



Frontpage

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DEPARTMENT OF DEFENCE

ANNUAL REPORT

2001/2002

Mr M.P.G. Lekota
Minister of Defence

Report of the Department of Defence: 1 April 2001 to 31 March 2002.

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

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





DEPARTMENT OF DEFENCE ANNUAL REPORT FOR THE FINANCIAL YEAR 2001/2002

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PART 1 - INTRODUCTION





MR M.G.P. LEKOTA
Minister of Defence



MS N.C. MADLALA-ROUTLEDGE
Deputy Minister of Defence



MR J.B. MASILELA
Secretary for Defence



GENERAL S. NYANDA, SSA, DMG, MMS, MMM
Chief of the SA National Defence Force



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

The principal responsibility of the Department of Defence is to protect South Africa's sovereignty, and to safeguard her territorial integrity effectively and efficiently. The Department of Defence therefore has to maintain a core force that is able to meet its commitments to deal with a wide range of contingencies.

The force must have the capacity to expand to an appropriate size when necessary. External military threats, internal threats to the constitutional order, the promotion of regional security through defence co-operation within the SADC framework, and the promotion of international security through participation in peace operations and military co-operation in support of our foreign policy goals are among the contingencies for which we must be prepared.

The end of the Cold War and a subsequent changing world situation has imposed constraints on all defence forces worldwide. The absence of a direct military challenge allows countries to focus on economic rather than military growth and expenditure. But conflict must be eliminated if we are to stabilise, develop, and move towards prosperity.

Today, we understand South Africa's security to incorporate political, economic, social and environmental matters. Conflict beyond our borders potentially impacts on our security.

During the period in review the SANDF contributed military capacity for regional and continental peace support operations. As the representative of a country committed to stability, democracy, and good governance, the SANDF has been in a position to fulfill its obligations when called upon.

The strength of our region is embodied in SADC. The SADC adopted the Protocol on Politics, Defence and Security Cooperation, which is an agreement at the political level on how to deal with major conflicts which destabilise or may destabilise our region in the future. The ratification of the Protocol, which defines the work of the Organ on Politics, Defence and Security, by the Heads of State, will mark an important milestone in the achievement of regional security and confidence building measures. Flowing directly from the Protocol was the need for a comprehensive regional pact. The Mutual Defence Pact adopted by the Inter-State Defence and Security Committee provides a modus operandi of how to intervene in conflict situations as well as prescribing proportional contributions to be made by every member state.

The Department continued to allocate resources to a number of other secondary functions. Support for the police continued.

The SANDF also supported a number of other departments and provided a range of excellent services. The SANDF's response to a number of emergencies has justifiably been praised everywhere. Domestically, these services ranged from active involvement in fighting the cholera epidemic, foot and mouth disease, assisting with flood relief, repairing



damaged infrastructure after tornadoes and heavy rain, building temporary bridges, and fire fighting. The SANDF was also involved in safeguarding our marine coastal resources. A significant portion of the defence budget went towards planning for and providing these services.

To ensure that "defence policy should be in harmony with all other aspects of government policy, particularly foreign policy and national security policy" (White Paper on Defence) during the period in review, time was spent conducting an internal military strategic appreciation of our capability to ensure that we are able to carry out our constitutional responsibilities and implement strategic decisions.

The debate on the strategic packages has been important both for the Department of Defence as well as the wider environment. For the first time in our history, the acquisition of armaments has been carried out in a transparent fashion. As a consequence of that debate, the Department of Defence is revisiting all policies and procedures pertaining to capital acquisition. The strategic packages remain valid because they provide the equipment we need for our core business.

Within the Department of Defence, we have uncovered crime entailing financial loss to the state. We have taken this very seriously at all senior levels of the Department and have uncovered syndicates operating within some of our bases. The Chief Financial Officer, under the direction of the Secretary has set up internal control mechanisms. A holistic approach that includes the Military Police and the Inspector General has been used and includes professionalising the audit function and supplementing this with an external forensic capacity.

We have witnessed the tragic shooting incidents in Tempe and Phalaborwa. In order to attempt to get to the bottom of these problems, a Ministerial Committee of Enquiry was set up headed by Dr. Setai. Specific recommendations were made by this committee which have been implemented by the Department.

In spite of numerous problems emanating from the transformation of the defence force, the SANDF remains one of South Africa's most important assets. It has withstood the storms of transformation primarily due to the strong and committed leadership of the SANDF and the Defence Secretariat.

This Annual Report is a tribute to all those women and men who have ensured that defence in a democracy is a reality.

M.G.P. LEKOTA
MINISTER OF DEFENCE



FOREWORD BY THE DEPUTY MINISTER OF DEFENCE, MS N.C. MADLALA-ROUTLEDGE

Another challenging year has passed. Through the able and committed leadership in the Department of Defence (DOD) we were successful in turning the challenges we faced into opportunities.

In 2001 our forces were once again called upon to do peace support duty in countries north of our border. As before, they performed sterling work and did us proud. Seeing our troops leave and return from peace support operations in Africa was an emotional experience for all. Indeed, they have carried the flag with honour and dignity and have been our country's true ambassadors in uniform.

We are now confronted with playing an even greater role because of the progress being made in peace negotiations in the Great Lakes Region. Our country, led by our President Thabo Mbeki, has taken Africa to greater heights with the launch of the African Union (AU).

With President Mbeki as the first Chairperson of the AU, more is expected of all South Africans, and in particular the South African National Defence Force, to contribute to NEPAD, the New Partnership for Africa's Development.

The recent progress in the peace processes in Angola and Rwanda is most welcome. This means, however that our assistance will be required to help these our neighbours as they consolidate the peace, reconstruct and develop their countries. It clearly means that more emphasis must be put on better training and the acquisition of appropriate equipment for our forces to be better able to address these new challenges that will hopefully bring lasting peace in our continent.

It must be stressed that our contribution to these peace processes has a dividend for our own country. Peace, prosperity and development in Africa means peace, prosperity and development in South Africa.

We must also develop the capacity of our Reserve Forces, who will be called upon to serve in support of the regular forces. This challenge must be managed without failing to address the ongoing challenges of Transformation and Rightsizing and mustering assessment per rank, and per race group, in all of the Services. It also means that we must continue to move speedily to transform gender relations and to promote the equal participation of women at all levels and mustering in the DOD.

The optimal health and readiness of our forces is paramount. The Masibambisane Beyond Awareness Campaign has reached almost all our units and is making a profound impact.

Shortly, we hope to cover the entire Defence Force through this AIDS-combating instrument, which has been developed specifically for defence personnel. Efforts are underway to enhance the Ministry's capacity to monitor Masibambisane more closely through the employment of a full-time co-ordinator.



The Department of Defence appreciates the support that our friends in the international community continue to give us. The partnership with the British government, through BMATT, has supported the integration process, while the USA government has supported us through the IMET programme. The IMET programme, which has grown steadily over the years, now includes our Reserve Force as a beneficiary of this partnership. Military Personnel from the legal department (judges, prosecutors, lawyers) and parliamentarians all are now interested in being participants in this programme.

N.C. MADLALA-ROUTLEDGE
DEPUTY MINISTER OF DEFENCE



THE YEAR IN REVIEW

INTRODUCTION

The Department of Defence (DOD) had a hectic but fruitful year. The year was characterised by an increased demand for the SANDF to participate in activities aimed at improving the quality of life of peoples of South Africa and the Continent. To this end, the SANDF continued to provide support to the South African Police Service (SAPS), conducted joint and multinational military exercises and participated in peace missions outside South Africa. Once again our women and men stood up to the challenge and successfully executed the DOD's mission with pride and honour.

CIVIL CONTROL

One of the most daunting aspects of defence management in a democracy concerns the department's ability to institutionalise civil oversight over the military and ensuring that there is a clear distinction between the policy-making and policy-implementation roles. The Secretary for Defence, as the Head of Department, the Accounting Officer and Principal Advisor to the Minister of Defence, carries this extraordinary responsibility of translating national policy imperatives into workable departmental policies. The experience that the DOD has accumulated since 1994, complemented by international best practice, has demonstrated without doubt that it is on track. It is crucial that the civilian and military sections of the DOD understand and internalise the need for civil-military partnership so that there is unity in pursuing the DOD's mission. It is against this background that the Civic Education and Evaluation Advisory Board (CEEAB) was established. The primary objective of the CEEAB is to provide an advisory service to the DOD on matters pertaining to civil-military relations. There is a continuous review of departmental policies to ensure alignment with national policies. Parliamentary questions are handled with much greater speed than ever before. This was also concerted effort aimed at ensuring a smooth flow of information between the Office of the Minister of Defence, the Office of the Secretary for Defence and the Office of the Chief of the SANDF. This is particularly important in order to create synergy when participating in structures such as the International Relations, Politics and Security (IRPS) Cluster and the Governance and Administration (G&A) Cluster.

TRANSFORMATION

The process of transformation and restructuring of the DOD, which started in 1994, continued during the year under review. The fundamental approach is to position the DOD in such a manner that it fits within its limited budgetary allocation but still remains capable of executing its mandate. Structural re-engineering of the department was coupled to the long-term human resources requirements of the SANDF for operations. To this effect, Human Resources Strategy 2010 was developed. Furthermore, the DOD made great strides in improving representivity in terms of race, gender and disability. This need for



improved representivity has to be balanced with the requirement of retaining essential skills and providing facilities that are suitable for people with disabilities.

MODERNISATION PROGRAMME

The DOD has a statutory requirement to equip the SANDF properly for operations so that our men and women in uniform are not exposed to unnecessary danger caused by inferior equipment. To this end, the DOD undertook a phased approach towards re-equipping the SANDF through Strategic Defence Packages (SDPs). The initial focus is mainly on the SA Navy and the SA Air Force, which will later be followed by the SA Army and SAMHS. In addition to receiving weapons systems as per SDPs, the SANDF continued to send its members abroad to train for these new weapons systems so that they will be able to use and maintain them when they are delivered in South Africa. New doctrines and personnel requirements for the new weapon systems were being developed and good progress was made in that regard. One of the main challenges for the SANDF's modernisation programme has been the desire to ensure the compatibility of South Africa's equipment with that of the sub-region, especially for purposes of joint operations and combined exercises. This aspect was being provided for through ensuring that there is broad compatibility of operational doctrine within the sub-region.

It is undeniably true that the new weapons systems are going to improve the efficiency and effectiveness of the SANDF personnel. However, the new equipment has to be coupled with good infrastructure and facilities. Currently, this is one area of great concern which still requires urgent attention by the DOD.

POLICY DEVELOPMENTS

The SANDF, as the executive arm of the DOD, has to operate within a solid policy framework that is aligned with national policy and complies with international best practice. To this effect, the DOD had to analyse every piece of legislation and convert it into departmental policy in the form of DOD Instructions. This information is disseminated through normal channels of command and control, but also through the DOD Intranet, so that such policies reach every unit in the country.

The Human Resource Strategy 2010 marked a significant milestone in the strategic management of the DOD in terms of its force design and force structure. The following bills were at various stages of being processed by the DOD: the Defence Bill, the Termination of the Integration Intake Bill, and the Demobilisation Amendment Bill. Furthermore, the DOD played a crucial role in the finalisation of the SADC Protocol of the Organ on Defence, Politics and Security during the period under review. The primary objective of the Protocol is to ensure the alignment and compatibility of regional policies with regard to the prevention, management and resolution of conflicts.

SERVICE DELIVERY IMPROVEMENT

As a contingency-based organisation, the DOD does not provide direct service to the public except by supporting other state departments such as the South African Police Service (SAPS), and when conducting operations such as disaster relief and search-and-rescue operations. However, the DOD has a Service Delivery and Performance Improvement policy with which all divisions and services have to comply at all times. It is hoped that, through efficient, effective and economical services and operations, the DOD will be able to effect savings. This is further necessitated by the ever-shrinking budgetary allocation

in real terms, which implies that limited resources have to be utilised in the most cost-effective manner. To this end, the DOD had already commenced closing down some bases in order to reduce costs without compromising on the quality and quantity of service and level of combat readiness.

OPERATIONS

Over the past year the SANDF once again justified its peacetime role by rendering invaluable services to the people of South Africa and other nations on the African continent, especially in the southern region. The services provided included operations to combat crime in co-operation with the SAPS, patrolling the country's border and rural areas, providing support to other state departments and fulfilling international obligations in peace-support operations.

The SANDF conducted twenty-one operations. The SANDF was also involved in six peace support operations. A number of operations, of which three were continuous, were conducted in support of the SAPS and other state departments, ranging from international humanitarian aid to countering the poaching of marine resources. Furthermore, the SANDF also assisted in providing VIP support (flight and protection), especially to the Office of the President. It is envisaged that the SAPS, in conjunction with the Department of Home Affairs, will take control of crime and borderline control in the near future. Routine borderline control, area and rural protection operations in co-operation with the SAPS, involving large numbers of troops on a daily basis, were conducted throughout the period. Significant successes were achieved, the results of which directly contributed to the economic well-being of the state, and which clearly illustrated the value of the SANDF during peacetime.

EXERCISES

Sound force preparation by the respective services and divisions, as well as the integration of the different capabilities, led to the successful conduct of operations during the year. In line with its strategy for ensuring mission readiness, the SANDF conducted five joint and combined multi-national exercises. Forces from Argentina, Brazil, France, the USA and Uruguay were involved in those joint and combined exercises. Soldiers from fifteen African countries participated in the Airborne Combat Readiness competition held during the year under review.

The significance of exercises and combat-readiness competitions cannot be overstated. They allow our forces to test their ability to operate alongside some of the most modern military forces in the world. In so doing they gain invaluable experience which can be used to revitalise force preparation.

MILITARY HEALTH

The health status of members of the SANDF influences the level of combat readiness. Two trends in the SANDF were and will remain causes for concern. Firstly, the military population is ageing, especially in the lower ranks (mean age \pm 30 years). There would be an increasing tendency to medical conditions - e.g. hypertension, which will require expensive medication. Secondly, there was concern about the level of fitness in the SANDF. Reduced military preparedness and level of fitness lead to an increase in medical costs and an inability to carry out the core business of the SANDF.





CONCLUSION

It is therefore clear that the DOD had a successful but challenging year. Some of the challenges were a direct result of insufficient funding, but these are being addressed through reprioritisation within the DOD, closing down of some military bases and rightsizing the Department's personnel. The performance of our men and women in uniform inside and outside the country proved beyond doubt that the DOD's processes on strategic planning, force preparation and force employment are of a high standard.

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

GENERAL S. NYANDA
CHIEF OF THE SA NATIONAL
DEFENCE FORCE



STRATEGIC OVERVIEW

INTRODUCTION

This Department of Defence (DOD) Annual Report reports on the 2001/2002 Financial Year. The format of the departmental Services and Divisions plans, against which this report has to be read, do not fully conform to the new format requirements for annual reports. This annual report, however, was written to match the required format without compromising the integrity of the information.

The DOD faced serious challenges in the drive towards sustainability and affordability during FY 2001/2002. This is counter-balanced by the Minister of Defence's approval of the Human Resources Strategy 2010 and the Military Strategy. These represent major milestones, which will impact hugely on the road towards creating a sustainable and affordable Defence Force.

South African National Defence Force (SANDF) participation in peace-support operations increased during the year. Members were deployed in the Democratic Republic of Congo, the Comoros, Burundi, Ethiopia and Eritrea.

The introduction of a systems approach to the DOD has culminated in the review and improvement of Strategic Direction Processes. As the Strategic Direction process becomes further entrenched, it will result in the development of a sustainable and affordable Defence Force.

There have been losses of skills due to natural causes, as well as Employer Initiated Retrenchment packages within the DOD. Measures to offer more competitive packages to people with key skills have been put in place. Losses due to natural causes remained unacceptably high during the year. The SA Military Health Service's (SAMHS) Project MASIBAMBISANE was but one measure introduced to address this problem.

AIM AND SCOPE OF THE REPORT

- **Aim.** The aim of this report is to highlight the performance of the DOD, measured against the approved departmental plans, for the period 1 April 2001 to 31 March 2002.
- **Scope.** The DOD Annual Report 2001/2002 is presented in four parts. Part 1, *General Information*, describes the strategic profile of the department. Part 2, *Human Resources Management*, focuses on the organisational structure and human resources of the DOD. Part 3, *Programme Performance*, is based on the performance of DOD programmes in relation to the DOD's Strategic Plan. Part 4, *Annual Financial Statements*, contains the Management Report of the Secretary for Defence and the Auditor General's reports on the DOD.



AIM OF THE DEPARTMENT OF DEFENCE

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

KEY OBJECTIVES AND PROGRAMMES

The objectives of the DOD are as follows:

- **Defence Against Aggression.** To provide self-defence according to international law against any threat of aggression that endangers the stability of South Africa.
- **Promoting Security.** To provide internal and external deployment of forces in order to enhance security in support of parliamentary decisions.
- **Supporting the People of South Africa.** To provide support to the general population or other government departments of South Africa, in operations other than war, by using collateral utility.

The DOD collaborates with a range of governmental, regional and international players to ensure that these objectives are met over the medium term. The department is essentially a contingency-based organisation. Its service delivery is visible only when and where the SANDF deploys in order to act towards a specific contingency. It does, however, provide deterrence continuously. The main outputs of the DOD are Defence Capabilities and Defence Commitments. The main programmes of the DOD are:

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

MANDATE OF THE DEPARTMENT OF DEFENCE

The Constitution, the Defence Act, the White Paper on Defence and the Defence Review provide the mandate for the DOD. These laws and policies both direct and guide the execution of the defence function of the DOD.

VISION

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

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.

MISSION SUCCESS FACTORS

In order to achieve the mission of the DOD it is essential that it be managed strategically. As part of this process, certain factors were identified that are fundamental to achieving success. These are known as the Mission Success Factors (MSFs) of the DOD, and are:

- **National Consensus on Defence.** It is essential to maintain a broad national consensus on the defence needs of South Africa. This will make it possible for the SANDF to be organised, equipped, prepared and funded in accordance with these needs. This will ensure national support for the department.
- **Excellent Strategic Direction.** The DOD must interpret the defence needs of South Africa accurately. DOD policy and strategic and business plans are to be drawn up to ensure effective and efficient allocation and control of resources.
- **Excellent Resource Management.** The DOD's scarce resources are to be managed in the most productive and economical manner possible. We are to get the optimum out of every person and cent allocated to defence.
- **Effective Combat Forces and Support Forces.** Our combat and support forces are to be prepared for rapid and effective response to all possible defence contingencies. This necessitates good training, high morale and units that are mission ready.
- **Professionalism in the Conduct of Operations.** The professionalism of our combat-ready units is to be enhanced by good command and control, doctrine, tactics and appropriate technology. Our forces are to be well trained for conventional operations and for approved and agreed upon operations other than war (OOTW) that are undertaken in support of other state departments.
- **Successful Implementation of the Transformation Process.** Successful transformation of the DOD is essential to ensure alignment between the DOD and government policy on civil-military relations, transparency, representivity, state expenditure and security.

MISSION-BASED APPROACH TO DEFENCE

Military Strategic Concepts. The SANDF utilises a mission-based approach to achieve the key objectives of the DOD. This approach uses wartime and peacetime missions to direct the peacetime strategy for force preparation, and to guide joint force preparation and force employment during incidences of conflict. The mission-based approach is based on the following strategic concepts:

- The provision of mission-essential training.
- The capability of establishing a mission-trained force.
- Selective engagement where possible.
- Strategic positioning.





Missions. Missions are combinations of tasks that are required to achieve military strategic objectives. The missions have been prioritised in terms of risk. Risk, in this context, is defined as "an exposure to danger owing to the impact of the onslaught on the security of South Africa, and the probability of the onslaught being encountered by South Africa".

The missions have been grouped in three priority classes and describe the missions which are of importance to the DOD at present and which are subject to constant review. The priority classes reflect the priorities for force preparation. The prioritised missions envisaged for the next ten years are as follows:

- Priority 1
 - ◆ Co-operation with the South African Police Service
 - ◆ Borderline control
 - ◆ Presidential health support
 - ◆ Support military diplomacy
 - ◆ Special operations
 - ◆ Disaster relief and humanitarian assistance
 - ◆ Defence against an information onslaught
 - ◆ Maritime support
 - ◆ VIP transport
 - ◆ Regional peacekeeping
 - ◆ Support to government departments
 - ◆ Regional peace enforcement

- Priority 2
 - ◆ Regional peace building
 - ◆ Regional humanitarian intervention
 - ◆ Repelling of non-conventional onslaught
 - ◆ Presidential tasks
 - ◆ Maintenance of the health status of members of the SANDF
 - ◆ Regional disaster-relief and humanitarian assistance
 - ◆ Show-of-force
 - ◆ Protection of foreign assets
 - ◆ Regional peace enforcement
 - ◆ Search-and-rescue
 - ◆ Regional search-and-rescue
 - ◆ Repelling of unconventional onslaught

- Priority 3
 - ◆ Defence against a biological and/or chemical onslaught
 - ◆ International peacekeeping
 - ◆ Pre-emptive operations
 - ◆ International humanitarian intervention
 - ◆ International peace making
 - ◆ Regional peace observers - military observers
 - ◆ Repelling of conventional onslaught
 - ◆ International peace-enforcement
 - ◆ International peace building
 - ◆ International disaster-relief and humanitarian assistance
 - ◆ International search-and-rescue
 - ◆ International observers

COST OF DEFENCE

The Defence Vote for FY 2001/2002 was expended per main programme as indicated in table 1.1 below:

Table 1.1. Defence Expenditure per Main Programme: FY 2001/2002

Serial No	Main Programme	Expenditure (Rm)
1	Defence Administration	343 583
2	Landward Defence	3 139 347
3	Air Defence	1 991 024
4	Maritime Defence	815 260
5	Military Health	979 220
6	Joint Support	152 635
7	Command and Control	1 524 877
8	Defence Intelligence	213 078
9	Special Defence Account	4 721 284

STRATEGIC ISSUES

During the year under review, the top management of the DOD focused on strategic issues that could threaten the achievement of its aims. These issues and the progress made in respect of each issue are contained in table 1.2 below.

Table 1.2. DOD Strategic Issues

Serial No	Strategic Issue	Progress
1	Defence Act. The current Defence Act and Regulations are no longer entirely valid, which undermines the legal basis upon which the department operates.	The Draft Act is before Parliament and could be promulgated during the 2002 parliamentary session.
2	White Paper and Defence Review. Certain important aspects of policy in the White Paper on Defence and the Defence Review are not aligned with developments in, and the requirements of, the strategic environment.	This issue is incorporated into the Defence Capabilities Strategic Issue. The intent to forward probable changes to the White Paper on Defence is to be withheld until a clear indication is obtained of the effective and economical management of defence resources.
3	Collective Regional Security Management. The absence of a co-ordinated National and DOD strategy for collective security management with regional counterparts contributes to conflicting approaches detrimental to the security interests of South Africa.	This issue depends on the outputs generated through the Southern African Development Community (SADC) structures and other sub-regional institutions. Good progress is being made within the SADC Organ.

CHAPTER 1

<i>Serial No</i>	<i>Strategic Issue</i>	<i>Progress</i>
4	Defence Capabilities. There remains a mismatch between defence funding and the present force design. The latter is neither affordable nor sustainable and is not harmonised with the requirements of the strategic environment and ordered defence commitments.	The Military Strategy Appreciation and the Transitional Strategy have been defined. The Military Strategy has been formulated and was presented to the Minister of Defence during April 2002.
5	Alignment of Core and Support Processes with Public Finance Management Act (PFMA) Imperatives. The DOD's core management processes (SD Process, Force Employment Process, Force Preparation Process), in conjunction with support management processes (Logistic, Human Resources, Finance, Defence Intelligence, Command Management Information, Corporate Communication, etc), are not fully developed, integrated and institutionalised to be functionally aligned, harmonised and implemented according to PFMA imperatives.	The alignment of all operational and support processes is being evaluated through a sub-task team which aims to identify and neutralise duplication of defence activities.
6	Reserve Force. The availability of the Reserve Force as a contingent-ready force cannot be guaranteed.	Although many activities are in progress, the complex nature and practical realities of the Reserve Forces have not resulted in the definition of target dates as determined by a strategic framework for the Reserve Force of the SANDF.
7	DOD Infrastructure. The deteriorating condition of DOD facilities is adversely affecting the DOD's financial resources, thereby threatening operational readiness, morale and working conditions. This is despite the good service that the Public Works Department, which is responsible for government facilities, is providing to the DOD.	A comprehensive database has been compiled. The strategic issue will be completed by end of 2002 once the Military Strategy has been approved and specific force-structure guidelines have been determined.
8	Crime in the DOD. The current Strategy for the Management of Criminality should be reviewed and then be implemented at the lowest possible level.	The Strategy has been approved by the Plenary Defence Staff Council (PDSC). The implementation is in progress and feedback is to be presented to the PDSC every six months. Progress in the neutralisation of high levels of crime is slow and it is foreseen that through a total approach of resources management results will become evident.
9	Technology. The defence technology and industrial base, as a strategic asset, cannot be sustained in its present form owing to decreasing DOD investment.	The appropriate definition and responsibility of managing this issue is to be determined by Chief of Acquisition (C Acq).

CHAPTER 1

<i>Serial No</i>	<i>Strategic Issue</i>	<i>Progress</i>
10	Low Morale and Loss of Expertise. Inadequate remuneration, allowances, benefits and the continued pressure for the scaling down of operational capabilities result in low morale among members as well as a serious loss of operational and functional expertise.	The Task Team has presented an implementation strategy. Chiefs of Services and Divisions are executing the approved objectives. Feedback is to be given to the PDSC every six months.
11	Health Status (HIV/AIDS). The number of SANDF members unable to comply with the prescribed health standards is increasing rapidly, thus reducing the operational capability of the SANDF and draining its resources.	Project MASIBAMBISANE, an awareness programme, is being rolled out. As a result of the donation of additional funds by the US Government, the programme will be broadened during FY 2002/2003 to include the treatment as well as increasing awareness of HIV/AIDS.
12	The DOD Shared Value System. The establishment of the DOD Shared Value System is a priority.	This was implemented before the middle of 2000. The Code of Conduct parades and signing of individual certificates were completed and awareness programmes are conducted through the Education, Training and Development (ETD) system.
13	Transformation. Lack of resources, dynamic decision-making and non-realisation of preconditions (eg Employer Initiated Retrenchment (EIR), approved establishment tables, Command and Management Information (CMI) support, General Support Bases (GSB), organisation culture and Leadership, Command and Management Principles (LCAMPS) are hampering the implementation of transformation.	Transformation is in progress by means of the activities executed by the DOD Planning Forum. Continuous feedback is given to the PDSC.

DISCONTINUED SERVICES

The DOD has continued to execute its mandate without either scaling down or discontinuing any services.

NEW/PROPOSED SERVICES

None.

LOSSES AND DAMAGES

Detailed information on losses and damages is provided in the DOD financial statements.

PART 2 - HUMAN RESOURCES
CHAPTER 2





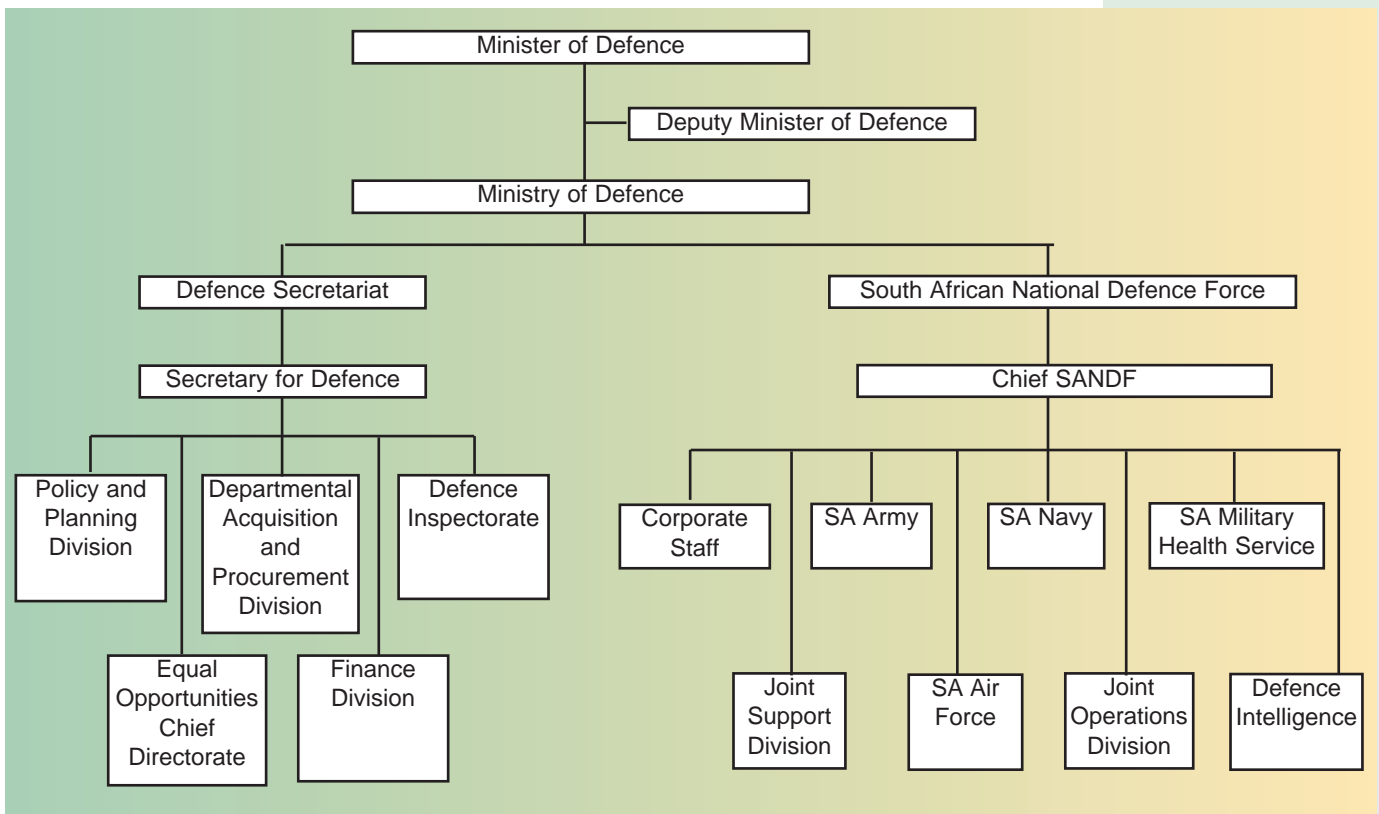
ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

ORGANISATIONAL STRUCTURE

OVERVIEW

The Department of Defence (DOD) is a large, complex organisation that is constantly reviewing its organisational structure in order to ensure alignment between the department's strategic objectives, the budget allocation, ordered commitments and likely missions. The DOD consists of the Ministry of Defence, the Defence Secretariat and the South African National Defence Force (SANDF). The organisation diagrams of the DOD (larger services and divisions only), as at the end of FY 2001/2002, are shown below.

Figure 2.1. Organisation Diagram of the Department of Defence



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Figure 2.2. Organisation Diagram of the Defence Secretariat

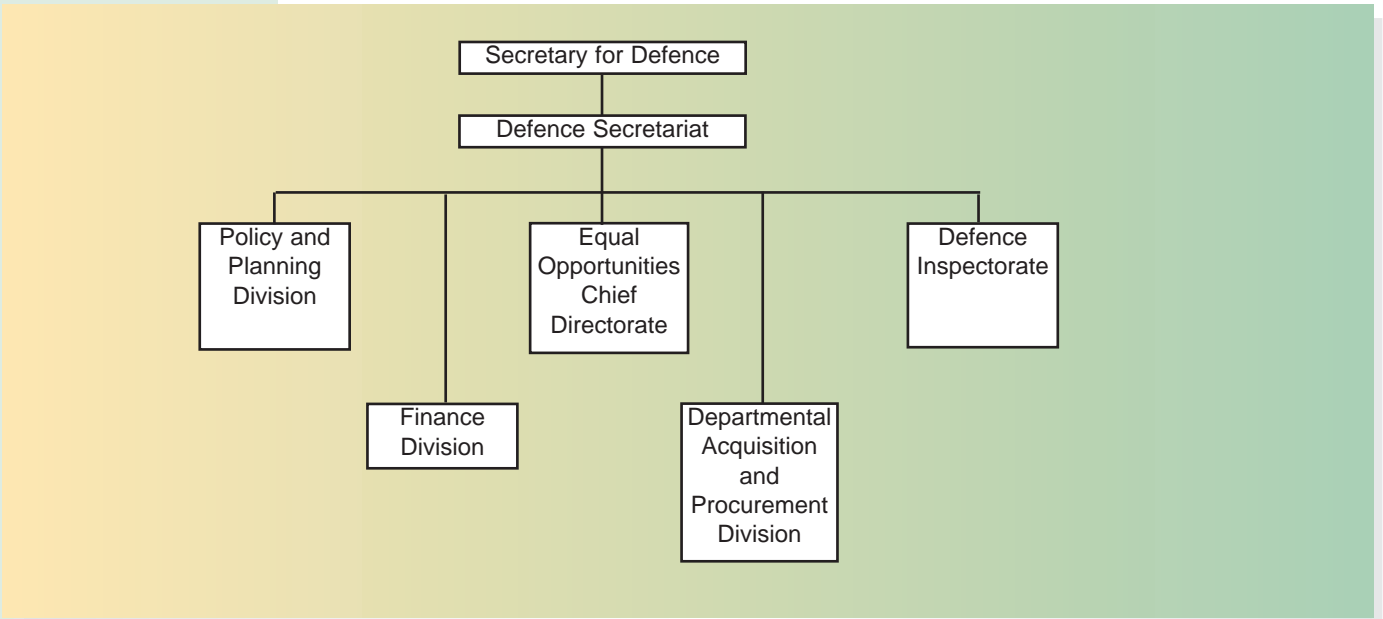
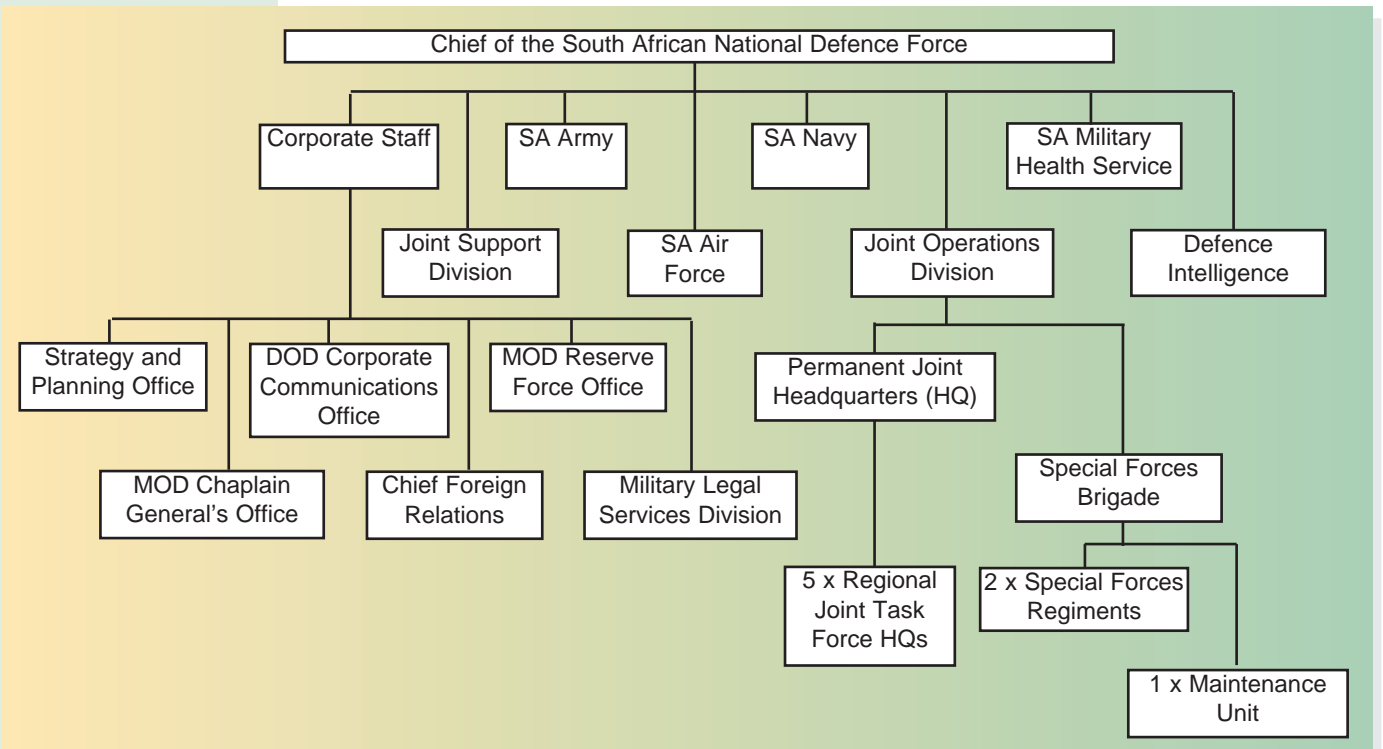
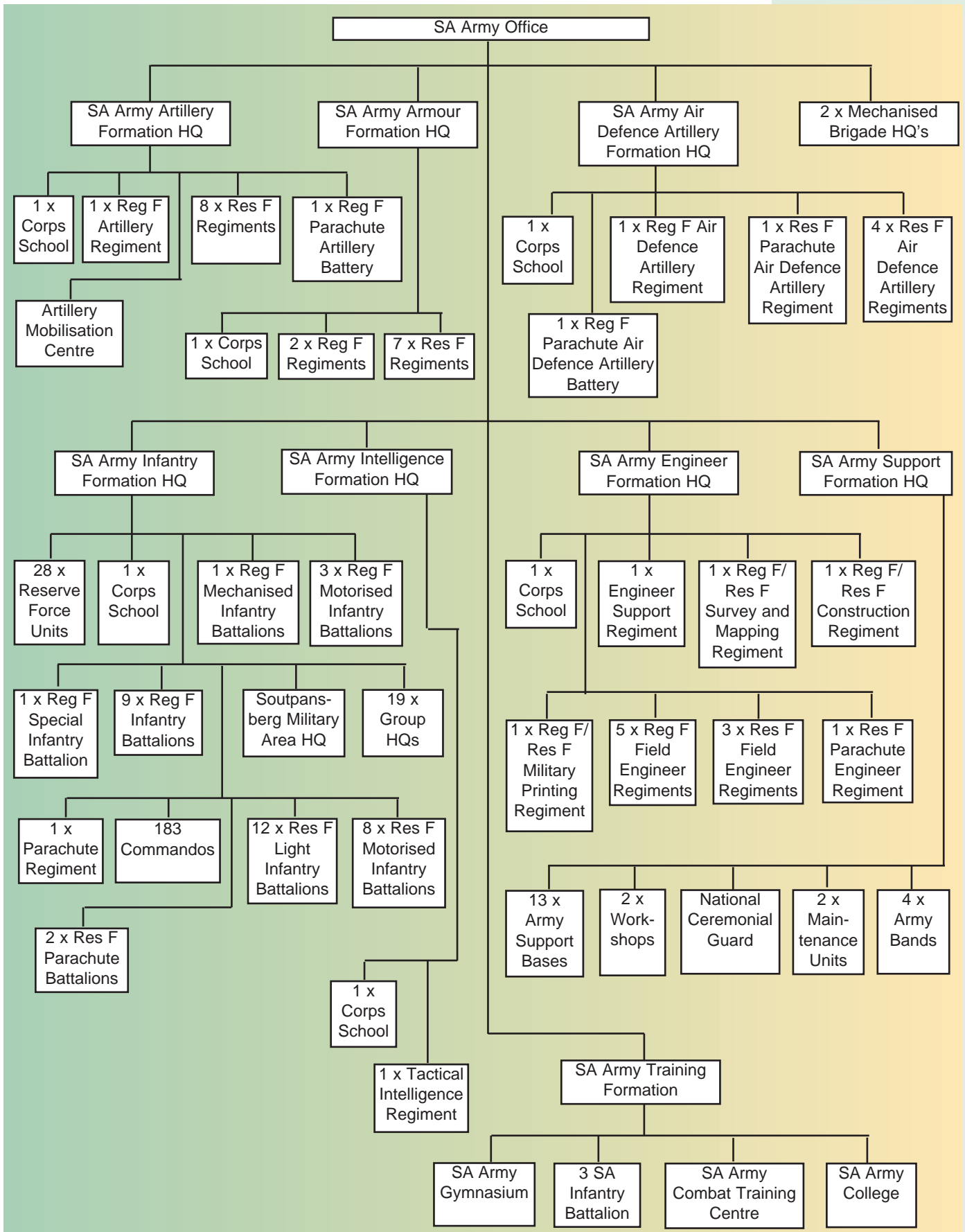


Figure 2.3. Organisation Diagram of the SANDF



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Figure 2.4. Organisation Diagram of the SA Army



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Figure 2.7. Organisation Diagram of the SA Military Health Service

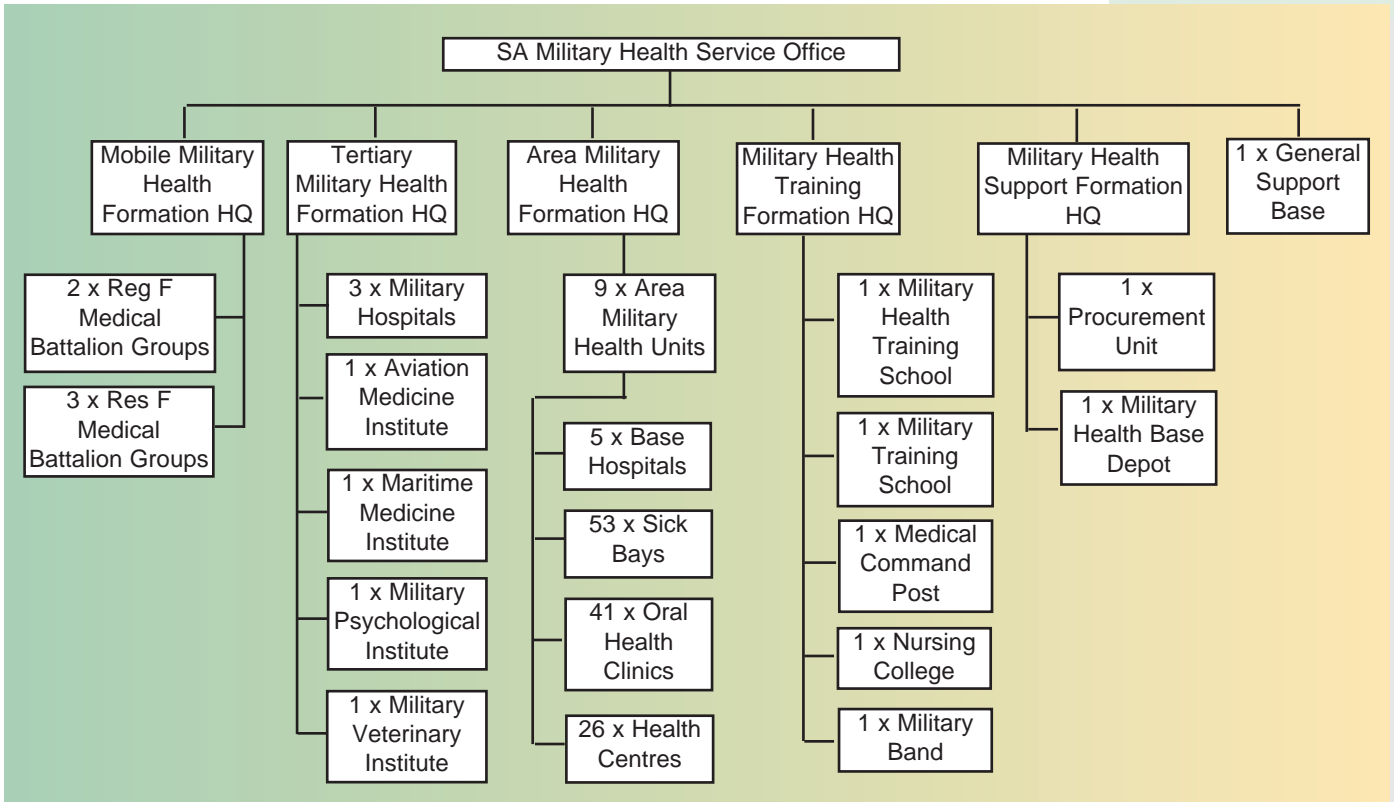
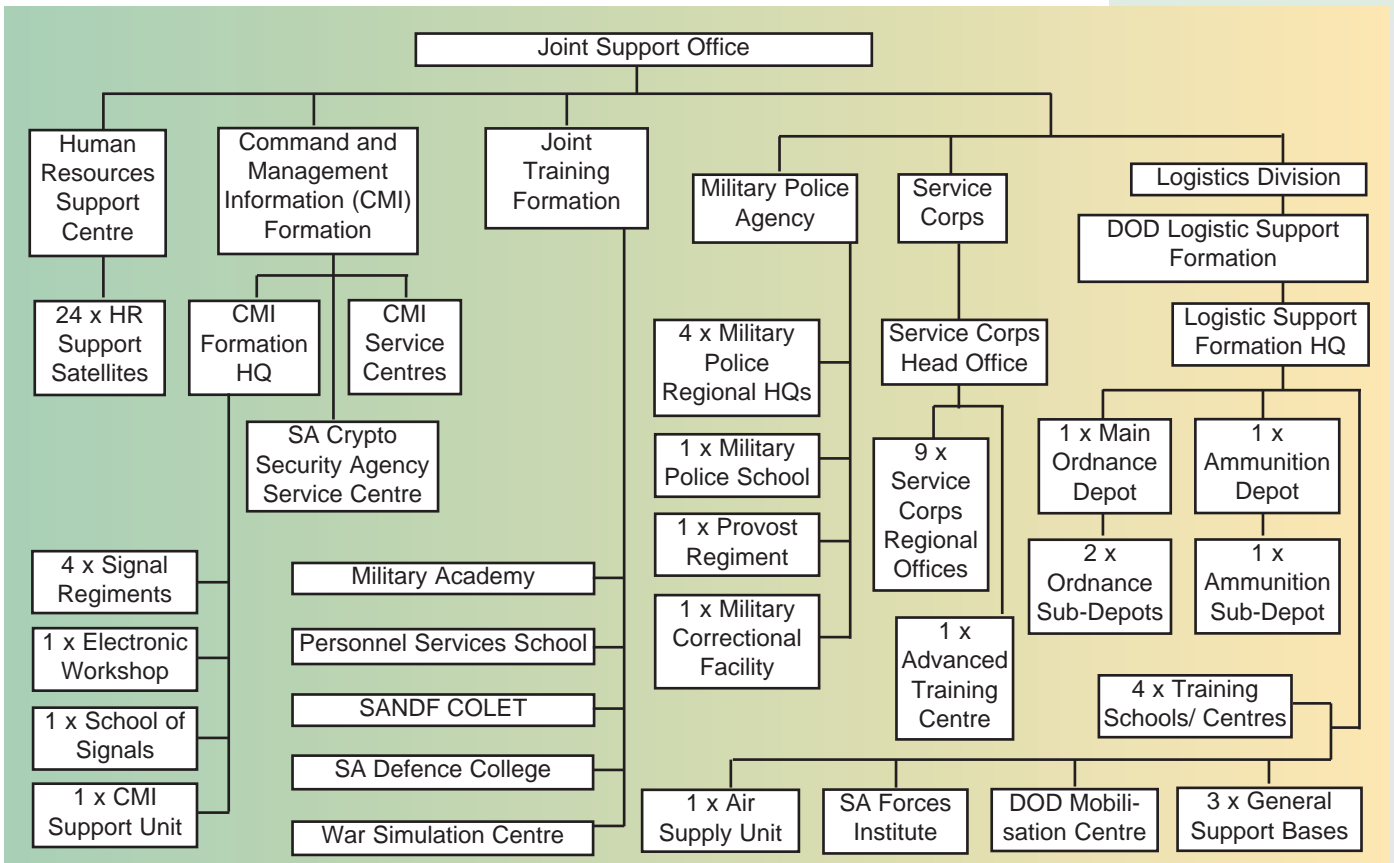


Figure 2.8. Organisation Diagram of the Joint Support Division





DOD HUMAN RESOURCE STRATEGY 2010

The macro Human Resource (HR) strategic direction for the DOD, which is to be followed from now until the year 2010, is spelt out in HR 2010. This strategy addresses high-level HR management concepts in order to position DOD HR to effectively and efficiently execute the DOD's mission. The HR Strategy 2010 therefore serves as a guideline for the development and/or amendment of administrative, operational and technical (AOT) policies and sub-strategies.

