.

CONCLUSION

The state of the Conventional Reserve is still a matter of concern, but Project PHOENIX has had, and will continue to have a significant effect in reversing the decline

and rebuilding a deployable Reserve capability. The Reserves are fortunate to retain a strong core of motivated volunteers. The greatest challenges remain the adequate funding of the Reserves and a viable feeder system of trained personnel.

A particular concern is the poor state of readiness of the combat-support elements of the Reserves and this will be a focus area of Project PHOENIX in FY2004/05.



APPENDIX B

UTILISATION OF CONSULTANTS

CONSULTANTS

The use of consultants was as indicated below per Programme and/or Subprogramme.

Table B.1. Consultants Utilised by Policy and Planning Division Using Appropriated Funds, FY2003/04

| Project Title | Consultants | Duration | Contract Value (R000s) |
|--------------------------------------------|---------------------|---------------|------------------------|
| Competency Tests for the post D HR Pol Man | Deloitte and Touche | February 2004 | 16,4 |

Table B.2. Consultants Utilised by Financial Management Division Using Appropriated Funds, FY2003/04

| Project Title | Consultants | Duration | Contract Value (R000s) |
|---------------------------------------------------------------------------------------------------------------|--------------|-------------------------|------------------------|
| Defence GRAP Project (Strategic positioning by the DOD to comply with the requirements of the PFMA) | Messrs SAB&T | Oct 2003 to 31 Mar 2004 | 6 998 |

Table B.3. Consultants Utilised by Departmental Acquisition and Procurement Division (DAPD) Using Appropriated Funds, FY2003/04

| Project Title | Total Number of Consultants that worked on Project | Duration/ Work Days | Contract Value (R000s) |
|---------------------------|----------------------------------------------------|---------------------|------------------------|
| Technology Strategy | 01 from COLEGRIN | 02 Days | 8 |
| DAPD Structural Expansion | 06 from CATELLA (PTY) LTD | 52 Working days | 169,6 |

Table B.4. Consultants Utilised by Chief Directorate Equal Opportunities (CDEO) Using Appropriated Funds, FY2003/04

| Project Title | Consultants | Duration | Contract Value (R000s) |
|-----------------------------|--------------------------------------------------|-------------------------|------------------------|
| EOCD Strategic Work-session | One from Nkasela and one from Majjet Consultancy | February 2004 (05 days) | 36 |

Table B.5. Consultants Utilised by the SA Air Force (SAAF) and SA Navy (SAN) Using Appropriated Funds, FY2003/04

| Project Title | Name of Consultant | Total Number of Consultants that Worked on Project | Duration Work Days | Contract Value (R000s) |
|----------------------------------------|------------------------|----------------------------------------------------|--------------------|------------------------|
| Specialised Engineering Support (SAAF) | QES | 2 | 19 | 45,5 |
| ETD Practitioners (SAN) | Accreditation Services | 1 | 14 | 20 |
| Preparation BWB (SAN) | SAMTRA | 5 | 10 | 40 |
| Character Development (SAN) | Siyavuma Systems | 3 | 14 | 150 |
| Total | | 9 | 38 | 210 |

Table B.6. Consultants Utilised by the SA Navy Using Donor Funds, FY2003/04

| Project Title | Name of Consultant | Total Number of Consultants that Worked on Project | Duration Work Days | Donor and Contract Value (R000s) |
|---------------------------|----------------------|----------------------------------------------------|--------------------|----------------------------------|
| SAQA Implementation (SAN) | The Learning Network | 1 | 70 | 360 |

APPENDIX C

SERVICE DELIVERY IMPROVEMENT

Service delivery improvement measures that were implemented by the DOD during FY2003/04 are indicated below per Programme and/or Subprogramme.

DEFENCE ADMINISTRATION

POLICY AND PLANNING

- Increased education, training and development opportunities were offered to the members of the Division.
- The current structure of the Division was being analysed in order to determine its appropriateness in respect of its functions. It is envisaged that there may be a reconfiguration of functions and structures in order to ensure efficiency and effectiveness.
- Measures were introduced to improve on the interaction between the various Divisions and Services of the Department, especially with regard to activities associated with the African Union and Clusters.

FINANCIAL MANAGEMENT

- **Budget Management.** The following improvement projects have been initiated:
 - The Division is currently busy enhancing the Financial Management System (FMS) to comply with the Chart of Accounts (New Economic Reporting Format) as prescribed by National Treasury. The project to enhance FMS to interact with PERSOL has been placed high on the major enhancement prioritisation list at PERSOL.
 - A process was implemented to handle internal claims iro Operations.
- **Accounting Services.** The following improvement projects have been initiated:
 - Due to the non-availability of applicable technology, the implementation of a cash purchase card was delayed to June 2005.
 - The request to develop a computerised system for the administration of foreign currency at DOD cash offices was put on

- hold due to the unavailability of funds.
- A method to predict cash-flow more accurately through the Paymaster General Account of the DOD was put on hold to await the final implementation of the Special Defence Account bank account.
- **Financial Services.** The following improvement projects have been initiated:
 - The process of providing an effective and efficient resource risk management system was progressing well.
 - A new database was created as a foundation for the resource delegation system.

DEPARTMENTAL ACQUISITION AND PROCUREMENT

- With the establishment of ARMSCOR Business (Pty) Ltd, it became necessary to refine the management of material aid and marketing support in order to improve service delivery.
- Training opportunities would be increased for all members of the Division, especially in respect of the South African Excellence Model, Public Finance Management Act and the Project Officers' courses.

DEFENCE INSPECTORATE

- Audit function (this pertains collectively to Performance and Regulatory Audit, the Anti-fraud Service, and Resource Management) is subjected to the International Standards Organization Certified Quality Management System. The Certificate was attained in December 2002 and the intervention remains current.
- The extensive effort that was made with regard to education, training and development for new and old incumbents of training led to the improvement of the required levels were improved and targets were achieved as projected. This resulted in an improved quality of audit-related command information to the corporate leadership. This has also

enhanced credibility of audit reporting. It included the following aspects:

- The training budget has increased considerably.
- Promotion of skills development, equity and fast-tracking.
- All newcomers have been subjected to Defence Inspectorate induction training. New internal auditors have completed on-the-job training.
- Two formal 'Certificate in Internal Auditing' courses for new incumbents were scheduled and completed.
- All auditors were afforded an opportunity to receive formal training on aspects of the PFMA, Treasury Regulations and the Standards for Professional Practice of Internal Auditors.
- Certificate in Fraud Investigation.
- The appointment of a language practitioner was a deliberate effort to enhance the quality of English usage and report writing.
- The Action Request System software was acquired which is essential to assist with the managing of fraud and corruption-related data.

EQUAL OPPORTUNITIES

- A good working relationship has been established with the United Kingdom (UK) Ministry of Defence and especially with the Joint Equality and Diversity Training Centre in Shrivenham, UK. Valuable inputs regarding Equal Opportunities and Affirmative Action issues were obtained that can be explored and implemented in the DOD. Already the groundwork has been laid for the Equal Opportunity Chief Directorate (EOCD) with regard to the structuring and functioning of a Training School for centralised Equal Opportunity and Affirmative Action training and development. However, the practicality and funding for such a school still needs further investigation.
- The military-to-military programme that was negotiated in September 2003, with the DOD and the United States of America, will give EOCD members and employees the opportunity to participate in international equal opportunity (EO) programmes. Programmes will take place in selected countries of Central and Eastern Europe, as well as in the United States. The military-to-military

programmes also include familiarisation events, exchanges, attendance of seminars and conferences between the South African DOD and the host country for that particular programme. This will enable the DOD to foster close co-operation between the DOD and host countries, and for DOD members and employees to gain knowledge and experience in the field of equity.

- The EOCD continually makes presentations on the Shared Values System and this will ensure that a culture of shared values and ethics, good discipline and esprit de corps prevail. By participating in activities concerning people with disabilities, the Section ensures that it keeps up to date on research areas that impact either positively or negatively on their quality of life. Furthermore, the Section will be able to make recommendations in order for the appropriate authorities to be able to take corrective measures. The policy on fraternisation, when completed, will also enhance the implementation programme of the Shared Values.

CORPORATE STAFF DIVISION

- **Defence Corporate Communication.** A new statutory responsibility was allocated to Defence Corporate Communication, namely the expanded role of the Information Office to act as a nodal point for the implementation of activities related to the Promotion of Access to Information Act. This was done in order to expedite the processing of enquiries and requests pertaining to the Promotion of Access to Information Act.
- **Reserve Force Division.** Although the Reserve Force Office does not deal directly with the public, the DOD is approached on a daily basis for advice on Reserve Force policy and procedures for the administration of the Reserves. The conclusion has been reached that there is a scarcity of personnel at all levels with knowledge of and experience in such administration. The Reserve Force Office has contributed to better service delivery through the following measures:
 - Participation in the Chief Human Resources Support Centre work groups to redesign the human resources structures and processes and to highlight the shortcomings in Reserve Force administration, together with suggested solutions.

- The office is also building a library of administrative, operational and technical policies and standing operational procedures related to the Reserve Force so that all queries can be answered and that the enquirer can be referred to the correct documentation for future use.
- The monthly Reserve Force Workshop also serves as a forum where problems related to Reserve Force utilisation are identified and addressed.
- **Military Legal Service Division.** The Military Legal Services Division took a number of measures to improve service delivery, reduce costs and increase efficiency, including the following:
 - A selection board for the appointment of Regular Force Military Legal Practitioners from the Military Legal Services Division's Reserve Force component was held from 28 to 30 November 2003. The resultant appointments should enhance the representivity in the Military Legal Service Division (especially in the military judges environment).
 - Standardisation of pre-deployment training material for external deployments has been completed, and the material is ready for utilisation. This is an ongoing process, which requires continuous monitoring and amendments to be made where required.
 - An Operations Pocket Guide pertaining specifically to the new section 49 of the Criminal Procedure Act, 1977, has been prepared and distributed after consultation with the SA Police Service.
 - The detailed analysis of investigative feedback supplied in respect of cases involving fraud and fraud-related offences represents advancement towards the attempted prioritisation of financial misconduct cases.
 - Establishment of a Reserve Force component for the Military Legal Service Division. The Military Legal Service Division's workload is increasing, inter alia because of increased operational and international commitments on the Regular Force structures. The need for specialisation will also increase with the complexity of demands. The recruitment of new Regular Force Military Law Practitioners is continuing as a short-

term solution. New Military Law Practitioners (who constitute a fairly large percentage of the Military Legal Service Division) can, however, only begin to become 'productive' after their formal military and military law training have been completed and after they have been given adequate on-the-job training and functional exposure. The Reserve Force component, if properly planned, established and maintained, could eventually bring much needed relief and contribute to improving service delivery. 104 Reserve Force Military Legal Practitioners are qualified for utilisation.

- The Formalisation and Implementation of the Concept of a Strategic Planning Process for the Military Legal Service Division. Planning guidelines were issued timeously for the next planning cycle.
- Re-institution of rank and leg promotions was approved for uniformed members of the SANDF. The processing of all applicable members' data was concluded on 30 March 2004. The re-institution of rank and leg promotions could reduce the rate of loss of professional legal personnel.
- **Strategy and Planning Office.** The Strategy and Planning Office presented a Strategic Planners Course in conjunction with the Military Professional Research Institute from the United States DOD, to train low-level planners of the DOD. This training contributed to improving the quality of strategic business plans of Services and Divisions.

COMMAND AND CONTROL

- Joint Operations Command and Management Information rendered much support to ensure good command and control of South African forces deployed externally. Extra equipment was procured to provide a back-up for the satellite link established for the deployed South African forces at Kindu as part of the Disarmament and Reintegration programme. This back-up allows effective and sustained command and control from Joint Operations Division to the United Nations Mission Headquarters in the Democratic Republic of Congo.
- The project to install the first video-confer-

ence facility to external operational Headquarters was completed. The installation of the video-conference facility improved the effectiveness of day-to-day activities.

- Additional Information Technology equipment was procured to assist the migration of the Joint Operations Divisional Headquarters to Swartkop Park. The procurement of this Information Technology equipment will allow for more effective computer service to

all Joint Operations Division staff, thus enhancing the effectiveness and productivity of staff.

LANDWARD DEFENCE

Corrective measures/ measures to improve performance/ measures to effect savings undertaken during the period include the following:

Table C.1. Service Delivery Improvements and Management Interventions

| Focus Area | Management Interventions | Status | Result/Anticipated Benefit |
|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------|
| Command and Control | Staff visits synchronized with other activities that also require supervision and control | Current/ Continuous | Savings on S&T related costs |
| Organisational Development (Renewal) | Centralisation of the renewal function within Chief Directorate Corporate Services (Subprogramme Strategic Direction) | Concluded | Improved performance and cost reductions |
| Resource Management | Presentation of Resource Management courses to lower level commanders | Current/ Continuous | Savings due to improved planning, budgeting and procurement practices |
| Risk Management | Implementation of Risk Management at the Army Council, and lower levels of the SA Army | Current/ Continuous | Proactive actions to prevent the non-achievement of objectives and the damage & loss of resources |
| South African Excellence Model | Implementation of the South African Excellence Model | Current/ Continuous | Continuous performance improvement |
| Disposal | Disposal of all equipment that is obsolete/ redundant | Current/ Continuous | Financial return from disposal. Better control over smaller vehicle fleets and weapon stores. |
| Managing Allowances | Issuing food parcels instead of S&T to members who have to be transported to 1 Military Hospital for medical attention/ appointments | Current/ Continuous | Savings on S&T related costs |
| Driving and Maintenance training | Building of yard test facility at School of Armour | Concluded | Testing of drivers made easier and more effective |
| Day-to-day Base Maintenance | Utilization of uniformed members to do base maintenance work | Current/ Continuous | Savings on contracting external personnel |
| Military Security | Installation of alarm systems and closed circuit television (CCTV) equipment at various priority units | Current/ Continuous | Reduction in criminality and a reduction in damages and losses |
| Service Delivery at General Support Bases (GSBs) /Army Support Bases (ASBs) | Liaison between Director Facility Management at Chief of Logistics and Director Army Logistics has been improved with a view to increasing service delivery at GSBs/ ASBs | Current/ Continuous | Improved service delivery |

| Focus Area | Management Interventions | Status | Result/Anticipated Benefit |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------------------------------|
| Closing down of the Group Headquarters and Commandos | Restructuring/closing down of Group Headquarters and Commandos in accordance with the SA Army's core functions and affordability | Current/Continuous | A more affordable Force Design and improved Command and Control |
| Brigade HQ organisation | Expansion of the Bde HQ structures from two Tactical HQs to four Tactical HQs | Concluded | Enhanced Operational Command & Control and improved morale |

AIR DEFENCE

- **Risk Management Programme.** The draft Air Force Instruction on Risk Management in the SA Air Force has progressed, and is close to promulgation and implementation.
- **Restructuring of Logistical Support.** The restructuring of logistic support is ongoing and this is expected to result in significant savings in the future. These savings will be applied to improving systems and infrastructure integrity.
- **Contract Review Committee.** A Contract Review Committee was constituted with the purpose of reviewing, and adjusting where necessary, all contracts for outsourced services and support. This is done through a process of assessing the user requirements, the contracted deliverables, and the overall value for money provided by the contracts. A target date of June 2004 was set by the Air Force Board to have completed the reviews of support contracts, which contributed 60% of the total allocation for contracts.
- **Alternate Service Delivery Programmes.** The establishment of these programmes has proved to be substantially more involved and time consuming than originally expected. A team has now been appointed on a full-time basis to champion the programmes.
- **Core Values.** The SA Air Force's set of core values was revised during the year, and an amended version was accepted by the Air Force Board. This was done mainly to ensure that the value system is easily communicated at all levels. The popularisation process of the revised values will be based on the habits and social behaviour of the fish eagle, which is also the official emblem of the SA Air Force. Marketing material for this process is currently under development.
- **Culture Change Assessment.** The second

culture change assessment was done throughout the SA Air Force. The results indicated a significant improvement in terms of the desired organisational conditions as perceived by Air Force members.

- **Full-range Leadership Development.** An advanced senior programme was presented in Pretoria, and basic programmes were presented at Air Force Base Hoedspruit, and at Lowveld Airspace Control Sector.
- **Personal and Organisational Empowerment.** The SA Air Force embarked on a programme to ensure that members develop greater personal empowerment and fulfilment. To achieve this, a private company was requested to present a programme to senior members of the SA Air Force.
- **South African Excellence Foundation.** The process of institutionalising excellence through the use of the South African Excellence Model proceeded well. A total of 447 members, including 77 external members, attended the internal courses during the year.

MARITIME DEFENCE

The following service delivery improvements were initiated:

- **Subprogramme. Maritime Combat Capability**
 - A model developed by the Institute of Maritime Technology was implemented to determine the effectiveness of the ships, and to identify trends that affected effectiveness.
 - More use was made of simulator training, thus reducing costs for sea training. Use was made of SA Navy simulators and the South African Maritime Training Academy bridge simulator.
 - More effective use was made of record-

ing the exercises conducted, and the extent to which they were completed successfully.

- As the DAPHNE-class submarines were being phased out, no costly service delivery improvements were instituted, unless these could also be implemented to benefit the new Type-209 submarines, due for delivery in 2005. As a result the DAPHNE inventories were deliberately run down, maintenance periods rescheduled to reduce cost, and only diving safety-essential equipment was repaired to full capability. This allowed the last submarine to be safely operated at sea for training purposes until 28 November 2003.
- A multi-beam echo sounder was installed on the SAS PROTEA to improve the survey capabilities.
- Institute of Maritime Technology will be used to assist in the validation and analysis of results of the trials of the new corvettes and submarines.
- **Maritime Logistics Capability.** The creation of a full-time disposal section in the system support environment was undertaken to improve service delivery. The results of these efforts should lead to an increase in the disposal of outdated and redundant systems and equipment.
- **Maritime Training Capability.**
 - A project was initiated in FY2003/04 to undertake the implementation of the Navy Review recommendations to 'reduce the footprint' of the SA Navy by consolidating training units in Simon's Town.
 - The SA Navy has embarked on a process of ensuring that all Education, Training and Development processes will be aligned with the imperatives delineated in the SA Qualifications Authority and other Acts. A Maritime Defence Standards Generating Body was registered under National Standards Body 08 for maritime defence-related skills, and the SA Navy is actively participating in other relevant Standards Generating bodies.
- **General Base Support Capability.**
 - Improvements in the payment of Department of Public Works Recoverable Funds have been made, allowing these

funds to be paid to the Department of Public Works within 21 days of the submission of an account by a contractor.

- Naval Gymnasium recruits are being incorporated into the band, and are receiving training, eventually reducing costs and adding a younger component to the band.
- Naval Station Durban presently provides a base function for all naval units in the Durban area, and the creation of a Loan Item and Detail Clothing Store satellite improves service delivery to naval members.

SA MILITARY HEALTH SERVICE

- The SA Military Health Service improved its service delivery in various areas of its function during the reporting period. These included the following:
 - The launch of Project PHIDISA in December 2003.
 - The use of generic substitution medication and the cost reductions thereof.
 - The establishment of a courier service to old-age patients.
 - The extensive use of community health care workers and Article 38A nurses, and Participation in the new Military Skills Development System.
 - The SA Military Health Service is also participating in the allocation of rural scarce skill allowances to all qualifying community health care workers, which do not currently have a major impact on the SA Military Health Service.
- The third SA Military Health Service Non-commissioned Officer's Generic Skills Competition was held at the SA Army Combat Training Centre during 2003. The aim of this competition is to promote and encourage excellence in SA Military Health Service units and to assist in determining their degree of competitiveness, as well as operational preparedness.
- **Area Military Health Formation.**
 - Members of the SA Military Health Service were offered opportunities for education, training and development, especially for managers in Performance Excellence, the Public Finance Management Act, and Performance Management.
 - Rewards and recognition were given in

the form of General Officer Commanding's Ruby, Silver and Gold Awards to show appreciation and acknowledgement for efforts to improve service delivery and the accountability of the formation.

- The foreseen Anti-retroviral Roll-out Plan was distributed to the units as a proactive measurement for accreditation.
- Ownership of procurement of main dental equipment was established. Co-operation with the Department of National Treasury, dental faculties, and the National Department of Health regarding oral health tenders was instituted. This was beneficial for the management of the oral health function in the Area Military Health Formation, and the nine area health units.
- **SA Military Health Service Inspector General.** The SA Military Health Service Performance Excellence Reward trophy was designed by the Inspector General SA Military Health Service Inspectorate, and was awarded for the first time to the Area Military Health Unit Eastern Cape in November 2003.
- **Thaba Tshwane General Support Base.** An internal project to restructure and retrain staff members of the General Support Base was initiated. This will streamline the activities of the General Support Base in terms of efficiency and service delivery.
- **Mobile Military Health Formation.**
 - *Operational-readiness Training.* Pre-deployment courses were introduced for SA Military Health Service members.
 - *Sustainment of SA Military Health Service Unique Equipment and Pharmaceuticals.* Mobile Military Health Formation is not structured to sustain de-ployed SA Military Health Service Force Structure Elements. This presented a problem with the sustainment of deploy-ed elements. A system was developed between members from the Formation Headquarters and 8 Medical Battalion Group, in which the sustainment of pharmaceuticals and other SA Military Health Service unique equipment is managed. Since this system was introduced the delay in the delivery of stock has been reduced drastically.
- **Military Health Training Formation.**
 - The Military Health Training Formation

now has a centralised and upgraded Simlab. These practical facilities are fully equipped for use in practical training sessions by learners in Basic Life Support, Intermediate Life Support and Advanced Life Support. This facility allows learners on different courses to work together in practical sessions under the guidance of instructors. The Bloemfontein and Simon's Town satellites of the School for Military Health Training have also established Practical Simlabs at their facilities. These Simlabs are uniquely equipped for their requirements, and they meet the Healthcare Practitioners Council of South Africa standards.

- Members attended courses, which qualified them as assessors and moderators.
- **The Joint Physical Training, Sport and Recreation Training Centre.**
 - The Joint Physical Training, Sport and Recreation Training Centre is working in close co-operation with the SA Sports Commission. It is in the process of registering as a service provider of training with the SA Sports Commission.
 - The Sport Management, Sport Administration, and Event Management courses are presented in conjunction with the SA Sports Commission. These courses are registered with the South African Qualifications Authority through the support of the SA Sports Commission.
- The Joint Physical Training, Sport and Recreation Training Centre is registered as a service provider with Swimming SA and Life Saving SA.
- The Nursing College has a collective Agreement with UNISA to oversee the standard of Nursing Training.