The aim of DOD HR Strategy 2010 is to ensure the establishment of the most effective, efficient and economically sound human resource component for the DOD, which is of the right quantity and quality and in the right place at the right time.

The strategy itself is based on a practical analysis of the current DOD HR component. The realities and the provisioning of strategic direction to guide HR management over the next ten years must provide solutions to solve the main HR problem areas. 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 is configured in terms of a metaphorical "cap stand" with "hooks" that makes provision for the development of departmental and AOT policies, as well as sub-strategies. 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 operating 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.

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 these 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 be 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 stated plan. The success of this strategy is dependent upon the support of all commanders and managers at all levels. A detailed HR Strategic Implementation Plan will guide the fulfilment of this strategy.

MACRO WORKFORCE COMPOSITION

During FY 2001/2002, the DOD Regulars (members serving in the long term, medium term, short term and auxiliary service) decreased by 3.5% from 61 684 to 59 523. The Public Service Act Personnel (PSAP) component decreased by 3% from 17 139 to 16 622. This reduction was achieved by making use of selective appointments, natural attrition, the Voluntary Severance Package and the Employer Initiated Package. The projected Defence Review guideline of a Full-time Component (Regulars and PSAP) strength of 70 000 could therefore theoretically be achieved by 2003.

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The strength of the Regulars and the PSAP per level/rank, race and gender as at 31 March 2002 is set out in tables 2.1 and 2.2, below.

Table 2.1. Analysis by Rank, Race and Gender as at 31 March 2002: Regulars

Rank	Asians				Africans				Coloureds				Whites				Total		
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total
Gen	0	0	0	0.0	1	0	1	100.0	0	0	0	0.0	0	0	0	0.0	1	0	1
Lt Gen	0	0	0	0.0	4	0	4	50.0	0	0	0	0.0	4	0	4	50.0	8	0	8
Maj Gen	2	0	2	5.1	17	1	18	46.1	0	0	0	0.0	18	1	19	48.7	37	2	39
Brig Gen	1	0	1	0.6	50	2	52	32.9	3	0	3	1.9	96	6	102	64.6	150	8	158
Col	2	2	4	0.6	94	9	103	14.8	12	0	12	1.7	513	66	579	82.9	621	77	698
Lt Col	6	3	9	0.6	276	44	320	22.2	52	1	53	3.7	897	164	1061	73.5	1231	212	1443
Maj	10	12	22	1.2	440	105	545	30.4	112	7	119	6.6	801	306	1107	61.7	1363	430	1793
Capt	11	13	24	0.9	730	337	1067	38.5	135	52	187	6.7	920	577	1497	53.9	1796	979	2775
Lt	17	7	24	1.4	623	214	837	47.3	150	68	218	12.3	454	238	692	39.1	1244	527	1771
2 Lt	3	7	10	3.1	86	23	109	34.2	18	11	29	9.1	105	66	171	53.6	212	107	319
Cpln	2	0	2	1.6	62	6	68	55.3	8	1	9	7.3	43	1	44	35.8	115	8	123
WO1	34	0	34	1.8	158	6	164	8.5	184	0	184	9.5	1303	249	1552	80.2	1679	255	1934
WO2	67	2	69	3.4	296	42	338	16.6	292	4	296	14.5	1057	277	1334	65.5	1712	325	2037
S Sgt	129	5	134	3.2	988	193	1181	28	717	44	761	18.0	1695	452	2147	50.8	3529	694	4223
Sgt	172	16	188	2.4	3127	749	3876	49.2	1145	178	1323	16.8	1886	613	2499	31.7	6330	1556	7886
Cpl	145	18	163	1.6	6396	994	7390	72.6	1255	182	1437	14.1	964	227	1191	11.7	8760	1421	10181
L Cpl	85	16	101	1.6	4537	715	5252	82.5	528	77	605	9.5	334	75	409	6.4	5484	883	6367
Pte	42	15	57	0.3	15175	870	16045	91.1	923	85	1008	5.7	327	175	502	2.8	16467	1145	17612
Total	728	116	844	1.4	33060	4310	37370	62.9	5534	710	6244	10.5	11417	3493	14910	25.1	50739	8629	59368
% of Reg F	1.2	0.2	1.4		55.7	7.3	62.9		9.3	1.2	10.5		19.2	5.9	25.1		85.5	14.5	100.0
Auxiliary	0	0	0	0.00	112	0	112	72.26	14	0	14	9.0	29	0	29	18.7	155	0	155
Total	728	116	844	1.4	33172	4310	37482	62.9	5548	710	6258	10.5	11446	3493	14939	25.1	50894	8629	59523

Table 2.2. Analysis by Salary Level, Race and Gender as at 31 March 2002: PSAP

Salary Level	Asians				Africans				Coloureds				Whites				Total		
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total
17	0	0	0	0.0	1	1	2	100.0	0	0	0	0.0	0	0	0	0.0	1	1	2
16	0	0	0	0.0	1	0	1	100.0	0	0	0	0.0	0	0	0	0.0	1	0	1
15	0	0	0	0.0	1	1	2	66.7	0	0	0	0.0	1	0	1	33.3	2	1	3
14	1	0	1	5.9	2	0	2	11.8	0	0	0	0.0	9	5	14	82.4	12	5	17
13	0	0	0	0.0	9	4	13	40.6	1	0	1	3.1	16	2	18	56.3	26	6	32
11 to 12	8	9	17	9.9	24	12	36	20.9	3	0	3	1.7	68	48	116	67.4	103	69	172
9 to 10	9	10	19	4.0	50	26	76	16.0	26	3	29	6.1	164	186	350	73.8	249	225	474
8	3	2	5	0.8	43	38	81	12.6	88	16	104	16.2	188	265	453	70.5	322	321	643
6 to 7	11	29	40	1.2	186	122	308	9.2	339	177	516	15.4	333	2149	2482	74.2	869	2477	3346
1 to 5	22	8	30	0.3	6009	2720	8729	73.2	1636	780	2416	20.2	202	555	757	6.3	7869	4063	11932
Total	54	58	112	0.7	6326	2924	9250	55.6	2093	976	3069	18.5	981	3210	4191	25.2	9454	7168	16622



PERSONNEL EXPENDITURE

The current personnel expenditure in the DOD has still not reached the desired Defence Review ratio of 40:30:30 for personnel, operating and capital respectively. Despite an average salary increase of 6% in FY 2000/2001, and 7% in FY 2001/2002 the overall personnel expenditure was reduced from 53% to 52% over the mentioned two financial years. The expenditure of 52% has been calculated excluding the Strategic Defence Packages. The personnel expenditure, including Strategic Defence Packages, is 39%.

Despite declining numbers, increasing personnel costs prevent the attainment of personnel expenditure towards the 40% Defence Review target. A staff test indicated that a more realistic target for the DOD would be 45% for personnel expenditure. However, the prolonged under-funding of the Reserve Force endangers the operational capability of the DOD, and may eventually lead to an additional burden on the personnel budget. Changes in the force design and force structure will dictate future personnel strengths and the budget. The full-time component needs to be somewhat reduced to free-up funds to ensure a more viable contingent ready Reserve Force.

A clearly defined and stable force design and force structure is a prerequisite for defining the appropriate and affordable size and shape of the DOD HR composition. The personnel expenditure for FY 2001/2002 per programme and salary level for the Regulars and PSAP is indicated in tables 2.3 and 2.4.

Table 2.3. DOD Personnel Costs by Programme for FY 2001/2002

<i>Programme</i>	<i>Regulars</i>	<i>PSAP</i>	<i>Total</i>
Landward Defence	2 187 260 748	255 115 616	2 442 376 364
Air Defence	802 740 629	105 710 043	908 450 672
Maritime Defence	434 786 465	186 453 927	621 240 392
Military Health Support	508 181 868	180 330 105	688 511 973
Administration	350 221 951	232 063 083	582 285 034
Joint Support	774 971 220	141 313 816	916 285 036
Total	5 058 162 882	1 100 986 589	6 159 149 471

Table 2.4. DOD Personnel Costs by Salary Level for FY 2001/2002

<i>Salary Level</i>	<i>Regulars</i>	<i>PSAP</i>	<i>Total</i>
Salary Levels 1-2	23 117 924	401 576 443	424 694 367
Salary Levels 3-5	2 004 842 670	148 917 416	2 153 760 087
Salary Levels 6-8	1 863 097 877	407 886 458	2 270 984 335
Salary Levels 9-12	1 085 862 789	125 115 225	1 210 978 014
Salary Levels 13-14 (Professionals)	7 125 678	6 375 647	13 501 325
Senior Management Service	74 115 944	11 115 400	85 231 344
Total	5 058 162 882	1 100 986 589	6 159 149 471

Overtime, allowances and benefits represent approximately 20.54% of the total personnel expenditure. The details per programme and salary level are indicated in tables 2.5 and 2.6.

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Table 2.5. DOD Overtime, Allowances and Benefits by Programme for FY 2001/2002

Programme	Regulars			PSAP		
	Overtime	Allowances	Benefits	Overtime	Allowances	Benefits
Landward Defence	42 611	206 415 155	247 035 434	850	7 372 778	42 838 037
Air Defence	0	73 890 384	100 162 329	0	2 716 533	17 885 923
Maritime Defence	4 864	30 138 053	53 095 532	3 415 424	5 749 836	37 724 468
Military Health Support	19 878 321	23 839 351	63 964 996	16 363 883	5 693 711	28 193 559
Defence Administration	2 939	13 899 065	39 337 367	123 931	7 648 501	32 080 879
Joint Support	98 890	47 880 241	105 606 300	11 943	5 771 836	26 304 479
Total	20 017 897	396 062 249	609 201 957	19 916 031	34 953 196	185 027 345

Table 2.6. DOD Overtime, Allowances and Benefits by Salary Level for FY 2001/2002

Salary Level	Regulars			PSAP		
	Overtime	Allowances	Benefits	Overtime	Allowances	Benefits
Salary Levels 1-2	436	2 812 775	2 573 094	2 730 440	11 601 078	66 096 596
Salary Levels 3-5	466 048	185 296 846	227 770 950	1 663 298	4 329 600	28 406 418
Salary Levels 6-8	4 148 626	110 195 713	242 141 286	3 739 276	13 063 164	70 047 946
Salary Levels 9-12	13 252 025	86 440 304	128 948 263	10 497 315	5 769 021	18 507 877
Salary Levels 13-14 (Professionals)	1 452 145	531 217	611 795	1 285 702	52 083	822 431
Senior Management Service	698 617	10 785 395	7 156 569	0	138 250	1 146 077
Total	20 017 897	396 062 249	609 201 957	19 916 031	34 953 196	185 027 345

NOTE. Benefits reflect the amount utilised Home Owners allowances, Medical Aid and Pension.

EMPLOYMENT AND VACANCIES

The DOD establishment figures, indicated in the table below, reflect only the transitional figures. This is caused by restructuring and re-engineering in the DOD not yet being completed.

Based on a structural audit conducted in July 2001, budget holders adjusted their baseline establishment figures accordingly. These figures will again be adjusted after completion of the restructuring and re-engineering process.

Table 2.7. Approved DOD Establishment by Budget Holder for FY 2001/2002

Budget Holder	Approved Establishment (Transformed Posts)		July 2001 Approved Baseline		Medium Term Establishment (Estimate)	
	1 April 2001	31 March 2002	Strength	%	31 March 2003	38077
Landward Defence	34 265	33 314	33 920	42.01	33 899	33 899
Air Defence	1 079	11 717	11 000	13.62	10 994	10 994
Maritime Defence	7 561	7 703	7 932	9.82	7 927	7 927
Military Health Service	2 264	8 509	8 158	10.10	8 158	8 158
Defence Administration	5 073	5 453	5 185	0.02	5 166	5 166
Joint Support	11 523	15 381	14 549	0.01	14 572	14 572
Total	61 766	82 077	80 744	100.00	80 716	80 716

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The DOD staffing process is reliant upon the completion of the re-structuring process. The number of employees indicated as additional to the establishment in the following tables is based on a statistical comparison of the establishment figure to the number of personnel, and does not necessarily mean that the personnel indicated as additional to the establishment have been individually identified. See table 2.8 for the detail per salary level for the Regular and PSAP component.

Table 2.8. Employment and vacancies by Salary Level as on 31 March 2002

Salary Level	Establishment	Number of employees	Vacancy	Additional to the Establishment
Level 1 - 2	8 262	9 900	0	1 638
Level 3 - 5	31 103	36 353	0	5 250
Level 6 - 8	32 561	22 913	9 648	0
Level 9 - 12	9 784	6 695	3 089	0
Level 13 - 14 (Professionals)	121	80	41	0
Senior Management Service	246	204	42	0
TOTAL	82 077	76 145	12 820	6 888

JOB EVALUATION

A total of 1 734 jobs were evaluated.

Table 2.9. Job Evaluation by Salary Level for FY 2001/2002

Salary Level	Post establishment table	Number of jobs evaluated	Posts Upgraded		Posts Downgraded	
			Number	% of total	Number	% of total
Salary Levels 1-2	8 262	620	4	0.04%	143	1.63%
Salary Levels 3-5	31 103	213	11	0.03%	0	0%
Salary Levels 6-8	32 561	671	4	0.01%	22	0.1%
Salary Levels 9-12	9 784	82	4	0.03%	1	0.01%
Salary Levels 13-14 (Professionals)	121	52	0	0%	0	0%
Senior Management Service	246	96	0	0%	0	0%
Total	82 077	1 734	23	28.86%	166	1.3%

The number of DOD members whose remuneration levels exceeded the grade (determined by job evaluation as on 31 March 2002) of the post in which they were employed is not available. This information will be made available in the FY 2002/2003 Annual Report.

EMPLOYMENT CHANGES

Appointments are significantly low in comparison with terminations of service. However, there is an increase in the appointment of personnel in the Black race group, especially in the middle to senior management level. Selective appointments within the whole spectrum of race and gender have contributed to the overall improvement of representivity in the department. Budget constraints necessitated the restriction of appointments in specialised and professional occupations. The appointments, promotions and terminations for FY 2001/2002 are included in table 2.10 for Regulars and table 2.11 for PSAP.

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It must be noted that initial appointments in the Regular component are only made at entry level. Subsequent levels are filled by promotion only. No direct appointments from outside the DOD are made in promotion posts.

The appointments and transfers of all genders in terms of race distribution for FY 2001/2002 for the DOD were as follows.

Figure 2.9. Appointments and Transfers by Race

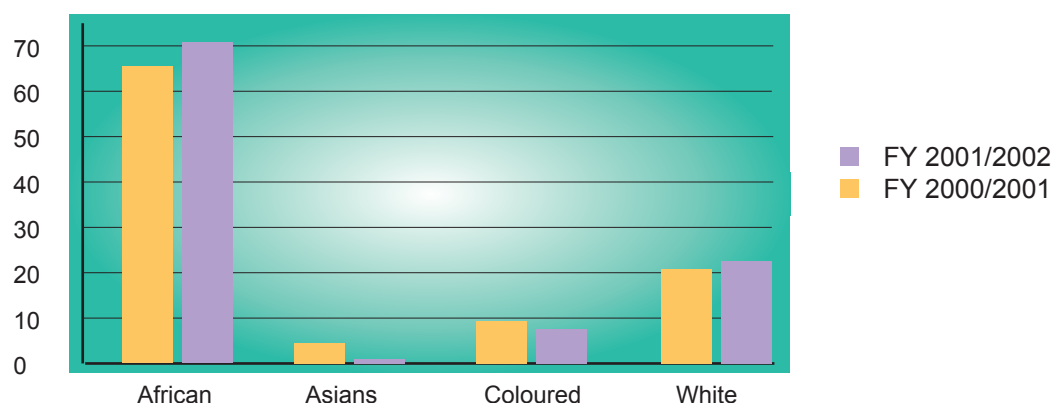


Table 2.10. Appointments, Promotions and Terminations of Service for FY 2001/2002: Regulars

Race	Gender	1 April 2001 Strength	Initial Appointments	Promotions	Terminations
Asians	Total	856	54	146	63
	Male	741	43	120	58
	Female	115	11	26	5
Africans	Total	38 310	470	4 815	906
	Male	34 109	321	4 146	830
	Female	4 201	149	669	76
Coloureds	Total	6 349	108	978	155
	Male	5 687	65	873	137
	Female	662	43	105	18
Whites	Total	16 169	173	2 856	1 224
	Male	12 508	132	2 234	975
	Female	3 661	41	622	249
Grand Total		61 684	805	8 795	2 348

NOTE 1. Appointments include inter-departmental transfers to the DOD.
2. Termination of service includes inter-departmental transfers from the DOD.



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Table 2.11. Appointments, Promotions and Terminations of Service for FY 2001/2002: PSAP

Race	Gender	1 April 2001 Strength	Initial Appointments and Transfers	Promotions	Terminations
Asians	Total	103	21	10	15
	Male	50	12	4	9
	Female	53	9	6	6
Africans	Total	9 459	125	180	334
	Male	6 527	44	104	244
	Female	2 932	81	76	90
Coloureds	Total	3 198	9	185	135
	Male	2 197	5	110	109
	Female	1 001	4	75	26
Whites	Total	4 379	130	436	343
	Male	1 041	48	80	111
	Female	3 338	82	356	232
Grand Total		17 139	285	811	827

NOTE 1. Appointments include DOD inter-departmental transfers.
2. Terminations of service include DOD inter-departmental transfers.

Table 2.12. Appointments and Terminations by Salary Level for FY 2001/2002: Regulars

Salary Level	Strength as at 1 April 2001	Initial Appointments	Terminations
Salary Levels 1-2	857	30	24
Salary Levels 3-5	36 255	579	1 008
Salary Levels 6-8	18 643	155	935
Salary Levels 9-12	5 711	41	366
Professionals (Salary Levels 13-14)	42	0	3
Senior Management Service	176	0	12
Total	61 684	805	2 348

The lowest figures for initial appointment on entry level for Regulars were experienced in salary levels 1-2 (30), 9-12 (41) and 13-14 (0), whilst the highest appointment figures were experienced in salary level 3-5 (579), which represents 71.9% of the total appointment figures. As a result of the fluidity in strategic planning, personnel reduction is not guided by a clearly defined force design and establishment, and the lack of an enforceable exit management framework has, up to now, hampered efforts to expedite rightsizing.

The lowest termination figures for Regulars were visible in levels 1-2 and 13-14, which represent 1.02% and 0.13% of the total termination figures respectively. The highest termination figures for Regulars are in salary levels 3-5 and 6-8, which represent 42.9% and 39.8% of the total termination figures respectively. It is also notable that 12 terminations occurred in the Senior Management Service (SMS) levels, which represent 0.5% of the total terminations.

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Table 2.13. Appointments and Terminations by Salary Level for FY 2001/2002: PSAP

Salary Level	Strength as at 1 April 2001	Initial Appointments	Terminations
Salary Levels 1-2	9 974	22	387
Salary Levels 3-5	2 686	46	122
Salary Levels 6-8	3 811	124	224
Salary Levels 9-12	617	90	91
Professionals (Salary Levels 13-14)	38	3	3
Senior Management Service	13	0	0
Total	17 139	285	827

The lowest termination figures for PSAP were experienced in salary levels 9 - 12 and 13 - 14, which represent 11% and 0.36% respectively. The highest termination figures were experienced in levels 1-2 and 6-8 which represent 46.80% and 27.09% respectively.

Table 2.14. Initial Appointments and Termination of Service for FY 2001/2002 by Critical Occupation: Regulars

Critical Occupation	Initial Appointments	Terminations
Air space control	11	41
Aircrew	32	81
Anti-aircraft	4	27
Artillery	1	39
Combat navy	20	51
Engineer	23	18
Medical professional	40	84
Nursing	117	87
Technical	283	442
TOTAL	531	870

Table 2.15. Appointments and Termination of Service for FY 2001/2002 by Critical Occupation: PSAP

Critical Occupation	Appointments and Transfers	Terminations
Air space control	0	0
Aircrew	0	0
Anti-aircraft	0	0
Artillery	0	0
Combat navy	0	1
Engineer	0	1
Medical professional	178	137
Nursing	13	7
Technical	4	39
TOTAL	195	185

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With regard to critical occupations, it is clear that most terminations occurred in occupations where the DOD has the greatest need, and that the rate of replacement by either promotion or appointment is not adequate to maintain the capabilities of the DOD.

The integration of former forces and subsequent appointments of previously disadvantaged people enabled the DOD to attain an overall predominantly black composition, with Africans comprising 61.1% of the total personnel strength.

Since 1994, the DOD has made significant progress in improving representivity, especially in respect of race and gender. Recruiting, appointments, promotions and career development are all executed in compliance with the relevant criteria for representivity. Normalisation of representivity must, however, still occur in the specialised occupations.

Table 2.16. Attrition by Reasons for Leaving the Department for FY 2001/2002: Regulars

Termination Type	1998/1999	1999/2000	2000/2001	2001/2002
Retirement	67	46	67	48
Deceased	457	510	546	554
Departmental Transfer	45	36	47	34
Contract Expire	310	240	80	76
Retrenchment	0	0	1	2
Discharge	854	276	417	93
Resign	2 168	1 456	1 065	1 035
Contract Change	0	1	1	0
Medical Discharge	117	107	75	68
Voluntary Severance Package	2 989	2 430	1 227	4
Employer Initiated Package	0	0	0	371
Other	17	20	21	63
Total	7 024	5 122	3 547	2 348

Table 2.17. Attrition by Reasons for Leaving the Department for FY 2001/2002: PSAP

Termination Type	1998/1999	1999/2000	2000/2001	2001/2002
Retirement	175	123	144	146
Deceased	126	129	145	159
Departmental Transfer	33	13	19	16
Contract Expire	1	0	0	1
Retrenchment	2	1	5	1
Discharge	91	60	61	43
Resign	226	211	203	245
Contract Change	18	24	27	37
Medical Discharge	139	125	104	77
Voluntary Severance Package	797	1 032	514	0
Employer Initiated Package	0	0	0	102
Other	0	0	0	0
Total	1 608	1 718	1 222	827

Since 1998, the DOD has experienced a 6% reduction per year due to a large number of members leaving the service by means of the Voluntary Severance Package. The Voluntary Severance Package was replaced by the Employer Initiated Package with less success.

In general, whilst the number of members leaving has decreased when measured as a percentage of the total strength, no significant change in the reasons for leaving has been noted. A slight increase in the attrition figure due to death has, however, been experienced.

AFFIRMATIVE ACTION

Overall Picture

In terms of the requirement set by the White Paper on Affirmative Action for the Public Service, the DOD representivity target of 2002 for Whites is 1% over the required 24.35%, Coloureds 2% over the required 10.22%, Asians 1% over the required 0.75% and the Africans 2% under the required 64.68%.

- **Changes in Representivity.** Between 1994 and 2002 the following changes in respect of representivity occurred:
 - ◆ **Positive Changes**
 - Whites decreased by 20.3%
 - Africans increased by 23.6%
 - Coloureds decreased by 3.5%
 - ◆ **Negative Changes**
 - Asians decreased by 1.1%

In terms of total numbers, the DOD has generally attained an optimal level of representivity. Accomplishing rightsizing in terms of race composition at all levels especially middle management, privates, and certain specialised and professional musterings, remains a challenge. However, race composition within junior levels has increased significantly over the past eight years from 37.5% Blacks in 1994 to 61.1% Blacks in 2002, with Whites decreasing from 45.7% in 1994 to 25.4% in 2002. The focus over the short to medium term should shift towards normalising the state of representivity in the SANDF's professional and highly specialised combat and technical musterings at middle management and entry level.

The female composition increased from 19.8% in 1994 to 20.6% in 2002. The highest female composition per rank group occurs in the junior officer group, which bodes well for the growth of female representivity in the future officer corps.



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Table 2.18. Changes in Representivity for FY 2001/2002: Regulars

Race	Gender	01 April 2001		31 March 2002		Variance	
		Numbers	% of Total	Numbers	% of Total	Numbers	%
Asians	Total	851	1.29	844	1.41	-19	-2.23
	Male	737	1.20	728	1.21	-20	-2.71
	Female	114	0.19	116	0.19	1	0.88
Africans	Total	38 243	62.22	37 482	63.06	-973	-2.54
	Male	34 045	55.39	33 172	55.78	-1 077	-3.16
	Female	4 198	6.83	4 310	7.28	104	2.48
Coloureds	Total	6 346	10.33	6 258	10.56	-106	-1.67
	Male	5 684	9.25	5 548	9.36	-154	-2.71
	Female	662	1.08	710	1.20	48	7.25
Whites	Total	16 026	26.07	14 939	24.97	-1 268	-7.91
	Male	12 373	20.13	11 446	19.08	-1 098	-8.87
	Female	3 653	5.94	3 493	5.89	-170	-4.65
People with a Disability		427	0.69	431	0.73	4	0.94
Grand Total		61 466	100.00	59 523	100.00	-2 366	-3.85

NOTE. The overall 3.85% decrease is positive in terms of the concept of becoming an affordable core force.

Table 2.19. Changes in Representivity for FY 2001/2002: PSAP

Race	Gender	01 April 2001		31 March 2002		Variance	
		Numbers	% of Total	Numbers	% of Total	Numbers	%
Asians	Total	101	0.59	112	0.67	10	9.90
	Male	48	0.28	54	0.32	5	10.42
	Female	53	0.31	58	0.35	5	9.43
Africans	Total	9 443	55.39	9 250	55.73	-213	-2.26
	Male	6 514	38.21	6 326	38.11	-202	-3.10
	Female	2 929	17.18	2 924	17.62	-11	-0.38
Coloureds	Total	3 197	18.75	3 069	18.52	-130	-4.07
	Male	2 196	12.88	2 093	12.63	-104	-4.74
	Female	1 001	5.87	976	5.89	-26	-2.60
Whites	Total	4 308	25.27	4 191	25.08	-155	-3.60
	Male	980	5.75	981	5.75	-27	-2.76
	Female	3 328	19.52	3 210	19.32	-128	-3.85
Grand Total		17 049	100.00	16 622	100.00	-488	-2.86

NOTE. The overall 2.86% decrease is positive in terms of the concept of an affordable DOD.

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

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On 31 March 2002 14.56% of the DOD's members were women, with a racial distribution as follows (with the 2001 percentage variance in brackets):

Africans	49.96% (+2.41%);
Asians	1.33% (+0.86%);
Coloureds	8.24% (+6.76%); and
Whites	40.45% (-4.88%).

On 31 March 2002 85.43% of the DOD's members were men, with a racial distribution as follows (with the 2001 percentage variance in brackets):

Africans	65.29% (+3.26%);
Asians	1.42% (+2.78%);
Coloureds	10.95% (-0.27%); and
Whites	22.33% (-9.73%).

People with disabilities formed 0.72% of the DOD's work force as at 31 March 2002. This represents an increase of 0.92% from the 2000/2001 financial year. The total number of people with disabilities is not included in the grand total.

The status of DOD SMS level representivity and the gap to be filled as at March 2002 are indicated in table 2.20 below:

Table 2.20. SMS Representivity in the DOD for FY 2001/2002

Category	Baseline Target	DOD Position as at February 2001	DOD Position as at 31 March 2002	Gap to be filled
Blacks at SMS Level (Blacks is a generic term for Coloureds, Africans and Asians)	50% by 1999	i. Africans: 76 ii. Coloureds: 3 iii. Asians: 4 iv. Whites: 158 v. Total : 251	i. Africans: 95 ii. Coloureds: 4 iii. Asians: 4 iv. Whites: 158 v. Total : 261	Number of Black persons to be promoted to achieve 50%: 27
Women at SMS level	30% by 1999	i. Africans: 8 ii. Coloureds: 0 iii. Asians: 0 iv. Whites: 10 v. Total women: 18	i. Africans: 9 ii. Coloureds: 0 iii. Asians: 0 iv. Whites: 14 v. Total women: 23	Number of women to be promoted to achieve 30%: 55
Total		Total posts: 251	Total posts: 283	

The White Paper on Affirmative Action in the Public Service states that National Departments must develop more refined targets in order to deal with specific inequalities within particular groups and levels. The Department of Defence has, in this respect, developed a Department of Defence Affirmative Action Implementation Plan. The White Paper on Affirmative Action in the Public Service also states that the Government will review and re-set the national minimum targets by the end of 2000 and every three years thereafter. This information is still outstanding and therefore current targets are utilised. In order to achieve the Black representivity target of 50%, an additional 27 members must be appointed in this group. An analysis of this group indicates an inappropriate distribution as Africans comprise 91.1% of the Blacks whilst Coloureds comprise 3.9% and Asians 4.9% of the group.





A total of 55 members are needed to achieve representivity of 30% female members. Of the 8.81% (23 members), the percentage per race group indicates that Africans are 39%, and the Whites are 61%. A 14.28% positive increase from 2001 to 2002 of women in the SMS level is due to the increase in the number of White women by 33.33%.

PERFORMANCE REWARDS

The payment of performance incentives was dealt with separately from the annual performance appraisal process for the second consecutive year running. The results of the process were positive, with an average of 17% of each rank group/salary level in the SANDF receiving a performance incentive payment. This represents a major improvement on the 1998/1999 cycle, when the majority of incentive allocations were for middle to senior management. The allocation pattern for PSAP in the DOD was, however, not yet on par with that of the SANDF. An improvement is expected in the forthcoming payment cycle.

The DOD has managed to remain within its budget for the payment of incentives for the second consecutive year running. This spending of performance incentives was also lower in real terms, indicating an acceptance of the principle among supervisors that, on average, only 17% of personnel can be considered for a performance incentive.

The annual performance appraisal cycle did not show the same positive results as the process of performance incentives. The tendency among supervisors was to allocate above average marks for the majority of personnel, with less attention being paid to the intended aim of utilising appraisal results for career management and development purposes.

The new interim performance appraisal system for the DOD was finalized, and will be implemented on 1 April 2003. The system represents a major break from past appraisal practices, and all DOD personnel will be assessed on a universal instrument, depending on their military rank or salary level. The aim of this system will be to focus the attention of supervisors on the developmental role of the appraisal system, and to establish a more accurate indication of the competency and skill level of personnel.

Table 2.21. Performance Rewards by Race and Gender for FY 2001/2002: Regulars

Race	Gender	Beneficiary Profile			Cost	
		No of Beneficiaries	No of Employees	% of Total within Group	Cost R	Per Capita Cost R
Asians	Total	153	856	18%	1 131 495	7 395
	Male	135	741	18%	1 008 523	7 471
	Female	18	115	16%	122 972	6 832
Africans	Total	4 545	3 8310	12%	23 378 661	5 144
	Male	4 038	34 109	12%	20 692 374	5 124
	Female	507	4201	12%	2 686 287	5 298
Coloureds	Total	1 001	6 349	16%	6 551 59	6 545
	Male	872	5 687	15%	5 751 182	6 595
	Female	129	662	19%	800 477	6 205
Whites	Total	2 733	16 169	17%	25 350 065	9 276
	Male	2 008	12 508	16%	19 156 540	9 540
	Female	725	3 661	20%	6 193 525	8 543
Grand Total		8 432	61 684	14%	56 411 880	6 690

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The performance rewards distribution for FY 2001/2002 for Regulars was as follows (with the 2001 percentages in brackets):

Asians	1.8% (0.75%);
Africans	53.9% (64.68%);
Coloureds	11.87% (10.22%); and
Whites	32.41% (24.35%).



Table 2.22. Performance Rewards by Race and Gender for FY 2001/2002: PSAP

Race	Gender	Beneficiary Profile			Cost	
		No of Beneficiaries	No of Employees	% of Total within Group	Cost R	Per Capita Cost R
Asians	Total	14	103	14%	103 703	7 407
	Male	3	50	6%	28 410	9 470
	Female	11	53	21%	75 293	6 845
Africans	Total	459	9 459	5%	1 673 104	3 645
	Male	302	6 527	5%	1 082 136	3 583
	Female	157	2 932	5%	590 968	3 764
Coloureds	Total	276	3 198	9%	1 539 109	5 576
	Male	178	2 197	8%	1 020 996	5 736
	Female	98	1 001	10%	518 113	5 287
Whites	Total	841	4 379	19%	6 720 790	7 991
	Male	124	1 041	12%	1 474 807	11 894
	Female	717	3 338	21%	5 245 983	7 317
Grand Total		1 590	17 139	9%	10 036 707	6 312

The performance rewards distribution for FY 2001/2002 for PSAP was as follows (with the 2001 percentages in brackets):

Asians	0.88% (0.75%);
Africans	28.86% (64.68%);
Coloureds	17.35% (10.22%); and
Whites	52.89% (24.35%).

Table 2.23. Performance Rewards by Salary Level for FY 2001/2002: Regulars

Salary Levels	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees	% of Total within Group	Cost R	Per Capita Cost R
Levels 1-2	15	857	2%	4 7 282	3 152
Levels 3-5	4 182	36 255	12%	18 558 117	4 438
Levels 6-8	3 121	18 643	17%	23 151 460	7 418
Levels 9-12	1 111	5 711	19%	1 4586 228	13 129
Levels 13-14	1	56	2%	35 701	35 701
SMS	2	162	1%	33 092	16 546
Grand Total	8 432	61 684	14%	56 411 880	6 690

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Table 2.24. Performance Rewards by Salary Level for FY 2001/2002: PSAP

Salary Levels	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees	% of Total within Group	Cost R	Per Capita Cost R
Levels 1-2	445	9 935	4%	1 376 374	3 093
Levels 3-5	251	2 725	9%	1 115 192	4 443
Levels 6-8	788	3 811	21%	5 805 112	7 367
Levels 9-12	100	617	16%	1 650 176	16 502
Levels 13-14	3	24	13%	45 965	15 322
SMS	3	27	11%	43 889	14 630
Grand Total	1 590	17 139	9%	10 036 707	6 312

Table 2.25. Performance Rewards by Critical Occupations for FY 2001/2002: Regulars

Salary Levels	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees	% of Total within Group	Cost R	Per Capita Cost R
Air space control	81	501	16%	711 121	8 779
Aircrew	64	560	11%	829 891	12 967
Anti-aircraft	82	656	13%	484 346	5 907
Artillery	132	936	14%	821 726	6 225
Combat navy	72	643	11%	673 146	9 349
Engineer	11	171	6%	134 683	12 244
Medical professional	60	858	7%	596 469	9 941
Nursing	156	1 332	12%	1 158 066	7 423
Technical	880	6 872	13%	6 789 991	7 716
Grand total	1 538	12 529	12%	12 199 438	7 932

Table 2.26. Performance Rewards by Critical Occupations for FY 2001/2002: PSAP

Salary Levels	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees	% of Total within Group	Cost R	Per Capita Cost R
Combat navy	2	29	7%	7 360	3 680
Medical professional	9	509	2%	89 315	9 924
Nursing	14	137	10%	150 905	10 779
Technical	85	771	11%	835 470	9 829
Grand total	110	1 446	8%	1 083 070	9 846

FOREIGN WORKERS

All personnel employed by this department during FY 2001/2002 were in possession of RSA citizenship.

SICK LEAVE

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.

Table 2.27. Sick leave taken by DOD Members for FY 2001/2002: Regulars

Salary Levels	Total days taken	No of Employees	Average per employee
Levels 1-2	10 102	299	34
Levels 3-5	1 056 706	33 486	32
Levels 6-8	643 052	19 919	32
Levels 9-12	201 122	6 335	32
Levels 13-14	1 850	61	30
SMS	5 744	181	32
Total	1 918 576	60 281	32

Table 2.28. Sick leave taken by DOD Members for FY 2001/2002: PSAP

Salary Levels	Total days taken	No of Employees	Average per employee
Levels 1-2	325 476	9 516	34
Levels 3-5	79 839	2 457	32
Levels 6-8	131 420	4 081	32
Levels 9-12	18 720	687	27
Levels 13-14	681	24	28
SMS	773	27	29
Total	556 909	16 792	33

LABOUR RELATIONS

DISCIPLINE

Although there was a decrease in the number of crime-related cases, the most significant issue was the increase in fraud-related cases from 159 cases in FY 2000/2001 to 223 cases in FY 2001/2002. This is considered to be a serious matter, and is being addressed vigorously.

Table 2.29 clearly indicates that Absence Without Leave (AWOL) was the most frequently committed offence during FY 2000/2001 and FY 2001/2002. Other offences such as drunkenness, disobedience, dishonesty and aggression made up the rest. In comparison with FY 1999/2000, drunkenness diminished among SANDF personnel. Aggression was not indicated separately in the statistics for FY 2000/2001 but was incorporated in the "Other" category. Aggression will be indicated separately as an offence from FY 2001/2002 onwards.

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Table 2.29. Disciplinary Offences in the DOD for FY 2001/2002

Offence	Sentenced		Safe Custody		Detention Barracks Population	
	2000/2001	2001/2002	2000/2001	2001/2002	2000/2001	2001/2002
AWOL	77	88	117	91	194	179
Drunkness	2	4	89	24	91	28
Disobedience	11	17	6	6	17	23
Dishonesty	10	13	35	24	45	37
Aggression	-	9	-	20	-	29
Other	15	0	62	10	77	10
Total	115	131	309	175	424	306

SKILLS DEVELOPMENT

Table 2.30. Skills Development for FY 2001/2002

Description	Male					Female				
	Africans	Coloureds	Asians	Whites	Disabled	Africans	Coloureds	Asians	Whites	Disabled
Professional Development: Officers	896	201	18	471	3	114	41	6	118	0
Professional Development: WO / Other Ranks	2 230	543	109	887	9	312	64	20	165	1
Professional Development: Public Service Act Personnel	0	0	0	1	0	2	2	0	26	0
Functional Training: Officers	1 121	237	32	980	2	201	52	7	183	0
Functional Training: WO / Other Ranks	5 831	1 180	156	1 880	4	924	302	17	545	0
Functional Training: Public Service Act Personnel	13	4	0	29	0	7	2	0	16	0
Tertiary Studies at Military Institutions Full Time All DOD Personnel	166	86	17	170	0	24	11	2	32	0
Tertiary Studies at External Institutions Full Time All DOD Personnel	345	54	80	330	0	21	5	2	20	0
Tertiary Studies at Military Institutions Part Time All DOD Personnel	4	5	0	19	0	1	2	0	17	0
Tertiary Studies at External Institutions Part Time All DOD Personnel	455	121	55	859	0	79	16	8	175	0
ETD Seminars Internal all DOD Personnel	19	1	0	27	0	5	1	0	15	0
ETD Seminars External all DOD Personnel	135	111	19	364	1	5	8	2	84	0
Total	11 215	2 543	486	6 017	19	1 695	506	64	1 396	1
Expenditure (R000s)	74 033	17 143	4 200	88 204	36 074	10 835	2 477	277	8 061	4 160



PART 3 - PROGRAMME PERFORMANCE
CHAPTER 3





DEFENCE ADMINISTRATION

INTRODUCTION

The Department of Defence (DOD) is responsible for administering and directing the activities of the DOD. With the exception of Sub-programme Political Direction, the other sub-programmes report either to the Secretary for Defence or Chief of the SANDF. Those that report to the Secretary for Defence are the Policy and Planning Division, the Finance Division, the Departmental Acquisition and Procurement Division, the Defence Inspectorate, and the Chief Directorate Equal Opportunities. The Sub-programme that reports to the Chief of the SANDF is the Corporate Staff Division, which consists of the Strategy and Planning Office, Religious Services, Corporate Communication, Foreign Relations, the Reserve Force Office, and Military Legal Services.

POLITICAL DIRECTION

The Minister of Defence and the Deputy Minister of Defence (collectively known as the Ministry of Defence - MOD) are responsible for providing political direction to the DOD.

During the period under review the MOD was instrumental in initiating and implementing processes necessary for participation in peace missions outside the country. These missions included deployment in countries such as the Democratic Republic of Congo (DRC); Burundi; Ethiopia and Eritrea.

Furthermore, the MOD signed a number of bilateral and multilateral agreements, some of which resulted in the formation of defence committees. The primary focus was largely on the Southern African Development Community (SADC) sub-region. The Protocol on Defence, Security and Politics was successfully signed and adopted as part of the SADC Treaty. In the internal sphere, the MOD initiated the process of drafting new legislation for defence in order to align departmental policies with the Constitution. Such legislation included the Defence Bill, which was presented to the Portfolio Committee on Defence and will be finalised during the FY 2002/2003.

The Termination of the Integration Intake Bill was passed by Parliament and signed by the President. This Act provides that everybody who is eligible for integration must do so by 31 March 2002. There will be no more integration intakes after this date.

The Demobilisation Amendment Bill was also passed by Parliament and signed by the President. This Act provides for the demobilisation of those people who were eligible for integration but could not do so because they did not meet the entry requirements of the SANDF.

Simultaneously, the long-term strategic needs of the DOD in respect of human resources and defence equipment were provided. The DOD Human Resource Strategy 2010 was



approved and strategic defence equipment continued to be acquired as per Cabinet Decision of 1998.

DEPARTMENTAL DIRECTION

This Sub-programme provides for the Secretary for Defence as the Head of Department, the Accounting Officer and the Principal Advisor to the Minister of Defence. In order to execute this mandate, the Secretary for Defence introduced new internal control mechanisms in order to ensure effective, efficient and economical use of the DOD's resources as required by the Constitution, the Public Finance Management Act (PFMA), and Treasury Regulations. Furthermore, the Secretary for Defence was instrumental in the processes pertaining to defence foreign relations policy, which include defence committees, bilateral and multilateral agreements such as the SADC Organ on Politics, Defence and Security.

One of the major highlights during the year under review was the successful development of the long-term human resource strategy called 'DOD Human Resource Strategy 2010'. This provides a strategic template on which future human resource planning in the DOD will be based.

POLICY AND PLANNING

INTRODUCTION

The Department of Defence has undergone various transformational changes aimed at aligning its mandate with the national and international imperatives as dictated by both the new political dispensation and the post-Cold War environment. The proliferation of bilateral and multilateral agreements, with significant defence dimensions, to which South Africa is party, bears testimony to this challenge.

To live up to the challenge requires dedicated specialist expertise in various fields, which include capacity to define modern understanding of national security, formulation of defence policy, development of mechanisms to monitor and assess compliance and the impact of such policy and the designing of defence strategies and departmental plans.

The Policy and Planning Division forms the nucleus of all the departmental processes aimed at achieving these objectives. In a nutshell, the Division supports the Secretary for Defence in his/her capacity as the Head of Department and the Principal Policy Advisor to the Minister of Defence.

ANNUAL REVIEW

One of the highlights for the Division was the appointment of the Chief of Policy and Planning, which enabled it to function properly. However, the division still faces a number of challenges, including insufficient support services and a number of vacancies, which hampered service delivery. Despite these challenges, the division managed to execute its mandate beyond expectation.

The Division participated in the formulation of defence legislation and conclusion of various bilateral and multilateral agreements with other countries. It played a critical role in initiating processes aimed at supporting the government's initiatives in the sub-region, such as the SADC Organ on Politics, Defence and Security Protocol as well as the Mutual Defence Pact.

Furthermore, the DOD took a number of policy decisions in which the Policy and Planning Division played a crucial role. These include the following:



- **The Promotion of Access to Information Act.** The Promotion of Access to Information Act, No. 2 of 2000, came into effect in March 2001. The Act was operationalised within the DOD through a policy which enables the general public to access information held by the DOD within the framework of the law.
- **Establishment of the Military Arbitration Board (MAB).** The Minister of Defence approved the establishment of the MAB in December 2001. It is responsible for arbitrating on labour disputes, which could not be resolved in the Military Bargaining Council.
- **International Agreements.** The following international agreements were signed during the period under review:
 - ◆ Defence co-operation agreements were signed with Oman, the People's Republic of China (PRC) and Qatar.
 - ◆ Specific defence-related agreements were signed with Belgium, Burundi, European Union (EU), France, Netherlands, the United Kingdom (UK), United Nations and the United States of America (USA).
 - ◆ Defence related agreements were initiated with the EU, Kenya, Malawi, the Netherlands, Nigeria, Norway, the UK, the UN and Zambia.
 - ◆ A defence agreement with Australia expired.
 - ◆ The DOD has signed and ratified the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and their Destruction (also known as the Mines Ban Treaty or MBT). In accordance with the provisions of the MBT, the DOD is currently finalising a draft bill known as the "Prohibition of Anti-Personnel Mines Bill.

The DOD also executed the following activities in line with national policy:

- Following the decision by the National Conventional Arms Control Committee (NCACC) and the Cabinet in 1998 to destroy approximately 271 867 small-caliber weapons, the DOD commissioned the implementation of this decision as Operation Mouflon.
- The DOD assisted the Lesotho Defence Force in the destruction of approximately 3 843 small arms and light weapons in November 2001.

DIVISION'S CORE OBJECTIVES

The core objectives of Policy and Planning Division are the following:

- Providing expert inputs relating to general defence policy to the Minister of Defence, Deputy Minister of Defence, Secretary for Defence and the Chief of the South African National Defence Force.
- Management of the strategic management, strategic planning and strategic control processes of the DOD.
- The management of the policy-formulation process of the DOD.
- Drawing up, promulgation and promotion of the departmental plan to Parliament.
- The integration and performance analysis of management systems in the DOD.



- Interpreting inputs/ influences which could effect the overall national defence strategy.
- Provision of a full human resource policy and planning for the DOD.
- Regulation of conventional arms transfers in accordance with government policy.
- Co-ordinating the drawing up of national contingency plans for a state of national defence (war).

POLICY DEVELOPMENT

Policies developed and promulgated by the Policy and Planning Division over the period under review are indicated in table 3.1.

Table 3.1. Policies Developed by the Policy and Planning Division

<i>Serial No</i>	<i>Title of Policy</i>	<i>Date Promulgated</i>
1	Policy on Job Evaluation in the DOD	11 January 2001
2	Standing Principles for Creating and Classifying Posts in the DOD	11 January 2001
3	DOD Policy on Promotional Items	26 March 2001
4	Policy on the Promotion of Access to Information.	30 March 2001
5	Policy on Aerial Photography	4 April 2001
6	Contract Management and Administration for Obtaining Qualifications and Attending Education, Training and Development (ETD) Opportunities at State Expense	17 April 2001
7	Human Resource Information Technology and Information System Management in the DOD	5 July 2001
8	South Africa's Policy on Defence External relations	12 September 2001
9	Policy on the Working Hours and Working Arrangements	14 September 2001
10	Policy on the Use and Possession of Teargas	26 September 2001
11	Appointment of Honorary Colonels/Captains in the SANDF	06 November 2001
12	Policy on the Control and Operation of Duty Busses in the DOD	4 December 2001
13	Leave of Absence for Public Service Act Personnel (PSAP) in the DOD	20 December 2001
14	Human Resource Strategy 2010 for the DOD	21 December 2001
15	Language Policy for the DOD	21 December 2001

OUTPUTS

- Provision of advisory services to the Secretary for Defence and the Ministry on matters pertaining to defence policy.

- The Division continued to provide legal advice to the Secretary for Defence and Ministry, especially during the formulation of defence-related legislation.
- Human Resource Strategy 2010 was produced for the whole DOD.
- Provision of strategic management services including departmental planning and reporting.
- Provision of integrated management services including the DOD structure management.
- Provision of the secretariat services concerning the management of conventional arms transfers and related issues.

SERVICE DELIVERY IMPROVEMENT

The Division made a conscious decision to invest in the development of its human resources. Thus a large number of its personnel was allowed to pursue relevant studies at state expense both inside the country and abroad.

Policy framework for the introduction of training programmes to enable the DOD to develop members of the general public was provided. These include the Military Skills Development System and the Youth Foundation Training.

FINANCIAL MANAGEMENT

INTRODUCTION

The Finance Division provides a financial management service to the DOD in order to ensure compliance with statutory prescripts when obtaining and utilising financial resources in pursuit of defence objectives. Thus the Division plays a critical role in supporting the Secretary for Defence as the Accounting Officer for the DOD.

The Division, headed by the Chief Financial Officer (CFO), makes use of the Financial Management Board and related committees in exercising control over the execution of plans. Performance in terms of departmental objectives was reported to the CFO at irregular intervals. Since the enactment of the Public Finance Management Act (PFMA), a more structured and regular reporting mechanism has been introduced with effect from the FY 2002/2003.

ANNUAL REVIEW

The Finance Division continued to render excellent service to clients and principals. The highlight of the year was the appointment of the Chief Financial Officer. This, in itself, held further challenges, as the Division is not yet structured to ensure total compliance with the PFMA requirements.

A further area of concern is the increase in the number of cases of loss of state funds. An analysis of losses has led to even tighter control measures, one of which is to outsource the transport of cash.

The good relationship built between the Division and National Treasury as well as the Auditor General has helped ensure continued professional service.





The Divisional goals stated during the compilation of the Strategic Business Plan for 2001/2002 have been met. These were the following:

- **Core Divisional Goal.** To provide assistance to obtain an appropriate budget and expenditure thereof according to the PFMA and Treasury Regulations (TRs).
- **Sub-goals:**
 - ◆ To provide assistance to obtain an appropriate medium term Defence budget in accordance with PFMA and TRs.
 - ◆ To provide assistance to assure the regularity and propriety of expending the Defence budget in accordance with the PFMA and TRs.
 - ◆ To correctly execute accounts for all Defence financial transactions in accordance with the PFMA and TRs.
 - ◆ To provide assistance to ensure accountability for the effective, efficient and economical use of Defence resources.

POLICY DEVELOPMENTS

Policies developed and promulgated by the Finance Division during the period under review are indicated in table 3.2.

Table 3.2. Policies Developed by the Finance Division.

Serial No	Title of Policy	Date Promulgated
1	Budget Control within the DOD	14 June 2001
2	Policy on Treasury Submissions within the DOD	05 July 2001
3	Policy and Procedures for the reporting and Management of Losses, Damages and Claims within the DOD	31 August 2001
4	Costing Policy and Procedures within the DOD	19 September 2001
5	Issue of Instructions and Related Procedures, Processes and Guidelines	25 September 2001
6	Policy and Procedures for the Consolidation and Control of all Answers to the A-G and the SCOPA	08 October 2001
7	Budgeting Policy within the DOD	26 October 2001

OUTPUTS

Budget Management:

- **Cost-effective corporate budget preparation service.** Achieved as planned. The following were produced timeously, efficiently, effectively and economically:
 - ◆ Budget guidelines.
 - ◆ Budget submission.
 - ◆ Estimate of National Expenditure.
 - ◆ Departmental White Book.
 - ◆ Departmental input and output based motivation report.
 - ◆ Approved Special Defence Account.



- **Cost-effective corporate budget preparation service.** Achieved as planned. The following were executed as required:
 - ◆ In-year programme adjustments budget submission.
 - ◆ Monthly early warning reports including exception reports when necessary.
 - ◆ Virement and fund reallocation submissions/authorities.
 - ◆ Funding of under- and unfunded mandates.
 - ◆ Rollover claim submission.

- **Cost-effective budget management service to programme managers.** This was partially achieved. A need exists for this service at unit level (Level 4), which the Division is unable to provide owing to financial constraints.

Accounting:

- **Corporate financial asset and annual reporting service.** This output was partially achieved. Cash management and financial reporting was achieved as planned. Bank accounts were managed strictly according to prescripts. In the area of debtor management, however, problems were experienced with the implementation of the debtor system. The required policy in this regard has not yet been produced and write-off of irrecoverable debt is lagging.

- **Stores, services, related payments and revenue management service.** This output was partially achieved. A problem of delays in payment documentation through the Support Bases to the payment sections is still being experienced. A monthly forum has been established to identify problem areas and take steps to rectify impediments. The current structure makes provision for 26 service points instead of the 54 that are required.

- **Remuneration administration service.** The output was achieved as planned.

A cost-effective Finance support service. The output was partially achieved. The establishment of a compliance service directorate is planned and will be established during the FY 2002/2003.

SERVICE DELIVERY IMPROVEMENT

Establishment of Standardised Costing Mechanisms. This objective was achieved and information was made available to all budget holders and budget managers for utilisation in the preparation of the 2003/2004 estimates.

Inclusion of Budget Control Requirements in all New DODIs. This was achieved by the active participation of the Budget Control directorate in the Finance Division Policy Workgroup. This workgroup analyses all policies to determine whether financial and resource implications have been addressed.

Production of an ETD Programme for Budget Control. The syllabus was finalised and training is now presented regularly at the Fin ETD centre.

Institution and Maintenance of an Annual Departmental Expenditure Plan. This was achieved regarding actual expenditure. The comparison of actual expenditure against planned expenditure per budget holder is still being researched as a further improvement.

Implementation of World Class Standards in Respect of Financial Control. (Accrual Accounting). No progress was made on this objective. Guidance from National Treasury and the establishment of an Accounting Standards Board are required to proceed with the implementation of accrual accounting in the DOD.



Realignment of the Special Defence Account to the Special Defence Act and Procurement Policies. This has been partially achieved in consultation with C Acq. Further realignment is planned for the future.

Determination of the Risk in Respect of Propriety and Regularity and the Establishment of Policy, Processes and Systems. This was not achieved owing to the resignation of the official dealing with the matter. The specific risks will be addressed in the Risk Management System, which is in the process of being implemented.

More Accurate Prediction of the Cash Flow of the DOD and Submission to the National Treasury in the Format Prescribed. This has been as fully achieved as the shortcomings on the Financial Management System (FMS) allows.

Decentralisation of the Payment Process to the Financial Accounting Service Centres (FASCS) up to the State of Drawing Payment Schedules. This has been fully achieved.

Enhancement System Changes to FMS to Ensure Quality Exception Reports. Although some enhancements have been implemented, FMS is not yet producing exception reports suitable for the management of payments. Further enhancements are scheduled for 2002.

Development of a Fraud Prevention Plan. This responsibility has moved to the Inspector General of the DOD (IG DOD).

Payment of Creditors Electronically. This target has been achieved except in the Personnel Payments environment. A system upgrade is currently taking place to provide for these payments.

Provision of a Cost-Effective Revenue Management Service. A revenue manager was appointed and a policy dealing with revenue management is currently being finalised.

Provision of a Cost-Effective Professional Cash Accounting Service. The possibility of converting to a cash purchase card was investigated. Currently there is no card on the market which fully meets DOD requirements. This is still a service delivery improvement objective and close liaison is maintained with the banking sector.

Provision of a Cash Transit Service. This target has been achieved by appointing a private company to handle cash in transit.

Alignment and Enhancement of FMS to Accommodate Telkom System Changes. This target was achieved.

Finalisation of the Development and Implementation of an Efficient, Effective and Economical Debtors Management System. The system has been implemented with the exception of the Bad Debt sub-system, which is currently being developed. Training on the system is also required.

Development and Institutionalisation of Policy on the Management of Banking in the DOD. The target has not been achieved.

Implementation of the PFMA and TRs Regarding Compilation and Submission of Financial Statements. The target has been achieved.

Development and Refinement of Policy on the Administration of Salaries Within the DOD. Not achieved.

Development and Refinement of Policy and Systems for the Administration of Local and Foreign S & T. Not achieved.

Integration of PERSOL with PERSAL. This objective was abandoned due to the complexity of requirements for personnel administration for the SANDF.

Improvement of System of Payment to Creditors iro Salary Deductions. Not achieved.

Development of Loss Control Management as Prescribed by the PFMA and TRs. The DODI was developed, the specifications for a Loss Management System have been defined and CMI are currently investigating the provision of a system. No progress has been made with a loss prevention strategy.

Representation of the DOD on the Accounting Standards Board (ASB). The ASB has only recently been formed. The matter of DOD representation has not yet been raised with the ASB.

Implementation and Execution of the Latest Government Budget Policy and Procedures to the Highest Standards. This target was achieved.

Improvement of Audit Management Within the DOD. Improvement has been achieved through the establishment of an Audit Committee, re-addressing the output of the Accountability Management Committee and the streamlining of processes for the handling of audit queries.

Morale Measurement of Finance Division Personnel. The survey has not yet taken place and is now scheduled for the 2002/2003 year.

Extension of Development of Finance Division Personnel. This objective specifically addressed through LCAMPS training. To date only SMS officials attended training.

DEPARTMENTAL ACQUISITION AND PROCUREMENT

INTRODUCTION

The creation of the Departmental Acquisition and Procurement Division (DAPD) in the Secretariat of Defence is one of the results of the ongoing transformation in the DOD. A single point of responsibility for spending the money allocated to this function has been created. This Division is in the process of updating existing policies, processes and procedures. It is also under civil control, and processes have been instituted to ensure transparency, efficiency and the empowerment of personnel, thereby ensuring good governance in pursuit of parliamentary objectives.

This Division is committed to satisfying the armaments requirements of the four Services, Special Forces and, to a lesser extent other second level divisions. In the process of capital acquisition, money from the Special Defence Account (SDA) is spent according to corporate priorities to ensure cost-effective solutions to requirements. Sound project management is executed to integrate and focus the expertise of the Armament Corporation of South Africa (Armcor), local and foreign industry, research institutions and the inherent capabilities vested in the military practitioners.

In order for the Secretary for Defence to fulfil the task of Accounting Officer of the Department, the DAPD has to be assigned as the nodal point. A yearly transfer payment is made to Armcor by the DOD for services that the former renders to the latter.





In addition to the acquisition and procurement services received from the DAPD, the SANDF also needs to secure its future in armament and its support capability through meaningful technology development and supporting strategic local industrial capacity.

ANNUAL REVIEW

The year 2001/2002 was characterised by turbulence mainly due to numerous audits as well as the public interest in the Strategic Defence Packages (SDP).

Of the total budgetary allocation, only 0.2% was not contracted during that financial year. Some funds were rolled over to the FY 2002/2003 in accordance with the prescripts of the Special Defence Account Act. An audit was carried out during the year, and no fraud or any misuse of State funds was reported.

The management of the SDP is on track and in accordance with the plan as envisaged within the Division. In order to ensure that acquisition policy is being adhered to, the Armament Acquisition Control Board (AACB) convened seven times and monitored approximately 56 acquisition projects during the year. Some projects received bad audit reports, mainly due to their long period of existence. The AACB is currently addressing this aspect.

With regard to deliverables, no major deviation from plan was experienced and all contracting items were delivered according to schedule.

One of the highlights for the year was the Service Level Agreement (SLA) that was signed between the DAPD and Armscor. This has revived a dynamic interaction between the two components.

Future Plans. The rewriting of DAPD policy to place in order to be on par with the SDP and the experiences of the previous year. Furthermore, the requirements of the SA Army still need to be addressed in future because they were not provided for in the SDP.

OUTPUTS

ARMY ACQUISITION

Army Acquisition continued to engage in a number of smaller projects that were envisaged to enhance the Army's capability. At the same time it is upgrading some of the Army's equipment. The Ground Based Air Defence System (GBADS) project is a large project of which the Acquisition Plan was approved at the end of FY 2001/2002.

Progress on other projects includes:

- **Ratel Mk III.** This upgrading project was completed in February 2002 when the last vehicle was handed over to the Army. The project will be formally closed during 2002/2003.
- **155mm Gv 5 System.** The upgrading of the Gv 5 gun and gun-tractor system was completed in March 2002 and was handed to the Army for operating purposes. The project will be formally closed during 2002/2003.
- **Air Supply Platform System.** The system was successfully qualified and was handed over to 101 Air Supply Unit for operating purposes. The project will be formally closed during 2002/2003.

- **Rapid Deployment Logistical Vehicles (RDLV).** The evaluation of two options for the acquisition of RDLV systems for the Parachute Forces was conducted successfully during 2001. The Acquisition Plan was approved and the order placed with the preferred bidder. All systems will be delivered to the Army's Parachute Battalion in March 2003.
- **Rapid Deployment Fighting Vehicles (RDFV).** Evaluation of two options commenced during the year and is expected to be completed during February 2003.
- **Artillery Target Engagement System (ATES).** The system is still in the full-scale development phase and is progressing according to schedule. The Artillery Unmanned Observation System was delayed owing to contracting conditions.

AIR FORCE ACQUISITION

The three SAAF Strategic Defence Package Programmes are progressing according to schedule. The following relates to the specific projects:

- **The Augusta A-109 Helicopter.** In conjunction with the main contractor, the project team has completed all major design-engineering milestones. The first South African helicopter has been assembled and is being equipped with flight test instrumentation. The fact that Denel Aviation will be participating in certain manufacturing activities for the recent order of similar helicopters for the Swedish Air force has greatly enhanced the offset potential on this programme. Denel has started industrialising the manufacturing processes in order to meet production dates of December 2003. The target date for equipping the first squadron is January 2005.
- **The Hawk Lead-in Fighter Trainer.** The first three aircraft were still under construction at the BAE plant in the UK. The company has provided a demonstration aircraft for engine testing purposes. Having recognised the ability of local industry to assist in this test programme and the availability of South African test facilities, BAE Systems has decided to move the full engine evaluation programme to South Africa thereby adding impetus to their programme.
- **The Gripen Advanced Light Fighter.** The contract for the purchase of the aircraft would be activated in April 2002. Whilst awaiting the activation of the contract, the South African project team and the main contractor, BAE SAAB, have been actively involved in creating the design baseline for the export variant of the Gripen. Although well ahead of the contractual delivery dates, BAE SAAB has already involved Denel in pro-active counter-trade opportunities. Denel has already delivered intricate fuselage sections destined for assembly into the latest batch of Swedish Air force Gripens, thus adding to the successful achievement of Industrial Participation (IP) obligations, well ahead of schedule.
- **The Rooivalk Attack Helicopter.** Eight aircraft were to be delivered to the squadron. Retrofit activities were being undertaken to bring the first aircraft up to the latest build status. The first squadron weapons camp would take place during the FY 2002/2003.
- **The C-130 Upgrade.** This programme is progressing satisfactorily with the first three aircraft undergoing operational test and evaluation at the squadron. The first aircraft to be upgraded at Denel Aviation is scheduled to commence flying in the near future.





- **The SAAF Intercontinental VIP Aircraft.** The timescale for delivery of the new Boeing Business Jet is on target with the aircraft currently being fitted with its dedicated interior at an overseas facility. The planned date for operational service is October 2002.

NAVAL ACQUISITION

- **The TON Class minesweepers.** The TON Class minesweepers of the Navy have reached a stage where they are becoming increasingly difficult to maintain and to obtain spare parts. The South African Navy has acquired six Type 351 minesweepers. This project involves the maintaining of the minesweeping capability of the SAN based on the Type 351 Minesweepers.
- **DAPHNE Submarines.** The aim of the project is to extend the useful life of the SAN DAPHNÉ submarines combat suite until to 2005 (alternatively until the new generation submarines replace them).
- **Class 209 Submarines.** The scope of the new submarine acquisition includes three Class 209 Type MOD diesel-electric submarines, together with the associated logistic support products, services and equipment, including simulators, test equipment, training, documentation and spares. The three submarines will be entirely built and accepted in Germany after which they will become the responsibility of the SA Navy. They will be sailed to the RSA by SA Naval personnel. Their associated logistics will be accepted in the RSA. The contract between the South African Government and the German Submarine Consortium for the acquisition of 3 Class 209 Type 1400 MOD submarines was signed on 3 December 1999 and became effective on 12 July 2000. The submarines are being built at three different shipyards. To date the production is on schedule. Staffing for the project is at an advanced stage. Personnel have relocated to Germany in accordance with the project team plan.
- **The Plotting and Recording System (PRS).** The PRS as fitted to the RIVER Class Minehunters will be replaced by the acquisition of a system from Messrs African Defence Systems (ADS). The replacement PRS will interface with the existing mine hunting sonars and ship navigational sensors.
- **Upgrading of Strike Craft (SC).** The aim of the project is the upgrading, integration and associated logistic support of specific strike craft equipment, including the establishment of a complete Integrated Logistic Support (ILS) package to ensure the operational viability of the SC to the year 2010. The project also includes the integration of all SC-related capital projects and direct work projects.
- **SAS OUTENIQUA (OTQ).** The navalisation of SAS OTQ is such that she can provide support to combat vessels and a sea-lift operation. All project work on OTQ has been completed.
- **New General-purpose Workboat.** This project entails the acquisition of a new general-purpose workboat for the SA Navy, inclusive of associated integrated logistic support. The project also addresses the replacement of the current ageing Delta boats with 6 boats that are fully compatible with the current interfacing systems and logistic support infrastructure.
- **Type Meko® A-200 Patrol Corvettes.** The project entails the acquisition of a Patrol Corvettes System comprising four Patrol Corvettes and associated Logistics Support. The Patrol Corvettes are delivered complete with integrated and installed combat suites, supporting onboard and ashore logistics. The con-

tract for the acquisition between the South Africa Government and the European and South African Corvette Consortium came into effect on 28 April 2000.

- **Challenges.** The overall challenges of the project are the following:
 - ◆ Manning from the SA Navy. The timeous provision of adequate numbers of suitable personnel (i.e. with the appropriate entry requirements) from the Fleet to the Project to receive training for the manning of the vessels and SA Navy support structures.
 - ◆ Acquisition of the Maritime Helicopter. The current vessel acquisition is only a partial satisfaction of the required SA Navy Corvette Capability, owing to a key element of the latter, the Maritime Helicopter, not yet having been contracted. Any delay in the Maritime Helicopter acquisition would pose a challenge for the achievement of the overall aim of the Corvette acquisition.

TECHNOLOGY DEVELOPMENT

The Directorate Technology Development achieved most of its objectives for the FY 2001/2002. The only significant projects that were started during the year under review were the target-and-tracking radar for the SA Navy and the funding of the Seeker UAV technology for CJ Ops. Tasks that were terminated at the end of the past year were the Ramjet technology demonstrator at Somchem and the missile electro-optical programme at Defencetek.

SERVICE DELIVERY IMPROVEMENT

The DAPD will continue to improve service delivery to its clients by, *inter alia*:

- Managing and acting as a nodal point for the SANDF Capital Acquisition Master Plan and all related activities including test facilities;
- Ensuring that multi-year adjustments to the Master Plan, that is project scheduling and financial allocation are done in accordance with project prioritisation as determined by the CJ Ops and as approved by the Military Council and confirmed at the Plenary Defence Staff Council;
- Ensuring that in-year adjustments to individual project financial allocations due to performance and cash-flow deficiencies are done without essentially affecting the project multi-year ceiling authorisations;
- Striving to minimise adverse audit reports as well as negative feedback from the defence industry and other government departments;
- Striving to maximise the operational capability of the SANDF within the constraints by the continued early delivery of capable weapon systems;
- Reducing the impact of exchange rate fluctuations by appropriate scheduling and contracting of DOD requirements;
- Maximising the contracting of Small, Micro and Medium Enterprises (SMMEs) in order to broaden the industrial base.

Development of a Fraud Prevention Plan. Even though the responsibility has moved to the Inspector-General of the DOD, the DAPD has developed a crime prevention plan to reduce and ultimately eliminate theft and losses within the Division.





DEFENCE INSPECTORATE

INTRODUCTION

The Defence Inspectorate is responsible for determining the validity and reliability of management information in the DOD in order to promote accountable, transparent, economic, efficient and effective use of DOD resources through inspections, monitoring, internal audits, surveys and output evaluation.

Corporate Divisions, Services and inspected or audited units constitute the Defence Inspectorate's key clients. Furthermore, the Secretary for Defence, the Chief of the National Defence Force, the Plenary Defence Staff Council, the Departmental Audit Committee and the Auditor General can be regarded as the Defence Inspectorate's major principles.

ANNUAL REVIEW

FY 2001/2002 proved to be a challenging year, owing to the many commitments that were placed on Inspector-General (IG) DOD personnel. Planned inspections and audits had to be rescheduled owing to other priority taskings. Apart from that, IG DOD suffered from a critical lack of personnel owing to resignations of competent and experienced personnel, personnel losses and difficulty in staffing Public Service Act Personnel (PSAP) as auditors.

During this period the Defence Inspectorate managed to conduct a thorough review of its mandate and business processes within the DOD. In this regard a policy was developed and promulgated. A new approach that is risk-driven was adopted, whereby a comprehensive risk analysis of the DOD would be conducted, risk indicators developed and an expected loss index (ELI) calculated.

OUTPUTS

INTERNAL AUDIT

The scope of the audit task for the 2001/2002 FY consisted of 359 self-accounting units and 37 corporate directorates, which totals to 396 auditable entities. There were 676 audit reports issued. Of these audit reports, 89% were acceptable and 11% unacceptable. A majority of these reports were for the units that were closing down. The main deviations that occurred during closing down audits were those where accounting documents could not be presented for audit purposes.

INSPECTIONS

Several inspections were conducted, including a number in the Command and Management Information (CMI) environment. A series of negative trends were observed and reported. These include the following findings:

- The Main Ordnance Depot is still a target for criminal activities. Stores with high value contents or that are of some intrinsic use are targeted most.
- An investigation into allegations of fraud is still being conducted at AFB Ysterplaat, revealing definite fraudulent activities.
- The misuse of D-vehicles in the DOD is widespread and needs urgent intervention to curtail it.
- Initial inspections conducted at the corporate level in the DOD indicate that the practices prescribed by DOD policy are not being implemented sufficiently.

Effect Analysis surveys indicate that there is a considerable improvement with regard to members' adaptation to new circumstances in the DOD, eg military culture, management styles, work methods, the DOD structure and the language policy.

SERVICE DELIVERY IMPROVEMENT

The Defence Inspectorate has adopted an approach of improving quality of processes and products of the DOD. It undertook to improve service delivery by, *inter alia* the following:

- Improving the quality of people through training and education.
- Benchmarking internationally regarding best practices and bringing knowledge "back home".
- Embarking on an ISO 9000:2000 certification processes for IG DOD in order to manage continued improvement of processes and products.

All three of these strategies have been satisfactorily achieved as planned.

EQUAL OPPORTUNITIES

INTRODUCTION

The Equal Opportunities Chief Directorate (EOCD) is committed to professional and credible equal opportunities services based on human dignity and respect in the DOD. Since its inception, the Chief Directorate has been working to instil the principles of equity and equality as a core value of the DOD and ensuring that demographic representativeness is attained at all levels. In many ways the past year proved to be successful for the EOCD in reaching this strategic goal. The DOD is gradually transforming into an environment conducive to all persons performing their tasks without prejudice. The work of the EOCD receives sanction from the EO Advisory Board, which is chaired by the Secretary for Defence and advises the Minister on EO/AA issues. All plans and policies were approved by the hierarchical structure of the DOD.

ANNUAL REVIEW

In an endeavour to ensure effective management of EO in the DOD, the EOCD in the year 2001 developed and promulgated a number of policies to create an environment that values diversity and fosters mutual respect and dignity among all represented population groups serving in the organisation.

It is now generally accepted in the DOD that the Affirmative Action Programmes are a line function, and that the EO Chief Directorate coordinates and provides staff advice on the implementation of the various plans from the Services and Divisions.

The Plenary Defence Staff Council (PDSC) has approved the Gender Forum Constitution, and accepted that all the gender representatives should have a duty sheet and be assessed on performance on gender issues by their supervisors. In March 2001 a successful conference on Woman and Peace between women in the DOD and women in general society was organised.

The Disability Forum has provided a useful platform, not only to discuss the plight of the disabled, but also incorporated action-plans to accommodate disabled individuals in the DOD. A course entitled "Management of Disability" was organised by CDEO through the South African Management and Development Institute (SAMDI).





The annual climate survey on EO issues indicates a better understanding of AA programmes, although the perception of racism is still unacceptably high. The evaluation section, through the multi-skilled functionaries, constantly monitors this concern. These are individuals qualified to advise all commanders and managers when dealing with EO matters. We are now able to identify a problem as soon as it arises. Through the Research Section we can now determine the necessary interventions, be it policy or awareness, promptly and at an appropriate time.

Much effort was given to seminars, human and cultural development, and the sensitising and orientation of individuals within the Department. Units are visited on a regular basis, depending on the need.

Uniformity and regimentation are internationally accepted characteristics of all effective and efficient defence forces. However, in the South African scenario, issues of diversity demand urgent and effective consideration. Ignoring equity issues may lead to unwanted disputes and labour actions, and the lowering of morale and discipline. It also hampers mission readiness. Taking diversity into account leads to a shared vision and an increased commitment among diverse employees at all organisational levels and across all functions.

POLICY DEVELOPMENT

The policies that were developed and promulgated by EOCD are indicated in table 3.3.

Table 3.3. Policies Developed by EOCD.

<i>Serial No</i>	<i>Title of Policy</i>	<i>Comments</i>
1	Prevention and Elimination of Racism Policy	Development and writing of policy Promulgated June 2001
2	DOD Policy on the Prevention and Elimination of Sexual Harassment	Development and assistance in writing of policy PDSC approved on 13 May 2002
3	SANDF Policy on Fast Tracking	Assistance in development and drafting process - PSC approved in concept. To be re-introduced for final PSC approval with implementation plan in June 2002
4	DOD Fast Tracking Policy for PSAP	Assistance in development and drafting process - not yet approved. To be introduced to PSC with implementation plan in June 2002
5	DOD Policy on the Prevention and Eradication of Gender-based Violence	Assistance in development and drafting process - to be introduced at PSC
6	DOD Policy Guidelines on People with Disabilities	Assistance in development and drafting process - to be introduced at PSC
7	DOD Policy on Sexual Orientation	Development and writing - to be introduced at PSC in July 2002

OUTPUTS

Equal Opportunities Evaluations. During the period under revision, members of the Evaluation Section were able to give more attention to their specific regions. Work was

better co-ordinated as most of the Multi-Skilled Functionaries (MSF) completed the EO Advisers Course and were able to function more efficiently.

Efforts were made to co-ordinate the functions of the MSFs at the HR Support Satellites, Labour Service Relations (LSR) and Separation, which have resulted in better co-operation and co-ordination. There is direct liaison with the HR Support Centre directors through the Directors Forums, and financial problems have been addressed. LSR members attend the GSB Meetings as often as possible.

Attention was given to the Business Plans of each GSB so that better monitoring and guidance of actions can take place. They are also essential for budgeting purposes to ensure funds are made available for EO-related tasks. Evaluation activities in the various regions were as follows:

- **South West Region. (GSBs PE, Oudtshoorn, Bredasdorp, Youngsfield, Simon's Town and Langebaan Road).** Evaluations have progressed very well. A hampering factor for the evaluations has been the absence of MSFs and posts which have not been staffed. This has meant that the evaluations in those specific areas had to be held back. Most of the OCs were positive about implementing the EO Action Plans and co-operated and assisted with evaluations.
- **Central Region (GSBs Bloemfontein, Kimberley, Kroonstad, Lohatla, Potchefstroom).** This area did not show much progress mainly owing to staffing problems and the absence of the coordinator due to health problems. More attention will be given to this region during the FY 2002/2003.
- **Gauteng Region (GSBs Doornkop, Garrison, Thaba Tshwane, Waterkloof, MOD and Johannesburg).** This area has started to function more successfully owing to the appointment of most of the MSFs.
- **Eastern Region (GSBs Durban and Ladysmith).** Most units were evaluated in this region and briefings have been taking place according to recommendations.
- **North Region (GSBs Hoedspruit, Louis Trichardt, Nelspruit and Pietersburg).** Much progress has been made in this region and most units have been evaluated. The absence of MSFs has hampered the implementation of the EO Action Plan based on the recommendations of the Evaluation reports.

RESEARCH

Equal Opportunity (EO) Research. The core function of the Research Section is to conduct research into affirmative action and equal opportunities in the DOD, and to make recommendations about corrective action and other interventions. The Research Section provides support and assistance to the various Sections within the Equal Opportunities Chief Directorate (EOCD), as well as the broader DOD community.

Research Projects (surveys and focus group research). The following research projects were conducted:

- **Equal Opportunity and Affirmative Action Survey.** The fourth annual EO and AA survey was completed in September 2001 and the results indicated a better awareness of AA issues. The results also indicate an unacceptably high level of negative perceptions about racism and discrimination in the DOD.
- **Gender-integration Research.** A survey on gender-integration was conducted in October 2001 to determine the women's attitudes, fears and opinions about





integration into previously male domains. Interviews were also conducted with the members who were deployed in the DRC to measure the perceptions of gender integration. This research forms part of an ongoing research project on gender integration.

- **Allegations/perceptions of Racism in the DOD.** The perceptions of members and employees of racism in their units/bases are continually researched in conjunction with Section Effect Analysis. The main findings was that a fairly high percentage of DOD population showed negative perceptions towards the application of regulations about AWOL, the enforcement of discipline, and promotions especially when the OC/supervisor is of a different population group.
- **Focus Group Research.** Focus group research was conducted to determine morale and the EO climate at various units/bases in the Northern Province, Free State, Mpumalanga and KwaZulu Natal. The research was done in conjunction with Section Effect Analysis of the Inspector General's Office.

Other Research Projects. The following research projects were also conducted:

- **Investigation into allegations of racism:**
 - ◆ **The EO climate in the Finance Division was researched.** Feedback and recommendations for corrective action was given to the Chief Financial Officer.
 - ◆ **Mobile Deployment Wing Unit.** Recommendations for corrective actions were made.
- **EO Development.** The curriculum and lesson plans for the Equal Opportunity Advisers Course were updated to incorporate training on gender, disability and the various culture groups in South Africa.

Publications. The following articles were published in SA Soldier.

- Perceptions about EO and AA in the DOD; and
- Perceptions about the integration of gays and lesbians in the DOD.

Briefings. Briefings were given to the Joint Standing Committee on Defence in Parliament, the EO Advisory Board, the PDSC and to the Personnel Staff Council.

International Symposium. The Research Section participated in the Fourth Annual EO Research Conference in Florida, the United States of America and presented the results of the integration of gays and lesbians in the DOD.

EO DEVELOPMENT AND AWARENESS

The Equal Opportunity and Affirmative Action (EO and AA) Policy states that all members and employees in the DOD shall periodically undergo mandatory training in EO and AA. It also stipulates that all Officers Commanding and managers shall attend special training programmes on EO and AA.

The EO-awareness training courses were designed to increase awareness among officers commanding, managers, Warrant Officers (WOs) and Senior Non-Commissioned Officers (NCOs) in the DOD of the nature, origin and ramifications of discrimination in all its forms and to increase knowledge and understanding of EO and AA in the DOD. The results of

the seminars for Middle Management WOs and Senior NCOs showed an average increase in awareness of 12.9% (measured by pre-test and post-test) with a peak of 36%. These were derived from 226 members attending the EO awareness course.

Other courses presented included the Defense Equal Opportunities Management Institute (DEOMI) Advisors course and Equal Opportunities Assistant Course. In addition 149 members attended EO interventions. The feedback from participants was very positive. The EO awareness programmes had contributed to a better understanding of EO issues. The introduction of the culture block, with visits to Lesedi, Laudium and the ATKV at Centurion, contributed to the delegates understanding of other cultures in a meaningful way.

AFFIRMATIVE ACTION

The Affirmative Action implementation plan was promulgated in December 2000, in terms of which services and divisions had to submit their own Affirmative Action plans. The inputs received were deficient. Actions to address this deficiency have been taken and Affirmative Action plans will now become supporting plans of all Service and Division strategic plans.

The Fast Tracking Implementation Workgroup was established in October 2001 to facilitate the implementation of the DOD Fast Tracking policy.

Seminars and presentations offered by the AA Section included a Council on Defence (COD) presentation, a presentation to the Portfolio Committee on Defence and an EO/AA Monitoring and Advisory Board presentation.

GENDER

During the reporting period, the following activities were undertaken by the Gender section:

- The Sexual Harassment Education Forum on issues related to sexual harassment.
- Discussions on sexual harassment were held with the OCs of the Personnel Services School and Gauteng Medical Command.
- A seminar on the Empowerment of Women in the Forces was held on 24 September 2001.

DISABILITY

As part of the EO tasking, the Disability Section undertook the following activities:

- A Sign Language course was developed in conjunction with the University of the Witwatersrand. This is a unique course, involving, as it did, the deaf community, and is a first for South Africa.
- The Disability Sector embarked on an awareness and sensitising campaign.
- The Section was responsible for organising and co-coordinating the Disability Forum which is held quarterly.





- The Disability Section participated in three pilot projects initiated by the Office on the Status of Disabled People. These projects included:
 - ◆ A survey on the quality of life of disabled children in South Africa.
 - ◆ Participation in the National Database on assistive devices (these are devices used by people with disabilities) in South Africa.
 - ◆ The development of appropriate and affordable assistive devices.

SERVICE DELIVERY IMPROVEMENT

Training of members and employees. The EO CD has taken the following measures to improve service delivery:

- Monitoring progress by means of teams/groups - eg Affirmative Action Fast Tracking Workshop.
- Establishing Forums to Support EO policies.

CORPORATE STAFF DIVISION

The Corporate Staff Division, which reports to the Chief of the SANDF (CSANDF), consists of the following sub-divisions:

- Strategy and Planning Office;
- Defence Corporate Communications;
- Reserve Force Office;
- Military Legal Services;
- Chaplain-General's Office; and
- Defence Foreign Relations.

THE STRATEGY AND PLANNING OFFICE

The Strategic Planning Office (SPO) is a comparatively new office. It was established to meet the need of CSANDF for a strategy and planning capability.

The SPO to achieved great success during the past year. The following were achieved in key areas and against set objectives:

- The SANDF was under pressure (internal and external) to develop a Military Strategy and an affordable, appropriate, and acceptable structure by 1 April 2002 and this was achieved under the guidance of the SPO. The process to be followed for the development of the Military Strategy was approved by the Military Council in November 2000. This process started during January 2001. Through active participation by the Military Strategy Directorate during 2001, the Military Strategy (capstone document) was approved by the Plenary Defence Staff Council on 19 November 2001 and placed on the Intranet of the DOD on 11 March 2002.

- Decision systems tools were developed to support the strategising process. These tools were effectively used in the development of the military strategy and in the development of the force design.
- The SPO was the main driver of the Strategic Plan that was published in the past year.
- Workshops and training workshops were conducted during the year to enhance the strategy and planning capability of the DOD.
- The DOD confidential and public versions of the Annual Report were compiled and published by the SPO.
- Great success was achieved in the environment of the planning process, which has seen a much improved quality of planning, and reporting then previously.

Other Achievements:

- The Directorate provided the CSANDF with inputs for the International Relations, Peace and Security Cluster meeting.
- The facilitation of the Swaziland Defence Force in writing their Defence Strategy Plan in order to determine the affordability of their Force Structure.

DEFENCE CORPORATE COMMUNICATION

INTRODUCTION

Defence Corporate Communication (DCC) succeeded in reaching most of its objectives and outputs according to plan in FY 2001/2002, despite being understaffed, through harder and smarter work by all members. Staffing appropriately skilled and knowledgeable personnel into vital posts has been a constant challenge. A major effort has been put into (mostly out-sourced) professional training and development of existing and newly appointed staff members. DCC will have to embark on a major internal training effort in future, not only of its own staff, but also of all corporate communication functionaries within the DOD.

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.

DCC has continued to transform not only its staff and processes, but also the methods and content of its communication efforts. The new SA Soldier magazine, industrial theatre and 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 (GCIS), the Ministry, CDCC and the Services and Divisions by means of joint planning, liaison, and co-ordination has been an ongoing process.

POLICY DEVELOPMENT

DCC gave direction to all corporate communications in the DOD by developing a joint DOD corporate communication strategy in line with government communication strategy. This strategy ensured that government communication themes and priorities were reflected in all DOD corporate communication. It further gave strategic communication advice





and supported the DOD plan by means of corporate communication products and services, co-ordinated at the highest level.

An updated draft policy for the practice of Media Liaison in the DOD was compiled and is currently awaiting promulgation as a DOD Instruction. This policy also contains for the first time guidelines for crisis communication relating specifically to the media.

OTHER DEFENCE OUTPUTS

There was growing alignment between corporate communication staffs, which were under decentralised command and control of the Services.

The effect of the CSANDF Planning Instruction 2/2000, which required all public communication to be authorised by the office of the Minister of Defence, continued. This resulted in greater control and alignment of public communication by the DOD at all levels, and meant that DCC was always aware of public communication intentions and activities throughout the DOD.

A ministerial task team analysed the transformation needs of corporate communication in the DOD and recommended the appointment of a single Head of Communication (HOC), directly accountable to the Minister, to manage communication across both the department and the Ministry, as required by Cabinet. The COD approved this, and the departmental process of appointing a HOC is continuing.

The transformation of the main periodical publication of the DOD, South African Soldier magazine, to reflect the new realities of the DOD in content, structure and process, has been undertaken and achieved to a large extent.

Media coverage and publicity of successful SANDF operations in the DRC and Burundi and in support of the SAPS in fighting crime was managed.

DCC actively participated in the GCIS activities, programmes, meetings and strategies, in particular the Head of Communication meetings and the International Relations, Peace and Security (IRPS) and the Justice, Crime Prevention and Security (JCPS) communication clusters' activities and strategies. This ensured alignment of the DOD communication strategy and activities with those of government and the GCIS.

CHALLENGES

The loss of skilled personnel from key posts and the difficulty in finding appropriately qualified personnel to perform basic corporate communication functions, e.g. writing, Website-maintenance tasks, research and planning, video camera work, etc remains a problem.

The lack of training capabilities in corporate communication needs to be rectified as a matter of urgency. Due to the lack of a suitable career dispensation for corporate communication personnel and the lack of suitably qualified personnel, personnel without corporate communication qualifications or skills sometimes filled corporate communication posts. This increased the training burden and also the difficulty of building a sustainable corporate communication capability. Chief of Defence Corporate Communication (CDCC) needs to assume the responsibility of providing corporate communication training in the whole DOD.