DEFENCE INTELLIGENCE

- Relations with primary clients such as Joint Operations have improved significantly during the reporting period. The streamlining of a Geospatial Information Committee to facilitate client requirements and the speedy delivery of high-quality geospatial services to Joint Operations and other clients contribute to improved client relationships.
- Defence Intelligence has identified language proficiency as one of the aspects that will improve the quality of intelligence products.

All intelligence personnel of the rank level of lieutenant colonel and lower received training in this regard.

- Defence Intelligence continues with the implementation of the full-range leadership programmes in order to instil transformational leadership. This is done in terms of the South African Excellence Model, with the ultimate objective of improving the quality of intelligence products. Follow-up training will be conducted during the next report period.
- Defence Intelligence continues to train intelligence officers in various competencies to meet specific challenges. During the first quarter Defence Intelligence successfully presented a vetting course to members of the National Intelligence Agency. During the second quarter vetting officers underwent refresher training, while the same capacity was used to train members of the Department of Foreign Affairs and the National Intelligence Agency. Members of Defence Intelligence were also trained in geographical information systems. Training and operational support was presented to other security departments, such as the National Intelligence Agency, SA Police Service, SA Revenue Service and the Department of Foreign Affairs.

JOINT SUPPORT

- **Information System Security.** To ensure the provision of Information System Security on all Department of Defence networks, the South African Communication Security Agency developed more effective network security systems.
- **Planning Tool.** Command Management Information Service, in partnership with the State Information Technology Agency, has designed and is developing a new planning tool for the strategic business planning environment of the Department of Defence.
- **Reserve Force Division Capability.** The presentation of Basic Training courses to Reserve Force members ensured the increased potential of the Reserve Force to support and sustain the Command Management Information Service capability to the Department of Defence.
- **Upgrading of the Telecommunication Infrastructure.** The following initiatives have been implemented by Command Management Information Service to improve the telecommunication service to clients:
 - The upgrading of existing Department of Defence Switch Speech Network telephone infrastructures. This will be addressed taking the present budget constraints into consideration.
 - The optimisation of the Department of Defence Telecommunication Network in order to contribute to a cost-effective Command Management Information Service delivery.
 - The facilitating of Telkom call-cost accounts at various HQs, support bases and Force Structure Elements to ensure the effective management of telephone accounts in the Department of Defence.
- **Information Warfare Analysis Model.** A joint venture between Defencetek and the Swedish National Defence College delivered a Morphological Analysis Model for Information Warfare. The model is based on a matrix using Information Warfare capabilities and activities, and determines specific Information Warfare actions/activities for certain scenarios. This model will be used for strategic planning of Information Warfare activities in the Department of Defence.
- **Activity Based Planning Enabler.** Command Management Information Service implemented the Activity Based Planning Enabler, a computer-based planning tool as a prototype for the Department of Defence. This planning tool assists with compiling, maintaining and reporting on Business Plans. Currently this 'Enabler' is being utilised by the Joint Support Division Subdivisions with very good results.
- **Electronic Crime Administration System.** The Military Police Agency introduced the Electronic Crime Administration System with the assistance of Command and Management Information Service. This system was successfully implemented in the Southern Military Police region.

PART 4: FINANCIAL STATEMENTS

DEPARTMENT OF DEFENCE

REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee in terms of regulations 27(1)(10)(b) and (c) of the Public Finance Management Act, 1 of 1999, as amended

The Audit Committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, and has regulated its affairs in compliance with this charter, and has discharged all of its responsibilities contained therein.

In the conduct of its duties, the Audit Committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems;
- The effectiveness of the recently established internal audit function;
- The risk areas of the entity's operations covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided by management and other users of such information;
- Accounting and auditing concerns identified as a result of internal and external audits;
- The entity's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- The independence and objectivity of the internal and external auditors.

The Audit Committee is of the opinion, based on the information and explanations given by management

and the internal auditors and discussions with the independent external auditors on the result of their audits the status in addressing the matters raised by SCOPA, that the internal accounting controls are operating and need strengthening and improvement to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

Nothing significant has come to the attention of the Audit Committee other than the matters referred to in the Auditor-General's report to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Audit Committee has evaluated the annual financial statements of the Department of Defence for the year ended 31 March 2004 and, based on the information provided to the Audit Committee, considers that it complies, in all material respects, with the requirements of the Defence Act No 42 of 2002, and the Public Finance Management Act, 1 of 1999, as amended and South African Statements of Generally Recognised Accounting Practice. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the annual financial statements is appropriate. At their meeting held on 30 July 2004 the Audit Committee recommended the adoption of the annual financial statements by the Department of Defence.

Dr D Konar
Chairperson

30 July 2004

DEPARTMENT OF DEFENCE

VOTE 22

MANAGEMENT REPORT for the year ended 31 MARCH 2004



Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

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| <p>1. General review of the state of financial affairs.</p> <p>1.1 Defence Vote: Rm 20 050,078 (Appropriation Act, 2003).</p> <p>1.1.1 The Vote increased with Rm 1 205,343 (6,4%) from the previous year. The Vote was 1,6% of South Africa's gross domestic product and 6% of government expenditure.</p> <p>1.1.2 Baseline increases to the Vote included Rm 312,496 for the acquisition of maritime helicopters to optimise the capabilities of the corvettes and Rm 200,000 for peace support operations to promote peace and stability on the African continent.</p> <p>1.1.3 The Special Defence Account (44,11%) and the Landward Defence (15,9%) programmes again received the largest portion of the budget. The latter programme decreased from 18,9% of the previous Vote. The Special Defence Account increased with 3% in anticipation of the delivery and consequent payment of the first two corvettes in the second half of the financial year. The total estimated cost of the Strategic Defence Procurement Programme currently amounts to Rb 48,612 leaving a balance of Rb 29,250 still to be paid up to the financial year 2011/2012.</p> | <p>1.1.4 The continued transformation and restructuring of Defence manifested itself in the changed allocations to Defence Administration (increase of 10,3%), Landward Defence (decrease of 9,1%), Command and Control (increase of 25,5%) and the Special Defence Account (increase of 13,8%).</p> <p>1.1.5 Personnel expenditure (35,4%) and transfer payments (45,3%) not only continued to be the largest allocations but also showed a continuous growth tendency from the previous year of 1% and 2,4% respectively. Other items that received substantial allocations were Armscor (Rm 219,635), rations (Rm 228,658), fuel (Rm 181,383) and audit services (Rm 31,496).</p> <p>1.2 Defence Adjustment Vote: Rm 250,074 decrease (Adjustment Appropriation Act, 2003).</p> <p>1.2.1 The Vote decrease was the net effect of the under-mentioned adjustments.</p> <p>1.2.2 The approval of roll-overs from the financial year 2002/2003 - increase of Rm 8,270.</p> <p>1.2.3 Unforeseeable and unavoidable expenditure resulting from the SANDF participation in Peace Support Initiatives in Africa - increase of Rm 500,000.</p> |
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DEPARTMENT OF DEFENCE VOTE 22

MANAGEMENT REPORT for the year ended 31 MARCH 2004 (continued)

- 1.2.4 Higher than expected salary increases and covering the effect of the increase in general inflation - increase of Rm 22,426.
- 1.2.5 Re-allocation of the revenue generated by the Special Defence Account from the sale of armament initially procured from the Special Defence Account - increase of Rm 202,111.
- 1.2.6 The reimbursement for the self financing of the Boeing 707's - increase of Rm 4,119.
- 1.2.7 Revenue generated in the financial year 2002/2003 from the sale of redundant and obsolete equipment - increase of Rm 13,000.
- 1.2.8 A saving in the Strategic Defence Packages as a result of a favourable rate of exchange, unspent funds from previous years and delays in delivery schedules - decrease of Rm 1 000,000.
- 1.3 Adjusted Defence Vote: Rm 19 800,004.
- 1.4 The total expenditure of Defence amounted to Rm 19 825,984. An amount of Rm 14,487, being the unspent amount of capital- and transfer payments and the unauthorised and fruitless and wasteful expenditure still has to be surrendered to the National Revenue Fund resulting in an over-expenditure of Rm 40,467 (Note 12).
- 1.4.1 Over-expenditure
- The Defence Vote was over-expended by Rm 40,467. This over-expenditure was due to an inadequate allocation in the
- Adjustment Estimate for the deployment of the SANDF in the Peace Support Initiatives in Africa as ordered by the President, directed by the Minister and approved by Cabinet. The Treasury Committee was informed accordingly in November 2003. A potential Rm 105,000 overspend was limited to Rm 40,467 by reprioritising planned expenditure. Defence will thus request the approval of the unauthorised expenditure. National Treasury will be engaged to ensure that the Defence Vote is in future adequately adjusted for additional in-year costs relating to ordered operational commitments.
- 1.4.2 Spending trend.
- Defence has controlled annual expenditure to an immaterial annual under-spend in the past five years (refer table 13.1 below). This trend was disrupted by the unforeseeable and unavoidable ordered commitment of forces to Burundi without an appropriate Vote adjustment.
- 1.4.3 Roll-over Claim: Rm 13,906.
- A roll-over claim of Rm 13,906 for the committed but unspent budget on capital works has already been submitted to the National Treasury. Public Works is responsible for this expenditure on behalf of Defence.
- 2. Services rendered by Defence.**
- 2.1 The services rendered by Defence are detailed in Chapter 2 of the Annual report.

Table 13.1. Spending for the Department in comparison with the previous two financial years

| Financial Year | 2001/2002 Rm | 2002/2003 Rm | 2003/2004 Rm |
|----------------------------------------------------------|-----------------|-----------------|-----------------|
| Vote | 16 052,950 | 18 844,734 | 19 800,004 |
| Expenditure | 16 042,743 | 18 833,702 | 19 840,471 |
| Amount surrendered(over spent) | 10,207 | 11,032 | (40,467) |
| Amount surrendered (over spent) as percentage of Vote | 0,06% | 0,06% | (0,20%) |

DEPARTMENT OF DEFENCE VOTE 22

MANAGEMENT REPORT for the year ended 31 MARCH 2004 (continued)

2.2 Tariff Policy.

Defence commands unique capabilities with respect to manpower, equipment and expertise. Defence is thus frequently requested to perform services that cannot be performed by any other private and/or public sector organisation. The recipients of these services are in many cases responsible to reimburse Defence or the State. Tariffs are thus levied when appropriate to ensure that the services/tasks are not provided to the detriment of Defence and revenue is collected when due.

Tariffs are established for the various services provided. National Treasury approves tariff structures whilst the Secretary for Defence approves tariffs determined accordingly by the Service or Division providing services. These tariffs are required to be revised and approved annually. Defence is currently unable to revise these tariffs annually due to their diversity and volume. Defence requested National Treasury to approve an extension for eighteen months to re-structure the current tariffs. This new tariff structure will be developed for implementation in the financial year 2006/2007 and will be applicable for both public- and private sector clients.

An interim tariff structure for utilisation by Defence over the next eighteen months has been developed and submitted to the National Treasury for approval. At the time of writing this report, the approval by the National Treasury was still outstanding.

2.3 Free services.

Defence renders free services to visiting forces on a reciprocal basis in accordance with related memoranda of understanding. These services are the berthing of visiting ships and the handling of visiting aircraft. Visiting ships berthed in Cape Town harbour during financial year 2003/2004 and

not Simon's Town. The loan of equipment such as tents and camp furniture is no longer allowed. No free services are thus reported.

2.4 Inventory.

The value of the inventory of the Department of Defence, held at main depots and valued at latest purchase price is Rm19 202,343 categorised in

Specialised military equipment - Rm 10 242,256.

Other machinery equipment - Rm 8 960,087.

Inventory was previously valued at Rm 6 615,063 in the financial year 2002/2003 (disclosed in note 5.1 to the financial statements). This value was qualified in the related Report of the Auditor-General. The value of inventory for the financial year 2002/2003 was based on the military definition of inventory i.e. consumables. The reported value of inventory for financial year 2003/2004 is based on the generally recognised accounting practice definition i.e. including stores and equipment with a value of R5 000 or more. The value for both categories of inventory is based on latest purchase price.

3. Capacity constraints.

3.1 Defence was able to meet the ordered operational commitments with a marginal overspend of the Vote. The provision of combat ready forces is constrained by the current age and health profile of soldiers, the availability of serviceable vehicles and the condition of military facilities. The latter has an adverse effect on working conditions and morale.

3.2 Skills shortages in certain specialised disciplines remain a challenge. Incentive schemes have been implemented in the critical areas and are producing the required effect.

**DEPARTMENT OF DEFENCE
VOTE 22**

**MANAGEMENT REPORT
for the year ended 31 MARCH 2004 (continued)**

4. Utilisation of donor funds.

4.1 Defence (as in the previous financial year) did not directly receive any donor funds during the financial year 2003/2004. Reimbursements received for participation in Peace Support Initiatives were deposited in the National Revenue Fund and participation in the referred two initiatives was financed through the Vote.

4.2 Participation of the SANDF in the United Nations Mandated Peace missions and the African Peace Missions did yield reimbursement for deployed forces as determined by a state of forces agreement and based on United Nations and African Union tariffs for personnel and equipment expenditure. Reimbursement thus received (deposited in the National Revenue Fund and financed through the Defence Vote) is disclosed in note 1.3 to the financial statements.

4.2.1 Received from the United Nations for the Peace Mission in the Democratic Republic of the Congo:

| | |
|--------------------------------------------|--------------|
| Personnel related expenditure | - Rm 60,829. |
| Equipment and services related expenditure | - Rm 15,104. |
| Total received | - Rm 75,933 |

4.2.2 Received from the African Union for the Peace Mission in Burundi:

| | |
|-------------------------------|-------------|
| Personnel related expenditure | - Rm 3,824. |
|-------------------------------|-------------|

4.3 Defence received the under mentioned foreign aid assistance in kind during the financial year 2003/2004. (Details of donations are disclosed in note 3 to the financial statements).

4.3.1 From the Government of the United States of

America to the value of Rm 58,523.

4.3.2 From the Government of the United Kingdom of Great Britain to the value of Rm 13,986.

4.3.3 From the Government of the Federal Republic of Germany to the value of Rm 1,639.

4.3.4 From the Government of Canada to the value of Rm 0,842.

4.3.5 From the Government of the Kingdom of Mali to the value of Rm 0,040.

4.3.6 From the Government of the Kingdom of Sweden to the value of Rm 0,028.

4.4 The donation of medical training- and computer equipment to the value of Rm 0,610 from the United Kingdom of Great Britain as reported in the Management Report of the previous year was still not transferred to Defence in the 2003/2004 financial year. The donation will be disclosed in the 2004/2005 financial year.

5. Public entities.

The Castle Control Board and the Armament Corporation of South Africa are reported as public entities under the ownership control of the Minister of Defence in Annexure 2A to the financial statements. A board of directors reporting to the Minister of Defence controls each public entity. The transfer payment to Armscor is included in the table for transfer payments and no transfer payment was made to the Castle Control Board.

6. Organisations to which transfer payments have been made.

Transfer payments were made to the following organisations.

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**MANAGEMENT REPORT
for the year ended 31 MARCH 2004 (continued)**

Table 13.2. Transfer payments were made to the following organisations

| Transferee | Reason for Payment | Accountability Arrangements | Voted 2003/2004 Rm | Expenditure 2003/2004 Rm |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------|
| Armaments Corporation of South Africa Ltd (Armcor). | To subsidise Armcor in their mission to meet the acquisition needs of the Department of Defence and other government departments for armament and related products and resources. | Armcor is a Schedule 2 Public Entity managed by a Board of Directors appointed by the Minister of Defence. The Accounting Officer of the Department serves on this Board. Armcor annually submits a business plan and an estimate of expenditure, motivated by the General Manager Finance and Administration, Armcor at the Departmental Programme and Budget Evaluation Committee before funds are allocated to the Departmental Vote. Audited financial statements for the financial year 2002/2003 were submitted according to payment conditions. | 249,635 | 249,635 |
| St Johns Ambulance Brigade. | To subsidise ambulance services in South Africa and especially the use of services by the Military Health Service. | Audited financial statements for the financial year 2002/2003 were submitted according to payment conditions. | 0,045 | 0,044 |
| SA First-Aid League. | To subsidise first aid services and training in South Africa and especially the use of such services and training opportunities by the Military Health Service. | Audited financial statements could not be submitted for the financial year 2002/2003, consequently payment was withheld. | 0,033 | 0 |
| Medical Fund. | To subsidise the Medical Fund B for Force members who retired before 1964. | Audited financial statements for the financial year 2002/2003 were submitted according to payment conditions. | 0,251 | 0,251 |

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**MANAGEMENT REPORT
for the year ended 31 MARCH 2004 (continued)**

| Transferee | Reason for Payment | Accountability Arrangements | Voted 2003/2004 Rm | Expenditure 2003/2004 Rm |
|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------|
| Reserve Force Council (Previously the Part Time Force Council) | To subsidise the Reserve Force Council in their aim to secure community and private sector support for the Reserve Forces and to maintain a sound relationship and communication between the Reserve Forces, the Minister of Defence and the SANDF. | The Accounting Officer of the Department is represented on the National Council. The Council annually submits a business plan and an estimate of expenditure before funds are allocated on the Departmental Vote. Audited financial statements for the financial year 2002/2003 were submitted according to payment conditions. | 2,300 | 2,000 |
| Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA) | To subsidise the administrative expenditure of the DIDTETA which acts as the Sector Educational and Training Authority (SETA) for Defence in terms of the Skills Development Act, 1998. | Audited financial statements for the financial year 2002/2003 were submitted according to payment conditions. | 5,777 | 5,704 |
| Province of the Northern Cape: Department of Housing and Local Government | Contribution for the relocation of the San Community from Schmidtsdrift to Platfontein. | Audited financial statements for the financial year 2002/2003 were submitted according to payment conditions. | 3,600 | 3,600 |
| Special Defence Account | The acquisition of armament. | Under control of the Accounting Officer of the Department of Defence. Financial statements attached to this report. | 8 015,772 | 8 015,772 |
| TOTAL | | | 8 277,414 | 8 277,007 |

7. Corporate governance arrangements.

7.1 Risk management.

A system of risk management has been implemented. Risks to the achievement of Defence programme objectives are identified, prioritised and abatement strategies implemented in an annual cycle. Resource management with respect to personnel, materiel, finance and information is treated as a transverse risk to all programmes. Risks are identified for the related systems of con-

trol and corrective measures in the aspects of directives, capacities, information support and accountability arrangements are taken. The risk management plan is utilised for the planning of internal and external auditing.

7.2 Fraud prevention.

The established Anti-fraud directorate is the main instrument in combating fraud and corruption. In order to execute this task liaison and consultation with other internal and external role players is conducted. The anti-

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MANAGEMENT REPORT for the year ended 31 MARCH 2004 (continued)

fraud strategy is based on the three main outcomes of the National Anti-Corruption Summit of 1999 being the prevention and combating of corruption, building integrity as well as the raising of awareness. A strategy to advise, direct and guide members of the Department on their approach to the seriousness of fraud was introduced. The Fraud Prevention Plan fits into the context of global and national measures. Risk assessment is done on a continuous basis as a pro-active measure to create awareness by means of education and communication. Re-active measures are additionally instituted and maintained to detect and investigate fraud and corruption.

7.3 Internal Audit.

The internal audit activities for the financial year 2003/2004 focussed on both compliance and performance audits in accordance with the registered risks of the Department. Focus of audits included strategic issues such as the Strategic Defence Packages that are considered an area of concern.

7.4 Audit Committee.

The Audit Committee is functional and has to date had four scheduled meetings and one special meeting. A scheduled programme that covers regulatory responsibilities and reporting is in place. The Audit Committee was involved in the Defence Inspectorate Strategic Plan and subsequent approval of this plan. The Audit Committee has direct access to the Auditor-General and Secretary for Defence. The Audit Committee recommended that management involvement be increased to address recurring critical risks.

7.5 Management bodies.

The Minister of Defence directs and controls the Defence functions through the Council of Defence. The Secretary for Defence and the Chief of the National Defence Force implements ministerial directives through the

Defence Staff Council. Various subordinate boards and committees serve these councils. A formal strategic direction and control process is followed to promote managerial effectiveness and articulate competing interests.

7.6 Codes of conduct.

Defence officials undertake to obey the relevant military or civilian Code of Conduct by signature. A campaign to publicise the required behavioural norms and standards is conducted throughout the financial year. Misconduct is vigorously investigated and prosecuted in accordance with the relevant disciplinary procedures as prescribed.

7.7 Occupational health and safety.

The Surgeon General is the delegated authority to direct and monitor occupational health and safety in Defence. In conjunction with all the services and divisions, the Joint Directorate Occupational Health and Safety contributes to a healthy military community and operational readiness by means of occupational Health and Safety direction and monitoring services. These services enhance legal compliance by means of the provision and maintenance of work environments that are reasonably safe and without risk to health of all officials and approved contractors. The recently revised Occupational Health and Safety Management System is currently being implemented to ensure a further increase in compliance with safe work environments, safe weapon systems and a healthy workforce. This will enhance the readiness and productivity of the workforce, reduce absenteeism and compensation costs and increase the goodwill and loyalty of officials and contractors. Current challenges include the continued education and training requirements of the workforce and to equip it with suitable personal protective equipment and clothing. The rehabilitation of facilities in collaboration with the Department of Public Works is also still high on the priority

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**MANAGEMENT REPORT
for the year ended 31 MARCH 2004 (continued)**

list to eliminate or mitigate the hazards or risks in compliance with the regulations to the Occupational Health and Safety Act, 1993 (Act No 85 of 1993).

8. Discontinued activities/activities to be discontinued.

8.1 Discontinued activities and/activities to be discontinued are described in Chapter 2 of the Annual Report.

9. New and proposed activities.

9.1 New and proposed activities are described in Chapter 2 of the Annual Report.

10. Progress with financial management improvement.

10.1 Defence has for the last two years reported the inability of legacy financial, logistic and personnel information systems to effectively support the management of these resources and to adequately report on the financial results and position at year-end. The gradual move to an accrual basis of accounting as initiated by the National Treasury, requiring more accounting information has been a contributory factor to the inability to meet the reporting requirements from systems presently in operation.