There needs to be optimal and balanced use of DCC by its three principal clients, i.e. the Ministry of Defence, CSANDF and the Secretary for Defence. This would be the ultimate expression of the partnership needed between leaders and communication staffs at all levels, to ensure effective corporate communication in the DOD.

OUTPUTS

DIVISIONAL DIRECTION AND SUPPORT

- **Objective.** To provide strategic direction and administrative/staff support to the Division.
- **Policy and Operational Communication Advice.** Advice was given to the Ministry and the Department on strategic communication matters.
- **Ministerial Services.** Ministerial services were provided to the Ministry of Defence.
- **Strategic Direction.** Strategic communication direction was given to the Department.
- **Communication and Career Inputs.** Inputs were made regarding the careers of corporate communication functionaries and corporate communication training in the DOD.
- **Co-ordination of DOD Corporate Communication.** The CDCC and the Director Corporate Communication, via a variety of mechanisms, directed, integrated and coordinated the corporate communication effort in DCC, as well as in the whole DOD.
- **Staff Support.** The Staff Support Section has provided the required and planned administrative, human resource and logistic support to CDCC in co-operation with the GSB MOD, in order to enable the line sections to reach their objectives.

MEDIA LIAISON

- **Objective.** To render an effective media liaison service to the media and the DOD.
- **A total of 11 media visits were facilitated** to units of the SA Army, the SA Air Force, the SA Navy, the SAMHS as well to the deployed troops in the DRC and Burundi.
- **Media Briefings/Conferences.** There were three media briefings/conferences at the DOD level. Nine were cancelled due to the reaction from pre-identified role players to the ministerial instruction, and centralising the granting of authority to liaise with the media.
- **Media Monitoring and Media Trends.** The media was monitored on a 24-hour, seven days a week basis. The daily news clipping service to the DOD top structure continued with daily trends being supplied verbally to CDCC and the daily DSC. Monthly trends and tendencies were also produced for presentation by CDCC to the PDSC.
- **24-Hour Service to the Media and the DOD.** This service continued as planned but is becoming increasingly difficult to maintain due to the shortage of competent personnel.
- **Media Releases/Statements.** Hundreds of media queries were dealt with over the period under review. Media statements were released when required.





- **Weekly Information to Radio Stations.** This output no longer exists as a separate entity from the core business of the Media Liaison Section. It is handled as part of the day - to - day liaison with the media. This is because the DOD no longer buys airtime on radio stations and also does not have the staff to continue with the output as was originally envisaged.

COMMUNICATION INFORMATION

- **Objective.** To provide communication information products and services in order to ensure interactive information flow between the DOD and its publics.
- **Facilitated Visitors' Programmes.** Facilitated visitors' programmes were provided in order to ensure interactive information flow between the DOD and its publics. Six planned visits were successfully organised. All visits were executed as planned, and the aims of the visits were achieved.
- **Facilitated Events' Programmes.** Eight prestige events were held.
- **SA Soldier.** Eleven editions were produced and distributed, covering news of topical events and key issues, providing information on topical matters and promoting debate and liaison. The magazine changed its name to SA Soldier and has been transformed in terms of structure, processes and content. Due to the redesign and transformation of the magazine, three monthly issues were not published, including one in FY 2001/2002. The magazine also published a 2002 calendar together with a Reserve Force publication.
- **The DOD Information Centre** received almost 4 720 enquiries by fax, E-mail, letter and telephone. The main issues raised were:
 - ◆ External public requesting personal, military and service records.
 - ◆ External public requesting information on recruitment.
 - ◆ External public requesting updates on DOD military for information related to personnel strengths, equipment and top structure.
 - ◆ Internal public complaining about integration, promotion, salaries and unfair labour practices.
- **The DOD Information Office.** The success rate for the completion of requests has declined from 85% to 75% due to the increasing number of requests and the shortage of resources.
- The current personnel structure of the DOD Information Centre cannot effectively deal with the original purpose as well as the added function of being the nodal point for the Promotion of Access to Information Act requests.
- **A Nodal Point for Information and Information Act Matters.** The Promotion of Access to Information Act (Act 2 of 2000) came in to effect in March 2001. The Department of Defence Information Centre was designated as the nodal point to deal with requests for information and related matters. The staff of the Information Office and representatives of the Deputy Information Officers (DIOs) were trained in respect of the Act and procedures in August 2001.
- **The Information Centre** received 55 requests in terms of the Promotion of Access to Information Act, which were handled as follows, (all within the 90-day deadline: (Some of the requests contained four to 54 questions or records.)

◆	Number of requests finalised:	30
◆	Number of requests for access granted in full:	18
◆	Number of requests for access refused in full:	8
◆	Number of requests for access partially refused:	4
◆	Number of requests in process:	25
◆	Number of internal appeals lodged:	4

- **The DOD Internet and Intranet Website.** The aim of the DOD Internet Service is to provide an effective communication tool by publishing available information on the DOD Website. The DOD Website was visited 37 305 times (as measured by the number of "hits" recorded).
- DCC published the following information on the DOD Website:
 - ◆ All eleven editions of SA Soldier.
 - ◆ One hundred and eight of the 123 DOD Information Bulletins.
 - ◆ The Defence Reserve Force publication.
 - ◆ The Web pages for the Defence Reserve Force and SA Army Combat Training College, and links to them.
 - ◆ All media statements as issued.
 - ◆ The Defence Annual Report for FY 2000/2001 and the DOD Strategic Plan for FY 2002/2003 to 2004/2005.
- **A Speech Writing Service.** Thirty-nine speeches were written for the Secretary for Defence, CSANDF, and CDCC for internal and external delivery to a variety of audiences. One hundred and eighty three editing tasks were also done for CDCC and other information products.
- **DOD Information Bulletins.** One hundred and twenty one Information Bulletins were published throughout the DOD down to unit level, as planned.
- **Written Information Products.** There were no additional written products produced.

COMMUNICATION STRATEGY, POLICY AND PLANNING

- **Objective.** To provide communication, strategy, policy, planning, and evaluation.
- **Communication Inputs to the Strategic Direction Process.** Inputs were provided for the environmental scanning process as requested, based on formal and informal communication research inside and outside the DOD. Inputs were made to the Force Employment Strategy in the form of a corporate communication support strategy. Inputs were also made to the DOD Environmental Review Forum and, as chairman, to the SANDF Psychological Warfare Subcommittee.
- **Communication Policy.** No communication policy in the form of a DODI was developed.
- **Communication Instructions and Plans.** Communication instructions were written for Op FIBRE and Op MISTRAL. The DOD internal calendar was also compiled and updated on a monthly basis.
- **The DOD Communication Strategy.** A joint DOD Corporate Communication Strategy was written as a guideline for Corporate Communication in the Services and Divisions. Inputs were also made to cluster communication strategies.



CHAPTER 3



- **Research Results about the Communication Environment.** Research was commissioned internally via the DOD IG and externally to the Human Sciences Research Council (HSRC).
- **Internal Communication Research.** Research was done to monitor and evaluate issues like communication, attitudes, and knowledge in respect of transformation, racism, peace support operations, and the affordability and capability of the SANDF. The effectiveness of various communication efforts was also evaluated, for example, the industrial theatre in support of promotion of the DOD Code of Conduct.
- **External Communication Research.** The views and attitudes of the SA public on five defence issues were surveyed by the HSRC. The responses are tabulated below:

Table 3.4. Views and Attitudes of the SA Public on Defence Issues

Serial No	Issue	Response				
		Too Little	Too Much	Enough	Uncertain	
1	Amount of money spent on defence	15%	32%	22%	30%	
2	The capability of the SANDF to defend the country	Good 55%	Poor 19%		No Opinion 25%	
3	Progress with transformation in the SANDF	Well 31%	Reasonably Well 17%	Badly 17%	Uncertain 34%	
4	The extent of racism/racial discrimination in the SANDF	Not At All 5%	Small/Fair 31%	Considerable/ Great Extent 29%	Uncertain 33%	
5	SANDF involvement in peace support operations	Opposed 19%	Only in Neighbouring Countries 22%	Only In Africa 19%	In Any Country 19%	Uncertain 20%

COMMUNICATION SUPPORT

- **Objective.** To provide creative communication support to the DOD interactive communication effort.
- **Corporate Promotional Videos and Print Material.** The following was achieved:
 - ◆ Video Productions. Thirty-four programmes and videos of various lengths and formats (total edited programs of fifteen hours) were produced and distributed.
 - ◆ Video Duplications. Two thousand five hundred and fourteen videos were duplicated.
 - ◆ DOD Annual Report for FY 2000/2001. Three thousand were printed and distributed.
 - ◆ DOD Strategic Plan for FY 2002/2003-2004/2005. Three thousand were printed and distributed.

- ◆ Corporate Stationery (Including Folders, Programme Covers and Desk Pads). One thousand of each.

- **Corporate Promotional Items.** Promotional items to the value of R80 000 were managed and distributed.
- **Corporate Advertising.** A low intensity advertising campaign comprising nine advertisements in the national media over a period of two months was done. Target group exposure was 30 million people.

Four ad-hoc advertisements were placed in business magazines. Target group exposure was 200 000 people.

- **Visual Communication Services.** These graphic design and exhibition services (including 296 graphic designs and 62 fine art productions) resulted in and supported the following:
 - ◆ Eleven shows / exhibitions and 18 loan-use exhibitions.
 - ◆ Décor for 51 functions.
 - ◆ Thirteen advertisements.
- **Industrial Theatre Performances.** Fifty-eight performances were held country-wide to promote the DOD "Code of Conduct" effort. An estimated target group of 10 390 members was exposed to the message.
- **The Upkeep of Delville Wood Museum.** Management and administration to the amount of R400 000.

SERVICE DELIVERY IMPROVEMENT

Improvements in service delivery were pursued by continuing and refining efforts started in FY 2000/2001 by:

- Adapting the centralisation of media liaison at CDCC, thereby improving liaison with Services and divisions as well as control of all external media activities.
- Improving the information service by the transformation of SA Soldier magazine which is now distributed free of charge. It is aligned with the current needs of the DOD, proving the effectiveness of the visitors and events programme in respect of more appropriate target groups, and finalising and formalising the Internet service of the DOD.
- Further consolidation of Defence TV, which won an international military film festival award in Italy.
- Advertising designed by own staff as part of a total communication programme to enhance the awareness of the DOD externally.
- Developing industrial theatre performances to promote crucial issues like the DOD Code of Conduct and the MASIBAMBISANE HIV/Aids programme.
- Independent outsourced research on the views of the general SA public on important defence issues to guide communication efforts.





- Improving the joint corporate communication strategy and plan process for the whole DOD.
- Benchmarking defence communication against practices in other countries during foreign visits.

RESERVE FORCE DIVISION

ANNUAL REVIEW

The Reserve Force Division started the FY 2001/2002 with a new Director Defence Reserves, and also finalized the staffing of its regional offices during the first half of the year. The Division was thereby empowered to fulfil its mandate to a far greater extent than previously.

The Division was able to respond favourably to a request to cut expenditure and, by cancelling certain objectives in the corporate liaison and advertising environment, cut RM 2,0 from the budget. This was possible due to the delay in the approval of HR Strategy 2010 and the postponement of the implementation of the Military Skills Development system. The promotional objectives in this regard were transferred to 2002/2003 financial year, and RM 1,0 was returned to the Division's operating budget for 2002 onwards.

The Division fulfilled its advisory and strategic direction functions by fully participating in the processes to develop the Military Strategy and the Force Employment Strategy with the result that the Reserves are addressed in both documents. Members of the Division were also fully involved in the various work groups to develop implementation plans for HR Strategy 2010, and particularly the development of the Military Skills Development system, which is to be the main source of personnel for the Reserves from 2005.

The Division's mandate and core objective to promote the Reserves and the Reserve Force System was, within the limitations mentioned above, more successful than ever before, due largely to the regional offices coming on stream during the year and generating large numbers of promotional activities at regional level which were tailored to the specific requirements of the regions from which they emanated. Corporate projects such as the Reserve Force publication were also very successfully concluded, and the entire promotions budget was expended on planned projects. Client feedback in this regard has been extremely favourable.

The Division's main challenge during the year was the acceptance of the Reserves as an integral part of the SANDF's force design. With the publication of the Services' and Divisions' Reserve Force plans, the Division feels that its advisory and strategic direction functions were successfully carried out.

OUTPUTS

The following outputs relating to the core objectives of the Division were produced:

- **Strategic Direction to the Reserve Force System.** The Division achieved considerable success in this regard. Through the Defence Planning Forum, the Defence Reserve Board and various workshops and work sessions, direction was given during the formulation of the Military Strategy, the Force Employment Strategy and the HR Strategy 2010 wrt the role and employment of the Reserves. The Division also produced a draft plan and guidelines to give effect to the strategic framework for the Reserves, which was approved by the PDSC.



- **Specialist and Policy Advice.** Through the Reserve Force Workshop and various other work groups in which the Division participated, many important issues affecting the Reserves were resolved. These were:
 - ◆ The promulgation of the policy for staffing the Reserves.
 - ◆ A new tax system for Reserves was designed and implemented.
 - ◆ The warrant and rules for the proposed new Reserve Force medal were compiled.
 - ◆ Advice and guidelines for the development of implementation plans for the new Military Skills Development (MSD) system were provided.
- **Work groups.** The Division also coordinated work groups for the following:
 - ◆ To develop a modularised curriculum and programme for SCS training for the Reserves as this aspect was entirely neglected by the Project Profusion work group.
 - ◆ To develop implementation plans for the various objectives contained in HR Strategy 2010, which directly influence the Reserves and the Reserve Forces system.
- **Position papers.** The Division also produced draft DOD position papers on the Army Territorial Reserve and a cadet system for the SANDF. The former was produced for the public hearings convened by the Joint Parliamentary Standing Committee on Defence (JPSCD) and the latter as the first step towards one of the goals of HR Strategy 2010.
- **Promoting the Reserves and the Reserve Force System.** This core objective is an executive function corporately planned and executed for the DOD. Outputs generated during the year include nearly one hundred functions, briefings and exhibitions around the country during which the Reserves, the Reserve Force system and service in the Reserves was promoted to specific target publics and to the community as a whole.

A jointly planned and funded advertising campaign was conducted with CDCC with the dual objective of promoting the SANDF and the Reserves. The second Reserve Force publication aimed at promoting the Reserves internally and externally was finalised and distributed in January 2002. Several other projects for the production and distribution of posters, leaflets, information brochures and news media inserts were finalized for the Services as well as for specific Level 3 clients to fill identified needs in their specific regions. The fact that 99,7% of the promotional budget was spent in this year can be attributed to the fact that the Division's regional offices came on stream during the year and played an important part in the attainment of this core objective by identifying region specific clients and promotional needs and developing promotional items, literature or events to satisfy those needs. The meetings and activities of the National Defence Liaison Council (NDLC) were also coordinated, facilitated and funded as part of these core objectives.

CONCLUSION

The FY 2001/2002 was the Division's most successful year in terms of the achievement of planned output. Most of the planned objectives were achieved and a significant level of advice output was achieved by means of response to ad hoc requests for specialist advice/input on a variety of issues received from the Policy and Planning Division, Chief Directorate Legal Service, Chief of Joint Training, Chief of Foreign Relations, Directorate Strategy and Directorate HR Planning. The promotion of the Reserves and the Reserve



Forces system was also successfully executed wrt output generated, which, in fact, exceeded planned output its number of activities held in the regions.

The Division has not yet had a full year of functioning as a fully staffed entity, but had increasing successes and output as the incumbents of posts filled during the year began to find their feet and the regional offices began to be effective.

The Reserve Force Division looks forward to an even more productive year in 2002/2003.

REPORT ON THE RESERVE FORCE

INTRODUCTION

The role of the Reserve Forces as an integral part of the SANDF's force design is acknowledged in the Constitution and the White Paper on Defence. Since 1994 and the inception of the transformation process, the SANDF has succeeded in transforming the Reserve system from a largely conscripted force to an all-volunteer force.

Despite the budgetary constraints, many new volunteers have been recruited, largely at the initiative of the Reserve units themselves, and the previously all- white conscripted membership now comprises a cross-section of South Africa's population although there is still some way to go in achieving the targets set in the Defence Review, particularly in the leader group.

The biggest challenge has been to provide the Reserves with sufficient resources to maintain them, and to ensure their readiness as a viable component of the SANDF's total force design. This has largely been due to the reduction of the Defence budget to levels in line with South Africa's new position in the community of nations, and the challenge of reducing Full-time Force numbers.

The result has been a decline in the capability of the conventional reserves as a whole, although the Army Territorial Reserve has been able to maintain a relatively stable state, largely due to their involvement in support to the SA Police Services and operations such as flood relief and disease control during the foot-and- mouth epidemic.

PERSONNEL

The Reserves currently have some 60 000 signed up active volunteers of whom 47 000 are the Army Territorial Reserves members. The balance is distributed amongst the Army Conventional Reserves (7 000) and the various combat support and support services.

Almost 40% of the Army Territorial Reserve is composed of African, Coloured or Asian members, and females account for some 27% of the total. Four units are commanded by black officers. There is, however, a severe shortage of junior leaders, particularly amongst the black population group. This is the result of the budget allocation, which has limited the number of recruits being fed to the Reserves from the Initial Military Service system. Most of the new recruits are previously untrained members recruited locally by the units themselves.

The Army Conventional Reserve has suffered the same lack of trained personnel available to be recruited. This has affected the Conventional Reserves more severely due to the more intensive and advanced training required to operate the main equipment used by them. However, many units have overcome these obstacles, and have succeeded in recruiting volunteers locally, and providing them with at least basic training and limited

functional training. The smaller corps such as the Artillery and Armour corps has been more successful due to the smaller numbers required. The Army Conventional Reserve currently has some 7 000 active signed-up volunteers.

The Air Force and Navy have small Reserve elements, consisting in the main, of specialist personnel in their respective musterings. The Military Health Service makes very good use of their Reserves medical personnel to supplement their capacity.

The Military Legal Service embarked on a process to supplement their capacity by recruiting nearly 250 legally qualified members into the newly instituted Reserve element, 80% of whom are black.

The Command and Management Information (CMI) Formation and DOD Log Formation have Res F units earmarked to serve in the combat support role. These are chiefly units in the signals, logistics and technical support fields, although most of this units suffer the same problems experience in the Army Conventional Reserve units. The CMI Formation has successes in terms of staffing the leader group and limited numbers of other ranks.

TRAINING AND EMPLOYMENT

The Army Territorial Reserves (ATR) has supplied 23 platoons on an ongoing basis for employment by CJ Ops. This means that some 700 ATR personnel have been deployed on an ongoing basis every day throughout the country.

The ATR contributed some 260 000 man-days to the total SANDF deployments in the last financial year, and 40% of the SANDF's total operational successes internally are attributable to the ATR. It is interesting to note that the cost-effectiveness of the Reserves is amply demonstrated by the fact that the cost of the entire Res F contribution to the internal deployments was less than the cost of one Regular Force Infantry Battalion.

The entire postal services for SANDF elements deployed outside the RSA are handled by 11 Field Post Office Unit, a Reserve Force unit of the CMI Formation. Nearly one and half tons of post per month is handled by 11 Field Post Office. The CMI Formation is also providing a Reserve Force element on an ongoing basis to support the registry services of several DOD HQs.

The SAAF Light Transport Squadrons, an entirely Reserve Force component, supply light air transport service to the DOD. The SAAF Reserve is also often used to supplement air crew and other specialist functions in SAAF full-time squadrons and HQs. The SAAF currently has no plans to expand its Reserve to form front line combat squadrons.

The Army Conventional Reserve has had limited training for several years and has not had a formation exercise since 1996. The corps and functional training of individuals, and elements of units, is conducted at varying levels, but the limited resources available for the Conventional Reserve, the Infantry units in particular, is the main cause of this situation.

CONCLUSION

The SANDF has still not arrived at an affordable force design, although proposals for such a design are currently under investigation. The Military Strategy, the Force Employment Strategy, and the Force Design proposals all support a substantial Reserve Force component.

The DOD's Human Resource Strategy 2010 provides strategies to address many of the problem areas. The proposed new services system also provides a mechanism to channel trained personnel into the Reserve Force. This is an advanced state of deployment





and should be implemented by January 2003. The budget will only allow for a very small intake, however, and the system's potential to feed the Reserve Force will be limited initially.

When the DOD has downsized and rightsized the Regular Force and other full-time elements (eg PSAP), funds should then become available to implement the MSD feeder system as well as to plan and budget for proper force preparation for the Reserves.

It is thus evident that the DOD has plans and strategies in place to address the critical areas, which could make the Reserve, Force a viable and employable entity in the medium term.

MILITARY LEGAL SERVICES

ANNUAL REVIEW

Notwithstanding the continuing loss of experienced personnel and critical skills, service rendering has been maintained. It is becoming extremely difficult in view of the lack of depth of experience and skills, as well as the unpredictability of operational requirements. The general position is that the Military Legal Service Division (MLSD) has staff which is high in potential and that in 5 to 6 years hence the problems currently experienced will definitely be something of the past.

DEFENCE COMMITMENTS

- **Operational Support.** Operational law support was provided to Military Legal Services Division's clients, i.e. Chief of Joint Operations and Chief of Defence Intelligence, on various matters ranging from day-to-day legal advice to the rendering of support during operations and exercises
- MLSD provided appropriately trained staff that deployed and rendered legal support.

OUTPUTS

MLSD Provided professional, legitimate and deployable military legal advice and support services, excluding operational legal advice and support, to level 2 and above clients and ensured those services to levels 3 and 4 through Legal Satellite Offices:

- SANDF Legal Support (LS).
 - ◆ Legal Advice Support to DHQ and Service Chiefs.
 - ◆ 256 Written legal advice.
 - ◆ 222 dealt with grievances/complaints.
- Legal support/advice in various litigation matters.
 - ◆ Perused 232 policies and contracts.
 - ◆ Reviewed 128 Boards of Inquiries.

MLSD provided adequate military legal education, training and development, personnel, logistic, finance, systems management and general staff duties services to the MLSD and ensured Military Legal Training in the DOD. The MLSD presented 58 lecture at Military Institutions.

MLSD ensured the availability of military judges and promoted the professional and legitimate conduct of presiding officers at military trials wherever held. An affordable, credible, efficient and fully integrated military judges service was provided.

MLSD provided a professional and legitimate military judicial review service that established the validity of completed military trials and monitored the implementation of review results.

MLSD ensured the provision of a professional, effective and legitimate military prosecution service.

MLSD provided professional, legitimate and deployable operational legal advice and support services to divisional/service level and above clients and ensured those services to lower levels through Legal Satellite Offices.

Five Legal Satellite Offices were generic and were responsible for providing a full Military legal service to divisional/service and lower levels.

CHAPLAIN GENERAL

ANNUAL REVIEW

The division set itself a number of strategic goals over a period of five years (1999-2003). Most of these goals came to fruition during the past year and good progress was made with the remainder. The goals were the following:

- The formulation, implementation and control of religious policy by the Chaplain General in co-ordination with the Religious Advisory Boards and the DOD.
- The establishment, and continuous good functioning of the Religious Advisory Boards for all the major religions represented in the DOD.
- The establishment of a representative, professional, and balanced core of chaplains.
- The development of appropriate ministry patterns for the defence environment while giving continuous spiritual and moral support to all members.
- Contributing to an appropriate corporate value system within the DOD.

The Chaplaincy also made significant contributions to the Southern African region in terms of the support to members in Burundi, the DRC Church leaders tour to units, the Conference on the Ethics of War and the Inter Congolese Summit.

The most important challenges for this division in the years to come is the care for families of deployed members and the HIV/AIDS problem.

OUTPUTS

It must again be noted that this Office provides the policy and guidelines, but most of the Chaplain's work is done at level three and four. Statistics of the Spiritual and Moral Support outputs can be found in table 3.5.

Religious policy was provided, and advice was given to the DOD in accordance with National and Departmental policy, as well as Religious Advisory Board guidelines in order to enable effective religious support to all members of the DOD.

This was manifested by the approval of both the religious policy, as well as the policy on procedures for the Chaplains Service by the Department.





The Religious Advisory Boards were also instituted and convened meetings regularly. The revised Church/State agreements have been signed, or are in the process of being finalised by most Churches/Denominations and Religious Bodies.

The Chaplains Service was directed and guided to provide for the promotion of spiritual growth, social support and ethical conduct. The Chaplains Service was effective in supporting Defence members and their dependants, especially as mandated during deployments. Statistics below will show the vast number of ministry activities that were performed by the Chaplains Service. This division is also busy with research into the best practices for an effective religious ministry and support.

- **Church Leader Tour.** Church leaders were taken on an information tour to units in KwaZulu Natal. During the tour, they were exposed to the work of the Chaplains Service and the role of the DOD. Very positive feedback was received from this important group that represents a very wide constituency.
- **Conference on Ethics of War.** The annual conference of the Chaplain General attended by all regular force Chaplains, as well as the Chief Chaplains of countries of Southern Africa (ISDSC), on the theme of Ethics of War was a great success. Prof Villa-Vicencio excelled in facilitating a deeper understanding of this much-needed topic.

The chaplains contributed actively in supporting deployed members in DRC and Burundi as well as some of the communities. Good liaison between Churches and other Religious Bodies was established, and a lot of goodwill was gained by our support to them. Mention must also be made of the support from the religious communities in the country to the deployed members over the festival season. Here the donation of a substantial amount of money (as a gift) by the Methodist Church of Grahamstown Mothers Union is a good example.

A professional, balanced and representative core of Chaplains was available to the DOD through the Functional Staffing of members. The Chaplains Service has transformed to be one of the leading divisions in the DOD on representativity.

Table 3.5. Spiritual and Moral Support Statistics

Serial No	Activity	2000	2001
MINISTRY BY WORD			
1	Church services	4 159	5 987
2	Prayer parades	7 509	11 916
3	Cplns periods	5 528	8 269
4	Bible studies	934	2 515
PASTORAL INTERVIEWS			
5	Spiritual	8 134	11 369
6	Other	4 661	4 925

CHAPTER 3

<i>Serial No</i>	<i>Activity</i>	<i>2000</i>	<i>2001</i>
	VISITS		
7	Homes	1 441	2 797
8	Rooms/Barracks	3 970	7 213
9	Hospital	3 356	12 060
10	Sections in Unit	4 850	8 364
	NOTICES CONVEYED		
11	Death	1 015	1 983
	COUNSELING		
12	Alcohol	304	1 112
13	Drugs	139	107
14	Marriage	776	686
15	Suicide attempts	105	50
16	Bibles distributed	24 906	22 296

CONCLUSION

The Chaplain Service delivered a valuable service to the Department. The Service has been greatly supported by commanders at all levels as well as other professional people within the Department. We are grateful for the wonderful opportunity to serve God and represent the different Religious Bodies and denominations within the department and by rendering a service to South Africa.

DEFENCE FOREIGN RELATIONS

INTRODUCTION

The FY 2001/2002 has been a year of mixed results for Defence Foreign Relations (DFR). The complications arising from transferring the defence foreign relations function from Defence Intelligence (DI) to Chief of Corporate Staff (CCS), impacted negatively on the ability to provide a coherent and integrated output to the SANDF and DOD.

In February 2002 a Chief of Defence Foreign Relations was appointed and tasked to establish DFR so that the SANDF and MOD can be provided with an integrated Defence Foreign Relations function. The structure to achieve the defence foreign relations function was finally transferred to CCS in February 2002.

INTERNATIONAL RELATIONS

- **South African Attachés.** At present the SANDF has 26 Military Attachés (MAs), deployed in 22 countries as shown in table 3.6.

CHAPTER 3

Table 3.6. Deployment of SANDF Military Attachés: FY 2001/2002

Serial No	Africa	Asia	Europe	Americas
1	Angola	India	France (2)	Argentina
2	Botswana	Malaysia	Germany	Brazil
3	Democratic Republic of Congo (DRC)	People's Republic of China	Italy	United States of America (3)
4	Ethiopia		Spain	
5	Egypt		Russian Federation	
6	Mozambique		United Kingdom (2)	
7	Namibia			
8	Tanzania			
9	Zambia			
10	Zimbabwe			

- **Foreign Military Attachés (FMA).** 52 Foreign Military Attachés represent a total number of 36 countries in South Africa (Table 3.7).

Table 3.7. Foreign Military Attachés in South Africa: FY 2001/2002

Serial No	Africa	Asia	Europe/Middle East	Americas
1	Algeria (2)	China (PRC) (2)	Belgium (1)	Argentina (1)
2	Angola (2)	India (1)	France (2)	Brazil (2)
3	Botswana (2)	Korea (1)	Germany (2)	Canada (1)
4	Gabon (1)	Malaysia (1)	Greece (1)	Chile (2)
5	Egypt (2)	Pakistan (1)	Israel (1)	USA (4)
6	Kenya (1)		Italy (1)	Uruguay (1)
7	Malawi (1)		Kuwait (1)	
8	Nigeria (1)		Portugal (1)	
9	Tanzania (1)		Russia (3)	
10	Zambia (1)		Spain (1)	
11	Zimbabwe (2)		Sweden (1)	
12			Ukraine (1)	
13			UK (2)	

NOTE. The FMAs for Israel and Kuwait are non-residents

VISITS

During the period under review DOD personnel undertook a total number of 412 visits abroad, while official visits to South Africa totalled 166. These included goodwill, working and project visits aimed at furthering or maintaining good foreign relations. DFR managed the submissions of these visits on behalf of the MOD, Secretary for Defence and the SANDF.

Consular services are provided to all DOD members by DFR. The following services were provided:

- Official passports issued 2 665
- Official passports cancelled 120
- Visas: issued 1 832
- Flight Reservations 501

Interstate Defence and Security Committee (ISDSC). Various conferences and meetings of the ISDSC and subordinate committees took place during the financial year. The most important of these meetings were:

- The Operations Sub-subcommittee met over the period 11-13 April 2001 in Mozambique.
- The ISDSC meeting took place in Lesotho over the period 7 - 11 May 2001.
- The Spiritual and Moral Guidance Support Workgroup met over the period 26-27 June 2001 in Botswana.
- The Logistics Workgroup met in August 2001 and over the period 14-18 January 2002 in Swaziland.
- The Personnel Workgroup had a meeting in Tanzania over the period 11-12 October 2001.
- The Maritime Standing Committee met over the period 18-24 August 2001 in South Africa (Cape Town).
- An ISDSC Ministers Meeting took place over the period 17-18 December 2001 in Angola.
- The Aviation Standing Committee met in October 2001 in South Africa.
- Defence Intelligence Standing Committee met over the period 4-7 March 2002 in Zimbabwe.
- The Telecommunication and Information Systems Workgroup met over the period 6-7 March 2002 in South Africa.

CONCLUSION

Defence Foreign Relations is facing the following challenges for the next financial year:

- A new structure for the organisation needs to be developed, evaluated and approved in order to finalise the staffing programme.
- Affirmative action needs to be addressed in the staffing process.
- A strategic plan still needs to be developed for 2003/2004, which is aligned to the Military Strategy.



CHAPTER 4





LANDWARD DEFENCE

INTRODUCTION

The SA Army has over the FY 2001/2002 been required to address a multitude of challenges within its own office, as well as the ongoing Department of Defence (DOD) transition. Although the process is by no means complete, the SA Army has made considerable progress. What makes the results to date so unique is that the SA Army has had no control over those dimensions in the environment which have had the most profound influence on the transition of the SA Army.

The predominant challenge remains the continuous underfunding of the SA Army. Underfunding is compounded by the absence of an approved, affordable force design and structure and the fact that without the Employer Initiated Package (EIP) process, the SA Army is compelled to spend more than 72% of its budget on personnel and non-discretionary personnel-related costs. A small percentage remains for other non-discretionary expenses.

AIM

The aim of the Landward Defence Programme is to provide prepared and supported landward defence capabilities for the defence and protection of South Africa. Landward defence provides strategic and operational direction to the SA Army and establishes, maintains and prepares combat capabilities such as the infantry, artillery, armour, air defence artillery and engineer capability. It also provides operational and tactical logistic support capabilities, tactical command and control capabilities, operational intelligence capabilities and general landward defence training capabilities. Furthermore, it provides for the deployment of SA Army capabilities required to execute ordered commitments, as ordered by the Chief of Joint Operations (CJ Ops).

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- **The Provision of Advice on SA Army and Land Warfare Matters.** Directors and senior staff officers from the Army Office participated actively and played a key role in the CJ Ops planning process to formulate the Joint Force Employment Strategy for the South African National Defence Force (SANDF) over a period of five months. The Chief of the Army also visited Russia, USA, Brazil and China to establish formal liaison links with counterparts in order to enhance closer links and to pave the way for Army cross-pollination.
- **Compliance within the SA Army with Governance Prescriptions Contained in the Constitution, the Defence Act, Law and Joint Defence Publications.** The SA Army accounted to the Chief of the South

CHAPTER 4



African National Defence Force (CSANDF) and Secretary for Defence as required during the review period. Emphasis was placed on:

- ◆ Financial accounting through early-warning reports and expenditure plans.
 - ◆ Compliance with the Defence Planning, Budgeting and Evaluation Committee (DPBEC) requirements to report on a quarterly basis.
 - ◆ Reporting on a continuous basis regarding the combat readiness of SA Army forces as required.
- **Ensuring that SA Army User Systems (US)/ Higher Order User Systems (HOUS) Specified in the SA Army Integrated Level 2 Plan, (Version 2 dated 4 April 2001) are Contingency Ready, Supported and Cost Effective.** Forces were prepared during the year under review in accordance with the combat-readiness status specified by CSANDF and Force Preparedness Schedule of the Chief of the Army. Tabulated below is the actual performance versus the planned performance with regard to the force preparation of SA Army capabilities for the FY 2001/2002.

Table 4.1. Forces Prepared During FY 2001/2002

Serial No	Sub-Programme	Full Outputs	Actual Output
1	Strategic Direction To provide strategic direction to the Landward Defence Programme	An Army Office comprising Chief of the Army and personnel plus one Chief Directorate for Force Structure, Force Preparation, Corporate Services and IG Army which direct, orchestrate and control the SA Army in the achievement of its mission - provision of combat ready and supported army forces	Effective and efficient strategic direction of the SA Army with relation to timely promulgation of strategy, operational concepts and guidelines for planning
2	Infantry Capability To provide the Infantry Capability of the Landward Defence Programme	One infantry formation headquarters (HQ) and 20 group HQ's One corps school Three Regular Force motorised infantry battalions Nine Reserve Force motorised infantry battalions Six Regular Force mechanised infantry battalions Mechanised Reserve Force infantry battalions One parachute regiment HQ One parachute battalion One packing wing One Regular Force pathfinder platoon Two Reserve Force parachute battalions Nine Regular Force light infantry battalions 11 Reserve Force light infantry battalions One Regular Force special infantry battalion 183 Reserve Force commandos	Three Regular Force motorised infantry battalions Eight Reserve Force motorised infantry battalions Two Regular Force mechanised infantry battalions Five Reserve Force mechanised infantry battalions Ten Regular Force light infantry battalions 11 Reserve Force light infantry battalions One Regular Force parachute regiment headquarters including a pathfinder platoon One Regular Force parachute battalion Two Reserve Force parachute battalions One Regular Force specialist infantry battalion 20 Regular Force group HQs 183 Reserve Force commando units

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<i>Serial No</i>	<i>Sub-Programme</i>	<i>Full Outputs</i>	<i>Actual Output</i>
3	Armour Capability To provide the armour capability of the Landward Defence Programme	One formation HQ One corps school. One Regular Force tank regiment Three Reserve Force tank regiments One Regular Force armoured car regiment Three Reserve Force armoured car regiments One Regular Force armoured car squadron Two Reserve Force armoured car squadrons Regimental HQ plus one Regular Force tank transporter squadron One Reserve Force tank transporter squadron	One Regular Force tank regiment Four Reserve Force tank regiments One Regular Force armoured car regiment Three Reserve Force armoured car regiments
4	Artillery Capability To provide the artillery capability of the Landward Defence Programme	One formation HQ One corps school One Regular Force composite artillery regiment Two Reserve Force self-propelled artillery regiments Two Reserve Force towed medium artillery regiments . Two Reserve Force multiple rocket launcher Artillery regiments One Regular Force airborne light battery One Reserve Force airborne light battery	One Regular Force composite artillery regiment One Reserve Force self propelled medium artillery regiment Two Reserve Force towed medium artillery regiments One Reserve Force multiple rocket launcher artillery regiment
5	Air Defence Artillery Capability (Air Defence Artillery) To provide the air defence artillery capability of the Landward Defence Programme	One formation HQ One corps school One Regular Force composite air defence artillery regiment Three Reserve Force mobile air defence artillery regiments One Reserve Force towed air defence artillery regiment One Regular Force parachute/airborne air defence artillery battery One Reserve Force parachute/airborne air defence artillery battery	One Regular Force composite air defence artillery regiment Three Reserve Force mobile air defence artillery regiments One Reserve Force light air defence artillery regiment One Reserve Force towed air defence artillery regiment One Reserve Force parachute air defence artillery regiment

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<i>Serial No</i>	<i>Sub-Programme</i>	<i>Full Outputs</i>	<i>Actual Output</i>
6	Engineer Capability To provide the engineer capability of the Landward Defence Programme	One formation HQ One corps school One Regular Force/Reserve Force field engineer regiment Three Reserve Force field engineer regiments Five area defence engineer squadrons One Regular Force engineer support regiment One Reserve Force engineer support squadron Two Regular Force engineer terrain intelligence squadrons One Reserve Force engineer terrain intelligence squadron One Regular Force/Reserve Force construction regiment Two Regular Force/Reserve Force parachute/airborne engineer squadrons	One Regular Force field engineer regiment One Regular Force construction regiment One Regular Force survey and mapping regiment One Regular Force engineer support regiment One Engineer printing regiment Three Reserve Force field engineer regiments One Reserve Force parachute engineer regiment
7	Operational Intelligence Capability To provide the operational intelligence capability of the Landward Defence Programme	One formation HQ One corps school One Regular Force/Reserve Force intelligence regiment	One Regular Force and Reserve Force tactical intelligence regiment
8	Command and Control Capability To provide the tactical level command and control capability for HOUS force preparation of the Landward Defence Programme	Two brigade HQs	Two Regular Force brigade headquarters
9	Support Capability To provide operational level command and control for the support capability of the Landward Defence Programme	One formation HQ 13 general support bases Two Regular Force maintenance units Two Regular Force workshops Ceremonial (one unit) including band Military music (four bands)	One Regular Force field workshop One Reserve Force field workshop One Regular Force maintenance unit One Reserve Force maintenance unit

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Serial No	Sub-Programme	Full Outputs	Actual Output
10	General Training Capability To provide operational level command and control for the general training capability of the Landward Defence Programme	One formation HQ Three Regular Force common training institutions One Regular Force joint training institution	Provision and maintenance of a general training capability for basic, junior leader, voluntary military service, formation and staff training at training establishments Required courses to address formal course requirements
11	Defence Commitments The SA Army manages the funds for internal deployments on behalf of CJ Ops	19 Regular Force infantry companies 23 Reserve Force platoons One battalion group One parachute battalion	Force levels and capabilities supplied as required by CJ Ops

- **The Establishment of Service Agreements (SAs) between the SA Army and its Clients/Suppliers.** The SA Army was able to determine with relative accuracy what the Service Agreement requirements were. It managed to conclude 16 out of a total of 32 Service Agreements at the end of the FY 2001/2002.
- **Institutionalisation of Equal Opportunities and Fair Labour Practices in the SA Army.** Policy regarding equal opportunities and fair labour practices in the SA Army is in place and has been implemented. Nevertheless, there is still room for improvement.
- **Institutionalisation of Transformational Leadership and Mission Command in the SA Army.** The programme for Full Range Leadership /Leadership, Command and Management Principles (LCAMPS) enjoys priority funding in the SA Army and continues according to schedule within the financial constraints imposed by the resource allocation from the DOD.
- **Ensuring Continuous Quality Improvement of SA Army Equipment and Facilities to Avoid Losses and Damage.** This is an area of grave concern to the SA Army as it has no discretion over its contractual obligations, which constitutes more than 82% of its budget. The serviceability and condition of equipment and facilities continue to deteriorate due to the need to reallocate meagre resources to cover the most critical areas.
- **The Management of Risks in the SA Army**
 - ◆ **Underfunding and Compounding Elements.** The most predominant of all risks remains the continuous underfunding of the SA Army. Underfunding is compounded by the absence of an approved affordable force design and structure and the fact that without an employer retrenchment mechanism, the SA Army is compelled to spend more than 72% of its budget on personnel and personnel-related costs (non-discretionary). A small percentage remains for other non-discretionary expenses.
 - ◆ **Threats to the Health Status of SA Army Personnel.** The SA Army is a manpower intensive organisation. The structural and financial



- ◆ impact of HIV/AIDS and its resultant effect on morale could influence the combat readiness and international acceptability of the SA Army.
- ◆ **Structuring According to the DOD Level 1 Plan and Execution of the DOD Ordered Minimum Commitments (OMC).** The SA Army is mandated to provide prepared and supported landward defence capabilities for the defence and protection of the RSA. This is achieved by providing strategic direction for the landward defence and establishing, training and maintaining prepared Regular and Reserve Force combat elements, auxiliary services and facilities.
- ◆ **Rejuvenation of the SA Army.** The SA Army financial allocation only made provision for the intake of 450 members per year for the next two years.

CONTRIBUTION TO JOINT AND MULTINATIONAL EXERCISES

- **Exercise OXIDE (Multinational Exercise).** The SA Army provided 107 members from 8 Engineer Regiment and Reserve Force units from Cape Town.
- **Exercise LAUREL (Multinational Exercise).** 43 SA Army members from 1 SA Infantry Battalion took part.
- **Exercise TANZANITE (Multinational Exercise).** Tanzanian Forces and 43 SA Army members from 4 SA Infantry Battalion participated.
- **Emergency Exercise (Koeberg Nuclear Power Station).** The SA Army provided a total of 209 members from 8 Engineer Regiment, General Support Base Youngsfield and 9 SA Infantry Battalion.
- **Exercise AIRBORNE AFRICA (Multinational Exercise).** 44 Parachute Brigade entered 3 teams.
- **Exercise IRON EAGLE (Joint Exercise).** 44 Parachute Regiment, the SA Air Force, Artillery Formation and Air Defence Artillery Formation took part.
- **Exercise HOUSE (SA Army Exercise).** 43 Brigade Headquarters staff officers participated in this successful exercise of brigade headquarters procedures, sustainment, accounting and echelon system in the Wallmansthal training area over the period 8 - 21 September 2001.

OUTPUTS FOR DOD CLIENTS

Table 4.2. SA Army Outputs for DOD Clients

<i>Serial No</i>	<i>Description of Service</i>	<i>Service Provider</i>	<i>Service Recipient</i>
1	The funded command and control of supported deployed SA Army Regular and Reserve Force units	SA Army	CSANDF (CJ Ops)
2	The management and maintenance of SA Army Regular Force, Reserve Force and PSAP members	SA Army	DOD Human Resource Support Centre
3	The provision of ceremonial artillery gun salutes	SA Army	DOD
4	SA Army services to SAMHS - 37 sickbays and veterinary services	SA Army	SAMHS
5	Product Systems Support	SA Army	
6	DOD Cross Subsidisation Product System (PSM). The provision of: i. Ammunition for force preparation ii. Uniform pieces to members of SA Army outside the SA Army iii. The provision of ration packs for support to the people of other services and divisions iv. The provision of centralized stationery v. The provision of updated maps and charts	SA Army	DOD Services and Divisions
7	The management and maintenance of SA Army Full-Time Force, Reserve Force and PSAP members	SA Army	DOD
8	The provision of artillery- related ceremonial services	SA Army	DOD
9	Course support to DOD common training	SA Army	DOD

SERVICE DELIVERY IMPROVEMENT

During FY 2001/2002 the SA Army encouraged effectiveness and efficiency through continuous performance improvement by means of a pilot project for the implementation of total quality management. The project is currently in its first phase, which entails empowering members in strategic positions at service/divisional and lower levels during FY 2002/2003 for further roll-out at lower level, as well as service providers to the SA Army, in FY 2003/2004.

CHAPTER 5





AIR DEFENCE

INTRODUCTION

The FY 2001/2002 was dominated by the fact that the SA Air Force (SAAF) provided substantial manpower, and other resources, as part of the South African National Defence Force's (SANDF's) contingents that are deployed in the Democratic Republic of Congo (DRC) and Burundi. Reports indicate that the deployed members of the SAAF excelled in their duties and all indications are that this would continue in the future.

There were major challenges on both the strategic and managerial levels with the deterioration in aviation safety, a decrease in available operational aircraft and an increase in resignations from members in highly specialised job categories. The deterioration was attributed to the underfunding of the Air Defence Programme. The resignations were due to low morale caused by reduced flying rates and low wages.

A strategic decision was taken to conduct flying operations at minimum force preparation and system safety levels to ensure that air and ground crews retained their competencies. The implication was that, unless additional funds could be found to fund the deficit in flying hours, all flying operations would have been suspended in September 2001. As a result of sound management, severe austerity measures and the allocation of some additional funds, the Air Force managed to keep flying throughout the year and concluded the year with an impressive operational contribution to SANDF goals, as well as an excellent flying safety record.

AIM

The aim of the Air Defence Programme is to provide prepared and supported air defence capabilities for the defence and protection of South Africa. The programme provides strategic and operational direction to the SAAF and establishes, maintains and prepares an air combat and reconnaissance capability, helicopter capability, and a transport and maritime capability. It also provides operational and tactical logistical support capabilities, air base support facilities, tactical command and control capabilities, operational intelligence capabilities, the functional training of technical and operational personnel, as well as the developmental training of all SAAF personnel.

DEFENCE CAPABILITIES

There was a concern about the decline in the operational status in important capabilities. These included the core air defence capability (Cheetah); in-flight refuelling; transport aircraft; and the constraints on the recovery programme to prepare the two squadrons to receive the Gripen and Hawk aircraft as part of the Strategic Defence Packages (SDPs).



OUTPUTS PRODUCED FOR DOD CLIENTS

During the course of the year the DOD provided flying outputs which required force employment flying hours for its internal clientele.

- **Joint Air Transport Support Centre (JATSC).** JATSC was responsible for air transport for DOD clients such as the Presidency, Parliament, other government departments and the SANDF.
- **Joint Offensive Support Centre (JOSC).** JOSC was responsible to DOD clients such as government departments and force employment requirements from within the SANDF, as well as joint deployments/exercises with foreign countries.
- **Air Force Command Post Operations (AFCP Ops).** AFCP Ops was responsible for the execution of SAAF autonomous humanitarian operations. A total of 711 hours were requested. The SAAF only allocated 495 hours due to financial constraints, and 87 hours were flown. This was due to a low number of emergency flight requests and Search-and-Rescue (SAR) incidents.
- **Regional Joint Task Force (RJTF) Central.** RJTF Central was responsible for area protection and borderline control operations within the Gauteng, Free State and North West Provinces. A high percentage of the allocation was met.
- **RJTF North.** RJTF North was responsible for area protection and borderline-control operations within Limpopo and Mpumalanga. A total of 3 055 hours were requested. The SAAF allocated only 2 597 hours due to financial constraints, and 1 745 hours were flown. This was due to a reasonably low rate of crime in these provinces.
- **RJTF East.** RJTF East was responsible for area protection and borderline control operations within the KwaZulu Natal Province. A total of 1 580 hours were requested. The SAAF allocated only 1 269 hours due to financial constraints, and 1 110 hours were flown. A high percentage of the allocation was met.
- **RJTF South.** RJTF South was responsible for area protection and borderline-control operations within the Eastern Cape Province. A total of 1 010 hours were requested. The SAAF allocated only 708 hours due to financial constraints, and 436 hours were flown. This was due to the low rate of operations in this province.
- **RJTF West.** RJTF West was responsible for area protection, borderline control, and maritime patrol operations within the Cape and Northern Cape Provinces. A total of 4 440 hours were requested. The SAAF allocated 4 107 hours due to financial constraints, and only 1 788 hours were flown. This was due to the reasonably low rate of crime in the Northern Cape Province and the unavailability of the maritime patrol aircraft.

TRAINING OUTPUTS PRODUCED FOR INTERNAL CONSUMPTION

The following training was presented:

- **Basic Flying Training and Flying Instructors Training.** All the basic flying and flying instructors' courses were presented at Central Flying School Langebaanweg.

- **Navigator Training.** All navigator and related training, such as survival and para-sailing, were done at 80 Air Navigation School.
- **Technical Training.** All technical training was done at 68 Air School, at universities and Centurion College. Apprentices who attended this type of learning opportunity included eight from Rwanda.
- **Non-Technical Training.** All non-technical training courses were presented at 68 Air School and the Air Force Gymnasium.
- **Advanced Training.** During the period it was planned to train 1 504 members in various fields of advanced training. In the end 3 092 members were accommodated for training. This escalation was due to various factors, such as the experience level of members not being up to standard, qualified members leaving the SAAF, changes in the validity period of certain competencies and unplanned training owing to the SA Excellence Foundation (SAEF) model implementation and the minimum requirement set for artisan status.
- **Command and Control Training.** All command and control training within the Air Force took place at the Air Force Command and Control School.
- **Intelligence and Counter-Intelligence Training.** All intelligence and counter-intelligence training within the SAAF took place at the Joint Air Reconnaissance Intelligence Centre.
- **Protection Training.** The service provider, Air Force Gymnasium, undertook all the training requirements of the Protection Services.
- **Ad Hoc Training.** There was an ad hoc training requirement of 70 learners for GSB Garrison in the skills of entrance control. There was an operational requirement to train VIP protectors to be deployed in peacekeeping operations in Burundi. A VIP protection course was also presented to the SA Reserve Bank. Six students passed the course.
- **Basic Military Training.** Basic Military Training (BMT) took place at the Air Force Gymnasium with a total of six BMT courses presented and accommodating 336 students within the reviewed year.
- **Officers Development Programme.** Officers' developmental training took place at the Air Force College with a total of six courses accommodating 240 students.
- **Non-Commissioned Officers (NCO) Development Programme.** NCOs' developmental Education Training Development (ETD) took place at the Air Force College with a total of 13 courses being presented accommodating 457 students with a 99.5% pass rate.
- **Tertiary Training.** During this period it was planned to train 296 members at tertiary training institutions, however, 333 members were accommodated for tertiary training. This escalation was due to various factors such as the enhancement of ETD levels in the SAAF and the upgrading of competencies to the minimum requirements set.





CEREMONIAL ACTIVITIES

For the FY 2001/2002 there was a total of 79 scheduled ceremonial activities. The scheduled and actual activity requirement was achieved for the FY 2001/2002. The actual number of ceremonial activities for the year under review was 140. The increased number of activities was due to ad hoc requests received such as medal parades, official functions, farewell parades, funerals, flag-hoisting parades and official ceremonies for foreign dignitaries.

Physical Training and Sport. Procedures for membership of military sports clubs (MSCs) were amended to bring them in line with departmental policy. Thus the MSC voluntary membership fee system was implemented. The MSC, within the SAAF, managed to achieve a 43% membership.

New criteria for the SAAF Sports Awards were compiled and a very successful awards function was presented. This was the highlight of the sports calendar.

Physical fitness tests were conducted extensively in the SAAF with comparatively good results.

SERVICE DELIVERY IMPROVEMENT

In an endeavour to improve service delivery, the SAAF took a strategic decision in 2001 to implement the SAEF model. The Air Force would use the SAEF model as a strategy and process to manage the SAAF as an integrated system under the leadership and commitment of top management, supported by structures and resources. Employees would be empowered to improve performance continuously, to deliver quality products and services, and by developing a culture to establish teamwork, open communication and the management of continuous change, to satisfy and exceed agreed client and stakeholder requirements. This would be at the lowest overall cost to increased organisational performance in all areas such as service results, financial results, marketing results, operational results, society results, client results, and employee results.

The implementation at Level Four (unit level) had begun and initial results, though not yet conclusive, were promising.



CHAPTER 6





MARITIME DEFENCE

INTRODUCTION

The past year was not without challenges, but the SA Navy (SAN), through the efforts of its people, met these challenges in an admirable manner.

In particular, closure had to be achieved on objectives such as the integration of former Non Statutory Force (NSF) members, the building of capacity to release personnel, facilities and equipment for the new vessel acquisitions, the reduction of inventories, and the implementation of measures to ensure personnel retention.

Simultaneously the SAN had to ensure that requirements for vessel availability for force employment was maintained. With minor exceptions the SAN performed in accordance with its plan.

The Navy Plan carried an underfunded risk of approximately Rm 186. To minimise the risk of not delivering the required output, a key objective was to spend its total allocated budget, which it did, except for the personnel budget.

AIM

The aim of the Maritime Defence Programme is to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa. It provides strategic and operational direction to the SAN and establishes, maintains and prepares combat elements such as a surface combat, submarine combat and mine countermeasures capability. It also provides operational and tactical logistic support capabilities, naval base support facilities, general maritime training capabilities and a maritime reserve force capability.

ANNUAL REVIEW

- **Force Employment.** The Navy supplied the required hours and forces for force employment. Navy forces were employed in both operations and exercises. A highlight of the latter was the participation by Naval units in a most successful multi-national peacekeeping exercise conducted in Tanzania.
- **Force Preparation.** The Navy did not fully meet its force preparation objectives due to many factors including financial constraints, lack of suitably qualified personnel and an inadequate support infrastructure.
- **Force Structure.** In order to mitigate the underfunded risks, the Navy Plan was amended to create a smaller force structure. The phased closure of Durban Naval Base, Naval Armament Depot Durban, Naval Stores Depot Durban and



Fleet Maintenance Unit Durban commenced. The process for establishing a Naval Station in Durban to provide port services to vessels based in Durban also commenced and the unit was established on 1 April 2002.

- **Market Testing of a Major Delivery System.** The commercialisation/privatisation of the Simon's Town Naval Dockyard was investigated during the reporting period. Flowing from this investigation, the concept of establishing a Naval Ship Support Agency (NSSA) was also investigated. In completing these investigations, the Navy achieved its planned objective to market test a major delivery system and it is now in a position to produce a User Requirement Statement for alternative service delivery to warship support. During the next financial year the process of establishing a NSSA and commercialising the Dockyard will continue.
- **Personnel Retention.** The retention of qualified Technical personnel has been problematic for the Navy. The Department of Public Service Administration (DPSA) and Treasury approved a scheme for personnel retention on 15 March 2001. Based on this, the Navy was able to improve its personnel retention and to arrest the outflow of technical personnel.

DEFENCE CAPABILITIES

Table 6.1. SA Navy Defence Capabilities

<i>Serial No</i>	<i>Unit</i>	<i>Purpose</i>
Maritime Direction Capability		
1	Navy Office	To provide prepared and supported maritime defence capabilities for the defence and protection of the RSA by providing strategic direction for maritime defence and establishing, training and maintaining prepared combat and auxiliary services and facilities
2	Fleet Command	To provide combat ready and supported naval forces
Maritime Combat Capability		
3	SAS JAN SMUTS* SAS SHAKA* SAS ADAM KOK SAS SEKHUKHUNI* SAS ISAAC DYOBHA SAS RENE SETHREN* SAS GALESHEWE SAS JOB MASEKO SAS MAKHANDA	To conduct surface warfare operations
	Corvette 1 Corvette 2 Corvette 3 Corvette 4	
4	SAS UMKHONTO SAS ASSEGAAI Submarine 1 Submarine 2 Submarine 3	To conduct submarine warfare operations

CHAPTER 6

<i>Serial No</i>	<i>Unit</i>	<i>Purpose</i>
Maritime Combat Capability		
5	SAS DRAKENSBERG SAS OUTENIQUA	To provide support to combat vessels and a sea lift capability
6	SAS UMGENI SAS UMKOMAAS SAS UMZIMKULU SAS UMHLOTI SAS KAPA SAS TSHWANE SAS MANGAUNG SAS THEKWINI	To conduct mine countermeasure operations
7	SAS FLEUR	To conduct diving support and torpedo recovery
8	SAS PROTEA	To conduct hydrographic surveys for the RSA and international organisations
Maritime Logistics Capability		
9	Naval Dockyard Simons Town (SMST)	To provide a ship repair, refit and third-line upkeep capability
10	SA Naval Works	To provide a maintenance and upkeep capability for naval harbours and facilities
11	Fleet Maintenance Unit SMST Fleet Maintenance Unit Durban*	To provide an operations repair and second-line upkeep service
12	SA Naval Publications Unit	To provide a publications provisioning service
13	SA Naval Stores Depot Wingfield SA Naval Stores Depot Durban*	To provide a logistics warehousing and distribution service
14	SA Naval Armament Depot Simon's Town SA Naval Armament Depot Durban*	To provide an armament warehousing, upkeep and distribution service
Maritime Training Capability		
15	SAS SALDANHA	To provide a formative training service
16	SA Naval College	To provide a formative training service
17	SA Naval Staff College	To provide a staff training service
18	SAS SIMONSBERG	To provide a military functional and warfare training service
19	SAS WINGFIELD	To provide a technical training service

CHAPTER 6

Serial No	Unit	Purpose
Base Support Capability		
20	Naval Base SMST Naval Base Durban*	To provide base support to ships and shore units, as well as to other identified clients
Maritime Reserve Capability		
21	SAS INKONKONI SAS RAND SAS MAGALIESBERG SAS UNITIE SAS DONKIN SAS PORT REX SAS YSELSTEIN	To provide a Reserve Force (SAN) organisation for employment when required

*Note: Units in the process of being disbanded.

MARITIME TRAINING OUTPUTS

Maritime training is an important part of force preparation. The SAN successfully presented the following training:

- **Formative Training.** More than a thousand members were trained against a target of 688. This includes the members of SADC that were trained but not originally planned for.
- **Military Functional Training.** A total of 3 485 were trained out of the planned number of 5 292. A large number of courses was scheduled, but the courses had to be extended due to the high failure rate and this reduced the number of courses and thus the learners per annum.
- **Technical Training.** Eighty-nine learners were trained.
- **Staff Training.** Twenty-seven learners were trained.
- **Foreign Training.** Seventy-nine learners were trained. Only forty nine of the scheduled learners arrived.
- **Foreign Training Outside SA.** All nineteen of the planned number of learners went on foreign learning opportunities.

OTHER OUTPUTS PRODUCED

- **Maritime Direction Capability.** The provision of strategic and force preparation direction by Navy Office and Fleet Command.
- **Maritime Logistics Capability.** The provision of a logistic support capability to the Navy:
 - ◆ **Dockyard Capability.** The provision of a ship repair, refit and third line upkeep of naval vessels and equipment in accordance with the Maintenance Upkeep Plans.
 - ◆ **Naval Works Capability.** The maintenance and upkeep of naval harbours and facilities.
 - ◆ **Fleet Maintenance Capability.** The provision of operations repair and second line technical upkeep, planning and control service.



- ◆ **Publications Provisioning Capability.** The provisioning of a publication service to the SAN.
- ◆ **Logistic Warehousing Capability.** The provision of a continuous logistic warehousing and distribution service for the naval stores inventory.
- ◆ **Armament Warehousing Capability.** The provision of an armament warehousing, upkeep and distribution service capability.
- **Maritime Base Support Capability.** The provision of a general support base capability to support ships, shore units and other identified clients.
- **Maritime Reserve Capability.** The provision of combat ready Reserve Forces. The SA Naval Reserve is an integral part of the SAN, and is able to supply manpower to the fleet when and where required. The redesign of Naval Reserve as suggested by C Navy in the Navy Review of 2000 is a step in the right direction if the SAN is going to meet the guidelines as stipulated in the DOD 2010 Personnel Plan and the future goal of having a "Ready Reserve Force for the New Millennium."

MAJOR EXERCISES

- **Training Cruise to Namibia.** A training cruise took place from 11 to 22 June 2001 with the SAS GALESHEWE and SAS RENE SETHREN. The exercise included a diplomacy visit to Namibia with courtesy stops in Walvis Bay and Luderitz. The operation was considered successful and no losses occurred.
- **Exercise to St Helena.** An exercise took place from 18 to 03 July 2001 with the SAS OUTENIQUA and SAS UMHLOTI. The exercise to St Helena was considered successful and no losses occurred.
- **Annual Fleet Preparation Exercise.** The annual fleet preparation exercise took place from 15 to 25 October 2001 in the False Bay area with the SAS DRAKENSBERG, SAS ISAAC DYOBHA, SAS ADAM KOK, SAS GALESHEWE, SAS UMHLOTI and SAS KAPA. The exercise was considered successful and no losses occurred.
- **Joint Exercises.** The SAN also took part in a number of Chief Joint Operations (CJ Ops) joint exercises. These are included in Chapter 10 : Command and Control.

SERVICE DELIVERY IMPROVEMENT

One major delivery system was market tested.

Service agreements have been established between the SAN and its clients/suppliers.

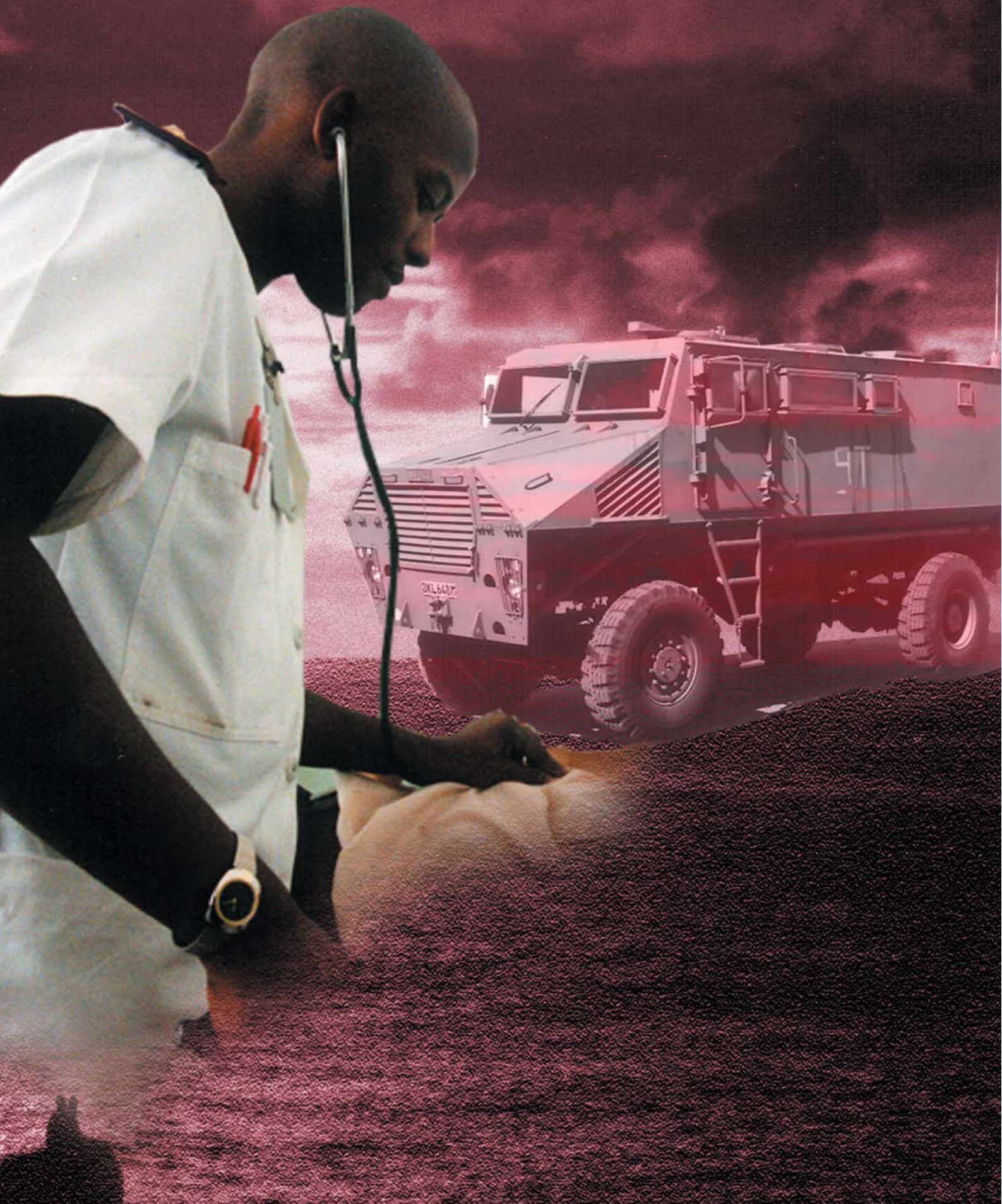
The SAN produced an action plan to reduce excessive stock levels in the SAN, which incorporates the reduction of depot inventories, as well as the phasing out of weapons systems.

CONCLUSION

The SAN has improved its budget expenditure compared to past performance. There is, however, still room for further improvement and this will be addressed in the next financial year. In particular the ability to pre-commit funds will be addressed.

In conclusion it can be reported that the SAN has largely performed in accordance with its plan. Where it has underperformed, this has primarily been due to a capacity problem.

CHAPTER 7





SA MILITARY HEALTH SUPPORT PROGRAMME

INTRODUCTION

The South African Military Health Service (SAMHS) provides a Military Health Service to combat forces and the military community that is comprehensive, self-supporting and able to ensure the physical, psychological and social well-being of its clients.

During the year in review there was a marked increase in the number of requests from other departments and provinces for assistance for medical care and support. The Department of Defence (DOD) instituted procedures to recover marginal costs from the departments and provinces concerned.

The increase in the Military Health Support Programme in this and future years is due to the establishment of the General Support Base Thaba Tshwane North. Other changes per sub-programmes (Base Support and Military Health Training) were due to the realignment of the Military Health Service's business within the respective sub-programmes as well as the accommodation of donor funds received from the US Government for the exclusive use for the HIV/Aids situation in the department. This relates to the MASIBAMBISANE HIV/Aids prevention project of the DOD, which includes a number of important activities like HIV/Aids education, voluntary counselling and testing, capacity building and health promotion programmes.

AIM

The Military Health Support Programme provides prepared and supported medical combat elements and services. It provides strategic and operational direction to the SAMHS and provides operationally essential medical services to members of the department and their dependants. It also maintains military health facilities such as hospitals, sickbays, hospices and clinics as well as specialist military health facilities such as the Institute for Maritime and Aviation Medicine and the Military Psychology Institute. It furthermore provides operational and tactical logistic support capabilities, area military health services, medical product support capabilities and a general military health service training capability.

OUTPUTS

The main outputs of the Military Health Service system are combat-ready user systems and combat-ready higher order user systems, which are supplied for the conduct of operations and joint exercises.

CHAPTER 7

An important output was the Health Service for personnel within the DOD. The Military Health Service currently provides a comprehensive service to a patient population of approximately 320 000 persons. This includes the following:

Table 7.1. Consultations

Serial No	Health Care Professionals (HCP)	2000	2001
1	Medical officers	537 851	585 407
2	Specialists	50 547	46 564
3	Other nurses	203 201	212 520
4	Other health care professionals	73 097	72 627

Table 7.2. Admissions

Serial No	Admissions	2000	2001
1	In-patient days	200 629	203 719
2	Intensive care days	5 198	5 200
3	TOTAL IN-PATIENTS	34 312	35 926

Table 7.3. X-Rays

Serial No	X-Rays	2000	2001
1	X-rays in military facilities	59 070	55 586
2	X-rays in private facilities	8 077	7 683
3	TOTAL	67 147	63 269

Table 7.4. Laboratory Tests

Serial No	Laboratory Tests	2000	2001
1	Military laboratory	621 794	650 037
2	Private laboratory	32 228	48 108
3	TOTAL	654 022	698 145

Table 7.5. Medicines Dispensed

Serial No	Medicines Dispensed	2000	2001
1	Prescriptions	1 253 626	1 268 047
2	Items dispensed	3 608 168	3 601 787

Human Resources: Professional Staff. The SAMHS was 900 members below approved strength. Forty-three medical doctors were recruited. However, the majority are civilian employees of the department and cannot be deployed operationally.

Patient Load. No significant reduction in the patient load is envisaged over the next 10 years for the following reasons:

- Most of the Finance Division's members opted to retain their health care benefits provided by the SAMHS.
- New legislation promulgated during the year entitled the dependants of married women members to use medical benefits provided by the SAMHS.
- A significant number of Short-Term Service members were transferred to the Medium-Term Service System, thereby becoming entitled to bring their families on to strength for military health care.
- The new Flexible Service System would increase the number of dependants entitled to medical support. This could increase the patient load by between 14 000 - 20 000 members.
- Members who accepted the Voluntary Severance Package, and those who accepted the Employer-Initiated Package, will remain on health care until age 60, after which they become the responsibility of the Permanent Force Medical Continuation Fund (PFMCF). Currently the number of members in this category is 14 820 families, and the estimated cost of providing health care to them and their families is Rm 189.
- The promulgation of the Act Relating to Customary Marriages in November 2000, will increase the number of spouses and their children entitled to receive health care from the SAMHS. A further increase to the patient load can be expected when the beneficiaries of the Military Health Services register their Life Partners at an Actuary. The extent of this has not yet been determined.
- The PFMCF is under financial pressure resulting in restrictions having to be placed on outside referrals. This has forced members to utilise SAMHS facilities resulting in a reduction in the costs of providing the health care required.

Cost of Patient Care. The cost of patient care was Rm 900.

Implications. The increase in patient load would cause an increase in the SAMHS expenditure and the mission readiness level of SAMHS would not be at the level required.

Impact of the health status on the readiness of the SANDF. Two trends in the SANDF are a cause for concern:

- **Ageing Personnel.** The military population is ageing, especially in the lower ranks. There would be an increasing tendency for medical conditions - eg hypertension, which will require expensive medication.
- **Total Fitness Classification for any type of Duty.** There was a concern about the fitness level in the SANDF. Reduced military preparedness and fitness leads to increased medical costs and an inability to carry out the core business of the SANDF.



CHAPTER 8



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DEFENCE INTELLIGENCE

INTRODUCTION

Defence Intelligence (DI) served the Department of Defence (DOD) with intelligence in support of operations, planning and policy formulation. Although formal service agreements with key clients such as CJ Ops are still to be negotiated, service delivery to clients was of a high standard and a number of contingencies were being developed to ensure further client satisfaction.

DI also continued to render policy advice to clients, especially in the counter-intelligence environment. A number of successes were achieved. Co-operation with other intelligence departments to improve the current capacity took place and should deliver tangible results in the forthcoming financial year. Notwithstanding this co-operation, the collection environment still lacked sufficient capacity to cover all areas.

The development of strategic partners remained a high priority and DI achieved success in this field. DI's focus remained the Southern African Development Community (SADC) region, with the emphasis on confidence building and the improvement of mutual capacity.

Staffing of DI posts with members matching the correct profile, as well as training, remained one of the primary challenges. DI improved the training of intelligence members in the DOD and the results will be evident in the forthcoming financial year. Another challenge was the efficient utilization of the current DOD personnel, and logistical and financial systems. These needed to be upgraded and integrated into a system capable of supporting the planning and management processes at all levels.

The renewal of DI's information systems to support the intelligence process was a challenge. The system needs to be replaced under the auspices of Command and Management Information (CMI).

DEFENCE INTELLIGENCE POLICY

DI formulated the following policies:

- Communication System Security Policy, in conjunction with CMI.
- Intelligence policy for the DOD.
- Policy on maintenance of security in the DOD.
- Policy on intelligence liaison in the DOD.



OUTPUTS

The main emphasis was placed on the production of intelligence (including counter-intelligence); support to operations; developing strategic partnerships and confidence-building within the Defence intelligence structures of the member countries of the SADC. DI strove to improve the quality of service so that the decision-making process can be enhanced.

INTEGRATION AND DISSEMINATION

Directorate Integration and Dissemination (DID) falls under the direct control of Chief of Defence Intelligence (CDI) and was mainly responsible for the provision of final DI products to the DOD and national clients. These products played a decisive role in decision-making and guidance of the strategic planning processes. DID further served as the nodal point for liaison between DI/SANDEF and the National Intelligence Coordinating Committee (NICOC). DID actively participated in the provision of integrated departmental intelligence products to NICOC, the compilation of national strategic products through NICOC's inter-departmental workgroups and played a key role in the formulation of the National Intelligence Estimate. DID has members seconded to the Presidential National Early Warning Centre (NEWC) and disseminated early warning/current intelligence on a daily basis to the NEWC. Command and control was conducted by normal line and staff meetings, which served as a cascading process for communication to the lowest levels.

INTELLIGENCE PROCESSING

- **Subdivision Intelligence Processing (SDIP) Business Plan.** The SDIP Business Plan was refined during the review period and with the SDIP Financial Control Committee, provided a mechanism to ensure that the budget was spent according to set objectives. Management objectives in respect of personnel and finance were also mostly achieved. Support to the SANDEF and Industry, in the field of military technology, continued with SDIP members representing DI on various technological councils, committees, boards and working groups.
- **Conduct of Intelligence.** The improvement of the intelligence product, both in respect of quality and quantity, has been one of the major successes during the past year.
- **Development of Strategic Partners.** In 1998 DI adopted a new strategy for developing of strategic partners. With the exception of the Russian Federation, all objectives for the development of strategic partnerships were achieved during the review period. Successful meetings were held with all other identified strategic partners and co-operation agreements were entered into according to DI's requirements. A total of 19 intelligence conferences with foreign intelligence services were conducted during the year - seven conferences were held in South Africa and 12 abroad. Two visits to international weapon exhibitions were also undertaken.

COUNTER-INTELLIGENCE

Departmental Security. The Directorate Departmental Security (DDS) was restructured to be able to conduct its core function and to become a centre of excellence for security services. The rapid advances and threat against technology and communication/information systems security have necessitated this, as illustrated by internal DOD hacking cases and external attempts at the defacement of the DOD Web-page.

The Promotion of Access to Information Act (Act 2 of 2000), put increased pressure on personnel resources. An ever-increasing stream of requests for the declassification and/or reclassification of DOD official records was received.

Vetting. Security Clearances are issued in accordance with post classifications, implying that not every post in the DOD needs to be classified.

INTELLIGENCE COLLECTION

Collection. The purpose of Subdivision Collection is to provide military-related information to DI in accordance with the mandate of the DOD. The co-ordination of collection in the SANDF is conducted by a Collection Task Committee (CTC), consisting of the directors of the different collection agencies under the chairpersonship of Chief Director Collection (CDC). This subdivision performs a comprehensive information management service for DI through the deployment of information professionals with other subdivisions, ensuring efficient access and retrieval of readily available information.

INTELLIGENCE LIAISON

Liaison. The Directorate Foreign Relations (DFR) was divided into two separate directorates in June 2001, one remaining at DI:

- **Directorate Intelligence Liaison (DIL).** DIL remains at DI. The purpose of DIL is to provide centralised intelligence liaison for the DOD, and it has been structured into four sections to conduct this task.
- **Directorate Defence Foreign Relations (DDFR).** While part of DI, DDFR was known as Directorate Foreign Liaison (DFL). DFL was renamed, and became the responsibility of the Chief of Corporate Staff (CCS).

DDFR has taken over the responsibility of the Inter-State Defence and Security Committee (ISDSC), while DIL managed liaison with and participation in the Defence Intelligence Standing Committee (DISC) of the ISDSC, of which the Chief of Defence Intelligence (CDI) was the chairperson. During the reporting period the 9th DISC meeting was held in Zimbabwe from 03 to 07 March 2001.

DIL presented one intelligence course for foreign students, but the course for Intelligence instructors from SADC countries did not take place because of poor feedback from the country tasked to co-ordinate the course.

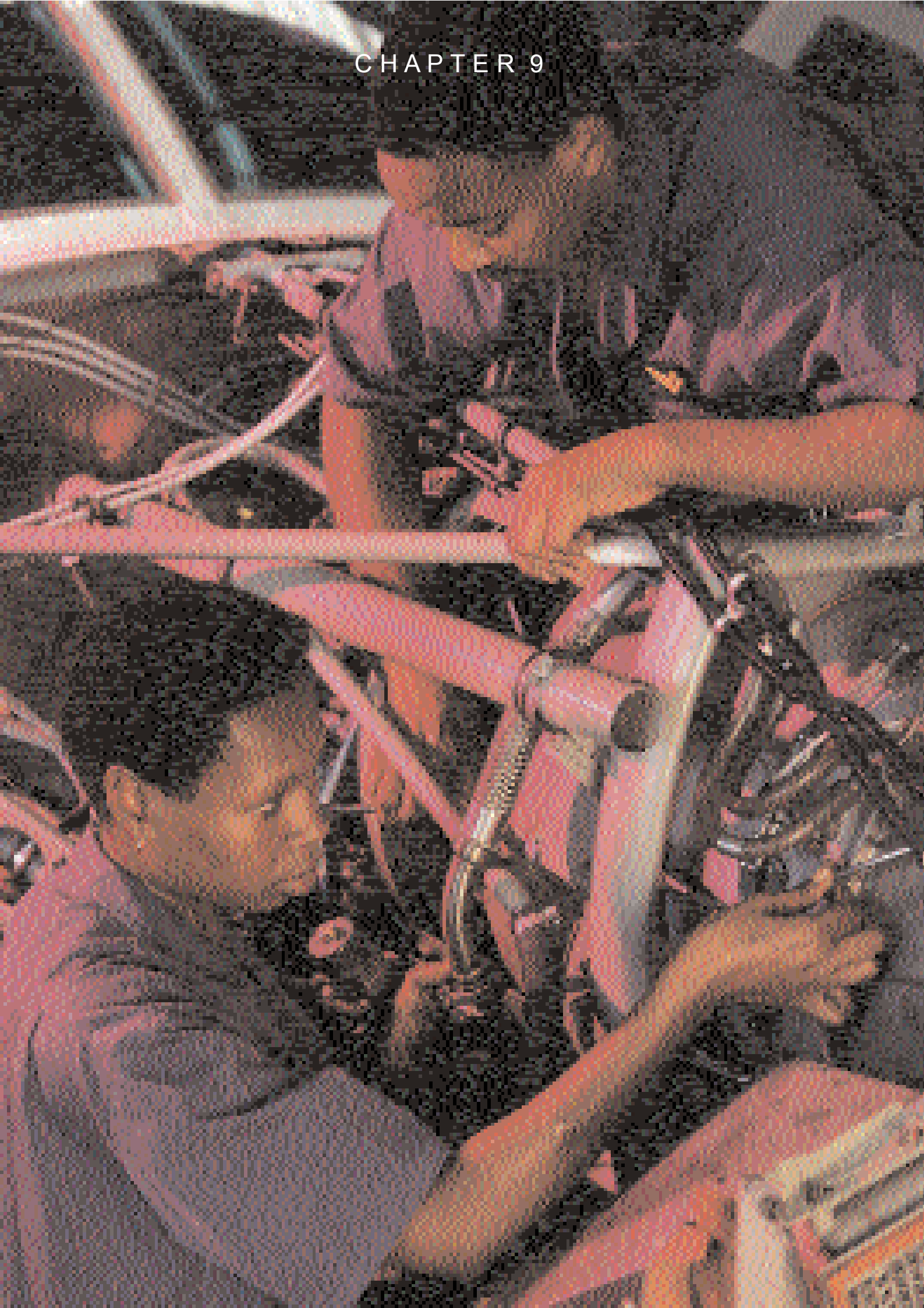
INTELLIGENCE SUPPORT

The Directorate Intelligence Support (DIS) established a number of service centres to support DI. The first was the Financial Support Satellite, followed by the CMI service centre. The Human Resource Support Satellite and the Logistical Satellite will be established during the current financial year.

Intelligence Support (IS) is implementing the SA Excellence Model (SAEM) as a management tool in DI. In terms of this model, DI has commenced with the full-range leadership programme as part of the Leadership, Command and Management Principles (LCAMPS) programme.



CHAPTER 9





JOINT SUPPORT

INTRODUCTION

The Joint Support Division, which reports to the Chief of the South African National Defence Force (CSANDF), consists of the following sub-divisions:

- **Service Corps (Serv C)**
- **Department of Defence (DOD) Logistic Agency**
- **Command and Management Information (CMI) Formation**
- **Human Resources Support Centre (HRSC)**
- **Joint Training Formation (J Trg Fmn)**
- **Military Police Agency (MPA)**

The functional business units (Headquarters and Force Structure Elements - FSEs) of the division listed above are the building blocks of the division, managed at the top through a formally constituted divisional command cadre meeting known as the Joint Support Forum.

A Chief Directorate for Joint Support Management was established to manage the participation of the division in the departmental planning processes.

Migration to create the division started on 1 April 1999 through the incorporation of the CMI Formation, the Logistic Agency and the Military Police Agency in the first structural version of the Joint Support Division.

During the year, staffing of the Office of the Chief of Joint Support was almost completed. The office, when fully staffed, will consist of twenty members with functional level 2 staffs in the offices of the chiefs of the building blocks.

AIM

The aim of the Joint Support Programme is to provide and maintain a centralised infrastructure for the provision of common supplies and services in support of all defence objectives. The programme deals with the provision of common logistical services, facilities, capital works, commodities, management information systems and telecommunication services. It also provides a joint training capability, military policing capability and a military testing capability. It assists defence-related organisations such as Armscor, the Reserve Force Council, the South African First Aid League, St Johns Ambulance Brigade, DDTETA (Defence, Intelligence, Diplomacy and Trade Education and Training Authority)



and the Medical Fund for Retired Members. It includes the temporary provision of vocational training, as well as integration evaluation and training services.

The report on the British Military Advisory Training Team (BMATT) in SA is concluded at the end of Chapter 9.

SERVICE CORPS

ANNUAL REVIEW

During the past year many deliberations regarding the mandate of the Service Corps took place. The Plenary Defence Staff Council (PDSC) confirmed in 1998 that the Service Corps would be the resettlement agent for the DOD, and ever since it has endeavoured to fulfil this role.

The lack of an Exit Management Framework (EMF) directly contributed to the Service Corps not being able to make a contribution to the output of the DOD from a financial and efficiency viewpoint. Therefore its existence was continually questioned.

Notwithstanding the above, the Service Corps planned for, and continued with its responsibility to retrain ("re-skill") demobilised clients. Various intakes for demobilised clients took place during the year. These clients were retrained and, as far as was possible, employment assistance and job placement were undertaken. Employment was also provided to some of these members by linking them to the Working for Water project.

Public Service Act Personnel (PSAP) were retrained in the Eastern Cape at the request of the SA Army. To date these members have not yet been offered exit packages because an exit management framework is not in place.

The Service Corps was involved in community-upliftment projects in the Winterveldt and Atteridgeville areas. The facilities of the Centre for Advanced Training (CAT) were used to train members, and subsequently the people gained practical experience.

During the last quarter of the year, the Department of Education (DOE) utilised the facilities of the Practical Business School (PBS) Mankwe to provide Adult Based Education and Training (ABET) to Service Corps clients at own cost.

OUTPUTS

The Service Corps provides direction and leadership as part of the redeployment mechanism of the DOD in accordance with approved policy.

The Service Corps provides retraining (skills enhancement) through in-house and out-sourced training, and an employment assistance service by means of public-private partnership and networking initiatives, for the redeployment mechanism of the DOD in support of the DOD HR Strategy 2010.

The Service Corps also provides support for the Service Corps process within the redeployment mechanism of the DOD in support of the DOD HR Strategy 2010.

CHAPTER 9

Table 9.1. Service Corps Outputs 1 April 2001 to 31 March 2002

Serial No	Core Objectives	Target as per Plan (Quality and Quantity)	Reason for Deviation, Planned Management Interventions, Other Comments
1	To provide direction and leadership on the Service Corps process as part of the redeployment mechanism of the DOD in accordance with approved policy	100% compliance to policy Reduce negative assessment reports by 50% A ratified Business Process Architecture	The Service Corps (Serv C) is continuously in the process of analysing higher level DOD Instructions for their applicability to the Serv C developing own instructions for their unique circumstances. Some questions about the strategic future of the Serv C and its performance have not been fully answered. The mechanism to solve this problem is through the DOD redeployment workshops. It is to be noted that the whole redeployment requirement to support some of the HR Strategy 2010 end state has brought about a need to revisit the Business Process Architecture from a much wider perspective within the entire DOD.
2	To provide re-skilling through in-house and out-sourced training, and an employment assistance service by means of public/private partnership and networking initiatives, for the redeployment mechanism of the DOD in support of the DOD HR Strategy 2010	ABET and training cost within allocated amount 75% client satisfaction 65% first time pass rate 60% of clients have exploited given opportunities DOD members exiting as per the redeployment plan 60% of DOD re-skilled clients employed in identified public and/or private sector projects and programmes 65% with an increase of 10% per annum capacity utilisation Breakeven 45% utilisation on course menu	<ul style="list-style-type: none"> i. Average of R11 000-00 spent per client for the financial year. This amount includes training, transport and accommodation. Training is still continuing and final costs can only be confirmed when all training is completed. ii. No surveys were done during the year. It is planned to undertake client surveys in the next financial year. iii. 79% of clients writing test/examinations passed first time. Measures to ensure a continuously high first time past rate can be achieved by only accepting accredited training providers to undertake training. iv. A total of 154 clients could utilise employment opportunities having completed their training during the financial year. The Service Corps Regional Offices are responsible to assist with job search for the clients. Only 46 clients were successful - a 30% success rate. Employment Services personnel are continually networking to find suitable jobs for clients. v. Currently the exit management framework of the DOD is not in place and clients are not forthcoming to be re-skilled and redeployed by the Service Corps. A total of four (4) EIP candidates are receiving training at the Service Corps. Redeployment workshops are being held to formulate a redeployment plan for the DOD. vi. The capacity of the Service Corps is calculated according to the capacity of the two training institutions [Centre for Advance training (CAT) and Practical Business School Mankwe (PBS)] <ul style="list-style-type: none"> - CAT Total capacity utilisation: 54% - PBS Total capacity utilisation: 93% vii. CAT 100% utilisation. PBS 80% utilisation.

Serial No	Core Objectives	Target as per Plan (Quality and Quantity)	Reason for Deviation, Planned Management Interventions, Other Comments
3	To provide support for the Service Corps process within the redeployment mechanism of the DOD in support of the DOD HR Strategy 2010	Expenditure within 5% of allocation Corrective action smaller than 10%	98% overall expenditure within projected target. Certain DOD process/structural problems over which the Service Corps has little control still contribute to actual expenditure not matching projected cash flow

SERVICE DELIVERY IMPROVEMENT

The Service Corps planned a number of improvements to service delivery:

- Determine the status quo of the composition of the Service Corps personnel in terms of the employee profile.
- Implement programmes for the Human Resource (HR) processes (in support of the DOD HR Strategy 2010).
- Establish an Equal Opportunity / Affirmative Action(EO/AA) committee within the Service Corps.
- Establish a mechanism for monitoring development of previously disadvantaged personnel.

DOD LOGISTIC AGENCY

INTRODUCTION

The Logistic Strategic Profile was established in conjunction with the development of the Force Employment Plan, Force Structure Plan and the Force Preparation Plan. Within this context, Strategic Reserves for Operations and Force Preparation needed to be determined by the user.

The integration of the three major Logistic Information Systems started in October 2001 and was at an advanced stage of rationalisation. The results of this effort will become apparent by September 2002.

Excellent progress was made in policy development and the production of Department of Defence Instructions (DODIs). The translation of existing Logistic Pamphlets from Afrikaans into English has also begun.

Emphasis was placed on the integration of common logistics within the DOD. This was done to ensure a streamlined and cost-effective Logistic Agency. A new philosophy for logistics in the DOD has been developed which will place the logistic capabilities of the DOD on a par with the best practices of logistics in the rest of the world.

Furthermore, emphasis was placed on ensuring quality of service. Logistic personnel were trained on the South African Excellence Model to ensure customer satisfaction at all times.

ANNUAL REVIEW

GENERAL DISPOSAL

Three auctions were held which yielded a total of R 5 588 261. Four tenders were approved with a total value of R 207 270.

The following disposals took place through Armscor stock sales:

- Transactions concluded: 77 Stock Sales
- Revenue earned: Rm 215
- Book value disposed of: Rb 3,4

FACILITIES

Deteriorating condition of facilities. The amount made available on the Department of Public Works' (DPW) budget for Planned Maintenance for the DOD is decreasing. However, the DOD is slowly getting more control over the utilisation of these funds in accordance with DOD requirements and priorities. On a positive note, all funds budgeted for the programmes (Capital Works and Planned Maintenance) were spent during the year under review. The DOD continues to critically review its facilities portfolio in order to dispose of any redundant facilities, optimising the spending of the limited funds available.

Budget responsibilities. The possible shift of the budgeting responsibility from the DPW to the DOD is still being discussed. This is linked to the proposed establishment of the State Property Management Company to take over DPW's executive functions. The DOD will face stiff challenges in managing the added responsibilities.

Environmental Services in the DOD. The following are the major issues:

- **DOD Environmental Management System (EMS).** The DOD has initiated the development of a departmental EMS in order to ensure the integration of environmental considerations in all its activities. The DOD EMS will be based on the principles of ISO 14 000. This is a three-year project due for completion during 2004.
- **Module on Military Integrated Environmental Management.** A module on Military Integrated Environmental Management was developed and presented to the Joint Senior Command and Staff Programme at the SA National War College during March 2002.
- **Environmental Considerations during Project Management.** A module on environmental considerations during project management was developed and presented twice to the Project Managers programme under the auspices of the departmental Acquisition and Procurement Division.
- **DOD Environmental Awards Programme.** Another award was added to the DOD's portfolio of environmental awards. The Keep Durban Beautiful Organisation donated an award for Integrated Waste Management in the DOD.
- **International Relations.** Since December 1997 the DOD has been co-chairing the USA/RSA Environmental Security Working Group under the auspices of the Defence Committee. Three joint handbooks in this field have been completed. Currently the group is working on compiling a joint handbook on the development of Environmental Education and Training Programmes in the Military.