10.2 As reported in the Management Report for the 2002/2003 financial year Defence has contracted a consortium of recognised financial and audit firms to firstly develop proposed defence accounting standards based on Generally Recognised Accounting Practices (GRAP) with the purpose to determine system requirements and secondly to recommend the direction Defence should follow to procure a resource management information system supporting such standards. Two optional solutions were evaluated i.e. the enhancement and re-write of present systems (customised) or the purchase of an off-the-shelf system (COTS). The COTS option

was recommended based on sound evaluation criteria including cost, risk, time, functional fit and references. Although the development of a public sector financial system by the National Treasury was not evaluated as an option, National Treasury was informed on a continuous basis throughout the duration of the project regarding charter, progress and results.

10.3 At present the Defence Staff Council is evaluating the recommended option and consulting with National Treasury on the way forward regarding the national agenda for the development of resource management information systems for the public sector.

10.4 Defence remains unable to meet present reporting requirements especially in the logistic environment which has already lead to a qualified audit report in 2002/2003 and with the future implementation of accounting standards based on Generally Recognised Accounting Practices this will become even more problematic. Without the implementation of an integrated resource management solution either by Defence or by National Treasury, Defence will remain unable to meet prescribed accounting and reporting standards. National Treasury will be requested to urgently provide clear guidelines regarding national initiatives or allow Defence to proceed in the development and/or acquiring of own systems.

10.5 Defence has made the under mentioned financial management improvements.

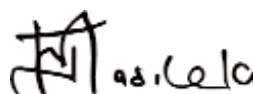
10.5.1 Splitting the Paymaster General Account to be able to separate banking transactions of the General Defence Account and the Special Defence Account as recommended by the Auditor-General. The implementation of this project has coincidentally indicated the difficulty and costs involved in the enhancement of present legacy systems.

10.5.2 Achieving total expenditure of the budget on

**DEPARTMENT OF DEFENCE
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**MANAGEMENT REPORT
for the year ended 31 MARCH 2004 (continued)**

| | | | |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | programmes as originally budgeted for through continuous improvement of the budget control process. | | amounts in the notes to the financial statements where applicable. |
| 10.5.3 | Being the first department to register medical schemes and other institutions on the central register for payroll/deductions. | 12.1.2 | Accruals. The amount of goods/services received but not yet invoiced could not be included in the amount of accruals due to the lack of system integration between logistic and financial systems. Only the amount invoiced but not yet paid is disclosed. |
| 10.5.4 | Implementing a project (Project Legadima) to more accurately budget for human resources. | | |
| 10.5.5 | Establishing a Chief Directorate Financial Services in the structure of the Financial Management Division to enhance compliance with the regulatory framework for public financial management. | 12.1.3. | Gifts, donations and sponsorship of a social nature. Accurate disclosure could not be effected due to the lack of adequate policy and procedures regarding the reporting of gifts, donations and sponsorships in this category. |
| 11. | Performance information. | | |
| 11.1 | Performance information is comprehensively reported in Chapters 5 to 12 of the Annual Report. | 12.2 | Economic classification of expenditure. The economic classification reported in the financial statements is based on the economic classification used in the related Defence Vote. The estimate of expenditure for the financial year 2005/2006 will be based on the economic classification as prescribed by National Treasury. The related financial statements will report according to the prescribed economic classification. |
| 12. | Other. | | |
| 12.1 | Disclosures. Mainly because of system inadequacies mentioned in par 11 above Defence is still unable to accurately disclose the following information. | | |
| 12.1.1 | Assets. Defence is still unable to accurately report on the value of assets in the categories required due to the inadequacies of logistic systems. Only with the implementation of integrated computerised systems based on the principles of Generally Recognised Accounting Practices will Defence be in a position to accurately recognise and disclose such information. Defence has however endeavoured to disclose the movement of the value of assets as accurately as possible qualifying the | Approval. The Accounting Officer has approved the annual financial statements. | |



**(J.B. MASILELA)
SECRETARY FOR DEFENCE: DIRECTOR GENERAL**

Date: 31 May 2004

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 22 - DEFENCE FOR THE YEAR ENDED 31 MARCH 2004



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 151 to 207, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

Except as discussed in paragraph 3, the audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to

my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Contingent liabilities: leave

I could not reach a conclusion on the validity and completeness of the contingent liabilities regarding leave and therefore the accuracy of the amount disclosed in note 24 to the financial statements, due to the following reasons:

- As the conversion of leave credits for South African National Defence Force (SANDF) members from calendar days to working days on the PERSOL system will only be done during the 2004-05 financial year, the amount of accumulated leave days for SANDF members recorded on the leave administration system as at 31 March 2002 was used as basis for the calculation. The total leave credits were then reduced with the total number of days of discounted leave per rank level.
- In calculating the monetary value of the contingent liability as disclosed, the average salary per salary level and the average leave credits available were used. It was, however, not possible to confirm these leave credits or the monetary value per member, since no detailed supporting reports could be made available for audit purposes.

3.2 Physical and intangible asset movement schedules

No amounts were disclosed in the physical and intangible asset movement schedules (annexures 4 and 5), as prescribed by the National Treasury. Owing to the nature of the computerised logistic system of the Department of Defence (DOD), I could not obtain information and explanations for non-compliance and disclosure discrepancies.

3.3 Departmental income

As disclosed in note 2 to the income statement, departmental income amounted to R266 342 000 (excluding R202 111 000 of the Special Defence Account revenue), compared with R191 502 000 (excluding R160 775 000 of the Special Defence Account revenue) of the previous year. Because of the inconsistent application of the internal controls applicable to income and after following alternative audit procedures, I could not obtain sufficient explanations considered necessary to satisfy myself as to the completeness of income.

3.4 Purchases and payables

Accruals: According to paragraph 12.1.2 of the management report and paragraph 14 of the statement of accounting policies, the accruals represented goods/services that had been delivered but no invoice had been received from the supplier at year-end, or an invoice had been received but remained unpaid at year-end. Accruals, disclosed as R3,873 million in note 26 to the financial statements, only represented goods/services that had been delivered and for which invoices had been received, but the amount remained unpaid at year-end. The amount did not include goods/services received during the year for which no invoices had been received at year-end. This information cannot be generated from the accounting systems of the DOD. Accordingly, the amount disclosed as accruals is understated by an unknown amount.

3.5 Irregularities and losses

The inconsistent application of policies and

procedures resulted in the following:

- Not all losses and damages were reported to the finance division.
- The damage and loss registers at unit level were not updated regularly and numerous instances were found where cases had not been captured in the registers.
- Various loss files could not be submitted for audit purposes.
- A board of inquiry was not always instituted as required in terms of the policy.
- Various cases were not finalised on time.

Consequently, I am unable to verify the accuracy and completeness of the amount of R18,5 million for irregularities and losses, as disclosed in note 11.3 to the financial statements.

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3 above, the financial statements fairly present, in all material respects, the financial position of the Department of Defence at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Management of inventories, machinery and equipment

- (a) The audit conducted on the management of inventories, machinery and equipment revealed the same weaknesses in internal controls as reported on in prior years, and still existed in all main processes of asset management. This matter could mainly be ascribed to the fact that management policies and procedures were not adequately followed. The following findings need to be mentioned:

¹ Registers for receipt and issue vouch-

ers were not properly maintained. Consequently, not all issue and receipt vouchers could be submitted for auditing.

- Inventory and equipment were not recorded completely and accurately, resulting in discrepancies between physical stock on hand and the asset register.
- The storage facilities were found to be inadequate in that inventory and assets were not stored under prescribed and ideal conditions, which could result in the state suffering material losses.
- In certain instances no handing and taking over certificates were completed during the changing of responsibilities.
- In numerous instances no segregation of duties existed.

(b) There was a lack of enforcement of existing policies and procedures, mainly due to the fact that personnel responsible for the management of stock and equipment were not accountable to management responsible for asset management.

(c) An evaluation of the stocktaking certificates revealed that a number of units had failed to submit stocktaking certificates. Eight units applied for exemption for non-submission of stocktaking certificates, but at the time of writing this report no approval had yet been granted in this regard.

(d) Numerous discrepancy vouchers were still awaiting approval for the 2003-04 financial year. Staffing or vacancy problems seem to be the major contributing factor in this delay in investigating the discrepancy vouchers.

(e) A comparison between the live database per unit and the Logistic Executive Information System (LOGEIS) revealed material differences in every instance that was tested. This matter was the result of a lack of a proper management framework to perform reconciliations between the systems.

(f) During a hearing on 5 March 2003 the DOD made certain commitments to the Standing Committee on Public Accounts (SCOPA) regarding the implementation of corrective measures in respect of concerns regarding the excessive stock levels of the DOD. With

reference to paragraph 5.6(c) on page 156 of my previous report, these measures included disposal plans that had to be put in place for each of the services. Although the progress with these plans was monitored on a regular basis by the DOD, it was found that not all the plans were on schedule. This could mainly be ascribed to management policies not being followed adequately.

(g) The general internal controls with regard to asset management during three foreign military operations were evaluated and the following control weaknesses were identified:

- No controls existed over the raising of demands (goods and services).
- Registers for receipt and issue vouchers were not maintained properly.
- Inventory and equipment were not recorded completely and accurately. At the time of the audit there was a huge backlog of issue and receipt vouchers that had not yet been captured, resulting in major discrepancies between the physical stock transferred and the asset records.
- Inventory and assets were sent to operations without formal accompanying documentation, resulting in poor control over the assets.
- As a result of the lack of controls and proper documentation, certain inventory and assets were shipped to wrong destinations or operations.

These shortcomings can mainly be ascribed to the lack of an appropriately documented and/or approved policy and procedure framework for asset management relating to foreign military operations.

(h) The security and general administration over vehicles were found to be lacking. This could mainly be ascribed to the fact that policies and procedures were not adequately applied and/or adhered to, resulting in the following:

- Unauthorised trips were undertaken.
- Material differences existed between the physical number of vehicles on hand and those reflected in the stock ledger.
- Vehicles were allowed to deteriorate to such an extent that they were beyond economical repair, mainly as a result of irregular servicing.

- In certain cases vehicles that were sent for repairs, were not serviced on time and vehicles were stripped of their parts, causing further delays due to budget constraints.

5.2 Land and buildings

The audit conducted on land and buildings revealed the following:

- (a) There was uncertainty over the completeness and accuracy of the DOD's facility register (FR) system. No reconciliation with the asset register of the Department of Public Works (DPW) could be performed due to the incompatibility of the two systems.
- (b) Buildings and houses are deteriorating rapidly. This can mainly be attributed to a lack of funds and controls over maintenance, and repairs not functioning effectively.
- (c) Buildings and houses considered uninhabitable were occupied. This poses a major health and safety risk, which could result in the DOD becoming liable to third parties.
- (d) At certain of the units, the following insufficiencies with regard to supporting documentation were found:
 - Occupational agreements were incomplete or not available.
 - Documentation for structural changes to buildings could not be submitted.
 - Contracts for subleases to third parties could not be submitted.
 - Inventory checklists were not completed and/or filed.
 - Unutilised space schedules were not completed.
 - Lists of facilities at audit locations could not be provided.
 - In certain instances the FR system contained references to buildings that did not physically exist.
 - Buildings were disposed of without handing over certificates being completed.
 - No DPW authorisations were available for newly constructed buildings.

5.3 Gifts, donations and sponsorships

The validity, accuracy and completeness of

gifts received, donations and sponsorships made and received in kind, as disclosed in notes 2.1, 10.2 and 32, of the annual financial statements could not be verified. This could mainly be attributed to the fact that the policies and procedures pertaining to these items were not followed adequately.

5.4 Personnel expenditure: commuted overtime

The audit of commuted overtime revealed certain weaknesses in that the internal controls, as prescribed by management policies and procedures, were not followed. In certain cases, the policies and procedures did not seem to be adequate to address all weaknesses in the system. The following matters need to be mentioned:

- Supporting documentation, such as attendance registers, was not always completed properly or was not completed at all. In the case of dentists, no time sheets were submitted to substantiate commuted overtime.
- Agreements between medical practitioners and the DOD had not been reviewed since 1996 (in some instances the number of overtime hours worked was not the same as that documented in the signed agreements).
- Dentists were remunerated for commuted overtime on the minimum/first salary notch of a specific salary level and not against their actual salary notch, as was the case with medical practitioners. No prescripts in this regard could be found and subsequently the correctness of payments to dentists could not be verified.
- Various over- or underpayments were identified during the manual recalculation of commuted overtime paid to members.

5.5 Revenue and receivables

With reference to paragraph 5.1(b) on page 154 of my previous report, there is still no system for the recording and collation of foreign aid assistance received in kind. Consequently, the completeness and accuracy of note 3 to the annual financial statements could not be confirmed.

5.6 National Conventional Arms Control

Committee (NCACC)**(a) Statutory mandate**

The NCACC was instituted to have control over arms development and production in terms of the National Arms Control Act, 2002 (Act No. 41 of 2002), which commenced on 1 May 2003.

The compliance audit in terms of the Act, was phased in during this year and the verification of the following will take place during the next phase of the audit:

- The validation of end-user certificates.
- Control evaluation at developing and manufacturing companies.
- Compliance visit reports, conclusions and recommendations.

(b) Audit findings

The following matters were brought to the attention of the DOD:

Governing Issues

- With regard to my previous report, a legal opinion was obtained to clear the uncertainty with regard to the delegations to the Directorate Conventional Arms Control (DCAC) and the scrutiny committee by the then Acting Secretary for Defence.

The legal opinion recommended that, *"...in order to remedy the invalid delegation of authority by Netsianda (former acting Secretary for Defence) to the DCAC as discussed herein before, a new delegation of power in question be issued by the Minister of Defence."*

At the date of compiling this report, the delegation by the minister to the NCACC was still outstanding.

- With reference to paragraph 5.8(b) on page 157 of my previous report, the investigation by the DCAC was concluded during March 2004. The compliance report concluded, *inter alia*, as follows:
 - (a) *In terms of the commercial contract between a foreign company and Armscor, no contravention on part of the company could be found.*
 - (b) *In terms of the National Conventional Arms Control Committee approved contract, no additional requirements were indicated on*

the permit issued and no letter to inform Armscor of any requirements could be traced.

In light of the above, it appears that the NCACC omitted reference to cabinet's prerequisites on destruction to avoid proliferation as contained in its memorandum no. 4 of 6 June 1997.

- No constitutions or any other policies, with the exception of the reference in the act to a quorum, were in place to regulate the functioning of the NCACC or the scrutiny committee.
- The inspectorate function of the NCACC, as required by section 9 of the National Arms Control Act, 2002, was not in place yet.

5.7 Information systems audit

An information systems audit conducted on the general controls surrounding the Computer Aided Logistic Management Information Systems (CALMIS) and the Operational Support Information System (OSIS) revealed that the activities of the database administrators were not logged and monitored.

This is a significant weakness as these administrators have the highest privilege available on the databases and also perform the incompatible system administrator functions. This weakness potentially allowed the databases to be changed without any record being kept of the changes. Such changes could then only be detected if the data were to be compared to source documents.

I could not get confirmation that this function was performed. In addition, a number of accounts on the CALMIS Unix servers did not have passwords.

Based on the above, I could, for audit purposes, not place any reliance on the general controls surrounding CALMIS for my regularity audit and I had to perform more extensive substantive testing in order to obtain a higher audit assurance.

The audit also indicated that limited progress had been made in addressing previously identified issues.

5.8 Intellectual property

During the year under review a policy was drafted to establish criteria for recognising intellectual properties of the DOD. This policy will be implemented in the 2005-06 financial year.

5.9 Progress made with previously reported matters

Further to the matters specifically reported above, my audit findings on the progress made with previously reported matters are attached as annexure A of this report. The DOD indicated that the 2001/02 SCOPA Resolutions were received on 20 July 2004 and are in the process of being followed up.

6. APPRECIATION

The assistance rendered by the staff of the DOD during the audit is sincerely appreciated.

**S A Fakie
Auditor-General**

**Pretoria
28 July 2004**

Table 14.1. Progress made with previously reported matters

| Reference to previous audit report | Subject | Findings on progress |
|--------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit report: Paragraph 5.4 (b); page 155. | Leave credits and leave administration | The internal controls in respect of the leave administration system were still considered to be inadequate. |
| Audit report: Paragraph 5.4 (c); page 156. | Employment equity | A comparison of actual strength per level to equity targets for the entire DOD indicated that the lower structure of the DOD was predominantly black African, while the senior management structure and professional staff were still predominantly white. |
| Audit report: Paragraph 5.4 (d); page 156. | Professional services | For the 2003-04 financial year the DOD had not promulgated and implemented a final policy on the management and utilisation of consultants. |
| Audit report: Paragraph 5.9; page 158. | Service Corps | <p>The developments since March 2003 regarding the intended migration of the Service Corps are as follows:</p> <p>The outcome of the request for information (RFI) process followed from November 2002 until March 2003 was not definitive enough to take the Service Corps to a migrated organisation model. The view presented to the Minister of Defence by the Service Corps at the end of March 2003 was that the next logical step after the RFI process, i.e. the request for proposal (RFP) process, would be better achieved by following the alternative service delivery (ASD) process logic. This view was also presented to the Portfolio Committee on Defence (PCD) in May 2003 and September 2003.</p> <p>The PCD agreed with the suggested approach for developing the Service Corps into a national asset, as instructed in the 1995 mandate, by utilising the ASD process. In terms of the prescribed phases of the ASD process and related planning, the first phase, namely the strategic review, was completed during the period November 2003 to March 2004. It is planned that the next phase, namely the feasibility study, for which a transaction adviser needs to be appointed, would be carried out during the period October 2004 to May 2005. This feasibility study is dependent on obtaining the required funding and the necessary higher authority approvals to proceed.</p> <p>The initiation of the selected business model for a migrated Service Corps is planned to commence on completion of the option analysis, which is an output of the feasibility study and subsequent approval by the cabinet planned for June 2005.</p> |
| Audit report: Paragraph 5.12; page 158. | Financial management | In paragraphs 10 and 12 of his management report, the accounting officer reported the inability of legacy financial, logistic and personnel information systems to effectively support management to adequately report on the financial results and position at year-end. |

| Reference to previous audit report | Subject | Findings on progress |
|---------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit report: Paragraph 5.11 (a); page 158. | Capacity constraints | In paragraph 3 of his management report, the accounting officer mentioned that budget constraints had a negative effect on the conditions of military facilities, which negatively affected the operational readiness, morale and working conditions of the DOD. |
| Audit report: Paragraph 5.11 (b); page 158. | Measurement of performance against targets | The DOD lacked the ability to produce timely, detailed performance data due to the lack of a comprehensive integrated performance management system. The DOD is in the process of researching the most appropriate performance management system for implementation. Further reference to this matter is made in paragraph 11.1 of the management report. |

DEPARTMENT OF DEFENCE VOTE 22

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 MARCH 2004



The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

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. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National Revenue Fund.

3. Donor aid

Donor aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular and fruitless and wasteful expenditure

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or
- expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is treated as a current asset in the balance sheet until such

DEPARTMENT OF DEFENCE VOTE 22

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 MARCH 2004 (continued)

expenditure is recovered from a third party or funded from future voted funds.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- ¹ the Public Finance Management Act,
- ¹ the State Tender Board Act, or any regulations made in terms of this Act.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

6. Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2003 to be consumed in the following financial year, is written off in full when they are paid and are accounted for as expenditure in the income statement.

8. Investments

Non-current investments are shown at cost and adjustments are made only where in the opinion of the accounting officer, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is

identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

9. Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

10. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

11. Payables

Payables are not normally recognised under

**DEPARTMENT OF DEFENCE
VOTE 22**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 MARCH 2004 (continued)**

the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to the National Revenue Fund or another party.

12. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

13. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

14. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, or an invoice has been received but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably meas-

ured and then expensed. Details of these benefits and the potential liabilities are disclosed as a disclosure note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Medical benefits

The department provides medical benefits for certain of its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post retirement medical benefits for retired civil servants members are expensed when the payment is made to the fund.

16. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

**DEPARTMENT OF DEFENCE
VOTE 22**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 MARCH 2004 (continued)**

17. Recoverable revenue

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

18. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

**DEPARTMENT OF DEFENCE
VOTE 22**

**APPROPRIATION STATEMENT
for the year ended 31 MARCH 2004**

| Programme | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------------------------------------------------------|---------------------------------|-------------------|-----------------------------|-----------------------------|---------------------------------------------|-------------------------------------------------|-----------------------------|-----------------------------|
| | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings/ Underspend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| 1. Administration | | | | | | | | |
| Current | 674 247 | (16 124) | 658 123 | 658 123 | - | 0.00 | 592 574 | 592 574 |
| 2. Landward Defence | | | | | | | | |
| Current | 3 205 160 | (93 265) | 3 111 895 | 3 111 895 | - | 0.00 | 3 504 882 | 3 504 882 |
| 3. Air Defence | | | | | | | | |
| Current | 2 152 676 | (1 495) | 2 151 181 | 2 151 181 | - | 0.00 | 2 046 950 | 2 046 950 |
| 4. Maritime Defence | | | | | | | | |
| Current | 1 052 944 | (39 304) | 1 013 640 | 1 013 640 | - | 0.00 | 969 848 | 969 848 |
| 5. Military Health Support | | | | | | | | |
| Current | 1 256 666 | 80 951 | 1 337 617 | 1 337 617 | - | 0.00 | 1 213 274 | 1 213 274 |
| 6. Defence Intelligence | | | | | | | | |
| Current | 145 859 | (11 512) | 134 347 | 132 934 | 1 413 | 1.05 | 132 731 | 132 731 |
| 7. Joint Support | | | | | | | | |
| Current | 2 010 143 | 38 180 | 2 048 323 | 2 047 916 | 407 | 0.02 | 1 922 254 | 1 921 592 |
| Capital | 57 578 | - | 57 578 | 43 672 | 13 906 | 24.15 | 56 026 | 53 209 |
| 8. Command and Control | | | | | | | | |
| Current | 1 228 959 | 17 416 | 1 246 375 | 1 288 081 | (41 706) | (3.35) | 594 757 | 588 303 |
| 9. Special Defence Account | | | | | | | | |
| Current | 8 015 772 | - | 8 015 772 | 8 015 772 | - | 0.00 | 7 786 232 | 7 786 232 |
| 10. Special functions | | | | | | | | |
| Current | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |
| Total | 19 800 004 | - | 19 800 004 | 19 825 984 | (25 980) | (0.13) | 18 844 734 | 18 835 801 |
| Reconciliation with Income Statement | | | | | | | | |
| Investments aquired and capitalised during the current financial year - expensed for | | | | | | | | |
| Less: appropriation purposes | | | - | - | | | - | - |
| Local and foreign aid assistance | | | | | | | | |
| Add: (Incl. RDP funds) | | | - | - | | | - | - |
| Add: Other receipts | | | 468 453 | - | | | 352 277 | - |
| Less: Fruitless and wasteful expenditure | | | - | - | | | - | - |
| Actual amounts per Income Statement | | | 20 268 457 | 19 825 984 | | | 19 197 011 | 18 835 801 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**APPROPRIATION STATEMENT
for the year ended 31 MARCH 2004 (continued)**

| <i>Direct charge against the National Revenue Fund</i> | 2003/04 | | | | | | 2002/03 | |
|-----------------------------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| List all direct charges against the National Revenue Fund | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - |

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 19 742 426 | - | 19 742 426 | 19 782 312 | (39 886) | 0.20 | 18 789 708 | 18 782 591 |
| Personnel | 7 253 557 | (44 222) | 7 209 335 | 7 209 335 | - | 0.00 | 6 642 036 | 6 642 036 |
| Transfer payments | 8 277 414 | - | 8 277 414 | 8 277 007 | 407 | 0.00 | 8 007 301 | 8 006 638 |
| Other | 4 211 455 | 44 222 | 4 255 677 | 4 295 970 | (40 293) | (0.95) | 4 140 371 | 4 133 917 |
| Capital | 57 578 | - | 57 578 | 43 672 | 13 906 | 24.15 | 55 026 | 53 210 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | 57 578 | - | 57 578 | 43 672 | 13 906 | 24.15 | 55 026 | 53 210 |
| Total | 19 800 004 | - | 19 800 004 | 19 825 984 | (25 980) | (0.13) | 18 844 734 | 18 835 801 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 7 253 557 | (44 222) | 7 209 335 | 7 209 335 | - | 0.00 | 6 642 036 | 6 642 036 |
| Administrative | 713 636 | 50 685 | 764 321 | 804 614 | (40 293) | (5.27) | 612 792 | 612 792 |
| Inventories | 989 146 | (6 011) | 983 135 | 983 135 | - | 0.00 | 976 233 | 976 233 |
| Equipment | 531 659 | (117 723) | 413 936 | 413 936 | - | 0.00 | 403 509 | 397 055 |
| Land and buildings | 12 314 | (409) | 11 905 | 11 905 | - | 0.00 | 7 572 | 7 572 |
| Professional and special services | 2 011 778 | 100 718 | 2 112 496 | 2 098 590 | 13 906 | 0.66 | 2 167 622 | 2 165 806 |
| Transfer payments | 8 277 414 | - | 8 277 414 | 8 277 007 | 407 | 0.00 | 8 007 301 | 8 006 638 |
| Miscellaneous | 10 500 | (8 191) | 2 309 | 2 309 | - | 0.00 | 1 463 | 1 463 |
| Special functions | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |
| Total | 19 800 004 | - | 19 800 004 | 19 825 984 | (25 980) | (0.13) | 18 844 734 | 18 835 801 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 1 - ADMINISTRATION
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|---------------------------------------|------------------------|-----------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 1.1 Minister | | | | | | | | |
| Current | 746 | - | 746 | 746 | - | 0.00 | 685 | 685 |
| 1.2 Deputy Minister | | | | | | | | |
| Current | 607 | - | 607 | 607 | - | 0.00 | 557 | 557 |
| 1.3 Political Direction | | | | | | | | |
| Current | 11 531 | 1 047 | 12 578 | 12 578 | - | 0.00 | 11 662 | 11 662 |
| 1.4 Departmental Direction | | | | | | | | |
| Current | 5 509 | (1 002) | 4 507 | 4 507 | - | 0.00 | 4 280 | 4 280 |
| 1.5 Policy and Planning | | | | | | | | |
| Current | 51 262 | (3 806) | 47 456 | 47 456 | - | 0.00 | 39 508 | 39 508 |
| 1.6 Financial Services | | | | | | | | |
| Current | 155 233 | (12 547) | 142 686 | 142 686 | - | 0.00 | 139 469 | 139 469 |
| 1.7 HR Support Services | | | | | | | | |
| Current | 245 560 | (712) | 244 848 | 244 848 | - | 0.00 | 219 730 | 219 730 |
| 1.8 Legal Services | | | | | | | | |
| Current | 61 375 | (1 147) | 60 228 | 60 228 | - | 0.00 | 54 609 | 54 609 |
| 1.9 Inspection Services | | | | | | | | |
| Current | 26 409 | 1 343 | 27 752 | 27 752 | - | 0.00 | 19 425 | 19 425 |
| 1.10 Acquisition Services | | | | | | | | |
| Current | 28 574 | 1 564 | 30 138 | 30 138 | - | 0.00 | 26 161 | 26 161 |
| 1.11 Corporate Communications | | | | | | | | |
| Current | 19 832 | (1 832) | 18 000 | 18 000 | - | 0.00 | 15 815 | 15 815 |
| 1.12 SANDF Command and Control | | | | | | | | |
| Current | 6 092 | 534 | 6 626 | 6 626 | - | 0.00 | 5 655 | 5 655 |
| 1.13 Religious Services | | | | | | | | |
| Current | 4 059 | (1 438) | 2 621 | 2 621 | - | 0.00 | 2 977 | 2 977 |
| 1.14 Part Time Component | | | | | | | | |
| Current | 9 165 | (913) | 8 252 | 8 252 | - | 0.00 | 6 959 | 6 959 |
| 1.15 Defence Foreign Liaison | | | | | | | | |
| Current | 48 293 | 3 347 | 51 640 | 51 640 | - | 0.00 | 45 473 | 45 473 |
| 1.16 Income | | | | | | | | |
| Current | - | (562) | (562) | (562) | - | 0.00 | (391) | (391) |
| Total | 674 247 | (16 124) | 658 123 | 658 123 | - | 0.00 | 592 574 | 592 574 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 1 - ADMINISTRATION
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 674 247 | (16 124) | 658 123 | 658 123 | - | 0.00 | 592 574 | 592 574 |
| Personnel | 523 696 | (5 235) | 518 461 | 518 461 | - | 0.00 | 455 032 | 455 032 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | 150 551 | (10 889) | 139 662 | 139 662 | - | 0.00 | 137 542 | 137 542 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 674 247 | (16 124) | 658 123 | 658 123 | - | 0.00 | 592 574 | 592 574 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 523 696 | (5 235) | 518 461 | 518 461 | - | 0.00 | 455 032 | 455 032 |
| Administrative | 67 855 | (2 592) | 65 263 | 65 263 | - | 0.00 | 72 069 | 72 069 |
| Inventories | 17 989 | (1 899) | 16 090 | 16 090 | - | 0.00 | 13 684 | 13 684 |
| Equipment | 16 882 | 17 | 16 899 | 16 899 | - | 0.00 | 31 277 | 31 277 |
| Land and buildings | 7 970 | 296 | 8 266 | 8 266 | - | 0.00 | 3 708 | 3 708 |
| Professional and special services | 39 855 | (6 733) | 33 122 | 33 122 | - | 0.00 | 16 786 | 16 786 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | 0 | 22 | 22 | 22 | - | 0.00 | 18 | 18 |
| Special functions: | - | - | - | - | - | 0.00 | - | - |
| Total | 674 247 | (16 124) | 658 123 | 658 123 | - | 0.00 | 592 574 | 592 574 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|-------------------------------------------|------------------------|-----------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 2.1 Strategic Direction | | | | | | | | |
| Current | 201 864 | (107 325) | 94 539 | 94 539 | - | 0.00 | 183 175 | 183 175 |
| 2.2 Infantry Capability | | | | | | | | |
| Current | 1 338 483 | 9 389 | 1 347 872 | 1 347 872 | - | 0.00 | 1 399 407 | 1 399 407 |
| 2.3 Armour Capability | | | | | | | | |
| Current | 112 573 | 4 675 | 117 248 | 117 248 | - | 0.00 | 111 749 | 111 749 |
| 2.4 Artillery Capability | | | | | | | | |
| Current | 93 743 | (1 021) | 92 722 | 92 722 | - | 0.00 | 92 481 | 92 481 |
| 2.5 Anti-aircraft Capability | | | | | | | | |
| Current | 71 777 | 3 882 | 75 659 | 75 659 | - | 0.00 | 70 405 | 70 405 |
| 2.6 Engineering Capability | | | | | | | | |
| Current | 170 231 | (5 616) | 164 615 | 164 615 | - | 0.00 | 173 437 | 173 437 |
| 2.7 Operational Intelligence | | | | | | | | |
| Current | 54 624 | (1 408) | 53 216 | 53 216 | - | 0.00 | 49 875 | 49 875 |
| 2.8 Command and Control Capability | | | | | | | | |
| Current | 37 345 | 4 014 | 41 359 | 41 359 | - | 0.00 | 34 659 | 34 659 |
| 2.9 Support Capability | | | | | | | | |
| Current | 980 741 | 208 308 | 1 189 049 | 1 189 049 | - | 0.00 | 1 206 951 | 1 206 951 |
| 2.10 General Training Capability | | | | | | | | |
| Current | 143 779 | (33 689) | 110 090 | 110 090 | - | 0.00 | 109 555 | 109 555 |
| 2.11 Defence Commitments | | | | | | | | |
| Current | - | 1 023 | 1 023 | 1 023 | - | 0.04 | 68 973 | 68 973 |
| 2.12 Communications Capability | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | 60 | 60 |
| 2.13 Infrastructure | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | 9 847 | 9 847 |
| 2.14 VIP Protection and Ceremonial | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | - | - |
| 2.15 Internal Services | | | | | | | | |
| Current | - | (174 323) | (174 323) | (174 323) | - | 0.00 | (4 767) | (4 767) |
| 2.16 Income | | | | | | | | |
| Current | - | (1 174) | (1 174) | (1 174) | - | 0.00 | (925) | (925) |
| Total | 3 205 160 | (93 265) | 3 111 895 | 3 111 895 | - | 0.00 | 3 504 882 | 3 504 882 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 3 205 160 | (93 265) | 3 111 895 | 3 111 895 | - | 0.00 | 3 504 882 | 3 504 882 |
| Personnel | 2 587 653 | (70 607) | 2 517 046 | 2 517 046 | - | 0.00 | 2 507 306 | 2 507 306 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | 617 507 | (22 658) | 594 849 | 594 849 | - | 0.00 | 997 576 | 997 576 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 3 205 160 | (93 265) | 3 111 895 | 3 111 895 | - | 0.00 | 3 504 882 | 3 504 882 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 2 587 653 | (70 607) | 2 517 046 | 2 517 046 | - | 0.00 | 2 507 306 | 2 507 306 |
| Administrative | 95 161 | 47 706 | 142 867 | 142 867 | - | 0.00 | 133 650 | 133 650 |
| Inventories | 299 128 | (64 703) | 234 425 | 234 425 | - | 0.00 | 330 113 | 330 113 |
| Equipment | 74 615 | (41 398) | 33 217 | 33 217 | - | 0.00 | 73 925 | 73 925 |
| Land and buildings | 54 | 35 | 89 | 89 | - | 0.00 | 119 | 119 |
| Professional and special services | 148 549 | 35 145 | 183 694 | 183 694 | - | 0.00 | 459 175 | 459 175 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | - | 557 | 557 | 557 | - | 0.00 | 594 | 594 |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 3 205 160 | (93 265) | 3 111 895 | 3 111 895 | - | 0.00 | 3 504 882 | 3 504 882 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 3 - AIR DEFENCE
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|------------------------------------------------------------|------------------------|----------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 3.1 Strategic Direction | | | | | | | | |
| Current | 3 597 | 2 676 | 6 273 | 6 273 | - | 0.00 | 2 925 | 2 925 |
| 3.2 Operational Direction | | | | | | | | |
| Current | 73 292 | (4 084) | 69 208 | 69 208 | - | 0.00 | 66 626 | 66 626 |
| 3.3 Helicopter Capability | | | | | | | | |
| Current | 250 499 | (7 179) | 243 320 | 243 320 | - | 0.00 | 240 658 | 240 658 |
| 3.4 Transport and Maritime Capability | | | | | | | | |
| Current | 189 010 | (2 006) | 187 004 | 187 004 | - | 0.00 | 171 883 | 171 883 |
| 3.5 Air Combat and Reconnaissance | | | | | | | | |
| Current | 235 110 | 263 | 235 373 | 235 373 | - | 0.00 | 232 705 | 232 705 |
| 3.6 Operational Support and Intelligence Capability | | | | | | | | |
| Current | 94 506 | 8 922 | 103 428 | 103 428 | - | 0.00 | 98 292 | 98 292 |
| 3.7 Command and Control Intelligence | | | | | | | | |
| Current | 147 854 | (17 934) | 129 920 | 129 920 | - | 0.00 | 130 684 | 130 684 |
| 3.8 Base Support Capability | | | | | | | | |
| Current | 424 816 | 150 452 | 575 268 | 575 268 | - | 0.00 | 501 435 | 501 435 |
| 3.9 Command Post | | | | | | | | |
| Current | 79 418 | (43 550) | 35 868 | 35 868 | - | 0.00 | 29 662 | 29 662 |
| 3.10 Training Capability | | | | | | | | |
| Current | 198 275 | (32 462) | 165 813 | 165 813 | - | 0.00 | 198 879 | 198 879 |
| 3.11 Technical Support Services | | | | | | | | |
| Current | 456 299 | 29 353 | 485 652 | 485 652 | - | 0.00 | 434 049 | 434 049 |
| 3.12 Internal Services | | | | | | | | |
| Current | - | (75 960) | (75 960) | (75 960) | - | 0.00 | (47 408) | (47 408) |
| 3.13 Income | | | | | | | | |
| Current | - | (9 986) | (9 986) | (9 986) | - | 0.00 | (13 440) | (13 440) |
| Total | 2 152 676 | (1 495) | 2 151 181 | 2 151 181 | - | 0.00 | 2 046 950 | 2 046 950 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 3 - AIR DEFENCE
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 2 152 676 | (1 495) | 2 151 181 | 2 151 181 | - | 0.00 | 2 046 950 | 2 046 950 |
| Personnel | 1 093 017 | 6 711 | 1 099 728 | 1 099 728 | - | 0.00 | 1 021 086 | 1 021 086 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | 1 059 659 | (8 206) | 1 051 453 | 1 051 453 | - | 0.00 | 1 025 864 | 1 025 864 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 2 152 676 | (1 495) | 2 151 181 | 2 151 181 | - | 0.00 | 2 046 950 | 2 046 950 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 1 093 017 | 6 711 | 1 099 728 | 1 099 728 | - | 0.00 | 1 021 086 | 1 021 086 |
| Administrative | 84 188 | 17 092 | 101 280 | 101 280 | - | 0.00 | 85 082 | 85 082 |
| Inventories | 183 916 | 31 399 | 215 315 | 215 315 | - | 0.00 | 209 477 | 209 477 |
| Equipment | 43 985 | (8 056) | 35 929 | 35 929 | - | 0.00 | 39 320 | 39 320 |
| Land and buildings | - | - | - | - | - | 0.00 | - | - |
| Professional and special services | 747 570 | (49 191) | 698 379 | 698 379 | - | 0.00 | 691 809 | 691 809 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | - | 550 | 550 | 550 | - | 0.00 | 176 | 176 |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 2 152 676 | (1 495) | 2 151 181 | 2 151 181 | - | 0.00 | 2 046 950 | 2 046 950 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 4 - MARITIME DEFENCE
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|-------------------------------------------------|------------------------|-----------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 4.1 Maritime Direction | | | | | | | | |
| Current | 352 782 | 37 720 | 390 502 | 390 502 | - | 0.00 | 359 124 | 359 124 |
| 4.2 Maritime Combat Capability | | | | | | | | |
| Current | 95 414 | 28 690 | 124 104 | 124 104 | - | 0.00 | 94 761 | 94 761 |
| 4.3 Maritime Logistic Support Capability | | | | | | | | |
| Current | 198 683 | (49 074) | 149 609 | 149 609 | - | 0.00 | 158 702 | 158 702 |
| 4.4 Maritime Training Capability | | | | | | | | |
| Current | 126 305 | (47 776) | 78 529 | 78 529 | - | 0.00 | 86 463 | 86 463 |
| 4.5 Base Support Capability | | | | | | | | |
| Current | 267 462 | (8 323) | 259 139 | 259 139 | - | 0.00 | 249 601 | 249 601 |
| 4.6 Maritime Reserve Capability | | | | | | | | |
| Current | 12 298 | (1 644) | 10 654 | 10 654 | - | 0.00 | 15 295 | 15 295 |
| 4.7 Strategic Direction | | | | | | | | |
| Current | - | 1 188 | 1 188 | 1 188 | - | 0.00 | 5 511 | 5 511 |
| 4.8 Maritime Combat Capability | | | | | | | | |
| Current | - | 5 | 5 | 5 | - | 0.00 | 107 | 107 |
| 4.9 Maritime Logistic Support Capability | | | | | | | | |
| Current | - | 70 | 70 | 70 | - | 0.00 | 421 | 421 |
| 4.10 Base Support | | | | | | | | |
| Current | - | 32 | 32 | 32 | - | 0.00 | 16 | 16 |
| 4.11 Maritime Reserve Capability | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | 147 | 147 |
| 4.12 Maritime Reserve Capability | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | - | - |
| 4.13 Quality Assurance | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | - | - |
| 4.14 Maritime Communications Capability | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | - | - |
| 4.15 Internal Services | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | (56) | (56) |
| 4.16 Income | | | | | | | | |
| Current | - | (192) | (192) | (192) | - | 0.01 | (244) | (244) |
| Total | 1 052 944 | (39 304) | 1 013 640 | 1 013 640 | - | 0.00 | 969 848 | 969 848 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 4 - MARITIME DEFENCE
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 1 052 944 | (39 304) | 1 013 640 | 1 013 640 | - | 0.00 | 969 848 | 969 848 |
| Personnel | 658 634 | (24 692) | 633 942 | 633 942 | - | 0.00 | 620 383 | 620 383 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | 394 310 | (14 612) | 379 698 | 379 698 | - | 0.00 | 349 465 | 349 465 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 1 052 944 | (39 304) | 1 013 640 | 1 013 640 | - | 0.00 | 969 848 | 969 848 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 658 634 | (24 692) | 633 942 | 633 942 | - | 0.00 | 620 383 | 620 383 |
| Administrative | 66 523 | (7 722) | 58 801 | 58 801 | - | 0.00 | 49 055 | 49 055 |
| Inventories | 108 454 | (16 425) | 92 029 | 92 029 | - | 0.00 | 115 231 | 115 231 |
| Equipment | 62 157 | (19 819) | 42 338 | 42 338 | - | 0.00 | 46 194 | 46 194 |
| Land and buildings | - | - | - | - | - | 0.00 | 8 | 8 |
| Professional and special services | 157 176 | 28 200 | 185 376 | 185 376 | - | 0.00 | 138 955 | 138 955 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | - | 1 154 | 1 154 | 1 154 | - | 0.00 | 22 | 22 |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 1 052 944 | (39 304) | 1 013 640 | 1 013 640 | - | 0.00 | 969 848 | 969 848 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 5 - MILITARY HEALTH SUPPORT
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|-----------------------------------------|------------------------|---------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 5.1 Strategic Direction | | | | | | | | |
| Current | 105 662 | (38 383) | 67 279 | 67 279 | - | 0.00 | 94 169 | 94 169 |
| 5.2 Military Health Support | | | | | | | | |
| Current | 55 641 | (8 119) | 47 522 | 47 522 | - | 0.00 | 45 425 | 45 425 |
| 5.3 Area Military Health Support | | | | | | | | |
| Current | 439 890 | 66 425 | 506 315 | 506 315 | - | 0.00 | 420 775 | 420 775 |
| 5.4 Specialist Health Support | | | | | | | | |
| Current | 522 614 | (17 455) | 505 159 | 505 159 | - | 0.00 | 481 263 | 481 263 |
| 5.5 Product Support Capability | | | | | | | | |
| Current | 32 433 | 36 573 | 69 006 | 69 006 | - | 0.00 | 69 006 | 69 006 |
| 5.6 Base Support Capability | | | | | | | | |
| Current | 20 995 | 44 366 | 65 361 | 65 361 | - | 0.00 | 30 606 | 30 606 |
| 5.7 Military Health Training | | | | | | | | |
| Current | 79 431 | 2 782 | 82 213 | 82 213 | - | 0.00 | 78 028 | 78 028 |
| 5.8 Internal Services | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | (349) | (349) |
| 5.9 Income | | | | | | | | |
| Current | - | (5 238) | (5 238) | (5 238) | - | 0.00 | (5 649) | (5 649) |
| Total | 1 256 666 | 80 951 | 1 337 617 | 1 337 617 | - | 0.00 | 1 213 274 | 1 213 274 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 5 - MILITARY HEALTH SUPPORT
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 1 256 666 | 80 951 | 1 337 617 | 1 337 617 | - | 0.00 | 1 213 274 | 1 213 274 |
| Personnel | 874 996 | 794 | 875 790 | 875 790 | - | 0.00 | 774 580 | 774 580 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | 381 670 | 80 157 | 461 827 | 461 827 | - | 0.00 | 438 694 | 438 694 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 1 256 666 | 80 951 | 1 337 617 | 1 337 617 | - | 0.00 | 1 213 274 | 1 213 274 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 874 996 | 794 | 875 790 | 875 790 | - | 0.00 | 774 580 | 774 580 |
| Administrative | 50 196 | (12 308) | 37 888 | 37 888 | - | 0.00 | 42 334 | 42 334 |
| Inventories | 167 206 | 66 299 | 233 505 | 233 505 | - | 0.00 | 198 552 | 198 552 |
| Equipment | 59 711 | (15 251) | 44 460 | 44 460 | - | 0.00 | 70 184 | 70 184 |
| Land and buildings | - | - | - | - | - | 0.00 | - | - |
| Professional and special services | 104 557 | 41 395 | 145 952 | 145 952 | - | 0.00 | 127 534 | 127 534 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | - | 22 | 22 | 22 | - | 0.00 | 90 | 90 |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 1 256 666 | 80 951 | 1 337 617 | 1 337 617 | - | 0.00 | 1 213 274 | 1 213 274 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 6 - DEFENCE INTELLIGENCE
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------------------|------------------------|-----------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 6.1 Strategic Direction | | | | | | | | |
| Current | 2 926 | 100 317 | 103 243 | 101 830 | 1 413 | 1.37 | 100 421 | 100 421 |
| 6.2 Defence Intelligence Services | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | 10 109 | 10 109 |
| 6.3 Defence Counter Intelligence Services | | | | | | | | |
| Current | 6 309 | (3 940) | 2 369 | 2 369 | - | 0.00 | 3 592 | 3 592 |
| 6.4 Foreign Military Relations | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | 1 140 | 1 140 |
| 6.5 Defence Intelligence Support Services | | | | | | | | |
| Current | 123 248 | (104 982) | 18 266 | 18 266 | - | 0.00 | 15 749 | 15 749 |
| 6.6 Defence Intelligence Training | | | | | | | | |
| Current | - | 358 | 358 | 358 | - | 0.00 | 1 743 | 1 743 |
| 6.7 Income | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | (23) | (23) |
| 6.8 Collective Services | | | | | | | | |
| Current | 11 394 | (2 467) | 8 927 | 8 927 | - | 0.00 | - | - |
| 6.9 Intelligence Processing | | | | | | | | |
| Current | 1 982 | (795) | 1 187 | 1 187 | - | 0.00 | - | - |
| 6.10 Income | - | (3) | (3) | (3) | - | 0.00 | - | - |
| Total | 145 859 | (11 512) | 134 347 | 132 934 | 1 413 | 1.05 | 132 731 | 132 731 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 6 - DEFENCE INTELLIGENCE
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 145 859 | (11 512) | 134 347 | 132 934 | 1 413 | 4.50 | 132 731 | 132 731 |
| Personnel | 107 039 | (4 062) | 102 977 | 102 977 | - | 0.00 | 104 374 | 104 374 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | 38 820 | (7 450) | 31 370 | 29 957 | 1 413 | 4.50 | 28 357 | 28 357 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 145 859 | (11 512) | 134 347 | 132 934 | 1 413 | 1.05 | 132 731 | 132 731 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 107 039 | (4 062) | 102 977 | 102 977 | - | 0.00 | 104 374 | 104 374 |
| Administrative | 12 707 | (2 763) | 9 944 | 8 531 | 1 413 | 14.21 | 7 912 | 7 912 |
| Inventories | 5 421 | (942) | 4 479 | 4 479 | - | 0.00 | 3 748 | 3 748 |
| Equipment | 7 187 | (2 018) | 5 169 | 5 169 | - | 0.00 | 5 293 | 5 293 |
| Land and buildings | - | - | - | - | - | 0.00 | - | - |
| Professional and special services | 13 505 | (1 727) | 11 778 | 11 778 | - | 0.00 | 11 403 | 11 403 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | - | - | - | - | - | 0.00 | 1 | 1 |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 145 859 | (11 512) | 134 347 | 132 934 | 1 413 | 1.05 | 132 731 | 132 731 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 7 - JOINT SUPPORT
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------------------------|------------------------|---------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 7.1 Joint Support Management | | | | | | | | |
| Current | 5 896 | 125 811 | 131 707 | 131 707 | - | 0.00 | 138 057 | 138 057 |
| 7.2 Joint Logistic Services | | | | | | | | |
| Current | 503 537 | (122 253) | 381 284 | 381 284 | - | 0.00 | 309 197 | 309 197 |
| Capital | 57 578 | - | 57 578 | 43 672 | 13 906 | 24.15 | 55 026 | 53 210 |
| 7.3 Command and Management Information Services | | | | | | | | |
| Current | 805 258 | 32 843 | 838 101 | 838 101 | - | 0.00 | 795 178 | 795 178 |
| 7.4 Military Policing | | | | | | | | |
| Current | 205 247 | (8 758) | 196 489 | 196 489 | - | 0.00 | 190 318 | 190 318 |
| 7.5 Service Corps | | | | | | | | |
| Current | 47 610 | (3 510) | 44 100 | 44 100 | - | 0.00 | 46 259 | 46 259 |
| 7.6 Acquisition Services | | | | | | | | |
| Current | 2 392 | (65) | 2 327 | 2 327 | - | 0.00 | 21 860 | 21 860 |
| 7.7 Joint Training | | | | | | | | |
| Current | 100 613 | 55 075 | 155 688 | 155 615 | 73 | 0.05 | 154 743 | 154 660 |
| 7.8 Assistance | | | | | | | | |
| Current | 3 930 | - | 3 930 | 3 896 | 34 | 0.87 | 4 290 | 3 710 |
| 7.9 Departmental Support | | | | | | | | |
| Current | 323 807 | (35 006) | 288 801 | 288 501 | 300 | 0.10 | 250 447 | 250 447 |
| 7.10 British Military Advisory and Training | | | | | | | | |
| Current | 11 853 | (5 799) | 6 054 | 6 054 | - | 0.00 | 13 376 | 13 376 |
| 7.11 Internal Services | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | (1 323) | (1 323) |
| 7.12 Income | | | | | | | | |
| Current | - | (158) | (158) | (158) | - | 0.00 | (148) | (148) |
| Total | 2 067 721 | 38 180 | 2 105 901 | 2 091 588 | 14 313 | 0.68 | 1 977 280 | 1 974 801 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 7 - JOINT SUPPORT
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 2 010 143 | 38 180 | 2 048 323 | 2 047 916 | 407 | 0.16 | 1 922 254 | 1 921 591 |
| Personnel | 996 771 | 51 635 | 1 048 406 | 1 048 406 | - | 0.00 | 941 367 | 941 367 |
| Transfer payments | 261 642 | - | 261 642 | 261 235 | 407 | 0.16 | 221 069 | 220 406 |
| Other | 751 730 | (13 455) | 738 275 | 738 275 | - | 0.00 | 759 818 | 759 818 |
| Capital | 57 578 | - | 57 578 | 43 672 | 13 906 | 24.15 | 55 026 | 53 210 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | 57 578 | - | 57 578 | 43 672 | 13 906 | 24.15 | 55 026 | 53 210 |
| Total | 2 067 721 | 38 180 | 2 105 901 | 2 091 588 | 14 313 | 0.68 | 1 977 280 | 1 974 801 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 996 771 | 51 635 | 1 048 406 | 1 048 406 | - | 0.00 | 941 367 | 941 367 |
| Administrative | 105 383 | 12 287 | 117 670 | 117 670 | - | 0.00 | 90 336 | 90 336 |
| Inventories | 76 177 | (16 799) | 59 378 | 59 378 | - | 0.00 | 53 042 | 53 042 |
| Equipment | 82 017 | (36 820) | 45 197 | 45 197 | - | 0.00 | 61 708 | 61 708 |
| Land and buildings | 4 290 | (740) | 3 550 | 3 550 | - | 0.00 | 3 736 | 3 736 |
| Professional and special services | 530 941 | 39 112 | 570 053 | 556 147 | 13 906 | 2.44 | 605 461 | 603 645 |
| Transfer payments | 261 642 | - | 261 642 | 261 235 | 407 | 0.16 | 221 069 | 220 406 |
| Miscellaneous | 10 500 | (10 495) | 5 | 5 | - | 0.00 | 561 | 561 |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 2 067 721 | 38 180 | 2 105 901 | 2 091 588 | 14 313 | 0.68 | 1 977 280 | 1 974 801 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|------------------------------------------|------------------------|---------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 8.1 Command and Control | | | | | | | | |
| Current | 107 410 | 5 975 | 113 385 | 113 385 | - | 0.00 | 109 546 | 109 546 |
| 8.2 Special Operations | | | | | | | | |
| Current | 121 814 | 7 188 | 129 002 | 129 002 | - | 0.00 | 115 360 | 115 360 |
| 8.3 Ordered Operations | | | | | | | | |
| UN Peace Mission in the DRC | | | | | | | | |
| Current | 255 764 | 52 103 | 307 867 | 307 867 | - | 0.00 | 38 712 | 38 712 |
| Protection Support Detachment in Burundi | | | | | | | | |
| Current | 496 889 | (115 713) | 381 176 | 422 882 | (41 706) | (10.94) | 268 389 | 261 935 |
| World Summit on Sustainable Development | | | | | | | | |
| Current | - | - | - | - | - | 0.00 | 9 424 | 9 424 |
| Other | | | | | | | | |
| Current | - | 2 411 | 2 411 | 2 411 | - | 0.00 | - | - |
| 8.4 Internal Services | | | | | | | | |
| Current | - | 220 556 | 220 556 | 220 556 | - | 0.00 | 53 903 | 53 903 |
| 8.5 Income | | | | | | | | |
| Current | - | (14) | (14) | (14) | - | 0.00 | (577) | (577) |
| 8.6 Conventional Operations | | | | | | | | |
| Current | 247 082 | (155 090) | 91 992 | 91 992 | - | 0.00 | - | - |
| Total | 1 228 959 | 17 416 | 1 246 375 | 1 288 081 | (41 706) | (3.35) | 594 757 | 588 303 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 1 228 959 | 17 416 | 1 246 375 | 1 288 081 | (41 706) | (3.35) | 594 757 | 588 303 |
| Personnel | 411 751 | 1 235 | 412 986 | 412 986 | - | 0.00 | 217 908 | 217 908 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | 817 208 | 16 181 | 833 389 | 875 095 | (41 706) | (5.00) | 376 849 | 370 395 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 1 228 959 | 17 416 | 1 246 375 | 1 288 081 | (41 706) | (3.35) | 594 757 | 588 303 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | 411 751 | 1 235 | 412 986 | 412 986 | - | 0.00 | 217 908 | 217 908 |
| Administrative | 231 623 | (1 018) | 230 605 | 272 311 | (41 706) | (18.09) | 132 354 | 132 354 |
| Inventories | 130 855 | (2 941) | 127 914 | 127 914 | - | 0.00 | 52 387 | 52 387 |
| Equipment | 185 105 | 5 620 | 190 725 | 190 725 | - | 0.00 | 75 609 | 69 155 |
| Land and buildings | - | - | - | - | - | 0.00 | - | - |
| Professional and special services | 269 625 | 14 520 | 284 145 | 284 145 | - | 0.00 | 116 499 | 116 499 |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | - | - | - | - | - | 0.00 | - | - |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 1 228 959 | 17 416 | 1 246 375 | 1 288 081 | (41 706) | (3.35) | 594 757 | 588 303 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 9 - SPECIAL DEFENCE ACCOUNT
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|------------------------------------------|------------------------|----------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 9.1 Procurement Services | | | | | | | | |
| Current | 1 414 781 | - | 1 414 781 | 1 414 781 | - | 0.00 | 1 071 407 | 1 071 407 |
| 9.2 Strategic Defence Procurement | | | | | | | | |
| Current | 5 889 034 | - | 5 889 034 | 5 889 034 | - | 0.00 | 6 475 900 | 6 475 900 |
| 9.3 Operating | | | | | | | | |
| Current | 661 299 | - | 661 299 | 661 299 | - | 0.00 | 189 313 | 189 313 |
| 9.4 Intelligence Related | | | | | | | | |
| Current | 50 658 | - | 50 658 | 50 658 | - | 0.00 | 49 612 | 49 612 |
| Total | 8 015 772 | - | 8 015 772 | 8 015 772 | - | 0.00 | 7 786 232 | 7 786 232 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 9 - SPECIAL DEFENCE ACCOUNT
for the year ended 31 MARCH 2004 (continued)**