MATERIÉL AID

The following support was rendered:

- Extension of assistance for fire-fighting vehicles to the SA national parks: Kruger National Park.
- Loan of two Samil 50 vehicles to the SAPS for cross-border operations with Mozambique police.
- Issuing of 24 Samils to the Mozambique Government.
- Use of training facilities at Air Force Base Louis Trichardt for South African custodial management.
- Use of the De Wet/De Brug shooting range by the Advanced Technologies and Engineering (ATE) company.
- Topographical maps for United Kingdom (UK) and DOD combined training exercise in the RSA.
- Ammunition lot acceptance test at Overberg test range by Naschem.
- Helicopter service by the Department of Communications.

Emergency Relief (against payment). None.

Codification Support to other Departments. This support was as follows:

- The provision of the DOD National Codification System (NCS) to other state departments, as well as technical and user support via the State Information Technology Agency (SITA). The National Codification Board is a national asset managed by the DOD Logistic Agency for the RSA.
- The provision of the Organisational Information System (OIS) pertaining to supplier and manufacturer registrations to other state departments, as well as technical and user support via SITA.
- The provision of the Online Cataloguing Information Management System (OLCIMS) to other state departments, as well as technical and user support via SITA.
- The distribution of codification material and training to other state departments:
 - ◆ CD codification products.
 - ◆ Item identification guides.

STATUS OF RESTITUTION CLAIMS

Table 9.2. Land Restored to Claimants

Serial No	Province	Claim	Status
1	Western Cape	SAS WINGFIELD	An area of 42,8346 ha was made available to the Ndabeni community

Table 9.3. Land Still to be Restored to Claimants

Serial No	Province	Claim	Status
1	Gauteng	Farm Wallmannsthal	An area of approximately 800 ha of the farm Wallmannsthal has been approved to be restored to the claimant community

LOGISTIC INFORMATION MANAGEMENT SYSTEMS (LIMS)

- **Order Administration System (OAS) Merge.** The OAS merge was successfully implemented on 20 October 2001.
- **Depot Information Management System (DIMS).** There were technical problems on the DIMS ledger database, which were successfully resolved.
- **Destruction of Excess Weaponry.** The destruction of excess weaponry (assault rifles and machine guns) was successfully completed at 91 Ammunition Depot.
- **Corporate Logistical Systems.** The rationalisation of the Corporate Logistic Systems project was initiated and is now in the definition phase.
- **Logistical System Security (DEFACCES).** During November 2001 the Directorate Army Structuring did the final closing down of over 120 units.
- **Warrants and Entitlements.** Warrants and entitlements were implemented on 4 ships during August 2001, and these are now fully operational.
- **Ammunition Subsystem Changes.** The differences in item identification were resolved, which solved the same compatibility problems of the various ammunition subsystems of all Services and Divisions.
- **Suppliers on the On-line Cataloguing Information Management System (OLCIMS).** The creation and maintenance of supplier codes was implemented successfully and was on line on 17 October 2001.
- **Ammunition Subsystem Database Merge.** The merging of three ammunition databases took place on 04 August 2001.

LOGISTIC MICRO SYSTEMS

- **Barcode Assisted Receipts and Issues (BCARI).** The latest version of BCARI was installed at the Naval Base in Durban on 27 March 2001.



- **Logistic Executive Information System (LOGEIS).** The culmination of the provision of LOGEIS was the inclusion of the Dynamic Executive Summary. This summary tabled all critical management areas and identified "red lights" where attention is required. The total system is now available for use by managers at all levels in the DOD.

COMPUTER AIDED LOGISTIC MANAGEMENT INFORMATION SYSTEM (CALMIS)

Force Structure Management on CALMIS. Force structure management was handed over to Functional Application Support (FAS) and the system has been in use since March 2001.

CALMIS was selected as the system to support the SANDF deployment in Burundi. The FAS team as well as the Commissioning and Implementation teams supported the Burundi operation. This will be continued for a six month period.

Ten of the SA Army General Support Bases (GSBs) have now had CALMIS installed, with the exception of the Force Structure Elements (FSEs). The other SA Army and C LOG GSBs are well advanced in the implementation process, and will be fully operational early in FY 2002/2003 (except for the FSEs).

The SA Army has made funding available for the acquisition of the large CALMIS Database servers. This project is currently underway and should be completed by 31 May 2002. This will mean that all GSBs will be in position to put FSE accounting onto CALMIS.

OPERATIONAL SUPPORT INFORMATION SYSTEM (OSIS)

- **OSIS Deployment Support.** In October 2001, the South African Air Force deployed aircraft weapon systems on OSIS in support of Air Service Units (ASU) operations.
- **3 Air Service Unit (ASU) Implementation.** The implementation of 3 ASU on Air Force Base (AFB) Louis Trichardt was completed and accepted by the client on 19 September 2001.

POLICY DEVELOPMENT

Policy developments in the DOD Logistic Agency supplement the policy, process and procedure for the development, promulgation and maintenance of policy at departmental level in the DOD. All existing and future logistical management policy publications are being promulgated as Department of Defence Instructions (DODIs).

SERVICE DELIVERY IMPROVEMENT

Service delivery was improved by:

- Implementation of a service delivery programme to ensure that service agreements are concluded with all clients.
- Cost reduction by means of the implementation of a savings plan on all levels within the DOD Log Agency.
- Closure of 84 TSD (84 Technical Stores Depot).

CHAPTER 9

DOD LOGISTIC AGENCY OUTPUTS FOR DOD CLIENTS

Table 9.4. DOD Logistic Agency Outputs

Serial No	Output Name	Output Description
1	<p>Strategic Direction and Policy Advice. To provide strategic direction to the DOD Logistic Agency by the formulation, promulgation and control of strategies, policies and plans by the DOD Logistic Division in order to support the capabilities and services required by the DOD and SANDF. This will be achieved through the following:</p> <ul style="list-style-type: none"> Integrated logistic service Integrated logistic management service Integrated logistic resource management service Integrated facility service Integrated engineering support service Integrated supply support service 	Strategic direction to the DOD Logistic Agency Logistic policy advice to CSANDF
2	<p>Integrated Logistic Support. To provide a general, technical and deeper level logistic support capability as stipulated in Service Agreements (SAs) to DOD clients. This will be achieved through the following:</p> <ul style="list-style-type: none"> Integrated deeper level logistic support Logistic Formation staff function Integrated facility management service Integrated product supply support service Integrated sustenance management support service Ammunition warehousing and training function 4th line warehousing and auction function Maintenance function for universal equipment and products Catering function Air supply function Trained logistical personnel Trained technical personnel Deeper level redundant support service Retail shopping service (SAFI) function GSB function to designated clients Mobilisation function 	General logistic support to the DOD Technical service support to the DOD Joint logistical training of members of the DOD Joint technical training of members of the DOD Joint catering training of members of the DOD Air supply services to the DOD Mobilisation services in support of the DOD Retail shopping service (SAFI) to the DOD Deeper level logistic support to the DOD
3	<p>Integrated Logistic System Support. To provide a centralised logistic computer management system support service to the SA Army, SA Air Force, SA Navy and the SAMHS. This will be achieved through the following:</p> <ul style="list-style-type: none"> LIMS/Micro support service to SANDF users LIMS/Micro technical support service to SANDF users Executive logistic information to SANDF users Functional, operational, technical and training service in support of the CALMIS operation within the SANDF 	Centralised logistic computer system support service to the SA Army, SA Air Force, SA Navy and the SAMHS
4	<p>National Codification System Support. To provide a National Codification System support service to the SA Army, SA Air Force, SA Navy and the SA Military Health Service</p>	National Codification System support service to the SA Army, SA Air Force, SA Navy and the SAMHS



COMMAND MANAGEMENT INFORMATION

INTRODUCTION

In order to cope with the new challenges of the Information Age, the Command and Management Information (CMI) Formation defined its processes, and structured accordingly. The CMI Formation was established on 1 April 1999, delivering the products and services as mandated during transformation. It migrated from the initial design of 1998 (C CMI and Formation) to one Formation during 2001. Further organisational development will take place.

In developing this report, the CMI Management Board assessed the current status of CMI, its Force Structure Elements (FSEs), human resources, processes, service delivery and its leadership, command and management practices. While it was found that there is much to be justifiably proud of, less satisfactory areas were also found. Many of these areas were found to have resulted from prolonged past budgetary constraints and a lack of adequate and skilled human resources, which will require several years to rectify.

POLICY DEVELOPMENT

The Information Technology Security Policy was promulgated.

CMI CAPABILITIES

Table 9.5. CMI Capabilities and Exercises

<i>Serial No</i>	<i>Force Structure Element Capability</i>	<i>Dates</i>	<i>Geographic Area</i>	<i>Nature of the Operation or Exercise</i>
1	1 Signal Regiment	12 August - 6 September 2001	Bloemfontein	Airborne tactical exercise with troops
2	1 Signal Regiment and 2 Signal Regiment	May 2001	Reunion Island	Peacekeeping
3	1 Signal Regiment, 2 Signal Regiment and School of Signals	26 October - 9 November 2001	Kaallaagte	Annual practical phase for South African Military Health Service (SAMHS) courses
4	1 Signal Regiment and 2 Signal Regiment	23 July - 14 August 2001	Combat Training Centre	Junior Command and Staff Duties (JCSD) practical course support
5	1 Signal Regiment	12 July - 26 July 2001	Wallmannsthal	Military Police (MP) course support
6	1 Signal Regiment and 2 Signal Regiment	June - August 2001	Wallmannsthal	Support to Army Gymnasium practical phase

OUTPUTS

Table 9.6. Other CMI Outputs

<i>Serial No</i>	<i>Output Name</i>	<i>Output Description</i>
1	New generation programming systems for Information System Security (ISS) equipment	Three new generation programming systems were delivered during the year and members were trained to use the systems
2	Programmed items for cryptography	Key management programmed 9 388 items during the year
3	New installation of Information System Security (ISS) equipment	29 new Information System Security (ISS) equipment installations were done during the year
4	External job cards on Information System Security (ISS) equipment	670 external faults were registered on Information System Security (ISS) equipment and problems were rectified
5	Internal Jobcards handled by the workshop of SACSA for 1st/2nd line repair	2165 internal job cards on Information System Security (ISS) equipment was handled by the workshop
6	Additional Information System Security (ISS) equipment support to the President	Provided Information System Security (ISS) communication for the Office of the President at Mala-Mala, Sun City, WRC in Durban and WEF in Durban, as well as at various other seminars around the RSA to support the President
7	Inspections of Information System Security (ISS) equipment	Inspections were conducted at different government departments, provincial government departments and 4 times per year for a period of five days at Parliament
8	Several cryptographic courses including refresher courses were presented to DOD as well as provincial governments	87 people successfully completed these courses

SERVICE DELIVERY IMPROVEMENT

Table 9.7. CMI Service Delivery Improvement

<i>Serial No</i>	<i>Output Name</i>	<i>Output Description</i>
1	The coordination and establishing of policy directives in respect of the DOD Strategic Information Systems Plan (SISP)	The following was achieved: i. Information systems assessment ii. Administrative procedures for configuration control and change control procedures iii. Strategic Information Systems Plan (SISP)
2	Definition and maintenance (including configuration management) of the departmental Enterprise Information Architecture Framework (EIAF)	The client (DOD) requirements are listed on the RMF and handled as adaptive / corrective maintenance projects additional to approved projects. A total of 12 additional requests were finalised

Serial No	Output Name	Output Description
3	Establishing functional Information System Master Plans (ISPMPs) for client areas as identified by the CMI Staff Council	<p>The areas identified for the reporting period and regulated by Service Level Agreement (SLA) were the following:</p> <ul style="list-style-type: none"> i. Direct DOD ii. Military Policing Agency iii. Employ Defence Capability iv. Provide Defence Capability v. Public Finance Management Act (PFMA) vi. Activity Based Costing vii. Asset Management viii. Loss Management ix. Geo Spatial x. DOD Information Strategy xi. Logistics xii. HR
4	Prioritised Strategic Information Systems Plan (SISP)	Compiling and managing the departmental SISP compliant with departmental objectives and policy and in support of the DOD Information Strategy
5	DOD Information Strategy	Define and manage the DOD Information Strategy as part of DOD Level 1 Plan. This was done in accordance with DOD policy
6	DOD Information Systems (IS)	These services and products were contracted with SITA in accordance with the SITA Act

HUMAN RESOURCES SUPPORT CENTRE

INTRODUCTION

The strategic intent of the Human Resource Support Centre (HRSC) is to remain dynamic by maintaining transparency, and thereby ensuring that all processes and procedures have a visible trail. To this effect, the involvement of the command cadres and all customers in the human resources support processes remained a key factor for driving the business of the HRSC.

One of the main areas of focus during the year was to ensure that the processes of the HRSC were correctly addressed in order to ensure that the business of the division was streamlined for efficiency and effectiveness.

The area of assurance of the HRSC to implement its core business is based on centralised control and decentralised implementation of the HRSC's objectives. This approach is factored in by establishing a distinct split between execution and authorisation, which is complementary to the policy prescripts of the Public Finance Management Act (PFMA), Act 1 of 1999, the Treasury Regulations and Treasury Guidelines.

A Level 2 plan was produced, which was aligned to the DOD Strategic Direction Process requirements. This was a major success for the year under review.

Command and Control and internal communication in the HRSC were identified as two definite development areas that influenced the business of HR Support in the DOD, which need to be addressed and enhanced. Both these factors serve a critical role in the successful execution of HRSC processes.

HRSC POLICY DEVELOPMENT

The HRSC developed a number of policies, including those pertaining to staffing, the awarding of notches, administrative procedures for 'on-the-job' training, evaluation of personnel functional curricula, accreditation of courses and recognition of prior learning; language policy for the DOD; dispute resolution procedures for civilian personnel, and maintenance of discipline and promotion of sound labour relations

HRSC OUTPUTS

The HRSC was responsible for the following outputs:

- To direct and provide personnel maintenance.
- To direct the utilisation of Defence Act personnel on corporate level.
- To plan, execute, manage and evaluate the Ceremonial, Military Music and Honours and Awards process in the Department of Defence.
- To direct and provide functional competency for personnel functionaries.
- Direct and act as the nodal point for DOD personnel separation services as well as veteran administration.
- To acquire and provide personnel.
- To direct and render corporate language services in the DOD.
- To direct and provide labour and service relations systems and support to the DOD.
- Direct and provide career development for and utilisation of PSAP employees.

SERVICE DELIVERY IMPROVEMENT

Improved Communication with Stakeholders. In an effort to improve service delivery, the HRSC has issued a large number of instructions and standard operating procedures. In addition to this, improved communication by means of road shows, seminars, booklets, direct contact with role players, the use of DOD communication bulletins and articles in the DOD internal magazine.

The centralisation of the funds for foreign-learning opportunities for the development of personnel has led to improvement in service delivery.





JOINT TRAINING FORMATION

ANNUAL REVIEW

The FY 2001/2002 heralded the official launch of the Joint Training Formation (J Trg Fmn) as a functioning business unit of the SANDF.

The following objectives were met, though most of these objectives are continuous in nature: Overseeing the DOD's Education Training and Development (ETD) service; providing joint and common "non-combat/mission ETD opportunities"; managing the DOD's Joint Training Delivery System; managing the ETD research capability (and providing advice and methodology); developing HR development policy and ETD Administrative, Operational and Technical (AOT) policy and doctrine, linking up with other state departments/statutory forums on behalf of the DOD and developing and providing ETD systems integrity.

The financial year started with the migration of the War Simulation Centre from the SA Army (SA Army College) to the J Trg Fmn. This migration was necessitated by the closure of the Senior Command and Staff Duties Course at the SA Army College in favour of the South African National War College, which was to be effected in the FY 2002/2003.

Within the formation itself, the main drive was to set up and streamline the operation of the formation, to finalise its staffing, to develop ETD policy and doctrine, to ensure the systems' integrity of the ETD system and to manage the Youth Foundation Training Programme on behalf of the DOD.

The most impressive highlight of the year was the implementation of the DOD Youth Foundation Training Programme (YFTP). The programme was implemented within six weeks of the approval being granted. The programme started on 2 April 2001 with a total of 168 previously disadvantaged students from all provinces entering the programme. Through close co-operation between the J Trg Fmn, the Services and Divisions involved and the Service Provider, the programme resulted in 137 students successfully completing the programme and thereby improving their previous grade 12 results. Of the 137 successful students, 125 took up posts within the SANDF.

OUTPUTS

- Compliance within the SANDF with governance prescriptions contained in law pertaining to ETD was partially achieved. This was due to underfunding and understaffing of the Joint Training Formation as a whole. Furthermore, there was a lack of detailed understanding of exactly what is required by which pre-script.
- The provision of an ETD quality assurance process was partially achieved owing to understaffing and underfunding.
- The provision of ETD Strategy, Plans and Policy to the DOD Strategic Direction Process was achieved.
- The supplying of information relating to joint training as specified by the Secretary for Defence in support of the Minister of Defence was achieved.
- Seeking outsourcing opportunities on a Private Funding Initiative (PFI) or Public-Private Partnership (PPP) basis in the ETD environment was achieved, although this is an on-going output. An excellent example of this is the Public-Private Partnership with Denel in presenting the Department of Defence Youth Foundation Training Programme.

- The development of a culture of life-long learning through the development of learning pathways was only partially achieved, as this is an on-going output that will require many years to fully implement. It must be mentioned that work in this regard already started and will continue into the foreseeable future.
- Although the promotion of a culture of a "Learning Organisation" within the DOD through making available appropriate ETD opportunities (ie the institutionalisation of Leadership, Command and Management Principles (LCAMPS) was only partially achieved, it must be emphasised that this is a drawn-out process that will take many years before it is fully achieved. The institutionalisation of LCAMPS has, however, progressed significantly with the Project milestones being achieved.
- The determining of the utilisation of foreign ETD opportunities in the best interests of the DOD was achieved.
- The establishment of fourth-level structures to present joint and common "non-combat/mission ETD opportunities within the DOD was only partially achieved. Although the opening of the Joint Senior Command and Staff Programme was achieved, the full functioning of the Joint Senior Command and Staff College (now the SA National War College) was only partially achieved as a result of a lack of a suitable venue, unavailability of posts and a lack of funds.
- Implementation of Civic Education in the DOD was achieved.
- Integrated PSAP training was implemented.
- Training ETD practitioners for the DOD was only partially achieved on account of the transformation and staffing of the unit responsible (SANDF College for Educational Technology - COLET).
- Although work had already started in this aspect, the institutionalisation of Transformational Leadership, Mission Command, Total Quality Management and Systems Management Training within the DOD was only partially achieved owing to the fact that the required cultural and organisational change will take many years to take root within the DOD.
- The implementation of all necessary actions to bring the Personnel Services School under the control of the Joint Training Formation was achieved.
- The implementation of all necessary actions to bring the War-gaming and Simulation Centre under the control of the Joint Training Formation was only partially achieved.
- The implementation and co-ordination of all common "non-combat/mission" peace support training activities within the DOD was achieved.
- The compiling of a database of DOD's requirement for joint and common "non-combat/mission" ETD opportunities to be undertaken within the DOD was only partially achieved due to understaffing.
- The compiling of a database of outsourcing opportunities for joint and common "non-combat/mission" ETD requirements for the DOD was only partially achieved due to understaffing.
- Managing the compilation of budgetary requirements for the Joint Training Formation and units under command was achieved.





- Managing the logistic/personnel and infrastructural requirements of the Joint Training Formation was achieved.
- The development of an IT Training Management System for the DOD was only partially achieved due to understaffing.
- The optimising of the Joint Training structures under the allocated long-term budget was only partially achieved.
- The improvement of internal system responsiveness in the Joint Training environment was achieved.
- The ongoing consolidation of facilities so as to ensure the geographical co-location of common non-combat/mission functional and developmental learning opportunities was achieved and is continuing.
- The ensuring of continuous improvement of the real costs of the Joint Training Division was achieved.
- The provision of quarterly accounts on losses due to inefficiency and irregularity in the Joint Training Formation was achieved through the quarterly Joint Training Formation Commanders Conference.
- The implementation of a value chain/process-based system in the Joint Training Formation was achieved.
- The conclusion of Service Agreements (SAs) with the Services and Divisions for education, common functional training and development opportunities managed by the Joint Training Formation was not achieved owing to the fact that no clarity on the format of the SAs could be obtained. Furthermore, a lack of staff available to facilitate this process handicapped any attempt at setting up SAs.
- The provision of an ETD systems integrity process for the Formation and its units was only partially achieved as the period in question was utilised to investigate, develop and test the systems integrity process. The investigations led the investigation team to new insight into systems integrity that required a redesign of the process. The process was redesigned and implementation started at the end of the period.
- The directing, facilitating and co-ordinating of the research activities of the Centre for Military Studies (CEMIS) were achieved.
- The directing, facilitating and co-ordinating of the educational technology activities of the COLET was achieved.
- The directing, facilitating and co-ordinating of the prescribed documentation process for the composition and promulgation of ETD policy and doctrine documentation was achieved.
- The formulation and promulgation of ETD policy for military and civilian members of the DOD was achieved as part of an ongoing process.
- The management of the Force Support Training policy and Doctrine process was achieved as part of an ongoing process.
- The development and provision of the ETD System's integrity policy and doctrine was achieved as part of an ongoing process.

- The implementation of the South African Qualifications Authority and Skills Development Acts within the DOD was partially achieved. This is due to the fact that the full implementation of the Acts will take a while to permeate throughout the DOD. The process has, however, been initiated and is being proactively monitored.
- The co-ordination of all DOD activities in respect of the establishment of a comprehensive ETD Systems Integrity service for the DOD has been partially achieved. This is due to the fact that the full implementation of the process will take a while to permeate throughout the DOD. The process has, however, been initiated and is being proactively monitored.



MILITARY POLICE AGENCY

ANNUAL REVIEW

With the exception of the operational capability of the Military Police Agency (MPA), the MPA in general performed very well in terms of the strategic plan.

An aspect that still needs attention is the retrenchment of approximately 1 100 MPA members that are unlikely to be staffed. This large group uses up a significant amount of the personnel budget of the MPA.

The MPA is also currently presenting general military competency courses to members of the MPA, as well as the SA Army, in an effort to qualify MPA members for promotion. These courses were not included in the strategic plan of the MPA, but the Chief MPA decided to make funds available to present the courses in order to ensure the career development of MPA members.

The MPA is not in a position to report back on performance against plan for the supporting plans, because the Criminality Plan will only be finalised by the end of March 2003.

DEFENCE CAPABILITIES

The following on Defence Capabilities were provided:

- **Operational Capability.** The operational capability of the MPA entails only one Military Police (MP) Company, namely 13 Provost Company (13 Pro Coy). It provides Chief of Joint Operations (CJ Ops) with combat-ready MP forces for all types of operations.
- **Relocation of 13 Provost Company.** There was a delay in obtaining ministerial approval for the relocation of 13 Pro Coy from Army Combat Training Centre (ACTC) at Lohathla to the new location in Thaba Tshwane.
- **Personnel.** The shortage of personnel at 13 Pro Coy to deploy outside the borders of the country is being managed by replacing them with MPA members of the other MP structures within the country.

BMATT (SA) BRIEF

BACKGROUND

The British Military Advisory and Training Team (BMATT) first deployed to South Africa in June 1994 at the invitation of the New Government of the RSA. Its primary mission was



focused on the peaceful integration of the former non-statutory forces into the SA National Defence Force (SANDF). This process formally concluded on 31 Mar 2002. In the past eight years over 150 UK officers have deployed to the RSA to work with BMATT assisting the SANDF.

MEMORANDUM OF UNDERSTANDING (MOU) 2001

The UK and RSA decided in 2001 that there would be much merit in setting up a fresh mandate for two years with a Peace Support Operations (PSO) capability development as the centrepiece. A new Memorandum of Understanding (MOU) was signed in March 2001.

MISSIONS

Working closely alongside the Government of the RSA, and engaged with all key leaders in the Department of Defence (DOD) and across SANDF, the present Mission of the BMATT (SA) is to advise MOD/DOD and SANDF on:

- Issues relating to the completion of integration of SANDF.
- Rationalisation and Force Development of SANDF.
- The further development of a peace support operation capability in order to assist the RSA to continue to develop a professional democratically accountable and effective national defence force that is supported by civil society.

TASKS

The current tasks of BMATT (SA) are:

- Monitoring and reporting of training.
- Assessment and evaluation of personnel selection procedures and training courses.
- Validation of criteria and standards to recognised international norms.
- Adjudication related to integration, should the need arise.
- Impartial advice on key aspects of democratic management of defence, especially integration, rationalisation, force development and the continuing development of a Peace Support Operations (PSO) capability.
- Training assistance and support within resources on request.

FUNDING

Funding of the BMATT (SA) is on a shared cost arrangement in the approximate ratio of roughly 2 (UK): 1 (RSA). In FY 2001/2002 the cost of the BMATT (SA) to the UK was GBP 1 196 401 broken down as follows:

CHAPTER 9

Table 9.8. Cost of the BMATT (SA) to the UK

<i>Serial No</i>	<i>Quarter</i>	<i>Period</i>	<i>Amount GBP (£)</i>
1	First	1 April - 30 June 2001	236 445
2	Second	1 July - 30 September 2001	273 230
3	Third	1 October - 31 December 2001	310 823
4	Fourth	1 January - 31 March 2002	305 000

Table 9.9. Cost of the BMATT (SA) to the RSA

<i>Serial No</i>	<i>Quarter</i>	<i>Period</i>	<i>Amount GBP (£)</i>
1	First	1 April - 30 June 2001	121 367
2	Second	1 July - 30 September 2001	140 287
3	Third	1 October - 31 December 2001	118 150
4	Fourth	1 January - 31 March 2002	157 047

CHAPTER 10





COMMAND AND CONTROL

INTRODUCTION

The Joint Operations Division is responsible for the overall planning and execution of all operations within the context of Department of Defence (DOD) policy and strategy. This policy also reflects national policy and government strategy to deal with both crime and RSA foreign policy commitments. In terms of the strategic objectives of the SANDF, the Joint Operations Division managed the execution of a number of operations as well as formal exercises.

The SANDF was employed in terms of the Constitution and national legislation in diverse operations. The major portion of its support went to the SA Police Service (SAPS) in the combating of crime. Significant successes were achieved during joint operations with the SAPS. The SANDF played a major role in stabilising the crime situation, especially in the urban areas.

The SANDF remained the key role-player in borderline control, where neither the SAPS nor the Department of Home Affairs had the capability to fulfil their rightful role.

The SANDF continued to play a meaningful role in disaster relief at national and international levels. This commitment supported the SANDF's culture of service delivery.

There was huge growth in terms of the SANDF's international obligation to promote regional security. From the humble deployment of Military Liaison Officers to Uganda, Ethiopia and Eritrea, this grew to support the UN in the DRC, and to support the political initiatives in the Burundi peace process, as well as the OAU peace initiatives for the Union of Comoros.

The Special Forces Brigade remained a cost-effective force multiplier. The Brigade extended its reach into Africa by establishing good relations with similar forces.

AIM

The aim of the Command and Control Programme is to provide and maintain an operational command and control capability for CSANDF. Command and control provides strategic and operational direction for the deployment of combat elements and exercises command and control over all defence operations. This is achieved through permanent Regional Joint Task Force Headquarters for internal missions and temporary Joint Task Force Headquarters for external missions. The programme also provides, maintains and prepares a Special Forces operations capability.



OUTPUTS

The outputs of the Command and Control Programme are defence commitments, an operational command and control capability and a special forces capability. The programme must also develop the DOD force employment and operational doctrine.

The SANDF's defence commitments during the FY 2001/2002 involved the following types of operations:

- **Combating Crime in Co-operation with the SAPS.** These operations were in support of the SAPS Crime Combating Plan 2000 and the Rural Safeguarding Plan in cooperation with the SAPS.
- **Border Protection Operations.** These operations included patrolling the RSA's international borders to combat trans-national crime and deployments into the RSA Economic Exclusion Zone (EEZ) to combat the plundering of marine resources, smuggling and poaching.
- **Aid to Other State Departments.** These operations include national and international disaster and humanitarian relief, as well as protection services, using the collateral utility of the SANDF.
- **International Obligations (including Peacekeeping Operations).** These operations reflected the RSA's growing involvement in the United Nations and the Organisation of African Unity (OAU) / African Union (AU).

COMBATING CRIME IN CO-OPERATION WITH THE SAPS

During the FY 2001/2002 the SANDF supported the SAPS Crime Combating Plan 2000 using SA Army, Air Force, Navy and Military Health Service assets. This plan required the SAPS and SANDF to focus on identified high-priority crime areas and to conduct operations in those areas, aimed at reducing the crime levels. These operations were jointly planned and co-ordinated within the National Operational Co-ordination Committee (NOCOC).

A daily average of six Regular Force companies plus Territorial Reserve Force members was deployed with SA Air Force (SAAF) and SA Military Health Services (SAMHS) in support.

During the FY 2001/2002 the SANDF also conducted operations to execute the Rural Safeguarding Plan in co-operation with the SAPS. This plan sought, in conjunction with the rural community, to develop a safer community, able to protect itself against rural crime. All members of the rural community were encouraged to become involved in either the local Territorial Reserve Forces, or the SAPS Reservist organisation. The involvement of the community was crucial in enabling the SAPS to track down criminals.

A daily average of one company of Regular Force troops plus Territorial Reserve Force members was deployed with the SAAF and SAMHS in support.

BORDERLINE OPERATIONS IN SUPPORT OF THE SAPS

During the year under review the SANDF continued patrolling the RSA's international borders to combat trans-national crime in the form of illegal smuggling of weapons, narcotics, goods, people and vehicles.

SAAF and SAN deployments along the RSA coastline, reached far into the RSA Economic Exclusion Zone (EEZ) to combat the plundering of marine resources and the smuggling

activities of international syndicates along the RSA coastline, in conjunction with the Department of Environmental Affairs and Tourism. The poaching of abalone and Patagonian tooth fish (both worth millions of Rands), and the smuggling of foreigners and weapons were also curtailed.

A daily average of 12 Companies of Regular Force troops, plus Territorial Reserve Force members were deployed with the SAN, SAAF and SAMHS in support.

OPERATIONAL SUCCESSES

Significant successes were achieved over the period concerned throughout the RSA in all the military regions, grouped under the different Regional Joint Task Forces (RJTF).

Table 10.1 Undocumented Migrants Apprehended

Serial No	RJTF West	RJTF South	RJTF East	RJTF North	RJTF Central	Total
1	189	65	4 121	34 911	8 154	47 440

Table 10.2. Weapons Recovered

Serial No	Handguns	Home-Made Weapons	AK47 Rifles	Rifles (Other)	Other Weapons (1)	Total
1	3 455	347	174	429	6	4 411

1) Other Weapons: Hand-grenades, landmines, detonators, plastic explosive, dynamite, mortars, etc.

Table 10.3 Other operational results

Serial No	Dagga (Marijuana) Recovered Quantity (kg) / Value (Rm)	Mandrax recovered (Tablets)	Suspects Arrested	Stolen Vehicles Recovered	Stolen livestock recovered
1	175 914 kg/Rm 175, 9	16 238	17 143	1 587	3 175

JOINT AND MULTINATIONAL EXERCISES

A number of joint and multinational exercises to prepare forces for joint and combined operations, were successfully held:

- **Exercise LAUREL.** This Combined Beach Landing and Refugee Evacuation exercise, as laid out in the standing military agreement between the USA and the RSA, was held from 4 to 7 November 2001. SAN, SA Army, SAMHS and SAAF elements participated with the US Navy and US Marines in this peace support exercise.
- **Exercise OXIDE.** This Combined Search-and-Rescue exercise with French forces, as part of their standing military agreement, was held from 4 to 6 December 2001. SA Navy, SA Army, SA Air Force and SAMHS forces, along





with other RSA role players, participated with the French Navy in this simulated maritime disaster reaction exercise run by SASAR (Dept of Transport).

- **Exercise ATLASUR V.** This was a Combined and Joint Naval Combat exercise between Argentina, Brazil, South Africa and Uruguay as laid out in the standing military agreement between the respective countries, held from 11 March to 2 April 2002. SA Navy, SA Army, SA Air Force SAMHS and forces participated with naval forces from Argentina, Brazil, and Uruguay.
- **Exercise IRON EAGLE.** This Joint Force Preparation exercise was held by 44 Parachute Regiment and SA Air Force elements from 21 to 23 August 2001 to prepare for a future joint exercise.
- **Exercise AIRBORNE AFRICA.** This Combined Airborne Combat-Readiness exercise was designed to build bridges in Africa and internationally and to exercise the core business of Airborne Forces in the form of a competition between SADC armies and invited international armies. Airborne Forces from Algeria, Botswana, Egypt, Ghana, Kenya, Malawi, Mozambique, Namibia, Nigeria, RSA, Swaziland, Tanzania, Uganda, Zimbabwe and Zambia participated. It was an outstanding exercise, which garnered much praise internationally and is to be held in Botswana next year.
- **Exercise TANZANITE.** This Combined Peacekeeping exercise sponsored by France and as laid out in the standing military agreement between France and the RSA, was held from 11 to 24 February 2002. SA Army, SA Air Force and SA Navy forces participated in this peacekeeping / peace-enforcement exercise combined with refugee processing and border control.
- **National Nuclear Regulator (NNR) Nuclear Emergency Evacuation Exercise.** A simulated evacuation and containment of a nuclear emergency exercise was held on 26 February 2002 at Koeberg power station. SA Army, SA Air Force, SA Navy and SAMHS elements participated as evacuees.

SUPPORT TO OTHER STATE DEPARTMENTS

During the FY 2001/2002 support to other state departments included disaster relief at national and international levels. The SA Army, SAAF, SAN and SAMHS were all involved as the situation warranted. Specific operations in this category were the following:

- **Flood Relief.** Flood relief to the Mozambique Government from 11 - 14 April 2001.
- **Conference Against Racism.** The SANDF played an important role in safeguarding the World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance from 31 August - 7 September 2001.
- **Destruction of Weapons.** The SANDF was involved in an international joint SANDF and Lesotho Defence Force (LDF) operation for the destruction of LDF weapons.
- **Inter-Congolese Dialogue.** Support to the SAPS and the Department of Foreign Affairs for the Inter-Congolese Dialogue.
- **Combating Illegal Fishing.** Support to the Department of Environmental Affairs and Tourism in combating illegal fishing along the coastline from 18 - 31 December 2001.

- **Humanitarian Assistance.** Continuous fire-fighting, casualty evacuation, medical evacuation, disaster management and delivering of schoolbooks to the Eastern Cape schools.
- **VIP Protection.** Continuous VIP protection rendered for the DOD and other state departments.
- **VIP Flights.** Continuous flights for VIPs of the DOD and other state departments.

The SANDF also assisted other state departments with the planning and safeguarding arrangements for the following:

- Local by-elections in the Eastern Cape, Gauteng and North West Province.
- The World Economic Forum: Southern Africa Summit.
- Non-Aligned Movement (NAM) Health Sector Conference in March 2001 in Johannesburg.
- Assistance with the funeral of the late Mr Govan Mbeki on 8 September 2001.
- Support to the National Census during October 2001.
- The ICAO/UNIDROIT Diplomatic Conference from 29 October - 16 November 2001 in Cape Town.

INTERNATIONAL OBLIGATIONS

Military Liaison Officer to MONUC I. Since September 1999, the SANDF has sustained the deployment of one senior officer as Chief Military Liaison Officer (MLO) to the United Nations Observer Mission for the Democratic Republic of Congo (MONUC I). The officer was deployed in Kampala, Uganda, as part of the initial group of UN Military Liaison Officers (MLOs) deployed to capitals of the countries involved in the DRC conflict. Two rotations have taken place and the third officer is currently deployed. These members made valuable contributions to the peace process in the Great Lakes Region.

SANDF Support to the OAU and the UN in Ethiopia and Eritrea. At the end of November 2000, two members were deployed as MLOs to the OAU Liaison Mission for Ethiopia and Eritrea (OLMEE). Between November 2000 and January 2001, seven members were deployed as Staff Officers and Military Observers (MILOBS) to the United Nations Mission for Ethiopia and Eritrea (UNMEE). These SANDF deployments were sustained during the past financial year, and members were rotated as required. They continued to provide excellent services to OLMEE and UNMEE over a broad spectrum of responsibilities.

SANDF Specialist Contingent to the UN Mission in the DRC - MONUC II. Since April 2001, the SANDF has deployed a contingent of specialised elements to the second phase of the United Nations Mission to the DRC (MONUC II). The SANDF Specialist Contingent (SANDFSPECC) consists of eight Staff Officers to MONUC Headquarters, one Aero Medical Evacuation Team, two Air Crash Rescue and Fire-Fighting Teams, six Air Cargo Handling Teams, and a Contingent Command and Support Unit. There were originally about 100 personnel, deployed at six locations in the DRC. The success of MONUC depends largely on services provided by SANDFSPECC in the handling of cargo brought into the mission area for distribution - for example, during February 2002 the various Cargo Handling Teams handled 3 100 000 kilograms of cargo, mostly at Kinshasa and Kisangani.





The Aero Medical Evacuation Team deployed at the Iveco Base in Kinshasa continues to provide an emergency evacuation capability to MONUC, while a service was also provided to the SANDFSPECC members deployed in Kinshasa and the MONUC personnel at the base. The Airfield Crash, Rescue and Fire-Fighting Teams were deployed at the international airport in Kinshasa in support of MONUC air operations.

The South African Protection Support Detachment (SAPSD) in Burundi. As a result of the regional peace initiative for Burundi, in accordance with the Arusha Peace and Reconciliation Agreement, the SANDF was requested to deploy in Burundi. Over the period June 2001 to October 2001, deployment was preceded by military planning sessions conducted by a multinational Technical Committee appointed by the Ministers of Defence of South Africa, Nigeria, Senegal, Ghana and Burundi. By the end of October 2001, the SANDF deployed approximately 680 members to Bujumbura, the capital of Burundi. The South African Protection Support Detachment (SAPSD) comprised a headquarters, a protection unit, a guard and security unit, and a mission support unit. The SAPSD included air, medical, military police, logistical and engineer elements. The aim of the mission was to contribute to a safe and secure environment for returning opposition leaders participating in the Burundi Transitional Government.

The SANDF deployment was endorsed by United Nations Security Council Resolution No. 1375 (2001) on 29 October 2001. The main focus was to provide Very Important Person (VIP) protection services to returning opposition leaders. The number of VIPs had increased from an initial number of 13 by the end of 2001 to 26 by the end of March 2002. As a result, the number of VIP protectors had to be increased from 75 to 150 with the first rotation in March 2002. The total number of members in the SAPSD during FY 2001/2002 was 754. The Burundi Armed Forces (FAB) were in control of all other military operations in Burundi and SAPSD activities are co-ordinated daily with the FAB at a Combined Operations Centre (COC). The peace process was delayed by the absence of a cease-fire agreement between the armed groups in and around Burundi. The environment was characterised by periodic violent incidents. The training of an all-Burundi, ethnically balanced Special Protection Unit (SPU), which could relieve the SAPSD of its VIP protection duties, could not commence prior to a comprehensive cease-fire agreement being in place. Up to the end of the financial year, the SAPSD deployment was not affected by operational incidents. Two SANDF members lost their lives in non-operational incidents.

Peace Initiatives for the Union of the Comoros. The SANDF made several contributions to the OAU peace initiatives for the Union of the Comoros in terms of the Fomboni Framework Agreement. One officer was deployed as a Military Advisor to assist the Sub-Committee on Weapons Collection and Reinsertion of the Youth on Anjouan from 15 to 25 November 2001. Four members were deployed as part of an OAU Observer Mission in the Comoros (OMIC) from 17 December 2001 to 7 February 2002. The aim of OMIC was to oversee the weapons-collection programme on Anjouan and develop further contingencies for the process of Presidential and General Elections that were to be held from 10 March to 14 April 2002. OMIC also included four members from Mozambique, two members from Togo, four members from Mauritius, and members from the OAU Head Office. OMIC accounted for 668 weapons of which 222 were collected, and the rest were inspected. The deployment of nine Military Observers and nine Technicians from the RSA to the Comoros as part of a continuation of OAU efforts in terms of the electoral process, was authorised on 27 March 2002.

Although good results were achieved with all external deployments, sustaining these forces remained a challenge.







DEPARTMENT OF DEFENCE VOTE 20

MANAGEMENT REPORT for the year ended 31 March 2002

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General review of the state of financial affairs.

1.1 Budget allocation: Rm15 803,090

1.1.1 The Defence Budget Vote for the financial year 2001/2002 was Rm15 803,090. The Vote was divided into nine main programmes. The Special Defence Account and the Landward Defence Programme were allocated the largest proportion whilst the Defence Intelligence Programme was allocated the smallest.

1.1.2 The Department underwent further restructuring with the related reallocation of resources. The finance, human resource support, legal, inspection, acquisition, corporate communication, intelligence, logistic, management information, military policing and command and control services have been centralised. The allocation to the Administration and Joint Support Programmes has consequently grown. The Command and Control Programme allocation has also grown due to the creation of the Regional Joint Task Forces and the inclusion of the Special Forces. The largest growth has, however taken place within the Special Defence Account due to the commencement with the strategic defence procurement programme.

1.1.3 Spending on personnel (38,4%) and transfer payments (37,64%) dominates the Vote.

1.2 Adjustment Estimate: Rm119,860

The Defence Vote was increased by Rm119,860 through the Adjustment Estimate as a result of the following:

1.2.1 Roll-overs from the financial year 2000/2001 which were utilised in the programmes Military Health Services and Joint Support of which the largest (Rm19,272) was allocated for non-completed public works of 2000/2001.



1.2.2 Unforeseen and unavoidable expenditure which was allocated for the peace-keeping mission in the Democratic Republic of the Congo (Rm50,000) and additional costs for salary adjustments (Rm25,000).

1.2.3 Other adjustments for revenue generated by the Special Defence Account from the sale of armament which was refunded for the financial year 2000/2001 (Rm20,554).

1.3 Approval in the Burundi Protection Support Appropriation Act, 2002.

An amount of Rm130,000 was approved in the Burundi Protection Support Appropriation Act, 2002 for the SANDF participation in the peace process in Burundi.

1.4 The adjusted Defence Budget Vote was thus Rm16 052,950 for the financial year 2001/2002.

1.5 Spending trends.

Spending for the Department in comparison with the previous two years is as follows:

	1999/2000 Rm	2000/2001 Rm	2001/2002 Rm
Vote	10 678,700	13 909,843	16 052,950
Expenditure	10 677,841	13 900,166	16 042,743
Amount surrendered	0,859	9,677	10,207
Amount surrendered as percentage of Vote	0,01%	0,07%	0,06%

The Department has for the fourth consecutive year achieved an immaterial under-expenditure.

2. Services rendered by Department.

2.1 Tariff Policy.

The Department uses statutory tariffs, fees and charges that relate to income accruing to the National Revenue Fund. For other cases the Department is in the final stage of formulating a tariff policy and structure for approval by National Treasury and promulgation in the Department. These tariffs, fees and charges will be revised annually for the approval of National Treasury.

CHAPTER 11

2.2 Free Services.

The Department rendered the under mentioned free services.

Nature of Service	Service Rendered to	Estimated Value Rm
Harbour Services	RFA Black Rover, Britain	0,047
Harbour Services	HMS Glasgow, Britain	0,010
Harbour Services	FNS Bougainville, France	0,023
Harbour Services	Gunston Hall, USA	0,018
Transport	FNS Bougainville, France	0,001
Transport	FNS Albatros, France	0,002
Medical Rescue	MV Naftilos, Greece	0,018
TOTAL		0,119

3. Under spending.

The Adjusted Defence Budget Vote was under-spent by Rm10,207 and consequently will be surrendered. A roll-over claim for the amount of Rm8,301 has been submitted to the National Treasury.

4. Capacity constraints.

4.1 The Department continued to meet all its commitments despite severe financial restraints. The cost of meeting defence commitments has, however, been high as funds had to be diverted from maintenance towards meeting operating costs, resulting in decreased serviceability levels.

4.2 The decline in serviceability levels of most of the SANDF's major weapon systems has been aggravated by the loss of key skills in some areas and the impact of ill health. This has seriously eroded the SANDF's conventional capabilities and could lead to a reduction in operational outputs.

4.3 The envisaged reduction in personnel strengths in the SA Army through the Employer Initiated Retrenchment Package did not take place. Consequently funds earmarked for operating were eventually spent on personnel.

4.4 Capacity constraints will be discussed in more detail in the Annual Report.

5. Foreign Assistance.

5.1 Burundi.

The United Nations Security Council Resolution 1286 (2000) of 19 January 2000 expressed appreciation for international donor support and appealed for increased assistance for the Arusha peace process in Burundi. Based on the US\$m440,000 pledged by the international community for the implementation of the Arusha Peace and Reconciliation Agreement, at the Paris Conference held during December 2000, the Minister of Defence indicated that South Africa's involvement in Burundi would be at no direct cost to the South African taxpayers. The current situation regarding donations received is discussed below.



5.1.1 Government of the Kingdom of Belgium.

The Government of the Kingdom of Belgium donated Rm54,867 to assist the Department in financing the expenditure to be incurred in protecting the returning exiled Burundian leaders who are to participate in the democratisation process and transitional government in Burundi.

5.1.2 European Union.

A contribution of Rm76,469 was received from the European Union (EU) to finance the expenditure related to the initial deployment cost and other stipulated expenditure incurred during deployment in Burundi. In terms of the agreement, Rm28,235 could not be utilised due to the stringent restrictions placed by the EU and should be returned.

5.1.3 Government of the Kingdom of the Netherlands.

The Government of the Kingdom of the Netherlands donated Rm17,629 to finance a portion of the expenditure to deploy SANDF members and equipment in Burundi in providing protection services to returning exiled leaders.

5.1.4 Total foreign assistance received for the Burundi peace mission amounts to Rm148,965 of which Rm28,235 will be refunded, leaving a balance of Rm120,730. The total amount of Rm148,965 was deposited in the Reconstruction and Development Programme Account at the National Treasury and the total amount is still available in the account. National Treasury partially financed the 2001/2002 SANDF operations in Burundi through the allocation of Rm130,000 in the Burundi Protection Support Appropriation Act, 2002 from the National Revenue Fund. National Treasury will refund the National Revenue Fund from the Reconstruction and Development Programme Account as the Department verifies expenditure.

5.2 Other.

5.2.1 Government of the Kingdom of the Netherlands.

The Government of the Kingdom of the Netherlands contributed Rm3,569 to fund the major part of the expenditure incurred in rendering humanitarian aid to Mozambique during the floods in the early part of 2001. This amount has been transferred from the Reconstruction and Development Programme Account to the Department and is appropriated in separate financial statements.

5.2.2 Government of the French Republic.

The Government of the French Republic provided training assistance in kind to the SA Navy to the value of Rm0,017.

5.2.3 Government of the Federal Republic of Germany.

The Government of the Federal Republic of Germany provided training assistance in kind to the SA Navy to the value of Rm0,012.

5.2.4 Government of the United States of America.

The Government of the United States of America provided support to the value of Rm0,400 for Project MASIBAMBISANE, which aims to promote AIDS awareness within the Department. The SA Air Force and the SA Navy also benefited

from contributions by the Government of the USA in the form of training assistance to the value of Rm0,059 and Rm0,031 respectively. The US Government also financed a visit by the Chief of Joint Training to the US, to the value of Rm0,056.

6. Trading entities/public entities.

6.1 Trading entities.

6.1.1 Trading Account for Medical Stock.

6.1.1.1 Legislation under which established.

Exchequer and Audit Act, 1975 (Act No. 66 of 1975) Section 11(a).

6.1.1.2 Statement of functions.

The function of the Trading Account for Medical Stock was to purchase, distribute and stockpile strategic medical inventory in trading agreements with various National Departments.

6.1.1.3 Accountability arrangements.

The Trading Account for Medical Stock was managed by the Surgeon General of the Department, reporting on the management of the account directly to the Accounting Officer of the Department.

6.1.1.4 Closing down.

The National Treasury has granted approval for the closing down of the Trading Account for Medical Stock.

The closing process will be finalised during the 2002/2003 financial year.

6.2 Public entities under control.

6.2.1 Armaments Corporation of South Africa.

6.2.1.1 Legislation under which established.

Armaments Development and Production Act, 1968 (Act No. 57 of 1968, as amended). Listed as a Schedule 2, Major Public Entity - Public Finance Management Act, 1999 (Act No. 1 of 1999).

6.2.1.2 Statement of functions.

The primary functions of the Armaments Corporation of South Africa (Armcor) is to acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products. It also 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.

Armcor's secondary functions include providing tender board functions, acting as procurement secretariat, providing financial, quality and asset management services, and providing legal services, project security, and arms control compliance assurance.





6.2.1.3 Accountability arrangements.

The affairs of Armscor are managed and controlled by a board of directors, appointed by the Minister of Defence. The board is accountable to the Minister for the total management requirements in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), as amended by Act No. 29 of 1999, the Treasury Regulations issued in terms of the PFMA and the Armaments Development and Production Act, 1968 (Act No. 57 of 1968, as amended).

6.2.1.4 Share holding.

Authorised Share Capital - 1 000 000 000 shares at R1-00 each.

Share Capital Issued - 75 000 000 shares at R1-00 each.

State's share holding - 75 000 000.

(Shares issued to the President of the Republic of South Africa and in custody at the Department).

6.2.2 The Castle Control Board.

6.2.2.1 Legislation under which established.

Castle Management Act, 1993 (Act No. 207 of 1993). (Listed as a Schedule 3, Part A; National Public Entity - Government Gazette Notice 1397 of 2001).

6.2.2.2 Statement of functions.

The main function of The Castle Control Board is 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 that part of the Castle which is not used by the SANDF or any part thereof.

6.2.2.3 Accountability arrangements.

The Castle Control Board (accounting authority) presently reports to the Minister of Defence on the management activities of the Castle. It is envisaged that the Board will be transferred to the Department of Arts, Culture, Science and Technology in the future.

CHAPTER 11

7. Organisations to which transfer payments have been made.

7.1 Transfer payments have been made to the following organisations:

Transferee	Reason for Payment	Voted 2001/2002 Rm	Expenditure 2001/2002 Rm
Armaments Corporation of South Africa (Armcor)	To subsidise Armcor in their mission to meet the acquisition needs of the Department of Defence and other government departments in terms of armament and related products and resources.	194,875	194,875
St Johns Ambulance Brigade	To subsidise ambulance services in South Africa and especially the use of services by the Military Health Service.	0,095	0,040
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.	0,095	0,032
Medical Fund	To subsidise the Medical Fund B for retired Force members who retired before 1964.	0,700	0,250
SA Shooting Union	To promote marksmanship in South Africa.	0,030	-
Reserve 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.	1,900	1,900
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.	11,619	11,392
Special Defence Account	The acquisition of armament.	5 830,075	5 830,075
Province of the Northern Cape: Department of Housing and Local Government	Contribution for the relocation of the San community from Schmidtsdrift to Platfontein.	2,000	2,000
TOTAL		6 041,389	6 040,564

7.2 Written assurance (audited financial statements) was obtained from the above-mentioned entities and the Department is satisfied that effective, efficient and transparent financial management and internal control is present at the entities.

8. Corporate governance arrangements.

8.1 Risk management.

The Inspector General of the Department has implemented a risk management



system on which the Department's audit approach is based. The Accountability Management Committee monitors the implementation of corrective measures to reduce risks on a continuous basis.

8.2 Fraud prevention.

The Department approved an Anti-Fraud Strategy and Structure in March 2002. The Inspector General of the Department is committed to implement the Strategy and Structure by not later than September 2002.

8.3 Internal audit.

A concerted effort has been initiated to improve the internal audit function in the Department by the staffing of all vacant posts in the Internal Audit section (funds have been earmarked to staff ± 22 remaining vacant posts during the financial year 2002/2003) and deliberate actions by the Accountability Management Committee to monitor progress in the implementation of corrective measures and to hold officials accountable for irregular actions.

8.4 Audit committee.

The Audit Committee of the Department was not functional for the full financial year due to the resignation of three of its members. A new Audit Committee has been appointed with six external and two internal members and is currently functioning.

8.5 Management bodies.

The Minister for Defence directs and controls the Defence function 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 enhance managerial effectiveness and eliminate conflicts of interest.

8.6 Codes of conduct.

All personnel in the employ of the Department have signed into effect the appropriate military and civilian code of conduct. Appropriate disciplinary measures are in place to assure compliance.

8.7 Occupational health and safety.

The Surgeon General is the controlling authority for occupational health and safety matters. The Department undergoes regular audits in this regard.

8.8 Environmental matters.

The Chief of Joint Support is the controlling authority for environmental matters. The Department has undergone its first audit in this regard.

9. **Activities to be discontinued.**

Activities to be discontinued will be described in the Annual Report.



10. New activities.

10.1 National Defence Force.

10.1.1 The Arusha Peace and Reconciliation process to achieve a peaceful solution to the conflict in Burundi lead to a South African protection support detachment comprising 701 personnel being deployed in Bujumbura. The deployment for the 2001/2002 financial year amounted to Rm144,000 of which Rm130,000 was additionally allocated to the Department.

10.1.2 Small elements of the SANDF were deployed in the Comores in an observer role in December 2001.

10.2 SA Military Health Service.

Assistance was rendered to the Province of Kwa-Zulu Natal with the management of the cholera and foot and mouth epidemics.

11. Proposed activities.

Proposed activities will be described in the Annual Report.

12. Progress with financial management improvement.

12.1 Implementation of the Public Finance Management Act and Treasury Regulations has a high priority in the Department. Although favourable progress has been made in certain areas, others will require a more concerted effort in the current financial year.

12.2 The Defence strategic plan and budget are now outcomes and outputs focussed as a consequence of an ongoing scrutiny process conducted by the Defence Programme Budget Evaluation Committee. This facilitates performance measurement and the holding to account of programme managers for their individual performance. A strategic gap exists between the funding requirement to conduct defence according to existing defence policy and the medium term allocation. The Minister is currently considering strategic decisions regarding the force design and structure to reduce this gap. Implementation will occur in the medium term.

12.3 Defence expenditure has been brought under control by means of effective commitments and payments sub-systems. The minuscule annual under-expenditure in the past four years is unavoidable in a cash-based system and is successfully reclaimed as roll-over. Improper expenditure has also, as a consequence, been reduced to an immaterial level. Irregular expenditure as a consequence of not following procurement procedures is being attended to by centralising the departmental procurement system.

12.4 Financial reports according to prescripts are being delivered accurately and on time. Defence management pays serious attention to the monthly reports and makes consequential adjustments to planned activities and related expenditure. The Minister of Defence is also informed by these reports.

12.5 A number of internal control systems are not functioning effectively as has been made evident by internal and external audit reports. Systems such as revenue, procurement, provisioning, debtors and losses are currently under review with the view to improvement. The risks are being identified and related strategies being developed.



12.6 Of major concern to the Department is the loss of assets through theft. The measures to safeguard assets are currently inadequate. A crime prevention and detection strategy and plan has been devised and is being implemented. The investment that will have to be made to safeguard assets will unfortunately be at the cost of producing operational outputs.

13. Other.

13.1 Debtor Management.

A debtor management system for the Department has been developed. Implementation of the system is envisaged for July 2002.

13.2 Provision of Information.

It should be noted that the Department still uses an unique legacy financial management system based on cash accounting principles. New reporting requirements for the preparation of the financial statements are becoming more demanding with the result that the system does not provide for all requirements for reporting on an accrual basis.

Approval.

The annual financial statements have been approved by the Accounting Officer.

(J.B. MASILELA)
SECRETARY FOR DEFENCE: DIRECTOR GENERAL

Date: 30 MAY 2002



AUDITOR-GENERAL

**REPORT
OF THE
AUDITOR-GENERAL
TO PARLIAMENT
ON THE
FINANCIAL STATEMENTS OF VOTE 20 - DEFENCE
FOR
THE YEAR ENDED 31 MARCH 2002**



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 20 - DEFENCE FOR THE YEAR ENDED 31 MARCH 2002



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 149 to 180, for the year ended 31 March 2002, 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

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. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the department at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:



4.1 Matters affecting the financial statements

4.1.1 Local and foreign aid assistance

- (a) *Foreign aid received in cash:* An amount of R3,569 million is disclosed in the income statement, the summary income statement of aid assistance received and the analysis of donor funded expenditure per standard item and programme. Documentation substantiating this amount could not be supplied by the Department of Defence (DOD).

Furthermore, from documentation provided by the DOD it was determined that the total amount was allocated only to programme 3 - air defence, standard item - inventories in the accounting records. Therefore the allocation on the analysis of donor funded expenditure per standard item and programme as disclosed in the notes to the financial statements does not agree with the records of the DOD.

- (b) *Local and foreign aid received in kind:* No system was in place during the financial year for the recording and collation of local and foreign aid assistance received in kind. Furthermore, insufficient and in some instances no supporting documentation was provided with regard to R257 000 of a total of R657 000 which was disclosed as foreign aid assistance, and R199 000 of a total of R699 000 which was disclosed as local aid assistance.

4.1.2 Purchases and payables

- (a) *Commitments:* A list of commitments to the amount of R1 668 387, as disclosed in note 29 to the financial statements, could not be produced for audit purposes. This is due to the fact that the report supporting the amount disclosed was not drawn from the Financial Management System (FMS) at the appropriate time and all subsequent reports generated from the FMS had been updated for changes made to the data on the system. Audit investigations have also revealed that inappropriate criteria have been applied when defining commitments, determining cut-off dates and splitting commitments between "approved and contracted" and "approved and not contracted".

- (b) *Leases:* Attention is drawn to paragraph 5 of the Statement of Accounting Policies and related matters and paragraph 5.8.12 of the Guide for the Preparation of Annual Reports of Departments which require appropriate disclosure of certain information regarding leases entered into by the DOD. The DOD did not disclose the information as required.

- (c) *Central Advance System (CAS) payments:* The DOD has applied inappropriate cut-off procedures on the CAS, which resulted in an amount of R2,579 million, which had been paid in the 2001-02 financial year, only being recorded in the 2002-03 financial year. This has resulted in an understatement of expenditure as well as an overstatement of cash on hand to the amount of R2,579 million.

4.1.3 Contingent liabilities

Leave entitlement: The short-term employee benefit, leave entitlement of R1 025 million as disclosed in note 28 to the financial statements is calculated based on the accumulated leave days recorded on the leave administration sys-

tem. As a result of the findings mentioned in paragraph 4.1.4 (b) this office could not reach a conclusion on the correctness of the leave entitlement and therefore the accuracy of the amount disclosed.

4.1.4 Personnel expenditure

(a) *Supplementary remuneration:* The audit conducted on the payment of supplementary remuneration revealed that internal control measures were not adhered to. The audit findings were brought to the attention of the DOD and were resolved in some respects. However, the following findings need to be mentioned:

(i) *Commuted overtime*

Shortcomings with supporting documentation such as attendance registers which were not completed properly or were not completed at all, agreements which were not approved/signed at the correct level or were not completed at all and standby hours which were included in the calculation of overtime, were found.

(ii) *Settlement payments*

Significant shortcomings and non-compliance with departmental regulations regarding the supporting documentation for settlement payments, were found. These findings include matters such as personnel registers without serial numbers, missing signatures for proof of certification of personnel registers and missing official territorial stamps of command on personnel registers. Furthermore no letters of appointment could be submitted for certain members. The management comments from the department on this specific matter were still outstanding at the time of writing this report.

(b) *Leave credits and leave administration:* The internal controls in respect of the leave administration system were still inadequate as was reported in the previous reports. The following findings need to be mentioned:

- Leave application forms were not captured on the computerised leave system on time, they were not filed regularly in leave files of members and they were not signed (approved) by section heads.
- Parade registers were not completed daily, approved as prescribed or reconciled with the leave system.
- Leave registers were not used as prescribed.
- No internal control measures are included in the computerised leave system to ensure that only leave to which a person is entitled, can be taken.

4.1.5 Revenue and Receivables

(a) *Departmental Income:* As mentioned in note 1 to the income statement, departmental income generated to the financial year under review amounted to R126 601 000, compared with R153 346 362 of the previous year.

The audit again revealed the inadequacy of the internal controls to ensure that all sources of income are recovered. This is also confirmed in the DOD Management Report for the year ended 31 March 2002 which indicates that risks are being identified and related strategies are being developed.





- (b) *Debtor system:* Internal controls in respect of debtors were still inadequate, as was reported in previous reports. The following findings were made:
- No debtors accounts were created/raised for medical overpayments of older than a year made for medical benefits.
 - Certain debtor sub-ledgers had credit balances.
 - Debtors age analyses were not used during the financial year to manage outstanding debtors.

The DOD Management Report for the year ended 31 March 2002 indicated that a new debtor management system are been envisaged to be implemented by July 2002.

4.2 Matters not affecting the financial statements

4.2.1 Asset management

- (a) *Stores and equipment:* The audit conducted of the management of stores and equipment revealed the same weaknesses in internal controls as reported on in the prior years. The weak or inadequate controls resulted in the unavailability and unreliability of consolidated logistical information. The weaknesses existed in all main processes of stores and equipment. The following findings need to be mentioned:

(i) *Recording:*

- The recording of goods is not always done completely and correctly. Items in stock were not captured on registers and items on register do not reconcile with stock on hand.
- The logistical application systems consist of three computerised systems that do not integrate, as well as a manual system with the result that stock balances are not reliable or readily available.

(ii) *Storage:*

- The access to, control over, storage of, and custody and care of assets were not sufficient. This resulted in unauthorised access to stores, decaying and deterioration of stock, as well as inadequate fire-prevention and fire-fighting equipment.

(iii) *Stocktaking:* The process of consolidating and reconciling the annual stocktaking certificates to determine the total stock on hand is inadequate:

- Only 68% of the stock of all the computerised units in the DOD were subjected to stocktaking.
- The values of stock as on the management information system (LOGEIS), which was used to monitor logistical administrative activities indicating the value of stock, differ from the values indicated on stocktaking certificates.
- The completeness of the list of units to verify that all units handed in stocktaking certificates could not be confirmed.

According to management reasons for the existence of the poor internal control is a lack of enforcement of existing policies and procedures mainly due to the fact that all personnel responsible for the management of stock and equipment are not accountable to management responsible for asset management.

- (b) *Land and buildings:* The audit conducted of land and buildings revealed that the information on land and buildings as per the DOD records does not correlate to information received from the Department of Public Works.

4.2.2 **Internal auditing**

An evaluation of the functions of the internal audit function indicated that there were personnel shortages and non-compliance with certain standards required by treasury regulations, as reported in the previous year's report. However, the Directorate: Internal Audit embarked on a process to improve operations by registering with the International Standards Organisation and embarking a process of sending staff for the relevant training.

4.2.3 **Environmental auditing**

This office has conducted an audit focusing on environmental issues at a selection of military units. At all units visited this office found non-compliance with the following significant environmental legislation:

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- The National Environmental Management Act, 1998 (Act No. 107 of 1998), section 28
- The Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- The National Water Act, 1998 (Act No. 36 of 1998), section 19.

A consistent factor throughout was the fundamental lack of a management system and general staff awareness to address the legislation requirements. The DOD is committed to developing such a system based on internationally recognised principles and compliance with section 28 of the National Environmental Management Act.

4.2.4 **Advances**

With reference to paragraph 3.1.1 on page 85 of the previous report [RP138/2001], the DOD indicated to the Standing Committee on Public Accounts (SCOPA) on 1 July 2002 that foreign advances would be managed on a personal computer software package to ensure that reconciliations are done timely and accurately as an interim measure until a fully computerised system could be developed and implemented.

The compensating system will be audited during the 2002-03 financial year and reported on, if necessary, in due course.

4.2.5 **Transformation process**

With reference to paragraph 3.2.2 on page 86 of the previous report [RP138/2001], SCOPA in its resolution dated 12 June 2002 took note that the issue of transformation had been re-assessed by the DOD and that a new approach and strategy had been accepted. However, the committee expressed its concern regarding the constant re-assessments and the development of new approaches and new strategies by the department.

The latest change management strategy which will be developed by the DOD in 2002-03 will be audited and, if necessary, reported on in due course.





4.2.6 National Conventional Arms Control Committee (NCACC)

Although the financial audit of the NCACC for the year under review has been finalised, certain compliance audit procedures still need to be completed, the findings of which will be reported together with the 2002-03 audit report.

4.2.7 Risk Management

A risk management policy was compiled, but not implemented at the time of compiling this report. The DOD indicated to SCOPA on 1 July 2002 that it envisaged that the Minister would approve this policy during July 2002. The implementation of this policy will be audited during the 2002-03 financial year and reported on, if necessary.

4.2.8 Service Corps

With reference to paragraph 3.2.5 on page 89 of the previous report [RP 138/2001], SCOPA in its resolution dated 12 June 2002, expressed its concern that so little had been done to address the shortcomings in the operations, performance and outputs of the Service Corps since its inception in January 1995.

The future and direction of the Service Corps was still under scrutiny by means of numerous workshops held during the year under review. SCOPA recommended, amongst others, that the final outcomes of the workshops be reported to it on 1 July 2002.

Notwithstanding this recommendation made by SCOPA the DOD indicated in a written reply to SCOPA on 1 July 2002 that the Service Corps still had grave uncertainty regarding its mandate and that negotiations with members from the Standing Committee on Defence were underway. Only once the mandate was confirmed the Service Corps would be able to establish an appropriate structure to successfully address its effectiveness and productivity.

The implementation of this structure, once implemented, will be audited and if necessary reported on.

5. APPRECIATION

The assistance rendered by the staff of Defence during the audit is sincerely appreciated.

S A FAKIE
Auditor-General
Pretoria
26 July 2002



DEPARTMENT OF DEFENCE VOTE 20

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 March 2002

The financial statements have been, unless otherwise indicated, prepared in accordance with the following policies, which have been applied consistently in all material respects. 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 No. 1 of 1999 (as amended by Act No. 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act No. 1 of 2001.

1. Basis of preparation

The financial statements have been prepared on the cash basis of accounting except where stated otherwise. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. This basis of accounting measures financial results for a period as the difference between cash receipts and cash payments.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the adjustment estimate. Interest received is recognised upon receipt of the funds, and no accrual is made for interest receivable from the last receipt date to the end of the reporting period. Unexpended voted funds are surrendered to the National Revenue Fund.

Dividends received are recognised as revenue in the financial statements of the department, however, it is also recognised as an expense in the same year, as the dividends are paid over to the National Revenue Fund.



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3. Expenditure

Capital and current expenditure is recognised in the income statement when the payment is made. Interest paid is also recognised when paid and no accrual for interest is made between the payment date and the reporting date.

4. 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 expenditure is recovered from a third party, authorised by Parliament, 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:

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this act, or

Irregular expenditure is treated as expenditure in the income statement until such expenditure is either not condoned by National/Provincial Treasury or the Tender Board, at which point it is treated as a current asset until it is recovered from a third party.

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 is treated as a current asset in the balance sheet until such expenditure is recovered from a third party.

5. Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

6. Assets

Physical assets (fixed assets, moveable assets and inventories) are written off in full when they are paid for and are accounted for as expenditure in the income statement.

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7. 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.

8. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to either the National/Provincial Revenue Fund or another party.

9. Provisions

Provisions are not normally recognised under the cash basis of accounting.

10. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note 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.

11. Subsequent payments

Payments made after the accounting date that relates to goods and services received before or on the accounting date are disclosed as a note to the financial statements. These payments 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.

12. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that 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 measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a 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.



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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.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

13. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, or deposits paid on behalf of employees of a foreign mission, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the National Revenue Fund.

14. Recoverable revenue

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years, which have now become recoverable from a debtor due to non-performance in accordance with an agreement. Repayments are transferred to the National Revenue Fund as and when the repayment is received.

15. 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 20

INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE) for the year ended 31 March 2002

	Note	2001/02 R'000	2000/01 R'000
REVENUE			
Voted funds		16 052 950	13 909 843
Non voted funds			
- Other receipts	1	126 601	153 346
Local and foreign aid assistance (including RDP funds)	2.1	3 569	-
TOTAL REVENUE		16 183 120	14 063 189
EXPENDITURE			
Personnel	3	6 159 149	5 841 447
Administrative		496 016	443 484
Inventories		885 744	698 108
Equipment	4	340 605	201 370
Land and buildings	5	5 186	4 475
Professional and special services	6	2 093 507	1 751 879
Transfer payments	7	6 040 564	4 903 884
Miscellaneous	8	4 828	35 994
Special functions: authorised losses	9	19 050	19 525
Local and foreign aid assistance (including RDP funds)	10	3 569	-
TOTAL EXPENDITURE		16 048 218	13 900 166
NET SURPLUS		134 902	163 023
Add back unauthorised, irregular, and fruitless and wasteful expenditure disallowed	11.1	1 906	-
NET SURPLUS FOR THE YEAR		136 808	163 023
ANALYSIS OF NET SURPLUS FOR THE YEAR			
Voted funds to be surrendered to Revenue Fund	17	10 207	9 677
- Gross funds to be surrendered			
Revenue surrendered or to be surrendered to Revenue Fund	18	126 601	153 346
		136 808	163 023





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**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 March 2002**

	Note	2002 R'000	2001 R'000
ASSETS			
Current assets		726 821	707 777
Unauthorised, and fruitless and wasteful expenditure	11	453 904	451 998
Cash on hand	13	37 201	17 717
Receivables	14	214 802	215 065
Prepayments and advances	15	20 662	21 532
Loans	16	252	1 465
Non-current assets			
Loans	16	12 842	12 980
Total assets		739 663	720 757
LIABILITIES			
Current liabilities		644 889	654 620
Voted funds to be surrendered	17	10 207	9 947
Revenue to be surrendered	18	7 849	52 675
Bank overdraft	19	603 167	535 799
Payables	20.2	22 664	56 199
Advances received	20.1	1 002	-
Total liabilities		644 889	654 620
NET ASSETS/EQUITY			
Recoverable revenue		94 774	66 137
Total net assets/equity		94 774	66 137

**DEPARTMENT OF DEFENCE
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**STATEMENT OF CHANGES IN NET ASSETS/EQUITY
for the year ended 31 March 2002**

	2001/02	2000/01
	R'000	R'000
Recoverable revenue		
Opening balance	66 137	92 565
Transfer to Revenue Fund	(9 173)	(26 428)
Debts raised/written off/adjusted	37 810	-
Closing balance	<u>94 774</u>	<u>66 137</u>





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**CASH FLOW STATEMENT
for the year ended 31 March 2002**

	Note	2001/02 R'000	2000/01 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	22	208 575	163 023
Cash (utilised)/generated to decrease working capital	23	(4 669)	69 717
Voted funds and revenue funds surrendered	24	(181 374)	(137 541)
Net cash flow available from operating activities		22 532	95 199
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term loan granted		(71 767)	(13 400)
Capital Expenditure on Professional and special services		-	(13 400)
		(71 767)	-
Net cash flows from operating and investing activities		(49 235)	81 799
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		1 351	3 049
Net (decrease)/increase in cash and cash equivalents		(47 884)	84 848
Cash and cash equivalents at beginning of period	25	(518 082)	(602 930)
Cash and cash equivalents at end of period	25	(565 966)	(518 082)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002

	Note	2001/02	2000/01
		R'000	R'000
1. Other receipts			
Description			
Interest received		709	1 326
Recoveries of housing rent		79 058	77 744
Recovery of loans		668	2 068
Money prescribed by law		1 245	1 426
Money not prescribed by law		10 167	9 574
Life insurance commission		14 905	7 142
Miscellaneous income		12 225	19 623
Trading Account for Medical Stock surplus		-	1 608
Other revenue		7 624	32 835
		126 601	153 346

1.1 Gifts, donations and sponsorships received in kind excluding RDP funds by the Department (Total not included above)

Nature of gift, donation and sponsorship	Received from	2001/02	2000/01
		R'000	R'000
Electrical vehicle for patients transportation	Internal Medicine	85	-
Multi-track system	Smith & Nephew	25	-
Lounge suite	Foreign Affairs	10	-
Basin	Orthomed	5	-
20 Blood analysers	Rouche Diagnostics	4	-
2 Fax machines	Patient/Pharmacia	3	-
Satellite dish	BERCO Cleaning services	3	-
Blinds	Launderdale	2	-
Miscellaneous	Various institutions	2	-
Airfare, car rental during the millennium reunion in New York	Denel	-	19
1 Fax machine	Canon	-	14
Cash for Birthday Festival and farewell	Various institutions	-	14
Airfare and accommodation to member and spouse	Meta Business Metrics	-	6
3 donations to unit	Various institutions	-	6
Hunting	Various institutions	-	3
Various gifts less than R1 000,00 per gift	Various institutions	-	22
		139	84

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	Note	2001/02 R'000	2000/01 R'000
2. Local and foreign aid assistance (including RDP)		R'000	R'000
2.1 Received in cash			
Foreign aid assistance	2.2	<u>3 569</u>	-
2.2 Foreign aid assistance		R'000	R'000
Description			
Humanitarian aid from the Government of the Kingdom of the Netherlands to provide relief during the floods in Mozambique.		<u>3 569</u>	-
2.3 Received in kind (value not included in income statement)		R'000	R'000
Local aid assistance (including RDP funds)	2.4	699	-
Foreign aid assistance	2.5	657	201
		<u>1 356</u>	<u>201</u>
2.4 Local aid assistance (including RDP)		R'000	R'000
Description	Received from		
CX Delta machine	Beckman Coulter	500	-
Subsistence and travel	Denel	84	-
Subsistence and travel	Arm Scor	115	-
		<u>699</u>	Note

Note: Previous year figure is not available.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

		2001/02	2000/01
		R'000	R'000
2.5 Foreign aid assistance			
Description	Received from		
AIDS awareness promotion	Government of the United States of America	400	-
Training assistance	Government of the United States of America	146	191
Air tickets and travel costs	British Aero Space Systems	82	-
Training assistance	Government of the Federal Republic of Germany	12	10
Training assistance	Government of the French Republic	17	-
		657	201

		2001/02	2000/01
		R'000	R'000
3. Personnel			
Basic salary costs		4 557 068	4 259 144
Pension contributions		643 828	612 975
Medical aid contributions		43 627	43 006
Other salary related costs		914 626	926 322
		6 159 149	5 841 447
Average number of employees		77 366	78 823

		2001/02	2000/01
		R'000	R'000
4. Equipment			
Current (Rentals, maintenance and sundry)		340 605	201 370

Note: Spending on Defence assets, except those that are residential of nature, is conventionally classified as current.

		2001/02
		R'000
4.1 Equipment analysed as follows:		
Computer equipment		62 435
Furniture and office equipment		18 793
Other machinery and equipment		163 041
Transport		80 848
Specialist military assets		15 488
		340 605

CHAPTER 13

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

5. Land and buildings		2001/02 R'000	2000/01 R'000	
Current expenditure				
- Rental		5 186	4 475	
		<u>5 186</u>	<u>4 475</u>	
6. Professional and special services	Capital expenditure	Current expenditure	2001/02 R'000	2000/01 R'000
Auditors' remuneration	-	22 813	22 813	18 307
Contractors	-	249 559	249 559	205 420
Consultants and advisory services	-	4 599	4 599	12 599
Commissions and committees	-	24	24	2 440
Computer services	-	490 478	490 478	486 889
Maintenance and repair	-	516 118	516 118	411 042
Modifications of military aircraft	-	258 333	258 333	285 852
Medical services	-	93 101	93 101	84 990
Research and development	-	16 723	16 723	12 572
Capital expenditure on buildings	71 767	-	71 767	-
Other	-	369 992	369 992	231 768
	<u>71 767</u>	<u>2 021 740</u>	<u>2 093 507</u>	<u>1 751 879</u>
7. Transfer payments		Current expenditure	2001/02 R'000	2000/01 R'000
Transferee				
Armcor		194 875	194 875	180 490
St Johns Ambulance Brigade		40	40	31
SA First Aid League		32	32	29
Medical Fund		250	250	300
Reserve Force Council		1 900	1 900	1 700
Defence, Intelligence, Diplomacy and Trade Educational and Training Authority (DIDTETA)		11 392	11 392	-
Special Defence Account		5 830 075	5 830 075	4 721 284
Province of the Northern Cape (Department of Housing and Local Government)		2 000	2 000	-
International Committee of the Red Cross		-	-	50
		<u>6 040 564</u>	<u>6 040 564</u>	<u>4 903 884</u>

Note: Written assurance (audited financial statements) was obtained from the above-mentioned entities and the Department is satisfied that effective, efficient and transparent financial management and internal control have been implemented.

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	Note	2001/02 R'000	2000/01 R'000
8. Miscellaneous			
Stabilisation fund		590	35 660
Remissions, refunds and payments made as an act of grace	8.1	868	334
Other		3 370	-
		4 828	35 994

	Current expenditure	2001/02 R'000	2000/01 R'000
8.1 Remissions, refunds and payments made as an act of grace			

Nature of remissions, refunds and payments

Contractual liability Employer Initiated Package granted.	396	396	-
Contractual liability due to the death of members.	187	187	-
Contractual liability due to Voluntary Severance Packages granted.	139	139	240
Payments as an act of grace.	110	110	86
Service rendering by a member.	36	36	-
Refund as an act of grace.	-	-	8
	868	868	334

Material items

Contractual liability due to the death of member.	162
Contractual liability Employer Initiated Package granted.	130

	Current expenditure	2001/02 R'000	2000/01 R'000
8.2 Gifts, donations and sponsorships made in kind (items expensed in previous periods - Total value not included above)			

Nature of gifts, donations and sponsorships

2 616 items with residual value less than R500,00 per item	106	106	-
Museum display - rifle	1	1	-
2 desk organisers	1	1	-
10 old-technology computers	1	1	-
Disaster relief	-	-	693
Museum displays	-	-	1
Diplomatic relations and protocol	-	-	28
Goodwill gesture	-	-	2
	109	109	724

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	Note	2001/02 R'000	2000/01 R'000
9. Special functions: authorised losses			
Material losses through criminal conduct	9.1	9	-
Other material losses written off	9.2	17 564	18 860
Debts written off	9.4	1 477	665
		19 050	19 525

	Current expenditure	2001/02 R'000	2000/01 R'000
9.1 Material losses through criminal conduct			
Nature of losses			
Theft of cash at 1 Engineers Regiment	8	8	-
Theft of cash at Group 15	1	1	-
	9	9	-

	Current expenditure	2001/02 R'000	2000/01 R'000
9.2 Other material losses written off in income statement in current period			
Nature of losses			
Motor vehicle accidents	2 337	2 337	2 616
Sundry losses	4 334	4 334	4 002
Legal representation	3 786	3 786	1 248
Legal fees	5 156	5 156	4 011
Interest paid	571	571	199
Foreign exchange losses	1 369	1 369	-
Other	11	11	6 784
	17 564	17 564	18 860

Material items

Sundry losses	Loss of income due to vehicle collision.	1 400
Legal representation	One person.	3 310
Sundry losses	Loss of income due to vehicle collision.	1 000
Sundry losses	Loss of support to family of deceased member.	300
Sundry losses	Increased costs from unreasonable and extreme protraction of the matter.	187
Sundry losses	Injury of SA Police Service member.	118
Sundry losses	Contract breach.	101
Sundry losses	Shooting incident in Bisho.	90
Sundry losses	Civilian member killed in shooting accident.	90

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

9.3 Other material losses of items expensed in previous periods (Total not included above)		Current expenditure	2001/02 R'000	2000/01 R'000
Nature of losses				
Military vehicles damages and losses	1 302 cases	15 190	15 190	1 204
Damage to boat system	1 case	3 013	3 013	-
Stock discrepancies for ammunition	1 case	2 101	2 101	-
Miscellaneous	94 cases	360	360	906
Theft of military vehicles	8 cases	75	75	-
Theft of repeater system	1 case	54	54	-
Loss of weapons	10 cases	41	41	-
Loss of computer equipment	1 case	39	39	-
Loss of Cheetah aircraft	1 case	-	-	105 009
		20 873	20 873	107 119

Material items

Military vehicles damages and losses	Damage to military vehicle BKV537M	3 432
Military vehicles damages and losses	Loss of military vehicle BDL344M	357
Military vehicles damages and losses	Loss of military vehicle BDB181M	340
Military vehicles damages and losses	Loss of military vehicle BDC185M	311
Military vehicles damages and losses	Loss of military vehicle BGM527M	237

9.4 Debts written off		Current expenditure	2001/02 R'000	2000/01 R'000
Nature of debts written off				
Debts raised concerning fruitless and wasteful expenditure	4 cases	456	456	-
Loss of state funds	14 cases	387	387	55
Salary related	76 cases	202	202	176
Military hospitals - private patients	57 cases	145	145	7
Motor vehicle accidents	41 cases	126	126	135
Housing subsidy	1 case	36	36	-
Suppliers overpaid	5 cases	30	30	12
Contractual liabilities	4 cases	25	25	30
State guarantees	3 cases	25	25	-
Loss of stamps	1 case	17	17	-
Interest	3 cases	14	14	8
Miscellaneous	4 cases	10	10	13
Subsistence and travel	52 cases	3	3	-
VIP refreshments	2 cases	1	1	1
Warrant voucher fraud	1 case	-	-	3
Stock losses	4 cases	-	-	145
Deposits	42 cases	-	-	58
Loss of state property	3 cases	-	-	9
Estates	13 cases	-	-	7
Damages	2 cases	-	-	4
Contracts	1 case	-	-	2
		1 477	1 477	665

CHAPTER 13

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

		2001/02	
Material items		R'000	
Loss of state funds	Cash was missing from the safe. No liability could be determined by the disciplinary hearing and write-off was recommended.	196	
Fruitless expenditure	Interest charged by various suppliers on debit cards on contract over a period of years.	256	
Fruitless expenditure	A Board of Inquiry determined that no intention or negligence could be proven with the purchase of incorrect medical equipment.	158	
Salary related	Salary overpayment as a result of initial incorrect post-appointment.	106	
Loss of state funds	Armed robbery.	62	
Military Hospitals - private patients	Costs in respect of medical treatment. Legal proceedings would cause economic hardship on dependants.	44	
Loss of state funds	Overpayment of salary during the recruitment process.	43	
Housing subsidy	Prescription.	36	
Loss of state funds	Theft of cash from safe.	31	
		2001/02	2000/01
10. Local and foreign aid assistance (including RDP funds)		R'000	R'000
10.1 Expenditure per organisation			
The Government of the Kingdom of the Netherlands		<u>3 569</u>	-
		2001/02	2000/01
10.2 Expenditure by standard item		R'000	R'000
Administrative		1 217	-
Inventories		452	-
Professional and special services		1 900	-
		<u>3 569</u>	-

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	Note	2001/02 R'000	2000/01 R'000
11. Unauthorised expenditure, and fruitless and wasteful expenditure disallowed			
Unauthorised expenditure	11.2	1 465	1 535
Irregular expenditure	11.3	-	2 148
Fruitless and wasteful expenditure	11.4	441	190
Unauthorised expenditure in respect of previous years not yet approved	11.5	451 998	448 125
		453 904	451 998
11.1 Reconciliation of movement in account balance		2001/02 R'000	
Opening balance		451 998	
Transfer to income statement		1 906	
Transfer to receivables for recovery		14	
Closing balance		453 918	
11.2 Unauthorised expenditure		2001/02 R'000	2000/01 R'000
Incident	Disciplinary steps taken/criminal proceedings		
No authority for using state money to finance the military museums.	Legislation is currently under review to include military museums to be funded from state funds.	1 465	1 535

CHAPTER 13

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

11.3 Irregular expenditure		2001/02	2000/01
		R'000	R'000
Incident	Disciplinary steps taken/criminal proceedings		
Subdivision of requirements.	Letters of caution had been handed to the Maintenance Officer and Finance Manager of the unit. Mitigating circumstances existed to prevent further action.	N/A	16
Lease agreement was entered into with CRK Agriculture Ltd for leasing of HQ building for Overberg Comdo. The payment was made against the disallowance account while the proper procedures were followed for a proper contract drafted by the Department.	Board of Inquiry in process.	N/A	44
Photocopy machine. Leased outside of contract.	Most contracts were concluded during 1996 and 1997 for five year periods. Appears that ex member of SA Army authorised many cases. At present, case is discussed with State Attorney to establish whether member can be held responsible.	N/A	2 031
Health care services outside of contract.	A letter of reprimand was handed to the Officer Commanding of the unit.	N/A	30
Purchase outside of contract and splitting of needs.	A letter of reprimand was handed to the Officer Commanding of the unit. As the State did not suffer any loss, no monies could be recovered from the member concerned.	N/A	27
		<u>N/A</u>	<u>2 148</u>
		<u>N/A</u>	<u>2 148</u>
11.4 Fruitless and wasteful expenditure		2001/02	2000/01
		R	R
Incident	Disciplinary steps taken/criminal proceedings		
Unreliable foreign source information and manuals resulted in additional work.	Liability not determined.	-	189 600
Interest payable due to late payment of account.	Liability not yet determined.	103	-
Penalties payable due to late payment of account.	Liability not yet determined.	386	-
Breach of contract.	Liability not yet determined.	425 000	-
Procurement of tyres.	Liability not yet determined.	15 014	-
Costs incurred for flight rebooking.	Liability determined. Money to be recovered from member responsible in the 2002/2003 financial year.	285	-
		<u>440 788</u>	<u>189 600</u>
		<u>440 788</u>	<u>189 600</u>

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	2001/02 R'000	2000/01 R'000
11.5 Unauthorised expenditure in respect of previous years not yet approved		
Year disallowed		
1994/1995	-	24 772
1995/1996	-	13 665
1996/1997	2 084	2 084
1997/1998	428 226	428 226
1998/1999	9 763	9 764
1999/2000	8 053	8 053
2000/2001	3 872	-
Less correction in terms of amount reported in 1998/1999	-	(1)
Less amount authorised by Parliament, Finance Act No. 35, 2000	-	(38 438)
	451 998	448 125

	2001/02 R'000	2000/01 R'000
12. Irregular expenditure		
12.1 Irregular expenditure not condoned by National Treasury/Tender Board		
Incident		
Hiring of photocopy machines outside of contract	1 557	N/A

	2001/02 R'000	2000/01 R'000
13. Cash on hand		
Cash on hand	37 201	17 717

	Note	2001/02 R'000	2000/01 R'000
14. Receivables			
Amounts owing by other departments	21	96 255	104 729
Staff debtors	14.3	38 129	56 554
Other debtors	14.4	80 418	53 782
		214 802	215 065

14.1 Amounts of R9 278 452,25 included above may not be recoverable, but has not been written off in the income statement.