| <i>Economic classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Current | 8 015 772 | - | 8 015 772 | 8 015 772 | - | 0.00 | 7 786 232 | 7 786 232 |
| Personnel | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | 8 015 772 | - | 8 015 772 | 8 015 772 | - | 0.00 | 7 786 232 | 7 786 232 |
| Other | - | - | - | - | - | 0.00 | - | - |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | 8 015 772 | - | 8 015 772 | 8 015 772 | - | 0.00 | 7 786 232 | 7 786 232 |

| <i>Standard items classification</i> | 2003/04 | | | | | | 2002/03 | |
|--------------------------------------|-------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| | <i>Adjusted Appropriation</i> | <i>Virement</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> | <i>Savings/ Underspend (Excess)</i> | <i>Expenditure as % of revised allocation</i> | <i>Revised Allocation</i> | <i>Actual Expenditure</i> |
| | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | <i>R'000</i> | | <i>R'000</i> | <i>R'000</i> |
| Personnel | - | - | - | - | - | 0.00 | - | - |
| Administrative | - | - | - | - | - | 0.00 | - | - |
| Inventories | - | - | - | - | - | 0.00 | - | - |
| Equipment | - | - | - | - | - | 0.00 | - | - |
| Land and buildings | - | - | - | - | - | 0.00 | - | - |
| Professional and special services | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | 8 015 772 | - | 8 015 772 | 8 015 772 | - | 0.00 | 7 786 232 | 7 786 232 |
| Miscellaneous | - | - | - | - | - | 0.00 | - | - |
| Special functions | - | - | - | - | - | 0.00 | - | - |
| Total | 8 015 772 | - | 8 015 772 | 8 015 772 | - | 0.00 | 7 786 232 | 7 786 232 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DETAIL PER PROGRAMME 10 - SPECIAL FUNCTIONS
for the year ended 31 MARCH 2004**

| Programme per subprogramme | 2003/04 | | | | | | 2002/03 | |
|-------------------------------|------------------------|---------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| 10.1 Authorised losses | | | | | | | | |
| Current | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |
| Total | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |

| Economic classification | 2003/04 | | | | | | 2002/03 | |
|-------------------------------|------------------------|---------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| Current | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |
| Personnel | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Other | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |
| Capital | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Acquisition of capital assets | - | - | - | - | - | 0.00 | - | - |
| Total | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |

| Standard items classification | 2003/04 | | | | | | 2002/03 | |
|-----------------------------------|------------------------|---------------|--------------------|--------------------|------------------------------|----------------------------------------|--------------------|--------------------|
| | Adjusted Appropriation | Virement | Revised Allocation | Actual Expenditure | Savings/ Underspend (Excess) | Expenditure as % of revised allocation | Revised Allocation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 | R'000 |
| Personnel | - | - | - | - | - | 0.00 | - | - |
| Administrative | - | - | - | - | - | 0.00 | - | - |
| Inventories | - | - | - | - | - | 0.00 | - | - |
| Equipment | - | - | - | - | - | 0.00 | - | - |
| Land and buildings | - | - | - | - | - | 0.00 | - | - |
| Professional and special services | - | - | - | - | - | 0.00 | - | - |
| Transfer payments | - | - | - | - | - | 0.00 | - | - |
| Miscellaneous | - | - | - | - | - | 0.00 | - | - |
| Special functions | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |
| Total | - | 25 153 | 25 153 | 25 153 | - | 0.00 | 26 206 | 26 206 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 MARCH 2004**

1. Detail of current and capital transfers as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 9 (Transfer payments) and Annexure 1 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 of specific functions (theft and losses)

Detail of these transactions per programme can be viewed in note 11.5 (Details of special functions (theft and losses)) to the annual financial statements.

4. Explanation of material variances from Amount Voted (after Virement):

4.1 Per programme:

Command and Control

The overspending of Rm 41, 706 is the direct result of a shortfall in the allocation provided for the deployment of the SANDF in support of peace operations.

4.2 Per standard item:

Administrative

The overspending of Rm 41, 706 is the direct result of a short fall in the allocation provided for the deployment of the SANDF in support of peace operations.

5. Reconciliation of appropriation statement to income statement:

| | 2003/04 | 2002/03 |
|--------------------------------------------------------------------------|--------------------------|--------------------------|
| | R 000 | R'000 |
| Total expenditure per Appropriation Statement | 19 825 984 | 18 835 801 |
| Less: Investments acquired and capitalised during current financial year | - | - |
| Less: Expenditure from other revenue | - | - |
| Add: Local and foreign aid assistance (including RDP funds) | - | - |
| Actual expenses per Income Statement | <u>19 825 984</u> | <u>18 835 801</u> |

**DEPARTMENT OF DEFENCE
VOTE 22**

**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
for the year ended 31 MARCH 2004**

| REVENUE | Note | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------------------------------------------------------|-------------|--------------------------|--------------------------|
| Voted funds | | | |
| Annual Appropriation | 1 | 19 800 004 | 18 844 734 |
| Other revenue to be surrendered to the Revenue Fund | 2 | 468 453 | 352 277 |
| TOTAL REVENUE | | 20 268 457 | 19 197 011 |
| EXPENDITURE | | | |
| Current | | | |
| Personnel | 4 | 7 209 335 | 6 642 036 |
| Administrative | | 804 614 | 612 792 |
| Inventories | 5.1 | 983 135 | 976 233 |
| Machinery and equipment | 6.1 | 413 936 | 397 055 |
| Land and buildings | 7 | 11 905 | 7 572 |
| Professional and special services | 8.1 | 2 054 918 | 2 112 597 |
| Transfer payments | 9 | 8 277 007 | 8 006 638 |
| Miscellaneous | 10 | 2 309 | 1 463 |
| Special functions: authorised losses | 11 | 25 153 | 26 206 |
| Total Current Expenditure | | 19 782 312 | 18 782 592 |
| Capital | | | |
| Professional and special services | 8.2 | 43 672 | 53 209 |
| Total Capital Expenditure | | 43 672 | 53 209 |
| TOTAL EXPENDITURE | | 19 825 984 | 18 835 801 |
| NET SURPLUS | | 442 473 | 361 210 |
| Add back unauthorised and fruitless and wasteful expenditure disallowed | 12 | 40 467 | 2 099 |
| NET SURPLUS FOR THE YEAR | | 482 940 | 363 309 |
| Reconciliation of Net Surplus for the year | | | |
| Voted Funds to be surrendered to the Revenue Fund | | 14 487 | 11 032 |
| Other Revenue to be surrendered to the Revenue Fund | | 468 453 | 352 277 |
| NET SURPLUS FOR THE YEAR | | 482 940 | 363 309 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
as at 31 MARCH 2004**

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|-----------------------------------------------------------|------------|------------------|------------------|
| ASSETS | | | |
| Current assets | | 733 019 | 699 614 |
| Unauthorised and fruitless and wasteful expenditure | 12.1, 12.3 | 496 468 | 456 002 |
| Cash and cash equivalents | 13 | 46 626 | 30 539 |
| Receivables | 14 | 185 365 | 211 633 |
| Loans | 15 | 4 560 | 1 440 |
| Non-current assets | | 54 844 | 25 177 |
| Receivables | 16 | 47 042 | 13 775 |
| Loans | 15 | 7 802 | 11 402 |
| TOTAL ASSETS | | 787 863 | 724 791 |
| LIABILITIES | | | |
| Current liabilities | | 696 576 | 640 557 |
| Voted funds to be surrendered to the Revenue Fund | 17 | 14 487 | 11 032 |
| Other revenue funds to be surrendered to the Revenue Fund | 18 | 24 684 | 196 244 |
| Bank overdraft | 19 | 640 347 | 416 628 |
| Advances received | 20.1 | 166 | 397 |
| Payables | 20.2 | 16 892 | 16 256 |
| TOTAL LIABILITIES | | 696 576 | 640 557 |
| NET ASSETS/LIABILITIES | | 91 287 | 84 234 |
| Represented by: | | | |
| Recoverable revenue | | 91 287 | 84 234 |
| TOTAL | | 91 287 | 84 234 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY
for the year ended 31 MARCH 2004**

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|----------------------------|------|------------------|------------------|
| Recoverable revenue | | | |
| Opening balance | | 84 234 | 94 774 |
| Transfer to Revenue Fund | | (28 932) | (17 896) |
| Debts written off | 11.4 | (8 491) | (7 984) |
| Debts raised | | 44 476 | 15 340 |
| Closing balance | | 91 287 | 84 234 |



**DEPARTMENT OF DEFENCE
VOTE 22**

**CASH FLOW STATEMENT
for the year ended 31 MARCH 2004**

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|---------------------------------------------------------------|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net cash flow generated by operating activities | 21 | 291 772 | 243 152 |
| Cash utilised to decrease working capital | 22 | (40 007) | (9 595) |
| Voted funds and revenue funds surrendered | 23 | (651 045) | (174 089) |
| Net cash flow available from operating activities | | (399 280) | 59 468 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| | | 191 168 | 120 157 |
| Capital expenditure on professional and special services | | (43 672) | (53 209) |
| Proceeds from sale of equipment | | 234 840 | 173 366 |
| Net cash flows from operating and investing activities | | (208 112) | 179 625 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from loans | | 480 | 252 |
| Net (decrease)/increase in cash and cash equivalents | | (207 632) | 179 877 |
| Cash and cash equivalents at beginning of period | | (386 089) | (565 966) |
| Cash and cash equivalents at end of period | | (593 721) | (386 089) |

**DEPARTMENT OF DEFENCE
VOTE 22**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

1. Annual Appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds):

| Programmes | Total Appropriation 2003/04 R'000 | Actual R'000 | Variance over/(under) | Total Appropriation 2002/03 R'000 |
|-------------------------|-----------------------------------------|-------------------|--------------------------|-----------------------------------------|
| Administration | 674 247 | 674 247 | - | 585 420 |
| Landward Defence | 3 205 160 | 3 205 160 | - | 3 543 539 |
| Air Defence | 2 152 676 | 2 152 676 | - | 2 040 438 |
| Maritime Defence | 1 052 944 | 1 052 944 | - | 977 506 |
| Military Health Support | 1 256 666 | 1 256 666 | - | 1 159 135 |
| Defence Intelligence | 145 859 | 145 859 | - | 142 862 |
| Joint Support | 2 067 721 | 2 067 721 | - | 1 985 284 |
| Command and Control | 1 228 959 | 1 228 959 | - | 624 318 |
| Special Defence Account | 8 015 772 | 8 015 772 | - | 7 786 232 |
| TOTAL | 19 800 004 | 19 800 004 | - | 18 844 734 |

1.2 A roll-over claim for Rm 13, 906 has been submitted to the National Treasury.

1.3 Included in the Annual Appropriation is donations/reimbursements from foreign countries.

Reimbursements

| Received from | Purpose | |
|----------------|--------------------------------------------------------|---------------|
| United Nations | Peace missions in the Democratic Republic of the Congo | 75 932 |
| African Union | Peace missions in Burundi | 3 824 |
| | | <u>79 756</u> |

2. Other revenue to be surrendered to revenue fund

| Description | 2003/04 R 000 | 2002/03 R 000 |
|---------------------------------|------------------|------------------|
| Proceeds from sale of equipment | 234 840 | 173 366 |
| Life insurance commission | 93 629 | 28 378 |
| Recovery of housing rent | 83 277 | 80 997 |
| Miscellaneous income | 34 022 | 36 734 |
| Money not prescribed by law | 9 031 | 9 175 |
| Money prescribed by law | 6 620 | 1 350 |
| Other | 5 876 | 20 164 |
| Interest received | 833 | 1 309 |
| Rendering of services | 325 | 552 |
| Recovery of loans | - | 252 |
| | <u>468 453</u> | <u>352 277</u> |
| Material items | | |
| Special Defence Account revenue | 202 111 | |
| Debt recoveries | 28 931 | |

**DEPARTMENT OF DEFENCE
VOTE 22**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

2.1 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (value not included in the income statement)

| Nature of gift, donation and sponsorship | Received from | 2003/04 R'000 | 2002/03 R'000 |
|------------------------------------------|------------------------------------|------------------|------------------|
| Prices for golf day | Armcor, Denel, Sita, Ads & Sakhile | 30 | - |
| Sony Printer | Stryker | 20 | - |
| VIP Lunch for Women's Day celebrations | Armcor | 10 | - |
| Various gifts R1 000,00 and less | Various institutions | 6 | 16 |
| Canon fax machine | Dr T. Smith | 6 | - |
| Brother fax machine | Dr T. Smith | 5 | - |
| Beverages for function | Sakhile | 5 | - |
| Soccer kit | Wiets | 3 | - |
| Wine labels | Vredenburg Yamaha | 3 | - |
| Rainmacks | ZMC | 2 | - |
| Shirts and caps | Phoenix Fire | 2 | - |
| Surgical instruments | Leibinger | 2 | - |
| Print/Scanner/Copier | Internal Medicine | 2 | - |
| Turbo 4 Helmet, Turbo 4 battery/charger | Stryker | - | 58 |
| Laptop | Elly Lily | - | 15 |
| Computer Pentium | Nurses Home Fund | - | 6 |
| Fax machine | Col Van den Berg | - | 3 |
| Samsung fax machine | Nurses Home Fund | - | 2 |
| Grundig VCR | Dr Tregoning | - | 2 |
| T-shirts | J TRG Formation | - | 2 |
| File organiser executive | Teled Med Scheme | - | 1 |
| | | 96 | 105 |

3. Foreign aid assistance (including RDP funds)

Assistance received in kind (value not included in the income statement)

| Foreign aid assistance | | 2003/04 R'000 | 2002/03 R'000 |
|----------------------------------------------------------------------|-----------------------------------------------|------------------|------------------|
| Description | Received from | | |
| Weatherhaven field hospital | Government of the United States of America | 31 630 | - |
| Operation Mistral: Various items including trucks, tent houses, etc. | Government of the United Kingdom | 13 985 | - |
| Policy writing instructors course | Government of the United States of America | 11 710 | - |
| BK 117 helicopter engines | Government of the United States of America | 7 559 | - |
| C130 Simulator and flying instructor training | Government of the United States of America | 4 464 | - |
| AIDS awareness promotion | Government of the United States of America | 1 752 | 4 653 |
| Training equipment | Government of the Federal Republic of Germany | 1 639 | 6 855 |
| Flying safety training | Government of the United States of America | 1 245 | - |

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VOTE 22**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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| Description | Received from | 2003/04 R'000 | 2002/03 R'000 |
|----------------------------------------------------------|--------------------------------------------|------------------|------------------|
| French language course | Government of Canada | 706 | - |
| Peacekeeping course | Government of Canada | 99 | - |
| Training program in Norfolk | Government of the United States of America | 62 | - |
| Peacekeeping course | Government of the Kingdom of Mali | 40 | - |
| Acer Travelmate with accessories | Government of the United States of America | 38 | - |
| Training program | Government of Canada | 38 | - |
| Strategic planners workshop | Government of the United States of America | 34 | - |
| Course in the USA | Government of the United States of America | 29 | - |
| Unsoc Officer staff course | Government of the Kingdom of Sweden | 28 | - |
| Electronic equipment | Government of the United States of America | - | 323 |
| Total foreign aid assistance received in kind | | 75 058 | 11 831 |

Note: The comparative figures for the prior year has been restated to include amounts not previously disclosed

4. Personnel

| Current expenditure | 2003/04 R'000 | 2002/03 R'000 |
|-----------------------------|------------------|------------------|
| Basic salary costs | 5 274 991 | 4 906 700 |
| Pension contributions | 756 598 | 694 754 |
| Medical aid contributions | 50 150 | 47 041 |
| Other salary related costs | 1 127 595 | 993 541 |
| | 7 209 335 | 6 642 036 |
| Average number of employees | 75 620 | 75 621 |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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5. Inventories

5.1 Current expenditure

| | 2003/04 R'000 | 2002/03 R'000 |
|-----------------------------------------------|------------------|------------------|
| Inventories purchased during the year | 983 135 | 976 233 |
| Categories | | |
| Fuels, lubricants, oils and waxes | 228 695 | 236 938 |
| Subsistence | 226 419 | 173 757 |
| Medical and laboratory equipment | 196 149 | 163 938 |
| Clothing and textiles | 93 143 | 118 450 |
| Maintenance | 49 047 | 67 942 |
| Office supplies | 46 676 | 53 507 |
| Construction | 34 479 | 35 056 |
| Weaponry | 29 770 | 65 738 |
| Miscellaneous | 26 427 | 14 625 |
| Hygiene | 23 616 | 18 549 |
| Computer and communication | 16 278 | 16 121 |
| Gardening and chemicals | 9 584 | 9 314 |
| Agricultural supplies | 2 481 | 2 020 |
| Household furniture | 359 | 238 |
| Animals and animal food | 12 | 40 |
| | 983 135 | 976 233 |
| Material items | | |
| Subsistence | 224 382 | |
| Fuel, lubricants, oils and waxes | 76 072 | |
| Medical and laboratory equipment | 74 827 | |
| Fuel, lubricants, oils and waxes | 47 709 | |
| Miscellaneous and textiles | 36 983 | |
| Clothing and textiles | 16 228 | |
| Maintenance | 11 362 | |
| Rations for human consumption | | 224 382 |
| Aviation fuel for SA Air Force | | 76 072 |
| Medical pharmaceutical supplies | | 74 827 |
| Fuel for SA Army | | 47 709 |
| Operation FIBRE | | 36 983 |
| Footwear for Landward Defence | | 16 228 |
| Hercules (130) spares, components accessories | | 11 362 |

6. Machinery and Equipment

| | Note | | |
|-------------------------------------------|------|---------|---------|
| Current (Rentals, maintenance and sundry) | 6.1 | 413 936 | 397 055 |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

6.1 Current machinery and equipment analysed as follows:

| | 2003/04 R'000 | 2002/03 R'000 |
|--------------------------------|------------------|------------------|
| Other machinery and equipment | 248 113 | 165 273 |
| Transport | 66 806 | 87 918 |
| Computer equipment | 33 960 | 78 777 |
| Rental | 27 582 | 26 587 |
| Furniture and office equipment | 24 668 | 20 706 |
| Specialist military assets | 12 807 | 17 794 |
| | 413 936 | 397 055 |

7. Land and buildings

| | | |
|---------------------|--------|-------|
| Current expenditure | | |
| Rental | 11 905 | 7 572 |

8. Professional and special services

8.1 Current expenditure

| | | |
|------------------------------------|------------------|------------------|
| Auditors' remuneration | - | 28 829 |
| Regulatory | 26 615 | - |
| Performance | 733 | - |
| Other audits | 2 107 | - |
| Maintenance and repair | 554 317 | 615 903 |
| Computer services | 503 649 | 501 449 |
| Other | 357 933 | 374 799 |
| Contractors | 236 299 | 228 820 |
| Modifications of military aircraft | 223 130 | 233 315 |
| Medical services | 126 047 | 105 539 |
| Research and development | 14 683 | 18 970 |
| Consultants and advisory services | 6 632 | 3 778 |
| Commissions and committees | 2 773 | 1 195 |
| | 2 054 918 | 2 112 597 |

Note: Detail of the Auditors' remuneration for 2002/2003 could not be provided

Material items

| | |
|---------------------------------|--------|
| Aircraft catering | 96 688 |
| Complexes, bases and centres | 69 875 |
| Miscellaneous external services | 66 765 |
| Private mess services | 55 441 |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

8.2 Capital expenditure

| | 2003/04 R'000 | 2002/03 R'000 |
|------------------------------------------------|-------------------------|-------------------------|
| Capital expenditure on buildings | 43 672 | 53 209 |
| | <u>43 672</u> | <u>53 209</u> |
| Total Professional and special services | <u>2 098 590</u> | <u>2 165 806</u> |

9. Transfer payments

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|---------------------------------------------------------|------------|------------------|------------------|
| Transfers to public entities and institutions (current) | Annexure 1 | <u>8 277 007</u> | <u>8 006 638</u> |

10. Miscellaneous

| Current expenditure | | | |
|----------------------------------------------------------|------|------------------|------------------|
| | | 2003/04 R'000 | 2002/03 R'000 |
| Stabilisation fund | | 41 | 87 |
| Remissions, refunds and payments made as an act of grace | 10.1 | 1 209 | 1 350 |
| Other | | 1 059 | 26 |
| | | <u>2 309</u> | <u>1 463</u> |

10.1 Remissions, refunds and payments made as an act of grace

| Nature of remissions, refunds and payments | | | |
|--------------------------------------------------------------------|---------|------------------|------------------|
| | | 2003/04 R'000 | 2002/03 R'000 |
| Contractual liability due to the death of members | | 682 | 6 |
| Contractual liability due to Voluntary Severance Packages granted | | 248 | 281 |
| Contractual liability due to Employer Initiated Packages granted | | 240 | 493 |
| Contractual liability due to circumstances beyond members' control | | 24 | 6 |
| Payments as an act of grace | | 15 | 544 |
| Service rendered by a member | | - | 17 |
| Medical reasons | | - | 3 |
| | | <u>1 209</u> | <u>1 350</u> |
| Material items | | | |
| Contractual liability due to death of members | 6 cases | 636 | |
| Contractual liability Voluntary Severance Packages granted | 2 cases | 230 | |
| Contractual liability Employer Initiated Package granted | 2 cases | 212 | |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

10.2 Gifts, donations and sponsorships made in kind (items expensed in previous periods -Total value not included above)

| Nature of gifts, donations and sponsorships | 2003/04 R'000 | 2002/03 R'000 |
|---------------------------------------------------------------------------------|------------------|------------------|
| Harbour patrol boats | - | 554 |
| 78 items (2001/2002 2 616 items) with residual value less than R500,00 per item | - | 11 |
| Executive Morabaraba chess game | - | 2 |
| Espresso set with Big Five | - | 1 |
| SANDF glass shield | - | 1 |
| Shangaan warrior | - | 1 |
| Framed traditional weapon | - | 1 |
| Framed ebony elephant | - | 1 |
| A5 Buffalo folder | - | 1 |
| | <u>-</u> | <u>573</u> |

11. Special functions: authorised losses

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------------------------------------|------|------------------|------------------|
| Material losses through criminal conduct | 11.1 | 528 | 1 656 |
| Other material losses written off in income statement | 11.2 | 16 134 | 16 566 |
| Debts written off | 11.4 | 8 491 | 7 984 |
| | | <u>25 153</u> | <u>26 206</u> |

11.1 Material losses through criminal conduct

| Nature of losses | 2003/04 R'000 | 2002/03 R'000 |
|------------------------------|------------------|------------------|
| Fraud on warrant vouchers | 528 | 911 |
| Theft of state funds | - | 364 |
| Counterfeit Dollars | - | 186 |
| Theft of warrant vouchers | - | 180 |
| Armed robbery | - | 13 |
| Subsistence and Travel fraud | - | 2 |
| | <u>528</u> | <u>1 656</u> |

Material items

| | |
|-----------------------|-----|
| Warrant voucher fraud | 520 |
|-----------------------|-----|

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

11.2 Other material losses written off in income statement in current period

| Nature of losses | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------|----------------------------------------------|--------------------------|
| Sundry losses | 11 144 | 7 037 |
| Motor vehicle accidents | 2 179 | 2 862 |
| Legal representation | 1 925 | 1 860 |
| Legal fees | 784 | 4 717 |
| Interest paid | 62 | 64 |
| Other | 40 | 26 |
| | <u>16 134</u> | <u>16 566</u> |
| Material items | | |
| Legal fees | Department of Justice | 3 180 |
| Sundry losses | Civil claims due to loss of income (4 cases) | 256 |

11.3 Other material losses of items expensed in previous periods (Total not included above)

| Nature of losses | | Current expenditure | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------------------------|---------------------------------------|--------------------------------|--------------------------|--------------------------|
| Military vehicles damages and losses | 1435 cases | 11 719 | 11 719 | 14 461 |
| Military aircraft damages and losses | 2 cases | 3 069 | 3 069 | 112 106 |
| Loss of assets | 142 cases | 1 341 | 1 341 | 71 |
| Theft of military vehicle and accessories | 95 cases | 1 148 | 1 148 | 237 |
| Damage to buildings and equipment | 57 cases | 770 | 770 | 59 |
| Theft of assets | 83 cases | 384 | 384 | 743 |
| Theft of firearms | 18 cases | 43 | 43 | 73 |
| Loss of firearms | 8 cases | 18 | 18 | 1 |
| Damage to firearms | 4 cases | 8 | 8 | 252 |
| Loss of firearm accessory | 1 case | 1 | 1 | 103 |
| Miscellaneous | | - | - | 16 |
| Loss of state funds | | - | - | 4 |
| | | <u>18 501</u> | <u>18 501</u> | <u>128 126</u> |
| Material items | | | | |
| Military vehicle damages and losses | 8 cases | | 2 839 | |
| Military aircraft damages and losses | Impala 1098 | | 2 069 | |
| Military aircraft damages and losses | Harvard 7728 | | 1 000 | |
| Loss of assets | Loss due to ineffective stock control | | 793 | |
| Military aircraft damages and losses | Cheetah 846 | | 200 | |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

11.4 Debts written off

| Nature of debts written off | | 2003/04 | 2002/03 |
|---------------------------------------------------------------|-------------------------------------|----------------|----------------|
| | | R'000 | R'000 |
| Contractual liabilities | 263 cases | 5 578 | 629 |
| Salary related | 585 cases | 1 231 | 1 864 |
| Motor vehicle accidents | 341 cases | 805 | 2 972 |
| Debts raised concerning fruitless and wasteful expenditure | 13 cases | 274 | 10 |
| Treatment of private patients | 324 cases | 188 | 485 |
| State guarantees | 29 cases | 91 | 1 142 |
| Loss of state property | 127 cases | 77 | 193 |
| Estates | 33 cases | 70 | 168 |
| VIP refreshments | 1 case | 50 | 1 |
| Civil claim | 1 case | 50 | 3 |
| Damage to state property | 6 cases | 43 | 14 |
| Miscellaneous | 19 cases | 11 | 139 |
| Suppliers overpaid | 2 cases | 9 | 48 |
| Subsistence and travel | 76 cases | 7 | 1 |
| Deferred pay | 11 cases | 3 | - |
| Medical costs | 7 cases | 3 | 12 |
| Dishonoured cheques | 7 cases | 1 | 4 |
| Loss of state funds | | - | 130 |
| Other | | - | 59 |
| Aviation fuel | | - | 49 |
| Deposits | | - | 44 |
| Interest | | - | 12 |
| Legal cost | | - | 2 |
| Telephone account | | - | 2 |
| Loss of pistol | | - | 1 |
| | | 8 491 | 7 984 |
| Material items | | | |
| Contractual liabilities | Studies at state expense (10 cases) | 1 096 | |
| Contractual liabilities | Pilot training contracts (5 cases) | 508 | |

11.5 Details of special functions (theft and losses)

| Per programme | | | |
|-------------------------|--|---------------|---------------|
| Administration | | 8 015 | 5 532 |
| Landward Defence | | 6 607 | 13 954 |
| Air Defence | | 4 067 | 1 724 |
| Maritime Defence | | 761 | 433 |
| Military Health Support | | 5 503 | 4 326 |
| Defence Intelligence | | 52 | 67 |
| Joint Support | | 40 | 96 |
| Command and Control | | 108 | 74 |
| | | 25 153 | 26 206 |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

12. Unauthorised and fruitless and wasteful expenditure disallowed

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|------------------------------------|------|------------------|------------------|
| Unauthorised expenditure | 12.2 | 40 452 | 2 099 |
| Fruitless and wasteful expenditure | 12.4 | 15 | - |
| | | <u>40 467</u> | <u>2 099</u> |

12.1 Reconciliation of unauthorised expenditure

| | | |
|-----------------------------------------|----------------|----------------|
| Opening balance | 455 372 | 453 273 |
| Unauthorised expenditure - current year | 40 452 | 2 099 |
| Closing balance | <u>495 824</u> | <u>455 372</u> |

12.2 Unauthorised expenditure

| Incident | Disciplinary steps taken/criminal proceedings | | |
|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------|--------------|
| No authority for using state money to finance the military museums for the period 1 April 2003 until 22 May 2003 | Legislation is reviewed to include military museums to be funded from state funds as from 23 May 2003 | 160 | 2 099 |
| Overspending of the Vote | Compliance in terms of section 64 of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) | 40 292 | - |
| | | <u>40 452</u> | <u>2 099</u> |

12.3 Reconciliation of fruitless and wasteful expenditure

| | 2003/04 R | 2002/03 R |
|--------------------------------------------------|----------------|----------------|
| Opening balance | 630 103 | 630 388 |
| Fruitless and wasteful - current year | 14 834 | - |
| Transfer to income statement - authorised losses | (488) | - |
| Transfer to receivables for recovery | - | (285) |
| Closing balance | <u>644 449</u> | <u>630 103</u> |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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12.4 Fruitless and wasteful expenditure

| | | 2003/04 | 2002/03 |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------|----------|
| | | R | R |
| Incident | Disciplinary steps taken/criminal proceedings | | |
| Supplier was paid in excess of amount due to him | Board of Inquiry stated that disciplinary steps be taken against three members | 13 079 | - |
| Deviation from State contract | Liability still to be determined | 1 403 | - |
| Purchasing from incorrect supplier resulted in paying more for product | Liability could not be determined | 352 | - |
| | | <u>14 834</u> | <u>-</u> |

13. Cash and cash equivalents

| | 2003/04 | 2002/03 |
|----------------------------|---------------|---------------|
| | R'000 | R'000 |
| Cash with commercial banks | 18 429 | 19 047 |
| Cash in transit | 16 476 | 658 |
| Cash on hand | 11 721 | 10 834 |
| | <u>46 626</u> | <u>30 539</u> |

14. Receivables - current

| | Note | 2003/04 | 2002/03 |
|-------------------------------------------------------------------|------------|----------------|----------------|
| Amounts owing by other departments, provinces and public entities | Annexure 6 | 101 704 | 96 239 |
| Staff debtors | 14.3 | 17 306 | 23 843 |
| Other debtors | 14.4 | 41 658 | 64 507 |
| Advances | 14.5 | 24 697 | 27 044 |
| | 14.2 | <u>185 365</u> | <u>211 633</u> |

14.1 Amount of R92 892 388 (2003:R10 567 394) included above may not be recoverable, but has not been written off in the income statement.

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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14.2 Age analysis - receivables current

| | 2003/04 R'000 | 2002/03 R'000 |
|---------------------|------------------|------------------|
| Less than one year | 56 403 | 57 275 |
| One to two years | 6 616 | 23 826 |
| More than two years | 122 346 | 144 307 |
| | <u>185 365</u> | <u>225 408</u> |

Note: Comparative figures included non current receivables

One to two years

Material items

| | |
|------------------------------------------------------------------------------|-------|
| 3 Members forfeited State cover and was found guilty of financial misconduct | 1 668 |
| Medical evacuation by SAS Outeniqua from Marion Island (Operation REGENT) | 815 |
| Aircraft fuel against repayment (2 cases) | 147 |
| Subsistence and Travel claims outstanding (2 cases) | 143 |
| Loss of State funds | 120 |
| Flight against repayment | 86 |

More than two years

Material items

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Military assistance to the Kingdom of Lesotho during 1998/1999 (Operation BOLEAS) | 54 936 |
| Cataloguing service for National Treasury | 13 514 |
| Logistic support during election to the Republic of Mozambique (Operation LYNX) | 7 473 |
| Assistance to the Kingdom of Lesotho during 1999/2000(Operation MALUTI) | 5 697 |
| Private Patients (1236 cases) | 3 343 |
| Assistance to the Republic of Mozambique during the February/March 2000 flood (Operation LICHI) | 2 812 |
| Assistance to the Democratic Republic of the Congo (DRC) in the evacuation of Tanzanians from the DRC from 14 to 22 August 1998 (Operation CENTAVO) | 1 901 |
| Service to the Department of Public Works | 1 628 |
| Assistance to the Republic of Mozambique during March 1999 flood (Operation HULDA) | 946 |
| Part (40%) of civil claim against the Department payable by a third party | 932 |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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14.3 Staff debtors

| | 2003/04 R'000 | 2002/03 R'000 |
|----------------------------------|------------------|------------------|
| Salary related | 10 402 | 12 381 |
| Deposits | 2 333 | 2 339 |
| Motor vehicle accidents | 2 282 | 3 285 |
| Students | 1 395 | 3 963 |
| State guarantees | 605 | 861 |
| Loss of state money | 181 | 362 |
| Damage to state property | 60 | 650 |
| Estates | 45 | 2 |
| Miscellaneous | 3 | - |
| | <u>17 306</u> | <u>23 843</u> |
| Material item | | |
| Financial misconduct by a member | 174 | |

14.4 Other debtors

| | | |
|--------------------------------------------------------------------------|---------------|---------------|
| Contractual liabilities | 3 872 | 21 111 |
| Miscellaneous | 9 524 | 10 997 |
| Salary related | 6 092 | 10 489 |
| Motor vehicle accidents | 5 816 | 9 301 |
| Housing loan guarantees | 3 557 | 4 113 |
| Suppliers | 2 332 | 3 127 |
| Private patients | 3 945 | 2 184 |
| Aviation services | 2 752 | 1 127 |
| Estates | 509 | 820 |
| Institutions | 486 | 518 |
| Loss of State money | 1 774 | 474 |
| Dockyard | 39 | 132 |
| Sales per tender | 5 | 49 |
| Humanitarian aid | 79 | 34 |
| Operations | 333 | - |
| Marketing support | 101 | - |
| Medical claims | 17 | 18 |
| Fruitless and wasteful expenditure | 18 | 13 |
| Damage to state property | 407 | - |
| | <u>41 658</u> | <u>64 507</u> |
| Material items | | |
| Armcor sales | 5 428 | |
| Private patients (1236 cases) | 3 343 | |
| 3 Members forfeited State cover and found guilty of financial misconduct | 1 668 | |
| Contractual liability of deceased member | 935 | |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

14.5 Advances

| Nature of prepayments/advances | 2003/04 R'000 | 2002/03 R'000 |
|---------------------------------------|--------------------------|--------------------------|
| Subsistence and travel | 13 030 cases 24 692 | 25 811 |
| Other | 5 | 1 233 |
| | 24 697 | 27 044 |

15. Loans

| Granted to | Purpose | | |
|----------------------------------------------------------------------|----------------------------|--------------|---------------|
| SA Forces Institute (SAFI) | Interest free loan to SAFI | 12 362 | 12 842 |
| Less amount repayable within 12 months included in current assets | | 4 560 | 1 440 |
| | | 7 802 | 11 402 |

15.1 This represents a loan to the South African Forces Institute (SAFI) for the purpose of finance bridging. This loan is unsecured. The interest rate is fixed at 0% per annum and is repayable by March 2007 in annual instalments of 2004/05: Rm 4,560 (2005/06: Rm 3,600; 2006/07: Rm 4,202) as from April 2004 to March 2007.

15.2 Instalments are in arrears awaiting final decision on counter claim.

16. Receivables - non-current

| Description | | |
|--------------------------|---------------|---------------|
| Students | 24 626 | 7 126 |
| Motor vehicle accidents | 9 729 | 4 266 |
| Salary related | 8 062 | 760 |
| State guarantees | 2 297 | 945 |
| Loss of state money | 1 257 | 596 |
| Estates | 648 | 4 |
| Damage to state property | 248 | 78 |
| Miscellaneous | 81 | - |
| Dockyard | 78 | - |
| Sales per tender | 16 | - |
| | 47 042 | 13 775 |
| Material items | | |
| Motor vehicle accident | 393 | |

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

17. Voted funds to be surrendered to the Revenue Fund

| | 2003/04 R'000 | 2002/03 R'000 |
|--------------------------------|------------------|------------------|
| Opening balance | 11 032 | 10 207 |
| Transfer from income statement | 14 487 | 11 032 |
| Paid during the year | (11 032) | (10 207) |
| Closing balance | <u>14 487</u> | <u>11 032</u> |

18. Other Revenue funds to be surrendered to the Revenue Fund

| | | |
|--------------------------------------------------------------|---------------|----------------|
| Opening balance | 196 244 | 7 849 |
| Transfer from income statement for revenue to be surrendered | 468 453 | 352 277 |
| Paid during the year | (640 013) | (163 882) |
| Closing balance | <u>24 684</u> | <u>196 244</u> |

19. Bank overdraft

| | | |
|-----------------------------------------------|----------------|---------|
| Paymaster General Account (Exchequer account) | <u>640 347</u> | 416 628 |
|-----------------------------------------------|----------------|---------|

20. Payables - current

| Description | Note | | |
|-------------------|------|---------------|---------------|
| Advances received | 20.1 | 166 | 397 |
| Other payables | 20.2 | <u>16 892</u> | 16 256 |
| | | <u>17 058</u> | <u>16 653</u> |

20.1 Advances received

| | | |
|-----------------------------------------------|------------|-----|
| Deposits received for use of Naval facilities | <u>166</u> | 397 |
|-----------------------------------------------|------------|-----|

20.2 Other payables

| | | |
|-------------------------|---------------|---------------|
| Other | 8 060 | 6 336 |
| Housing loan guarantees | 5 902 | 6 052 |
| Unclaimed salaries | <u>2 930</u> | 3 868 |
| | <u>16 892</u> | <u>16 256</u> |

Material item

| | | |
|-------------------------|-----|--|
| Receipt from Old Mutual | 305 | |
|-------------------------|-----|--|

**DEPARTMENT OF DEFENCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

21. Net cash flow generated by operating activities

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|----------------------------------------------------------|------|------------------|------------------|
| Net surplus as per Income Statement | | 482 940 | 363 309 |
| Adjusted for items separately disclosed | | | |
| Proceeds from sale of equipment | | (234 840) | (173 366) |
| Capital expenditure on professional and special services | 8.2 | 43 672 | 53 209 |
| Net cash flow generated by operating activities | | <u>291 772</u> | <u>243 152</u> |

22. Cash utilised to decrease working capital

| | | |
|--------------------------------------------------|-----------------|----------------|
| (Increase)/decrease in receivables - current | (14 198) | 21 733 |
| Increase in receivables - non current | (33 267) | (13 775) |
| Increase/(decrease) in payables | 636 | (6 408) |
| Increase/(decrease) in other current liabilities | 6 822 | (11 145) |
| | <u>(40 007)</u> | <u>(9 595)</u> |

23. Voted funds and Revenue funds surrendered

| | | |
|---------------------------|----------------|----------------|
| Voted funds surrendered | 11 032 | 10 207 |
| Revenue funds surrendered | 640 013 | 163 882 |
| | <u>651 045</u> | <u>174 089</u> |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

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 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

24. Contingent liabilities

| Liable to | Nature | Note | 2003/04 R'000 | 2002/03 R'000 |
|--------------------------|-------------------------------------------|------------|------------------|------------------|
| Claims | Legal | | 1 651 538 | 1 965 541 |
| Housing loan guarantees | Employees | Annexure 3 | 115 978 | 114 442 |
| Leave | Employees | | 1 064 343 | 1 366 056 |
| Contract amendments | Modification and replacement of equipment | | 1 480 | 1 327 |
| Motor vehicle guarantees | Employees | Annexure 3 | 370 | 536 |
| | | | 2 833 709 | 3 447 902 |

25. Commitments

Current expenditure

| | | |
|---------------------------------|------------------|----------------|
| Approved and contracted/ordered | 861 493 | 503 989 |
| Approved but not yet contracted | 1 477 089 | 474 284 |
| Total Commitments | 2 338 582 | 978 273 |

26. Accruals

26.1 Listed by standard item

| | | |
|-----------------------------------|--------------|--------------|
| Administrative | - | 191 |
| Inventories | 3 816 | 3 345 |
| Equipment | 40 | 69 |
| Professional and special services | 17 | 2 417 |
| | 3 873 | 6 022 |

26.2 Listed by programme level

| | | |
|-------------------------|--------------|--------------|
| Administrative | - | 1 |
| Landward Defence | 1 | 386 |
| Air Defence | 1 | 58 |
| Maritime Defence | 6 | 148 |
| Military Health Support | 3 859 | 5 362 |
| Joint Support | 1 | - |
| Command and Control | 5 | 67 |
| | 3 873 | 6 022 |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

26.3 Amounts only include invoices received but not yet paid.

27. Employee benefits

| | 2003/04 R'000 | 2002/03 R'000 |
|-------------------|------------------|------------------|
| Thirteenth cheque | 229 839 | 212 384 |
| Performance bonus | 84 676 | 85 228 |
| Leave entitlement | 345 | 4 056 |
| | 314 860 | 301 668 |
| | 314 860 | 301 668 |

28. Leases

28.1 Operating leases

| | Equipment | Total | Total |
|----------------------------------------------|-----------|-------|-------|
| Not later than 1 year | 5 182 | 5 182 | - |
| Later than 1 year and not later than 3 years | 2 202 | 2 202 | - |
| Later than 3 years | 664 | 664 | - |
| Total present value of lease liabilities | 8 048 | 8 048 | - |
| | 8 048 | 8 048 | - |

28.2 Unable to provide comparative figures.

29. Receivables for services delivered

| | | |
|--|---|---|
| | | |
| | - | - |

29.1 Prior year figures are restated.

30. Irregular expenditure

30.1 Movement Schedule of irregular expenditure

| | Note | | |
|-----------------------------------------------|------|--------|--------|
| Opening balance | | - | - |
| Irregular expenditure - current year | | 1 493 | 858 |
| Expenditure condoned | | (51) | - |
| Expenditure not condoned | 30.2 | (733) | (858) |
| Expenditure awaiting condonement | | 709 | - |
| | | 709 | - |
| <i>Note: Prior year amounts are restated.</i> | | | |
| Analysis | | | |
| Current | | 709 | - |
| Prior years | | - | - |
| | | 709 | - |
| | | 709 | - |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

30.2 Not condoned expenditure

| Incident | Disciplinary steps taken/criminal proceedings | 2003/04 R'000 | 2002/03 R'000 |
|---------------------------------------------------------------------------|------------------------------------------------------|--------------------------|--------------------------|
| Furnishing of BMATT housing | Awaiting outcome of Military Police investigation | 280 | |
| Recruitment/selection of students | Awaiting results of investigation | 137 | |
| Procurment of carpets | Awaiting acknowledgement of letter of caution | 72 | |
| Procurement of Bibles | Awaiting results of disciplinary steps | 63 | |
| Irregular hiring of photocopiers. | Outcome of court case is awaited | 37 | |
| Contracts concluded after processing price quotations instead of tenders. | | | |
| Appointment of external consultants | Awaiting results of disciplinary steps | 33 | |
| Moving of safes | Awaiting results of disciplinary steps | 18 | |
| Installation of security system | Awaiting results of investigation | 16 | |
| Hiring of containers | None as no-one could be identified | 13 | |
| Procurement of imagery | Letter of caution acknowledged | 13 | |
| Construction work | None as no-one could be identified | 12 | |
| Laundry Service | Awaiting results of disciplinary steps | 11 | |
| Tree felling | None as no-one could be identified | 9 | |
| Procurement of emblems | Letter of caution acknowledged | 9 | |
| Procurment of medallions | Member reprimanded | 4 | |
| Procurement of various commodities | Awaiting results of disciplinary steps | 3 | |
| Procurement of stationary | Member found not guilty | 2 | |
| Procurement of legal books | Awaiting acknowledgement of letter of caution | 1 | |
| | | 733 | |

**DEPARTMENT OF DEFENCE
VOTE 22**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

31. Key management personnel

31.1 Remuneration

| | 2003/04 R'000 | 2002/03 R'000 |
|---------------------------------------------------------------|------------------|------------------|
| Minister of Defence | 836 | 774 |
| Deputy Minister of Defence | 618 | 572 |
| Secretary for Defence (Accounting Officer) | 829 | 769 |
| Chief of the National Defence Force | 867 | 772 |
| Key management personnel of the Plenary Defence Staff Council | 15 655 | 9 109 |
| | 18 805 | 11 996 |

31.2 Other remuneration and compensation provided to key management

| | | |
|---------------------------------------------------------------|------------|------------|
| Minister of Defence | 67 | 30 |
| Deputy Minister of Defence | 33 | 15 |
| Secretary for Defence (Accounting Officer) | 52 | 50 |
| Chief of the National Defence Force | 88 | 45 |
| Key management personnel of the Plenary Defence Staff Council | 374 | 235 |
| | 614 | 375 |

31.3 Composition of the Plenary Defence Staff Council has changed from 23 members to 35 members.

32. Gifts, donations and sponsorships

32.1 Unable to provide.

33. Biological/cultivated assets

| Biological/Cultivated assets on hand | | | |
|---------------------------------------------|------------|--------------|-----------|
| Horses | 573 horses | 1 453 | 66 |
| Dogs | 151 dogs | 102 | 9 |
| | | 1 555 | 75 |

33.1 Prior year amounts are not a fair presentation of the value.

**DEPARTMENT OF DEFENCE
VOTE 22**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

ANNEXURE 1

**STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS BY NATIONAL DEPARTMENTS AS
AT 31 MARCH 2003**

| NAME OF PUBLIC ENTITY/INSTITUTION | GRANT ALLOCATION | | | | EXPENDITURE | | | | |
|---------------------------------------------------------------------------------------|-------------------------|----------------------------|------------------|-----------------------|---------------------------|------------------------------|----------------------------|---------------|------------------|
| | Appropriation Act R'000 | Adjustments Estimate R'000 | Roll-Overs R'000 | Total Available R'000 | Actual Transfer (1) R'000 | Amount not Transferred R'000 | % of Available Transferred | Capital R'000 | Current R'000 |
| Armaments Corporation of South Africa Ltd. | 219 635 | 30 000 | - | 249 635 | 249 635 | - | 100 | - | 249 635 |
| St Johns Ambulance Brigade | 45 | - | - | 45 | 44 | 1 | 98 | - | 44 |
| SA First-Aid League | 35 | (2) | - | 33 | - | 33 | - | - | - |
| Medical Fund | 250 | 2 | - | 252 | 252 | - | 100 | - | 252 |
| Reserve Force Council (Previously the Part Time Force Council) | 2 300 | - | - | 2 300 | 2 000 | 300 | 87 | - | 2 000 |
| Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA) | 5 777 | - | - | 5 777 | 5 704 | 73 | 99 | - | 5 704 |
| Province of the Northern Cape: Department of Housing and Local Government | 3 600 | - | - | 3 600 | 3 600 | - | 100 | - | 3 600 |
| Special Defence Account | 8 843 661 | (827 889) | - | 8 015 772 | 8 015 772 | - | 100 | - | 8 015 772 |
| | <u>9 075 303</u> | <u>(797 889)</u> | <u>-</u> | <u>8 277 414</u> | <u>8 277 007</u> | <u>407</u> | | <u>-</u> | <u>8 277 007</u> |

UNDERSPENDING

| Public entity/Institution | Reason for under-spending | Corrective steps |
|----------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Reserve Force Council (Previously the Part Time Force Council) | Full amount provided by the department not required by the beneficiary | None. Requirement for the financial year 2004/05 remains valid, applicable and necessary. No application for a roll-over has been made. |

ANNEXURES TO THE ANNUAL
for the year ended

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNT OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT
31 MARCH 2004

| Name of Public Entity | Nature of Public Entities business | Relevant Act | Entity's PFMA Schedule type | % Held | Number of shares held | | Cost of investment R'000 | |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------|--------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------|-----------|
| | | | | | 2003/2004 | 2002/2003 | 2003/2004 | 2002/2003 |
| Castle Control Board (under control of the Minister of Defence) | To preserve and protect the military and cultural heritage of the Castle; optimise the tourism potential of the Castle; and maximise the accessibility to the public of the whole or any part, as the case may be, of the Castle which is not used by the SANDF, or any part thereof. | Castle Management Act, 1993 (Act No. 207 of 1993). | 3A | - | - | - | - | - |
| Armaments Corporation of South Africa (managed and controlled by a Board of Directors appointed by the Minister of Defence). | To acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manages the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidiary companies which directly support technology and acquisition strategies. | Armaments Development and Production Act, 1968 (Act No. 57 of 1968 as amended). | 2 | 100 | 75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence) | 75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence) | 75 000 | 75 000 |
| | | | | | | | 75 000 | 75 000 |

Note*: Figures not yet audited

Note**: The figure for 2002/2003 has been audited and restated

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31 MARCH 2004 (continued)

| Profit(Loss) for the year R'000 | | Are the losses guaran- teed | Amount of losses guaranteed R'000 | Amount owing to Entity R'000 | | Amounts owing by Entity R'000 | | AO Value of Invest- ment R'000 | Audit Report Status U/Q/A/D |
|---------------------------------------|-------------------|--------------------------------------|--------------------------------------------|------------------------------------|-----------|-------------------------------------|--------------|-----------------------------------------|--------------------------------------|
| 2003/2004 | 2002/2003 | | | 2003/2004 | 2002/2003 | 2003/2004 | 2002/2003 | | |
| 862* | 673** | No | - | - | - | - | - | - | Q 2002/2003 |
| 9 827 (Group) | 30 995 (Group) | No | - | - | - | 2 410 | 1 188 | 75 000 | U 2002/2003 |
| <u>10 689</u> | <u>31 668</u> | | <u>-</u> | <u>-</u> | <u>-</u> | <u>2 410</u> | <u>1 188</u> | <u>75 000</u> | |

**DEPARTMENT OF DEFENCE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004

DOMESTIC

| Guaranteed Institution | Guarantee in respect of | Original Guaranteed capital amount | Opening balance as at 1 April 2003 | Guarantees issued during the year | Guarantees released during the year | Guaranteed interest outstanding as at 31 March 2004 | Closing balance 31 March 2004 | Realised losses i.r.o. claims paid out |
|-----------------------------------------|-------------------------|------------------------------------|------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------------------------|-------------------------------|----------------------------------------|
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Stannic | Motor vehicles | 1 456 | 536 | 207 | 373 | - | 370 | - |
| ABSA | Home loans | - | 31 359 | 540 | 1 224 | - | 30 675 | 11 |
| African Bank | Home loans | - | 1 098 | - | 146 | - | 952 | - |
| BOE Bank | Home loans | - | 370 | - | 80 | - | 290 | - |
| Business Partners | Home loans | - | 6 | - | 1 | - | 5 | - |
| Cape of Good Hope Bank | Home loans | - | 126 | - | - | - | 126 | - |
| Cash Bank | Home loans | - | 2 095 | - | 222 | - | 1 873 | - |
| Ciskei Peoples Development Bank | Home loans | - | 5 | - | - | - | 5 | - |
| First National/First Rand Bank | Home loans | - | 21 548 | 1 751 | 844 | - | 22 455 | 15 |
| Free State Development Corporation | Home loans | - | 372 | 277 | - | - | 649 | - |
| Grahamstown Building Society | Home loans | - | 79 | - | 44 | - | 35 | - |
| Greenstart Home Loans | Home loans | - | 906 | 221 | - | - | 1 127 | - |
| Ithala Development Finance Corporation | Home loans | - | 273 | 76 | - | - | 349 | - |
| Khayaletu Home Loans | Home loans | - | 27 | - | - | - | 27 | - |
| Louhen Financial Service | Home loans | - | - | 18 | - | - | 18 | - |
| Mpumalanga Building Society | Home loans | - | 13 | - | - | - | 13 | - |
| National Building Society | Home loans | - | 3 504 | - | 2 493 | - | 1 011 | 36 |
| Nedbank | Home loans | - | 6 051 | 2 276 | 758 | - | 7 569 | - |
| Perm/Peoples Bank | Home loans | - | 21 141 | 952 | 35 | - | 22 058 | 0 |
| Northern Povice Development Corporation | Home loans | - | 9 | - | - | - | 9 | - |
| Old Mutual Bank | Home loans | - | 11 973 | - | 587 | - | 11 386 | - |
| SA Development Corporation Ltd | Home loans | - | 18 | - | - | - | 18 | - |
| SA Home Loans | Home loans | - | 29 | 69 | - | - | 98 | - |
| South Fin | Home loans | - | 267 | 591 | - | - | 858 | - |
| Standard Bank | Home loans | - | 12 713 | 1 138 | 299 | - | 13 552 | 15 |
| Venda Building Society | Home loans | - | 448 | 360 | - | - | 808 | - |
| Venda National Development Corporation | Home loans | - | 12 | - | - | - | 12 | - |
| Department of Public Works | Home loans | - | - | - | - | - | - | 8 |
| Santam | Home loans | - | - | - | - | - | - | 4 |
| Citizen Bank | Home loans | - | - | - | - | - | - | 2 |
| Total | | 1 456 | 114 978 | 8 476 | 7 106 | - | 116 348 | 91 |

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

ANNEXURE 4**PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)**

| PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/2004 | Opening Balance R'000 | Additions R'000 | Disposals R'000 | Transfers In R'000 | Transfers Out R'000 | Closing Balance R'000 |
|-------------------------------------------------------------|----------------------------------------------------------------|--------------------|--------------------|--------------------------|---------------------------|-----------------------------|
| LAND AND BUILDINGS | Information cannot be provided, refer to Management Report. | | | | | |
| Land | | | | | | |
| Dwellings | | | | | | |
| Non-residential buildings | | | | | | |
| Investment properties | | | | | | |
| Other structures (Infrastructure assets) | | | | | | |
| Mineral & similar non regenerative resources | | | | | | |
| Capital work in progress | | | | | | |
| Heritage assets | | | | | | |
| MACHINERY AND EQUIPMENT | Information cannot be provided, refer to Management Report. | | | | | |
| Computer equipment | | | | | | |
| Furniture and office equipment | | | | | | |
| Other machinery and equipment | | | | | | |
| Specialised military assets | | | | | | |
| Transport assets | | | | | | |
| <hr/> <hr/> | | | | | | |
| PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/2003 | Opening Balance R'000 | Additions R'000 | Disposals R'000 | Transfers In R'000 | Transfers Out R'000 | Closing Balance R'000 |
| LAND AND BUILDINGS | Information cannot be provided, refer to Management Report. | | | | | |
| Land | | | | | | |
| Dwellings | | | | | | |
| Non-residential buildings | | | | | | |
| Investment properties | | | | | | |
| Other structures (Infrastructure assets) | | | | | | |
| Mineral & similar non regenerative resources | | | | | | |
| Capital work in progress | | | | | | |
| Heritage assets | | | | | | |
| MACHINERY AND EQUIPMENT | Information cannot be provided, refer to Management Report. | | | | | |
| Computer equipment | | | | | | |
| Furniture and office equipment | | | | | | |
| Other machinery and equipment | | | | | | |
| Specialised military assets | | | | | | |
| Transport assets | | | | | | |
| <hr/> <hr/> | | | | | | |

**DEPARTMENT OF DEFENCE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

ANNEXURE 5

INTANGIBLE ASSET MOVEMENT SCHEDULE (Not including inventories)

| INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/2004 | Opening Balance R'000 | Additions R'000 | Disposals R'000 | Transfers In R'000 | Transfers Out R'000 | Closing Balance R'000 |
|---------------------------------------------------------------|-----------------------------|--------------------|--------------------|--------------------------|---------------------------|-----------------------------|
| Patents, Copyrights, brand names & trademarks | | | | | | |
| Computer software | | | | | | |
| Airport landing rights | | | | | | |
| Import/export licences | | | | | | |
| Fishing Quotas | | | | | | |
| Utility rights | | | | | | |
| Mineral extraction rights | | | | | | |
| Capitalised development costs | | | | | | |
| | | | | | | |

Information cannot be provided, refer to
Management Report.

| INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/2003 | Opening Balance R'000 | Additions R'000 | Disposals R'000 | Transfers In R'000 | Transfers Out R'000 | Closing Balance R'000 |
|---------------------------------------------------------------|-----------------------------|--------------------|--------------------|--------------------------|---------------------------|-----------------------------|
| Patents, Copyrights, brand names & trademarks | | | | | | |
| Computer software | | | | | | |
| Airport landing rights | | | | | | |
| Import/export licences | | | | | | |
| Fishing Quotas | | | | | | |
| Utility rights | | | | | | |
| Mineral extraction rights | | | | | | |
| Capitalised development costs | | | | | | |
| | | | | | | |

Information cannot be provided, refer to
Management Report.

**DEPARTMENT OF DEFENCE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004 (continued)**

ANNEXURE 6

INTER-DEPARTMENTAL RECEIVABLES - CURRENT

| Department | Confirmed balance outstanding | | Unconfirmed balance outstanding | |
|------------------------------------------------------|-------------------------------|------------|---------------------------------|---------------|
| | 31/03/2004 | 31/03/2003 | 31/03/2004 | 31/03/2003 |
| | R'000 | R'000 | R'000 | R'000 |
| The Presidency | - | - | 1 | 23 |
| Department of Foreign Affairs | 976 | - | 76 385 | 78 203 |
| Department of Public Works | - | - | 6 290 | 62 |
| National Treasury | - | - | 13 517 | 13 515 |
| Department of Public Enterprises | - | - | 3 | 3 |
| Department of Public Service and Administration | - | - | - | 1 |
| Department of Education | - | - | 10 | 10 |
| Department of Health | 9 | 14 | 149 | 132 |
| Department of Labour | - | - | 397 | 397 |
| Department of Science and Technology | - | - | - | 42 |
| Department of Social Development | - | - | 5 | 6 |
| Department of Correctional Services | - | - | 144 | 173 |
| Department of Justice and Constitutional Development | - | - | - | 328 |
| Department of Safety and Security | - | - | 1 037 | 1 170 |
| Department of Agriculture | - | - | - | 6 |
| Department of Communications | - | - | - | 1 |
| Department of Environmental Affairs and Tourism | 127 | - | 1 806 | 875 |
| Department of Minerals and Energy | - | - | 6 | - |
| Department of Transport | - | - | 452 | 450 |
| Department of Water Affairs and Forestry | - | - | 39 | 325 |
| Cape Provincial Administration | - | - | 9 | 174 |
| Constitutional Entity: The Public Protector | - | - | 8 | 3 |
| Discovery Medical Fund | - | - | - | 23 |
| Gauteng Provincial Government | - | - | 49 | - |
| Government Printing Works | - | - | 177 | 144 |
| Limpopo Provincial Government | - | - | 92 | 81 |
| National Intelligence Agency of South Africa | - | - | 14 | 12 |
| Office of the Premier, Province of the Eastern Cape | - | - | - | 38 |
| Public entity: ARMSCOR | - | - | - | 27 |
| Public entity: State Information Technology Agency | - | - | 1 | 1 |
| SA Secret Services | - | - | 1 | - |
| TOTAL | 1 112 | 14 | 100 592 | 96 225 |

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004



1. INTRODUCTION

The Special Defence Account (SDA) was instituted in terms of section 1 of the Defence Special Account Act, 1974 (Act No. 6 of 1974), to defray the expenditure and purchases incurred for special defence activities as approved from time to time by the Ministers of Finance and Defence. Income is derived mainly from interest received and proceeds from the sale of armament, in addition to the amount allocated annually from the vote.

The largest part of the SDA's expenditure, namely R7 073 239 000 (2002-03: R6 150 901 000), was incurred by Armscor, while the balance of R201 204 000 (2002-03: R238 507 000) was incurred and administered by the Department of Defence (DOD). The chief executive officer of Armscor and the Secretary for Defence, respectively, are accountable.

The total expenditure of a sensitive nature, which totalled R49 148 000 for 2003-04 (2002-03: R41 359 000), was subjected to an audit for the year under review.

2. AUDIT ASSIGNMENT

The financial statements as set out on pages 212 to 219, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 5 of the Defence Special Account Act, 1974. These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My

responsibility is to express an opinion on these financial statements, based on the audit.

3. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3.1 Level of audit assurance

Owing to the following inherent aspects, the level of audit assurance is lower than is normally the case with ordinary audits:

- The nature of certain transactions and the circumstances in which they are incurred

and recorded.

- The circumstances in which assets and services are procured and utilised within the sensitive projects.

4. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Special Defence Account at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. PROGRESS MADE WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

The DOD has reacted favourably to the SCOPA resolutions, however, corrective actions to resolve the issues may take longer than one year.

The DOD has finalised one of the six items reported on in the previous financial year and is currently in the process of addressing the other outstanding items. For more detail in this regard, refer to annexure A.

6. APPRECIATION

The assistance rendered by the staff of the DOD and Armscor during the audit is sincerely appreciated.

S A Fakie
Auditor-General

Pretoria
28 July 2004



Table 16.1. Progress made with previously reported matters and SCOPA resolutions

| Reference to previous audit report and SCOPA resolutions | Subject | Findings on progress |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Audit report:</i> Paragraph 5.1.1; page 218</p> <p><i>SCOPA recommendation dated 4 November 1997</i></p> | Bank account | <p>With effect from 1 April 2003, a separate subledger pay-master-general (PMG) account was implemented for the SDA on the Financial Management System (FMS).</p> <p>The internal controls of this account were tested and found to be sufficient.</p> |
| <p><i>Audit report:</i> Paragraph 5.1.3; page 218</p> <p><i>SCOPA resolution:</i> REF: DOD 020903. RES1, paragraph 10(c)</p> | Compliance programme | <p>During the previous financial year a constitution was drafted to establish a fund known as "The Arms Control and Non-Proliferation Fund Committee" (the fund). The fund was to replace the compliance programme and would consist of the balance of the programmes. This amounted to R14 051 965 as at 31 March 2004.</p> <p>At the date of compiling this report, the draft constitution had not been approved by the National Conventional Arms Control Committee (NCACC).</p> |
| <p><i>Audit report:</i> Paragraph 5.1.4; page 219</p> <p><i>SCOPA resolution:</i> REF: DOD 020903. RES1, paragraph 10(a)</p> | Closing down of a sensitive project | The closing down process was not finalised during the year under review. |
| <p><i>Audit report:</i> Paragraph 5.2.1; page 219</p> | Strategic defence procurement packages (recommendation made by the Joint Investigation Team (JIT)) | <p>The following corrective and updated measures have been implemented:</p> <ol style="list-style-type: none"> 1 The DOD, in conjunction with Armscor as well as other relevant departments, has embarked on a comprehensive programme to review affected policies, processes and standing operating procedures with the aim of rectification and improvement where necessary. 1 The entire acquisition policy was rewritten. This process consisted of merging the policies previously used by the DOD and Armscor, as well as incorporating the recommendations of the JIT. This policy was provisionally approved by the Plenary Defence Staff Council on 20 October 2003 with validity until 31 March 2004. 1 Other procedural documents and standard operating procedures in both Armscor and the DOD were also rewritten and where necessary legalised through the Department of Defence Instruction on new acquisitions. 1 The implications and intricacies relating to the PFMA have now been fully incorporated, covering the way the Secretary for Defence discharges his accountability as head of department and accounting officer. |

| Reference to previous audit report and SCOPA resolutions | Subject | Findings on progress |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Audit report:</i> Paragraph 5.2.2; page 219</p> <p><i>SCOPA resolution:</i> REF: DOD 020903. RES1, paragraph 10(b)</p> | <p>Commission paid during the sale of Puma helicopters</p> | <p>The reasons and detail of the Directorate of Public Prosecution's decision not to institute criminal proceedings in this regard have been received on 27 July 2004.</p> |
| <p><i>Audit report:</i> Paragraph 5.2.3; page 219</p> <p><i>SCOPA resolution:</i> REF: DOD 020903. RES1, paragraph 10(b)</p> | <p>Purchase of Pilatus training aircraft</p> | <p>A decision by the Directorate Special Operations on the final recommendations of the investigation teams is still outstanding</p> |



SPECIAL DEFENCE ACCOUNT

BALANCE SHEET AS AT 31 MARCH 2004

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | 1,964,877 | 1,626,066 |
| Advances | 2 | 13,115 | 18,071 |
| Trade and other receivables | 3 | 449,805 | 596,302 |
| Cash and cash equivalents | 4 | 1,501,855 | 1,011,600 |
| Investments | 5 | 102 | 93 |
| Total assets | | 1,964,877 | 1,626,066 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Reserves | | 752,129 | (230,438) |
| Current liabilities | | | |
| Creditors | 6 | 1,212,748 | 1,856,504 |
| Total equity and liabilities | | 1,964,877 | 1,626,066 |

SPECIAL DEFENCE ACCOUNT

INCOME STATEMENT for the year ended 31 MARCH 2004

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|----------------------------------|------|------------------|------------------|
| Revenue | | 8,254,604 | 7,849,546 |
| Transfer from Vote 22 | | 8,015,772 | 7,786,232 |
| Other revenue | 7 | 238,823 | 63,304 |
| Interest received | | 9 | 10 |
| Less: Expenditure | 8 | 7,274,443 | 6,391,815 |
| Net profit for the period | | 980,161 | 1,457,731 |

SPECIAL DEFENCE ACCOUNT

STATEMENT OF CHANGES IN EQUITY for the year ended 31 MARCH 2004

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------------------|-------|-------------------------------|-----------------------|
| | | Accumulated income | Accumulated income |
| Balance at the beginning of period | | (230,438) | (1,688,169) |
| Fundamental error | 6 & 8 | 2,407 | - |
| Restated balance | | (228,031) | (1,688,169) |
| Net profit for the period | | 980,161 | 1,457,731 |
| Balance at the end of period | | 752,130 | (230,438) |

SPECIAL DEFENCE ACCOUNT

CASH FLOW STATEMENT for the year ended 31 MARCH 2004

| | Note | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------------------------------------------|------|------------------|------------------|
| Cash flow from operating activities | | | |
| Net (loss)/profit | | 980,161 | 1,457,731 |
| Adjustment for investment income | | (9) | (10) |
| Operating (loss)/profit before working capital changes | | 980,152 | 1,457,721 |
| Working capital changes | | (489,898) | (875,275) |
| (Increase)/decrease in trade and other receivables | | 146,497 | (571,686) |
| (Increase)/decrease in advances | | 4,955 | (4,685) |
| Increase/(decrease) in creditors | | (643,757) | (298,904) |
| Fundamental error | | 2,407 | - |
| Cash generated from operations | | 490,254 | 582,446 |
| Interest received | | 9 | 10 |
| Net cash flow from operating activities | | 490,263 | 582,456 |
| Cash flow from investing activities | | | |
| Investment | | (9) | (10) |
| Net cash outflow from investing activities | | (9) | (10) |
| Net increase/(decrease) in cash and cash equivalents | | 490,254 | 582,446 |
| Cash and cash equivalents at beginning of the year | | 1,011,600 | 429,154 |
| Cash and cash equivalents at end of the year | 4 | 1,501,854 | 1,011,600 |

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004

1. Accounting policy

The Ministers of Defence and Finance approve an annual budget in accordance with the provisions of the Defence Special Account Act, 1974 (Act No. 6 of 1974), whereafter the budgeted amount is dealt with as a transfer payment from Vote 21 - Defence to the Special Defence Account. The actual expenditure is reflected in the financial statements.

The financial statements are prepared on the historical cost basis. The following are the principle accounting policies used by the Special Defence Account, which are consistent with those of the previous year.

1.1 Underlying assumption

The financial statements are prepared on the accrual basis.

1.2 Fixed assets

For purposes of the Special Defence Account, assets purchased are written off when they are paid for. The cost is brought to account as expenditure and the assets are included in the asset register of the Department.

1.3 Foreign exchange

Transactions in foreign currency are translated at the rates of exchange ruling at transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at balance sheet date.

1.4 Comparative figures

Where necessary comparative figures has been restated to conform with changes in presentation in the current year.

| | 2003/04 R'000 | 2002/03 R'000 |
|-----------------------------------------|------------------|------------------|
| 2. Advances | 13,115 | 18,071 |
| National Defence Force projects | 3,540 | 11,154 |
| Strategic Defence Packages S&T advances | 9,575 | 3,662 |
| Defence Material Disposal Project | - | 3,255 |
| 3. Trade and other receivables | 449,805 | 596,302 |
| Trade debtors | 422,384 | 565,336 |
| Joint operations | 14,941 | 30,955 |
| Intelligence division | 1,424 | - |
| Special forces | 10,680 | - |
| Suspense account | 376 | 11 |

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENT for the year ended
31 MARCH 2004 (continued)

| | 2003/04 R'000 | 2002/03 R'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 3.1 Included in Trade debtors is an amount of R331 098 157 owed by National Treasury for the unspent portion of the Strategic Defence Package foreign component. | | |
| 4. Cash and cash equivalents | | |
| Paymaster-General Account | <u>1,501,855</u> | <u>1,011,600</u> |
| 5. Investment | | |
| Corporation for Public Deposits | <u>102</u> | <u>93</u> |
| 6. Creditors | 1,212,747 | 1,856,504 |
| Compliance programme as per agreement between the USA and SA Governments | 14,052 | 14,041 |
| Opening balance at beginning of year | 14,041 | 14,041 |
| Recovery of previous year expenditure | 11 | - |
| Contract fines | 4,240 | 4,150 |
| Revenue payable to National Revenue Fund | 121,392 | 202,111 |
| Trade creditors restated | 68,819 | 295,056 |
| Trade creditors | 68,819 | 292,649 |
| Fundamental error correction | - | 2,407 |
| Provision for Strategic Defence Packages | <u>1,004,244</u> | <u>1,341,146</u> |
| 6.1 Included in the provision of R1 004 244 483 for Strategic Defence Packages is EUR 72 130 357, GBP 9 243 833, USD 12 778 646 and SEK 192 456 459 equaling R921 704 588. This amount relates to invoices and goods received prior to 31 March 2004 in respect of Strategic Defence Packages (ECA loans). The amount is contractually payable in the 2004/2005 financial year and will be funded from the 2004/2005 Vote. No forward cover was utilised. | | |
| 6.2 The fundamental error correction of R2 407 000 was as a result of not accruing for expenses in the 2002/2003 financial year. | | |
| 7. Other revenue | 238,823 | 63,304 |
| Other revenue | 360,215 | 265,415 |
| Sales of strategic equipment for the Department | 197,611 | 237,529 |
| Marketing support | 606 | 515 |
| Sensitive projects | 19,867 | 10,289 |
| Foreign exchange profit on sales | - | 17,008 |
| Foreign exchange profit on SDP's | 142,063 | - |
| Sundry | 68 | 74 |
| Less: Payable to National Revenue Fund | <u>(121,392)</u> | <u>(202,111)</u> |

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENT for the year ended 31 MARCH 2004 (continued)

| | 2003/04 R'000 | 2002/03 R'000 |
|-------------------------------------------|------------------|------------------|
| 8. Expenditure | 7,274,443 | 6,391,815 |
| Major projects | 6,215,332 | 5,925,163 |
| Other projects | 263,579 | 229,762 |
| Landward Defence | 532 | 2,863 |
| Air Defence | 15,086 | 9,464 |
| Maritime Defence | 1,488 | - |
| Command and Control | - | 220 |
| Technology | 246,473 | 217,215 |
| Operating projects | 652,969 | 187,138 |
| Sensitive projects restated | 48,326 | 43,766 |
| Sensitive projects | 48,326 | 41,359 |
| Fundamental error correction | - | 2,407 |
| Foreign exchange rate adjustments | 89,192 | - |
| Irrecoverable debt written off | - | 2,083 |
| Foreign exchange loss on foreign banks | 658 | 189 |
| Provision for write down of foreign banks | 4,387 | 3,714 |

8.1 General expenditure such as auditor's remuneration is included in the General Defence Account.

8.2 Included in Major Projects of the prior year are foreign exchange profits/losses on foreign currency denominated projects. The net foreign exchange profits/losses on these project payments are calculated by using the order date as the transaction date. The net foreign exchange profits/losses for these specific payments amounts to R1 873 780 734. This net amount is applicable to more than one financial year. For the current year exchange profits and losses are calculated by using the actual transaction date.

8.3 The total fruitless and wasteful expenditure amounts to R186 109 of which R61 692 refers to 2003/2004 and R124 417 refers to previous years.

| | | |
|------------------------------------------------------------|-------------------|------------|
| 9. Estimated future expenditure approved by Armscor | 17,046,334 | 23,247,940 |
| Strategic Defence Packages capital commitment | 13,760,512 | 20,044,868 |
| | 3,285,822 | 3,203,072 |
| Commitments in respect of contracts entered into | 2,811,411 | 2,430,374 |
| Approved, but contracts not yet entered into | 474,411 | 772,698 |

SPECIAL DEFENCE ACCOUNT**NOTES TO THE FINANCIAL STATEMENT for the year ended
31 MARCH 2004 (continued)**

- 9.1 The amount relating to Strategic Defence Packages 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 R13 760 512 (2002/03: R20 044 868) is a foreign component of EUR 311 282 511, USD 439 020 733, GBP 340 192 876 and SEK 4 197 963 466 (2002/03: EUR 601 791 854, USD 481 731 660, GBP 393 937 624 and SEK 4 699 212 191). No forward cover was utilised.
- 9.2 It is intended to finance expenditure from future voted funds and from working capital generated within the Special Defence Account.
- 10. Post Balance Sheet Event**
Revenue Payable to National Revenue Fund

National Treasury has approved that the revenue surrendered, as disclosed in note 7, in the 2003/2004 financial year will be refunded in the 2004/2005 financial year.

LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|---------|-----------------------------------------------------------------------------|
| AA | Affirmative Action |
| ABET | Adult-based Education and Training |
| AECC | Army Expenditure and Control Committee |
| AFB | Air Force Base |
| AIDS | Acquired Immune Deficiency Syndrome |
| AMHF | Area Military Health Formation |
| AMHU | Area Military Health Unit |
| ARMSCOR | Armaments Corporation of South Africa |
| ASB | Accounting Standards Board |
| AWOL | Absent without Leave |
| BMATT | British Military Advisory and Training Team |
| CCW | Certain Conventional Weapons Convention |
| CEAB | Civic Education Advisory Board |
| CFO | Chief Financial Officer |
| CJ Ops | Chief of Joint Operations |
| CMI(S) | Command and Management Information (Systems) |
| CSANDF | Chief of the South African National Defence Force |
| COD | Council of Defence |
| COTS | Commercial off-the-Shelf |
| CTC | Combat Training Centre |
| DACST | Department of Arts, Culture, Science and Technology |
| DAPD | Departmental Acquisition and Procurement Division |
| DIP | Defence Industrial Participation |
| DEOMI | Defence Equal Opportunities Management Institute |
| DFA | Department of Foreign Affairs |
| DIDTETA | Diplomacy, Intelligence, Defence and Trade Education and Training Authority |
| DIMS | Directorate Integrated Management System |
| DOD | Department of Defence |
| DOE | Department of Education |
| DPBEC | Departmental Programme and Budget Evaluation Committee |
| DPF | Defence Planning Forum |
| DPSA | Department of Public Service and Administration |
| DRC | Democratic Republic of Congo |
| DSB | Defence Secretariat Board |
| DTI | Department of Trade and Industry |
| EEZ | Exclusive Economic Zone |
| EIP | Employer Initiated Package |

| | |
|--------|----------------------------------------------------|
| EO | Equal Opportunities |
| ETD | Education, Training and Development |
| FMD | Financial Management Division |
| FMS | Financial Management System |
| FSE | Force Structure Element |
| FY | Financial Year |
| GSB | General Support Base |
| GRAP | Generally Recognised Accounting Practices |
| HIV | Human Immunodeficiency Virus |
| HR | Human Resources |
| ICRC | International Committee of the Red Cross |
| ICT | Information and Communication Technology |
| IMET | International Military Exchange Training Programme |
| IMT | Institute of Maritime Technology |
| IRPS | International Relations, Peace and Security |
| ISDSC | Inter-state Defence and Security Committee |
| ISO | International Standards Organisation |
| JCPS | Justice, Crime Prevention and Security |
| LCAMPS | Leadership, Command and Management Principles |
| LTS | Long-term Service |
| MA | Military Attaché/Advisor |
| MAAC | Military Attaché and Advisor Corps |
| MAB | Military Arbitration Board |
| MBC | Military Bargaining Council |
| MBT | Mines Ban Treaty |
| MDC | Military Disciplinary Code |
| MILOBS | Military Observers |
| MLO | Military Liaison Officer |
| MOD | Ministry of Defence |
| MOU | Memorandum of Understanding |
| MPA | Military Police Agency |
| MSDS | Military Skills Development System |
| MTEF | Medium-term Expenditure Framework |
| MTS | Medium-term Service |
| NATO | North Atlantic Treaty Organisation |
| NCACC | National Conventional Arms Control Committee |
| NCO | Non-commissioned Officer |

| | |
|--------|-----------------------------------------------------|
| NEPAD | New Partnership for Africa's Development |
| NGO | Non-governmental Organisation |
| NICOC | National Intelligence Co-ordinating Committee |
| NOCPM | National Office for Coordination of Peace Missions |
| OSIS | Operational Support Information System |
| OSW | Office on the Status of Women |
| PDSC | Plenary Defence Staff Council |
| PFMA | Public Finance Management Act of 1999 |
| PPP | Public-private Partnership |
| PRC | People's Republic of China |
| PSAP | Public Service Act Personnel |
| PSO | Peace-support Operations |
| RSA | Republic of South Africa |
| SAAF | South African Air Force |
| SABS | South African Bureau of Standards |
| SADC | Southern African Development Community |
| SAIHC | Southern Africa and Islands Hydrographic Commission |
| SAMHS | South African Military Health Service |
| SAN | South African Navy |
| SANDF | South African National Defence Force |
| SAPS | South African Police Service |
| SCOPA | Standing Committee on Public Accounts |
| SDP | Strategic Defence Package |
| SITA | State Information Technology Agency |
| SMS | Senior Management Service |
| STS | Short-term Service |
| UK | United Kingdom |
| UN | United Nations |
| UNCLOS | United Nations Convention on the Law of the Seas |
| USA | United States of America |
| USAF | United States Air Force |
| VIP | Very Important Person |
| YFTP | Youth Foundation Training Programme |