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	2001/02	2000/01
	R'000	R'000
14.2 Age analysis - receivables		
Less than one year	69 007	136 911
One to two years	12 818	65 457
More than two years	132 977	12 697
	214 802	215 065
 One to two years		
Material items		
Assistance to Tanzania for evacuation of the Democratic Republic of the Congo citizens.	1 901	
Aviation services for the High Commission of India.	372	
Aviation services for the British High Commission.	348	
Assistance to the Independence Election Commission with regard to the 1999 election.	305	
Assistance to the Department of Water Affairs and Forestry during disaster in Northern Province.	304	
Assistance to the Department of Water Affairs and Forestry Western Cape during disaster.	275	
 More than two years		
Material items		
Military assistance to the Kingdom of Lesotho during 1998 to 2000 (Operation Boleas).	54 938	
Cataloguing service to National Treasury.	13 514	
Assistance to the Kingdom of Lesotho (Operation Maluti).	5 697	
Aviation services for the British High Commission.	2 101	
No substantiating documents to prove debt owed by the Department of Public Works.	1 628	
Emergency relief to the Republic of Mozambique during floods of 1999.	946	
Part (40%) of civil claim against the Department payable by a third party.	932	

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

14.3 Staff debtors	2001/02	2000/01
	R'000	R'000
Students	16 938	24 403
Motor vehicle accidents	7 558	7 108
Damage to state property	1 359	1 165
State guarantees	1 766	3 487
Deposits	2 839	2 650
Salary related	7 304	17 382
Loss of state money	350	359
Fruitless and wasteful expenditure	14	-
Sundry losses	1	-
	<u>38 129</u>	<u>56 554</u>

Material items

Loss of state money	Member committed fraud.	241
Students	Contractual obligation with regard to studies.	230
Students	Contractual obligation with regard to studies.	209
Motor vehicle accident	Damage to military vehicle and/or third party vehicle.	186
Motor vehicle accident	Damage to military vehicle and/or third party vehicle.	163
Motor vehicle accident	Damage to military vehicle and/or third party vehicle.	145
Motor vehicle accident	Damage to military vehicle and/or third party vehicle.	127

14.4 Other debtors	2001/02	2000/01
	R'000	R'000
Contractual liabilities	16 136	-
Salary related	10 927	9 035
Motor vehicle accidents	11 146	9 682
Miscellaneous	12 388	18 405
Suppliers	6 853	-
Aviation services	4 934	10 432
Provincial governments and institutions	4 170	-
Loss of state property	4 915	-
Housing loan guarantees	4 696	2 873
Private patients	2 756	2 504
Estates	1 181	70
Humanitarian aid	316	781
	<u>80 418</u>	<u>53 782</u>

CHAPTER 13

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

		2001/02	
Material items		R'000	
Aviation services	Aviation services for the British High Commission.	2 101	
Miscellaneous	No substantiating documents to prove debt owed by the Department of Public Works.	1 628	
Miscellaneous	Part (40%) of civil claim against the Department payable by a third party.	932	
Aviation services	Aviation services to the Department of Foreign Affairs.	566	
Miscellaneous	Aid to a South African National Park.	542	
Miscellaneous	Assistance in search and rescue for mid-air collision in Namibia during 1998.	423	
Aviation services	Aviation services for the High Commission of India.	372	
Miscellaneous	Assistance to the Eastern Cape Regional Government in the 1995 storms.	356	
Aviation services	Aviation services for the British High Commission.	348	
Contractual liabilities	Ex-member (contractual obligation - studies).	336	
Aviation services	Aviation services for the Embassy of the Republic of Cuba.	264	
Contractual liabilities	Ex-member (contractual obligation - studies).	248	
Contractual liabilities	Ex-member (contractual obligation - studies).	243	
Contractual liabilities	Ex-member (contractual obligation - studies).	225	
Contractual liabilities	Ex-member (contractual obligation - flying service).	221	
Salary related	Ex-member overpaid due to administrative error.	216	
Contractual liabilities	Ex-member (contractual obligation - studies).	212	
Contractual liabilities	Ex-member (contractual obligation - pilot training).	204	
Contractual liabilities	Ex-member (contractual obligation - pilot training).	201	
		2001/02	2000/01
15. Prepayments and advances		R'000	R'000
Nature of prepayments/advances			
Subsistence and travel		19 633	20 828
Other		1 029	704
		20 662	21 532

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

		2001/02	2000/01
		R'000	R'000
16. Loans			
Granted to	Purpose		
SA Forces Institute (SAFI)	Interest free loan to SAFI. Payments have been rescheduled to commence on 1 April 2003.	12 842	13 400
Employees	Subsidised Motor Vehicle Scheme	252	1 045
		13 094	14 445
Less repayable within 12 months included under current assets.		252	1 465
		12 842	12 980

		2001/02	2000/01
		R'000	R'000
17. Voted funds to be surrendered			
Voted funds to be surrendered			
Opening balance		9 947	9 341
Surplus surrendered		9 947	8 820
Adjustment for 1999/2000		-	* 521
Transfer from income statement		10 207	9 677
Transfer from balance sheet		-	270
Paid during the year		(9 947)	(9 341)
Closing balance		10 207	9 947

* Note: 2000/2001 comparative figure has been restated to accommodate an overpayment of R520 940,28 in respect of 1999/2000.

		2001/02	2000/01
		R'000	R'000
18. Revenue funds to be surrendered			
Funds to be surrendered			
Opening balance		52 675	27 529
Transfer from income statement for revenue to be surrendered		126 601	153 346
Paid during the year		(171 427)	(128 200)
Closing balance		7 849	52 675

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

		2001/02	2000/01
		R'000	R'000
19. Bank overdraft			
Paymaster General Account		<u>603 167</u>	<u>535 799</u>
19.1 Paymaster General Account		2001/02	2000/01
		R'000	R'000
Balance as per National Accounting Office		(589 698)	(466 471)
Add: Outstanding deposits		<u>219</u>	<u>2 773</u>
Sub total		589 479	463 698
Deduct:		13 688	72 101
Orders payable		13 708	72 060
PMG adjustment account		(20)	41
Balance above		<u>603 167</u>	<u>535 799</u>
20. Payables	Note	2001/02	2000/01
		R'000	R'000
Description			
Amounts owing to other departments	21	15 628	-
Advances received	20.1	1 002	-
Other payables	20.2	<u>22 664</u>	<u>56 199</u>
		<u>39 294</u>	<u>56 199</u>
20.1 Advances received		2001/02	2000/01
		R'000	R'000
Deposits received to use Naval facilities		<u>1 002</u>	<u>-</u>
20.2 Other payables		2001/02	2000/01
		R'000	R'000
Unclaimed salaries		4 557	10 258
Salary tax		5 887	-
Housing loan guarantees		4 279	4 484
Other		<u>7 941</u>	<u>41 457</u>
		<u>22 664</u>	<u>56 199</u>

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	Receipts	Payments	Owing by other department	Owing to other department
21. Transactions with other departments	R'000	R'000	R'000	R'000
Name of department				
Department of Foreign Affairs	519	42 008	75 961	15 182
Department of Home Affairs	1	-	-	-
Department of Provincial and Local Government	3	-	65	-
Department of Public Works	-	56 112	1	87
National Treasury	600	-	13 597	-
Department of Public Enterprises	-	-	3	-
Department of Education	-	-	10	-
Department of Health	25	-	312	-
Department of Correctional Services	27	-	55	-
Department of Justice and Constitutional Development	-	5 157	11	359
Department of Safety and Security	279	-	92	-
Department of Communications	-	-	-	-
Department of Environmental Affairs and Tourism	3	2	5 500	-
Department of Transport	-	-	28	-
Department of Water Affairs and Forestry	-	-	620	-
Actual 2001/02: R'000	1 457	103 279	96 255	15 628
Actual 2000/01: R'000	15 946	Note	104 729	Note

Note: Previous year payments and amounts owing to other departments are not available.

	Note	2001/02 R'000	2000/01 R'000
22. Net cash flow generated by operating activities			
Net surplus as per Income Statement		136 808	163 023
Adjusted for items separately disclosed			
Capital expenditure on professional and special services	6	71 767	-
Net cash flow generated by operating activities		208 575	163 023

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	2001/02 R'000	2000/01 R'000
23. Cash generated (utilised) to (increase)/decrease working capital		
Decrease in receivables - current	263	41 925
Decrease in prepayments and advances	870	24 216
(Increase)/decrease in other current assets	(1 906)	43 340
(Decrease)/increase in payables	(33 534)	5 832
Increase/(decrease) in other current liabilities	29 638	(45 596)
	(4 669)	69 717
	(4 669)	69 717

	Note	2001/02 R'000	2000/01 R'000
24. Voted funds and Revenue funds surrendered			
Voted funds surrendered during the year	17	9 947	9 341
Revenue funds surrendered during the year	18	171 427	128 200
		181 374	137 541
		181 374	137 541

	Note	2001/02 R'000	2000/01 R'000
25. Cash and cash equivalents at end of period			
Bank overdraft	19	(603 167)	(535 799)
Cash on hand	13	37 201	17 717
		(565 966)	(518 082)
		(565 966)	(518 082)

	Note	As at 31 March 2002 R'000	As at 31 March 2001 R'000
26. Contingent liabilities			
Liable to			
			Nature of contingent liability
Financial institution	26.1	989	781
Financial institutions	26.2	122 484	108 636
Claimants		2 096 752	145 760
		2 220 225	255 177
		2 220 225	255 177

Note: Included in claims is one claim of US\$110 970 515,00 = R1 259 537 539,35

26.1 Motor vehicle guarantees

Stannic	989	781
	989	781

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	Opening balance	Guarantees issued during the financial year	Guarantees released/written off during the financial year	Closing balance
	R'000	R'000	R'000	R'000
26.2 Housing loan guarantees				
Name of financial institution				
ABSA	30 164	3 083	552	32 695
African Bank	1 056	89	-	1 145
Permanent/Peoples Bank	24 969	-	7 014	17 955
Boland Bank	501	14	-	515
Business Partners Ltd	-	6	-	6
Cape of Good Hope Bank	131	16	-	147
Cash Bank	-	2 064	-	2 064
Ciskei Peoples Development Bank	5	-	-	5
First National/First Rand Bank	6 671	10 480	125	17 026
Free State Development Corporation	-	49	-	49
Grahamstown Building Society	35	44	-	79
Greenstart Home Loans	-	188	-	188
Ithala Development Finance Corporation	57	252	-	309
Khayaletu Home Loans	-	27	-	27
Kwa-Zulu Finance & Investment Corporation	43	-	43	-
Mamelodi Town Council	-	14	-	14
Mpumalanga Building Society	-	13	-	13
National Building Society	6 748	18	183	6 583
Nedbank	4 026	1 372	-	5 398
Northern Province Development Corporation	-	9	-	9
Old Mutual Bank	-	11 347	21	11 326
Saambou Bank	14 881	-	1 027	13 854
SA Development Corporation Ltd	-	18	-	18
SA Home Loans	-	21	-	21
Standard Bank	11 526	1 258	188	12 596
Transkei National Building Society	329	-	317	12
Unibank	81	-	35	46
Venda Building Society	203	169	-	372
Venda National Development Corporation	-	12	-	12
Non ACB Banks	7 211	-	7 211	-
	108 637	30 563	16 716	122 484

DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002 (continued)

	2001/02	2000/01
27. Subsequent payments not recognised in income statement	R'000	R'000
27.1 Listed by standard item		
Administrative	896	N/A
Inventories	22 002	N/A
Equipment	9 807	N/A
Professional and special services	2 063	N/A
	34 768	N/A
	34 768	N/A
27.2 Listed by programme	R'000	R'000
Administrative	1 115	N/A
Landward Defence	4 447	N/A
Air Defence	17 969	N/A
Maritime Defence	1 511	N/A
Military Health Support	6 852	N/A
Joint Support	507	N/A
Command and Control	2 367	N/A
	34 768	N/A
	34 768	N/A
28. Short term employee benefits	R'000	R'000
Major classes		
Leave entitlement	1 025 965	N/A
Thirteenth cheque	97 916	N/A
Performance bonus	49 800	N/A
	1 173 681	N/A
	1 173 681	N/A

**DEPARTMENT OF DEFENCE
VOTE 20**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2002 (continued)**

29. Commitments	Current expenditure	2001/02 R'000	2000/01 R'000
Liable to suppliers			
Approved and contracted	1 508 290	1 508 290	3 167 747
Approved but not contracted	160 097	160 097	329 444
	1 668 387	1 668 38	3 497 19

30. Key management personnel	2001/02 R'000	2000/01 R'000
30.1 Remuneration		
23 key management personnel	10 124	N/A

30.2 Other remuneration and compensation provided to key management	2001/02 R'000	2000/01 R'000
Minister of Defence	25	N/A
Deputy Minister of Defence	41	N/A
Secretary for Defence (Accounting Officer)	35	N/A
Chief of the National Defence Force	41	N/A
Chief of Corporate Staff	6	N/A
Chief of Policy and Planning	16	N/A
17 additional key management personnel of the Plenary Defence Staff Council	176	N/A
	340	N/A

CHAPTER 13



DEPARTMENT OF DEFENCE APPROPRIATION STATEMENT

Programme	Adjustment estimate	Virement	Amount Voted
	2001/02 R'000	2001/02 R'000	2001/02 R'000
Administration	504 698	28 052	532 750
Landward Defence	3 521 217	(99 526)	3 421 691
Air Defence	1 945 823	276	1 946 099
Maritime Defence	929 468	(27 126)	902 342
Military Health Support	1 095 152	(58 333)	1 036 819
Defence Intelligence	151 175	(11 999)	139 176
Joint Support	1 668 823	165 294	1 834 117
Command and Control	406 519	(15 688)	390 831
Special Defence Account	5 830 075	-	5 830 075
Special functions	-	19 050	19 050
Total	16 052 950	-	16 052 950

Economic classification - actual expenditure	Adjustment estimate	Virement	Amount Voted
	2001/02 R'000	2001/02 R'000	2001/02 R'000
Current	15 982 124	(941)	15 981 183
Personnel	6 169 484	(10 336)	6 159 148
Transfer payments	6 041 389	-	6 041 389
Other	3 771 251	9 395	3 780 646
Capital	70 826	941	71 767
Transfer payments	-	-	-
Acquisition of capital assets	70 826	941	71 767
Personnel	-	-	-
Total	16 052 950	-	16 052 950

Standard items - actual expenditure	Adjustment estimate	Virement	Amount Voted
	2001/02 R'000	2001/02 R'000	2001/02 R'000
Personnel	6 169 484	(10 336)	6 159 148
Administrative	471 850	24 166	496 016
Inventories	977 614	(91 867)	885 747
Equipment	344 705	3 375	348 080
Land and buildings	2 705	2 480	5 185
Professional and special services	2 036 386	57 121	2 093 507
Transfer payments	6 041 389	-	6 041 389
Miscellaneous	8 817	(3 989)	4 828
Special functions	-	19 050	19 050
Total	16 052 950	-	16 052 950

CHAPTER 13

VOTE 20

for the year ended 31 March 2002



Expenditure	Saving (Excess)	%	Amount Voted	Expenditure
2001/02 R'000	2001/02 R'000		2000/01 R'000	2000/01 R'000
531 781	969	0.18	345 162	343 583
3 416 052	5 639	0.16	3 141 378	3 139 347
1 946 029	70	0.00	1 991 024	1 991 024
902 342	-	0.00	815 522	815 260
1 036 819	-	0.00	979 818	979 220
138 585	591	0.42	153 646	152 635
1 833 180	937	0.05	1 529 073	1 524 877
390 736	95	0.02	213 078	213 078
5 830 075	-	0.00	4 721 284	4 721 284
19 050	-	0.00	19 858	19 858
16 044 649	8 301	0.05	13 909 843	13 900 166

Expenditure	Saving (Excess)	%	Amount Voted	Expenditure
2001/02 R'000	2001/02 R'000		2000/01 R'000	2000/01 R'000
15 972 882	8 301	0.05	13 909 843	13 900 166
6 159 149	(1)	0.00	5 842 486	5 841 447
6 040 564	825	0.01	4 907 211	4 903 884
3 773 169	7 477	0.20	3 160 146	3 154 835
71 767	-	0.00	-	-
-	-	0.00	-	-
71 767	-	0.00	-	-
-	-	0.00	-	-
16 044 649	8 301	0.05	13 909 843	13 900 166

Expenditure	Saving (Excess)	%	Amount Voted	Expenditure
2001/02 R'000	2001/02 R'000		2000/01 R'000	2000/01 R'000
6 159 149	(1)	0.00	5 842 486	5 841 447
496 016	-	0.00	389 735	443 484
885 744	3	0.00	689 840	698 108
340 605	7 475	2.15	273 517	201 370
5 186	(1)	0.00	2 065	4 475
2 093 507	-	0.00	1 724 872	1 751 879
6 040 564	825	0.01	4 907 211	4 903 884
4 828	-	0.00	60 592	35 994
19 050	-	0.00	19 525	19 525
16 044 649	8 301	0.05	13 909 843	13 900 166



DEPARTMENT OF DEFENCE VOTE 20

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2002

1. Explanations of material variances from Amount Voted (after Virement):

1.1 Per standard item:

Equipment: Roll-overs (purchase of vehicles)

2. Reconciliation of appropriation statement to income statement	2001/02 R'000	2000/01 R'000
Total revenue per income statement	16 183 120	14 063 189
Less: Non voted funds	126 601	153 346
Less: Local and foreign aid assistance (including RDP funds)	3 569	-
Amount voted per appropriation statement	16 052 950	13 909 843
Total expenditure per income statement	16 048 218	13 900 166
Less: Local and foreign aid assistance (including RDP funds)	3 569	-
Actual expenditure per appropriation statement	16 044 649	13 900 166

DEPARTMENT OF DEFENCE VOTE 20

SUMMARY INCOME STATEMENT OF AID ASSISTANCE RECEIVED for the year ended 31 March 2002



	Note	2001/02 R'000	2000/01 R'000
Received in kind			
Total local aid assistance (incl RDP)	2.4	699	-
Beckman Coulter		500	-
Denel		84	-
Arm Scor		115	-
Total foreign aid assistance	2.5	657	201
Government of United States of America		400	-
Government of United States of America		146	191
British Aero Space Systems		82	-
Government of the Federal Republic of Germany		12	10
Government of the French Republic		17	-
Aid assistance received in kind		1 356	201
Received in cash			
Total foreign aid assistance		3 569	3 852
Government of the Kingdom of the Netherlands	2.2	3 569	-
Government of the Kingdom of Denmark		-	3 456
Government of the Kingdom of Norway		-	396
Aid assistance received in cash		3 569	3 852
Less:			
Donor funded expenditure			
Total foreign aid assistance		3 569	3 852
Government of the Kingdom of the Netherlands	10	3 569	-
Government of the Kingdom of Denmark		-	3 456
Government of the Kingdom of Norway		-	396
Surplus		-	-



**DEPARTMENT OF DEFENCE
VOTE 20**

ANALYSIS OF DONOR FUNDED EXPENDITURE

Total foreign aid assistance

Government of the Kingdom of the Netherlands	Total R'000
--	------------------------

Expenditure per standard item	3 569
--------------------------------------	--------------

Administrative	1 217	1 217
Inventories	452	452
Professional and special services	1 900	1 900

Expenditure per programme	3 569
----------------------------------	--------------

Air defence	3 464	3 464
Maritime defence	56	56
Military health support	49	49

**DEPARTMENT OF DEFENCE
VOTE 20**

**STATEMENT OF LOCAL AID ASSISTANCE RECEIVED
for the year ended 31 March 2002**

Value received in kind	2001/02	2000/01
	R'000	R'000
Source of local aid		
Beckman Coulter	500	-
Denel	84	-
Arm Scor	115	-
	<u>699</u>	<u>-</u>



DEPARTMENT OF DEFENCE VOTE 20

STATEMENT OF FOREIGN AID ASSISTANCE RECEIVED for the year ended 31 March 2002

Source of funds Actual 2002 R'000	Intended use	Amount received for the year ended 31 March 2002	Amount spent for the year ended 31 March 2002	Balance unspent/ (overspent) as at 31 March 2002
Government of the Kingdom of the Netherlands	Humanitarian aid in Mozambique	3 569	3 569	-
		<u>3 569</u>	<u>3 569</u>	<u>-</u>

Value received in kind	Intended use	2001/02 R'000	2000/01 R'000
Source of foreign aid			
Government of United States of America	AIDS awareness promotion	400	-
Government of United States of America	Training assistance	146	191
British Aero Space Systems	Air tickets and travel costs	82	
Government of the Federal Republic of Germany	Training assistance	12	10
Government of the French Republic	Training assistance	17	-
		<u>657</u>	<u>201</u>



AUDITOR-GENERAL

**REPORT
OF THE
AUDITOR-GENERAL
TO PARLIAMENT
ON THE
FINANCIAL STATEMENTS OF
THE SPECIAL DEFENCE ACCOUNT
FOR
THE YEAR ENDED 31 MARCH 2002**



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

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 from Vote 20 - Defence annually.

The largest part of the SDA's expenditure, namely R7 880 050 000 (2000-01: R4 332 217 300), was incurred by Armscor, while the balance of R84 979 000 (2000-01: R90 715 942) was incurred and administered by the Department of Defence (DOD). The chief executive officer of Armscor and the secretary for Defence, respectively, are accountable.

2. AUDIT ASSIGNMENT

The financial statements as set out on pages 186 to 194 for the year ended 31 March 2002, 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 (Act No. 6 of 1974). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

3. NATURE AND SCOPE

3.1 *Audit of financial statements*

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

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.

4. AUDIT OPINION

4.1 Audit of financial statements

In my opinion, the financial statements fairly present, in all material respects, the financial position of the SDA at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

5. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Matters affecting the financial statements

5.1.1 Bank account

The Standing Committee on Public Accounts(SCOPA), following a report by this office, recommended on 4 November 1997 that the SDA should have a separate bank account. The SDA still does not have a bank account of its own but shares one Paymaster-General Account with the General Defence Account and the Trading Account for Medical Stock. The balance on the bank account amounting to R429 154 000 (2000-01: R439 207 000) is therefore not readily determinable and is calculated as a balancing figure on the balance sheet. This impacts on the control measures and verification procedures of the bank balances.

However, the DOD has responded positively to the SCOPA recommendation and has agreed to implement a separate sub-bank account for the SDA on the Financial Management System on 1 April 2003.

5.1.2 Going concern

I draw attention to the financial statements which indicate that the SDA incurred a net loss of R2 100 558 000 during the year ended 31 March 2002, as of the date, the SDA's total liabilities exceeded its total assets by R1 688 169 000. These conditions were primarily caused by the provision raised in respect of Strategic Defence Packages, as reflected in note 7: Creditors, to the financial statements. The provision will be funded from 2002-03 Voted funds as approved by Parliament on 20 February 2002.

5.1.3 Accounting for foreign exchange differences

The financial statements have not been drawn up in accordance with South African Statements of Generally Accepted Accounting Practice as far as AC 112: Accounting for the effects of changes in foreign exchange rates, is concerned. Foreign exchange differences were accordingly not calculated and separately disclosed in the financial statements during the year. I was unable to quantify the effect of this matter for proper disclosure.





The DOD has responded positively to the recommendations made by the Office of the Auditor-General and has agreed to supply effects of changes in foreign exchange rates in the financial statements as from the 2002-03 financial year.

5.1.4 Compliance programme

As reflected in note 7 to the financial statements, the balance in respect of the compliance programme amounting to R14 041 000 (2000-01: R14 065 000), has been recorded as creditors. The compliance programme was established in accordance with agreements between the Government of the United States of America (USA) and the Government of the Republic of South Africa (RSA), after fines had been awarded in favour of the USA as a result of legal actions instituted against Armscor, Kentron (Pty) Ltd and Fuchs Electronics (Pty) Ltd by the USA. The aforementioned entities were indicted by the USA as a result of acts arising from illegal use of USA technology and criminal and civil fines were imposed on them. In terms of these agreements the civil fines imposed would be made available to the RSA for the mentioned programme, which would be administered by the government of the RSA.

Although this office has received responses from the DOD relating to pertinent issues it raised during the previous financial year, certain matters need further clarification. These matters will be followed up during the 2002-03 financial year and, if necessary, be reported on in due course.

5.1.5 Sensitive projects

An amount of R36 816 099 (2000-01: R24 272 922) of the expenditure of a sensitive nature, which totals R39 518 000 for 2001-02 (2000-01: R38 190 954), was subjected to an audit for the year under review. A limited audit was performed on the remaining balance of R2 701 901 mainly because of certain financial statements that were not available timeously.

The closing down process of one of the projects, as reported in my previous report, par. 3.2.1 page 140, is not yet finalised. This office will monitor the process and, if necessary, report on it in the 2002-03 financial year.

5.2 Matters not affecting the financial statements

5.2.1 Strategic Defence Procurement Packages

The Joint Investigation Report into the Strategic Defence Procurement Packages dated 14 November 2001 [RP 184/2001] was tabled in Parliament on 14 November 2001. The implementation of the recommendations contained in this report will be followed up during the 2002-03 audit.

5.2.2 Commission paid during the sale of Puma helicopters

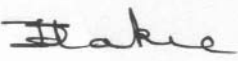
With reference to par. 4.2.3 page 142, of my previous report, the Director of Public Prosecution (previously the Attorney-General Transvaal) indicated that the prosecution was still pending.

5.2.3 Purchasing of training aircraft

With reference to par. 4.2.4, page 142 of my previous report, the Directorate of Public Prosecution indicated that the investigation into this matter had not yet been completed.

6. APPRECIATION

The assistance rendered by the staff of the DOD during the audit is sincerely appreciated.



SA FAKIE
Auditor-General
Pretoria
15 July 2002





SPECIAL DEFENCE ACCOUNT
BALANCE SHEET AS AT 31 MARCH 2002

	Note	2002 R'000	2001 R'000
ASSETS			
Current assets		467 239	508 008
Advances	2	13 386	9 453
Disallowances	3	-	1 796
Trade and other receivables	4	24 616	57 476
Cash and cash equivalents	5	429 154	439 207
Investment	6	83	76
Total assets		467 239	508 008
EQUITY AND LIABILITIES			
Equity			
Reserves		(1 688 169)	412 389
Current liabilities			
Creditors	7	2 155 408	95 619
Total equity and liabilities		467 239	508 008

SPECIAL DEFENCE ACCOUNT

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Note	2001/02 R'000	2000/01 R'000
Revenue		5 864 471	4 774 027
Transfer from Vote 20		5 830 075	4 721 284
Other revenue	8	34 389	52 736
Interest received		7	7
Less: Expenditure	9	7 965 029	4 422 933
Net deficit for the period		(2 100 558)	351 094





SPECIAL DEFENCE ACCOUNT

CHANGE IN EQUITY STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	2001/02 R'000	2000/01 R'000
	Accumulated income	Accumulated income
Balance at the beginning of period	412 389	61 295
Net (deficit)/income for the period	(2 100 558)	351 094
Balance at the end of period	(1 688 169)	412 389

SPECIAL DEFENCE ACCOUNT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Note	2001/02 R'000	2000/01 R'000
Cash flows from operating activities			
Net (deficit)/profit		(2 100 558)	351 094
Adjustment for investment income		(7)	(7)
Operating (deficit)/profit before working capital changes		(2 100 565)	351 087
Working capital changes		2 090 512	50 235
Decrease/(Increase) in trade and other receivables		32 860	(30 153)
Decrease/(Increase) in disallowances		1 796	(1 763)
Increase in advances		(3 933)	(350)
Increase in creditors		2 059 789	82 501
Cash generated from operations		(10 053)	401 322
Interest received		7	7
Net cash flow from operating activities		(10 046)	401 329
Cash flows from investing activities			
Investment		(7)	(7)
Net cash outflow from investing activities		(7)	(7)
Net (decrease)/increase in cash and cash equivalents		(10 053)	401 322
Cash and cash equivalents at beginning of the year		439 207	37 885
Cash and cash equivalents at end of the year	5	429 154	439 207





SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

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 20 - 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.

	2001/02	2000/01
	R'000	R'000
2. Advances	13 386	9 453
National Defence Force projects	4 821	4 222
Strategic Defence Packages S&T advances	8 565	5 231

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002 (continued)



	2001/02 R'000	2000/01 R'000
3. Disallowances	-	1 796
<p>Contractual payments on the supply of goods and services where the necessary documents are inaccurate, incomplete and awaiting the necessary documentation and/or approvals.</p>		
4. Trade and other receivables	24 616	57 476
Trade debtors	3 857	39 534
Joint Operations	20 666	14 876
Deposits	-	44
Suspense account	93	1 423
Accrual	-	1 599
Provisions over- and underpayments	-	692
Receipts	-	907
5. Cash and cash equivalents		
Paymaster-General Account	429 154	439 207
6. Investment		
Corporation for Public Deposits	83	76



SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002 (continued)

	2001/02 R'000	2000/01 R'000
7. Creditors	2 155 408	95 619
Compliance programme as per agreement between the USA and SA Governments	14 041	14 065
Opening balance at beginning of year	14 065	13 118
Income for the year under review	-	2 601
Expenditure for the year under review	(24)	(1 654)
Contract fines	2 723	-
Revenue payable to National Revenue Fund	160 775	20 554
Trade creditors	8 063	61 000
Provision for Strategic Defence Packages	1 969 806	-

7.1 Included in the provision of R1 969 806 for Strategic Defence Packages is EUR 1 116 206 943, USD 135 719 406, GBP 313 599 599 and SEK 159 832 561 equaling R1 725 358 509. This amount relates to invoices and goods received prior to 31 March 2002 in respect of Strategic Defence Packages (ECA loans). The amount is contractually payable in the 2002/03 financial year and will be funded from the 2002/03 Vote. Included in the Vote for 2002/03, which was approved by Parliament on 20 February 2002, is an amount of R5 320 642 000 for ECA loans against which the amount of R1 969 806 345 will be offset. No forward cover was utilised.

	2001/02 R'000	2000/01 R'000
8. Other revenue	34 389	52 736
Other revenue	195 164	73 290
Sales of strategic equipment for the department	125 425	57 567
Marketing support	260	595
Contract recoveries	26	2 610
Sensitive projects	7 271	12 510
Foreign exchange profit foreign banks	3	-
Foreign exchange profit Strategic Defence Packages	59 004	-
Sundry	3 175	8
Less: Payable to National Revenue Fund	(160 775)	(20 554)

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002 (continued)



	2001/02 R'000	2000/01 R'000
9. Expenditure	7 965 029	4 422 933
Major projects	5 404 960	3 718 154
Other projects	289 704	229 485
Landward defence	9 482	4 070
Air defence	49 267	409
Maritime defence	805	1 164
General support	-	561
Other projects	230 150	223 281
Operating projects	194 140	370 791
Sensitive projects	39 518	38 191
ECA loans	59 981	3 752
Irrecoverable debt written off	1 088	1 560
Accrual for creditors	8 063	61 000
Prior year provision for creditors	(61 000)	-
Prior year provision for write down of foreign banks	(235)	-
Provision for Strategic Defence Packages	2 028 810	-

Notes:

General expenditure such as Auditor's remuneration is included in the General Defence Account.

Fruitless and wasteful expenditure of R75 134 is included in the line item major projects for 2001/2002.



SPECIAL DEFENCE ACCOUNT

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2002 (continued)**

	2001/02 R'000	2000/01 R'000
10. Estimated future expenditure approved by Armscor	31 056 177	28 846 663
Strategic Defence Packages capital commitment	29 344 899 1 711 278	24 851 754 3 994 909
Commitments in respect of contracts entered into Approved, but contracts not yet entered into	1 116 456 594 822	1 466 781 2 528 128

Notes:

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 R29 344 899 is a foreign component of EUR 8 470 496 185, USD 5 826 101 219, GBP 7 635 261 539 and SEK 5 701 597 514. No forward cover was utilised.

It is intended to finance expenditure from future voted funds and from working capital generated within the Special Defence Account.

**11. Post Balance Sheet Event
Revenue Payable to National Revenue Fund**

National Revenue has approved that the revenue surrendered to them, as disclosed in note 8, in the 2001/2002 financial year will be refunded in the 2002/2003 financial year.



AUDITOR-GENERAL

**REPORT
OF THE
AUDITOR-GENERAL
TO PARLIAMENT
ON THE
FINANCIAL STATEMENTS OF
THE TRADING ACCOUNT FOR MEDICAL STOCK
FOR
THE YEAR ENDED 31 MARCH 2002**



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE TRADING ACCOUNT FOR MEDICAL STOCK FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 198 to 205, for the year ended 31 March 2002, 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

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. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Trading Account for Medical Stock (TAMS) at 31 March 2002 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 *Matters not affecting the financial statements*

4.1.1 *Closing of the TAMS*

With reference to paragraph 3.1 on page 122 of the previous report [RP 138/2001], the process of closing the TAMS was not finalised by 30 September 2001. An extension was granted verbally by the Accountant-General, at a meeting held on 19 July 2002, for finally winding-down the TAMS on 30 September 2002. The following matters should be addressed as part of the winding-down process:

- Contributed capital;
- Paymaster-General Account overdraft;
- Disposal of remainder of inventory;
- Recovering receivables.

This office will monitor the winding-down process and, if necessary, report thereon in the 2002-03 financial year.

4.1.2 *Loss incurred in the 1999-2000 financial year*

According to the Manual for Trading and Related Accounts, losses incurred in a financial year should be defrayed by Vote 20 - Defence in the following financial year. The loss of R7 680 144 incurred in the 1999-2000 financial year was only partially defrayed in the period under review by R1 498 278. The remaining net loss of R6 181 866 will be defrayed from Vote 20 - Defence before 30 September 2002.

4.1.3 *Administrative costs*

With effect from 1 April 2001, there was a change in the policy used to account for administration costs as disclosed in note 1.3 to the financial statements. Approval for this change in the accounting policy was only requested from the Accountant-General on 5 June 2002.

5. APPRECIATION

The assistance rendered by the staff of the Trading Account for Medical Stock during the audit is sincerely appreciated.



EJ SMITH
for Auditor-General
Pretoria
31 July 2002





TRADING ACCOUNT FOR MEDICAL STOCK BALANCE SHEET AS AT 31 MARCH 2002

	Note	2002 R	2001 R
ASSETS			
Current assets		7 713 341	23 449 791
Inventory	4	879 555	5 821 675
Receivables	5	6 833 786	8 375 913
Paymaster-General Account	7	-	9 252 203
Total assets		7 713 341	23 449 791
EQUITY AND LIABILITIES			
Current liabilities		213 341	5 449 791
Payables	6	-	5 449 791
Paymaster-General Account	7	213 341	-
Non-current liabilities		-	10 500 000
Loan from Treasury	8	-	10 500 000
Equity		7 500 000	7 500 000
Contributed Capital	9	7 500 000	7 500 000
Total equity and liabilities		7 713 341	23 449 791

TRADING ACCOUNT FOR MEDICAL STOCK

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2002



	Note	2001/02 R	2000/01 R
REVENUE			
Sales revenue - operating		5 841 313	126 117 178
Less: Cost of Sales	10	5 451 018	118 243 942
Gross profit		390 295	7 873 236
Other receipts	11	605 819	6 489 139
Inventory adjustment (revaluation)	12	-	489 140
Total operating revenue		996 114	14 851 515
LESS: EXPENDITURE			
		996 114	13 243 562
Audit fees		323 093	453 711
Current year		323 093	368 239
Previous year under provision		-	85 472
Net inventory shortage	13	-	270 078
Salaries	14	-	5 217 395
Provision reverse		(400 000)	-
Computer and other services	15	-	843 956
Transfer to National Revenue Fund		52 194	-
Inventory difference	16	69 704	6 458 422
Postage		108	-
Donations	17	305 601	-
Write-offs		645 414	-
NET SURPLUS FOR THE YEAR		-	1 607 953



TRADING ACCOUNT FOR MEDICAL STOCK
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR
ENDED 31 MARCH 2002

	2001/02	2000/01
	R	R
	Capital	Capital
Balance at the beginning of the period	7 500 000	7 500 000
Net movement for the period	-	-
Balance at the end of the period	7 500 000	7 500 000

TRADING ACCOUNT FOR MEDICAL STOCK

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	2001/02 R	2000/01 R
CASH FLOW FROM OPERATING ACTIVITIES		
Operating income	-	1 607 953
Working capital changes	1 034 456	21 911 750
Decrease in receivables	1 542 127	8 228 505
(Decrease)/increase in creditors	(5 449 791)	618 503
Decrease in inventory	4 942 120	6 606 320
Decrease in inventory difference	-	6 458 422
Cash generated from operations	1 034 456	23 519 703
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loan	(10 500 000)	-
Net (decrease)/increase in cash and cash equivalents	(9 465 544)	23 519 703
Cash and cash equivalents at beginning of period	9 252 203	(14 267 500)
Cash and cash equivalents at end of period	(213 341)	9 252 203





TRADING ACCOUNT FOR MEDICAL STOCK

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2002

1. Basis of Accounting

The following are the principal accounting policies used by the Trading Account for Medical Stock (TAMS), which are consistent with those of the previous year, except for the salary policy:

1.1 Underlying assumptions

The financial statements are prepared on the accrual basis.

1.2 Inventory

Inventory is valued using the weighted average cost method.

1.3 Administration

The policy used to account for administration (including salaries) was changed for the 2001/2002 financial year. Administration costs were financed by the General Defence Vote.

1.4 Sales revenue - operating

Turnover represent amounts invoiced for the provision of medical stores.

2. Comparative figures

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 TAMS may reasonably have available for reporting.

3. Closure of the Trading Account for Medical Stock

The subsequent winding-down of the TAMS resulted in a decrease of the current financial services being rendered to the Account. Certain transactions will be finalised in the 2002/2003 financial year to clear all inventories. A formal letter authorising the final transactions of this account is still awaited from the National Treasury.

4. Inventory	2001/02 R	2000/01 R
Opening inventory	5 821 675	12 427 995
Purchases	1 571 584	111 637 622
Cost of Sales	(5 451 018)	(118 243 942)
Write-off	(645 414)	-
Donations	(305 601)	-
Irrecoverable price increase	(111 671)	-
Closing inventory	879 555	5 821 675

TRADING ACCOUNT FOR MEDICAL STOCK

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2002 (continued)



	2001/02 R	2000/01 R
5. Receivables		
Trading debtors	651 920	695 770
Trading loss recoverable from the Vote *	6 181 866	7 680 143
	6 833 786	8 375 913

*Trading loss partially defrayed by R1 498 278 in the current year.

6. Payables

Creditors	-	3 841 838
Trade creditors	-	3 441 710
Advances from debtors	-	128
Provision for administration fees	-	100 000
Provision for audit fees	-	300 000
Accumulated surplus payable to Treasury	-	1 607 953
Total	Note	5 449 791

Note: Cost and provisions for administration and audit fees for 2001/2002, which were financed from the General Defence Vote, were reversed.

7. Paymaster-General Account

Capital employed:	7 500 000	18 000 000
Loan from Treasury	-	10 500 000
Contributed Capital	7 500 000	7 500 000
Creditors	-	5 449 791
	7 500 000	23 449 791
Less: Value of:	7 713 341	14 197 588
Inventory	879 555	5 821 675
Trading debtors	6 833 786	8 375 913
(Overdraft)/cash	(213 341)	9 252 203



TRADING ACCOUNT FOR MEDICAL STOCK

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2002 (continued)

	2001/02	2000/01
	R	R
8. Loan from Treasury		
Loan from Treasury	-	10 500 000
	<u> </u>	<u> </u>
9. Contributed Capital		
Capital granted by the DOD	7 500 000	7 500 000
	<u> </u>	<u> </u>
10. Cost of Sales		
Opening inventory	5 821 675	12 427 995
<i>Plus:</i> Purchases	1 571 584	111 637 622
<i>Less:</i> Write-offs	(645 414)	-
<i>Less:</i> Donations	(305 601)	-
<i>Less:</i> Closing inventory	(879 555)	(5 821 675)
<i>Less:</i> Irrecoverable price increases	(111 671)	-
Cost of Sales	<u>5 451 018</u>	<u>118 243 942</u>
11. Other receipts		
Stock credits	7 292	-
Income received from the Vote	594 122	6 458 422
Miscellaneous income	4 405	30 717
	<u>605 819</u>	<u>6 489 139</u>
12. Stock Adjustment		
Adjustment of difference between Logistical- and Finance inventory values. (A devaluation is accounted as an expense [refer to note 16] and an revaluation as income).		
Revaluation	-	489 140
	<u> </u>	<u> </u>
13. Net inventory shortage		
Inventory surplusses	-	(162 248)
Inventory shortages	-	215 087
Unserviceable inventory	-	217 239
Total	<u> </u>	<u>270 078</u>

TRADING ACCOUNT FOR MEDICAL STOCK

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2002 (continued)



	2001/02	2000/01
	R	R
14. Salaries		
Salaries*	-	5 217 395

*Cost for 2001/2002 financed from the General Defence Vote.

15. Computer and other services

Computer Services	-	732 701
Transport	-	8 821
Postage/Provision	-	82 434
Railway and Freight/Provision	-	20 000
	Note	843 956

Note: Cost for 2001/2002 financed from the General Defence Vote.

16. Inventory difference due to system adjustments (Refer to note 12)

Inventory difference	69 704	6 458 422
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17. Donations

SA Medical Health Services	244 486	-
Correctional Services	61 115	-
	305 601	-





LIST OF ABBREVIATIONS AND ACRONYMS

A

AA	Affirmative Action
AACB	Armament Acquisition Control Board
ABET	Adult Based Education and Training
ACTC	Army Combat Training Centre
AFB	Air Force Base
AFCP OPS	Air Force Command Post Operations
AIDS	Acquired Immune Deficiency Syndrome
AOT	Administrative Operational and Technical
APF	Army Planning Forum
Arm Scor	Armaments Corporation of South Africa
ASB	Accounting Standards Board
ASU	Air Service Unit
ATES	Artillery Target Engagement System
AU	African Union
AWOL	Absent Without Leave

B

BCARI	Barcode Assisted Receipts and Issues
BMATT	British Military Advisory and Training Team

C

C Acq	Chief of Acquisition
C DI	Chief of Defence Intelligence
C J Ops	Chief of Joint Operations
C Log	Chief of Logistics
CALMIS	Computer and Logistics Management Information System
CCS	Chief of Corporate Staff
CDCC	Chief of Defence Corporate Communication
CDI	Chief of Defence Intelligence
CEMIS	Centre for Military Studies
CFO	Chief Financial Officer
CFS	Central Flying School
CHA	Concurrent Health Assessments
CHRS	Chief of Human Resources Support
CI	Counter Intelligence
CJ Supp	Chief of Joint Support
CJ Trg	Chief of Joint Training
CMC	Crisis Management Centre
CMI	Command and Management Information
COC	Combined Operation Centre
CoD	Council on Defence
COLET	College for Educational Technology



CORE	Code of Remuneration
CPP	Chief of Policy and Planning
CRUS	Combat Ready User System
CSANDF	Chief of the SA National Defence Force
CTC	Collection Task Committee
D	
DAPD	Departmental Acquisition and Procurement Division
DB	Detention Barracks
DCC	Defence Corporate Communication
DDFR	Directorate Defence Foreign Relations
DDIP/IDIP	Direct and Indirect Defence Industrial Participation
DDS	Directorate Departmental Security
DEOMI	Defence Equal Opportunities Management Institute
DFL	Directorate Foreign Liaison
DFR	Directorate Foreign Relations
DHQ	Defence Headquarters
DI	Defence Intelligence
DID	Directorate Integration and Dissemination
DIDTETA	Defence, Intelligence, Diplomacy and Trade Education Authority
DIL	Directorate Intelligence Liaison
DIMS	Depot Information Management System
DIO	Deputy Information Officer
DIS	Directorate Intelligence Support
DISC	Defence Intelligence Standing Committee
DOD	Department of Defence
DODI	Department of Defence Instruction
DOE	Department of Education
DPF	Department Planning Forum
DPBEC	Defence Planning Budget and Evaluation Committee
DPSA	Department of Public Service Administration
DPW	Department of Public Works
DRC	Democratic Republic of Congo
DSC	Defence Staff Council
E	
EEZ	Economic Exclusion Zone
EIAF	Enterprise information Architecture Framework
EIP	Employer Initiated Packages
EIR	Employer Initiated Retrenchment
ELI	Expected Loss Index
EMF	Exit Management Framework
EMS	Environmental Management System
EO	Equal Opportunities
EO/AA	Equal Opportunities / Affirmative Action
EOCD	Equal Opportunities Chief Directorate
ESACC	European South African Corvette Consortium
ESCOM	Electricity Supply Commission
ETD	Education, Training and Development
EU	European Union

EW Electronic Warfare
EW COP Early Warning Centre for the Office of the President

F

FAB Burundi Armed Forces
FAS Functional Application Support
FASCS Financial Accounting Service Centres
FD Force Design
FMA Foreign Military Attaché
FMS Financial Management System
FSE Force Structure Element
FY Financial Year

G

GBADS Ground Based Air Defence System
GCIS Government Communication Information System
GITO Government Information Technology Officer
GSB General Support Base

H

HCP Health Care Professional
HIV Human Immunity Virus
HoC Head of Communication
HOUS Higher Order User System
HPB Harbour Patrol Boats
HQ Headquarters
HR Human Resources
HRD Human Resources Development
HRSC Human Resources Service Centre
HSRC Human Sciences Research Council

I

IG Inspector General
ILS Integrated Logistic Support
IMT Institute of Maritime Technology
IP Industrial Participation
IRPS International Relations Peace and Security
ISDSC Inter-State Defence and Security Committee
ISS Information System Security
IWG Inter-Departmental Workgroup

J

J Trg Fmn Joint Training Formation
JCPS Justice, Crime Prevention and Security
JCSD Junior Command and Staff Duties
JPSCD Joint Parliamentary Standing Committee on Defence





L

L CAMPS	Leadership, Command and Management Principles
LDF	Lesotho Defence Force
LIMS	Logistic Information Management System
LS	Legal Support
LSR	Labour Service Relations
LOGEIS	Logistic Executive Information System

M

MA	Military Attaché/Advisor
MAB	Military Arbitration Board
MBT	Mines Ban Treaty
MCMV	Mine Countermeasures Vessel
MDC	Military Disciplinary Code
MILOBS	Military Observers
MLO	Military Liaison Officer
MLSD	Military Legal Services Division
MO	Medical Officer
MoD	Ministry of Defence
MOU	Memorandum of Understanding
MPA	Military Police Agency
MS	Military Strategy
MSA	Military Strategy Appreciation
MSC	Military Sports Club
MSF	Multi-Skilled Functionary
MTEF	Medium Term Expenditure Framework
MTT	Mobile Training Team

N

NAM	Non-Aligned Movement
NCACC	National Conventional Arms Control Committee
NCO	Non-Commissioned Officer
NCS	National Codification System
NEWC	National Early Warning Centre
NIA	National Intelligence Agency
NICOC	National Intelligence Coordinating Committee
NSF	Non-Statutory Force
NSSA	Naval Ship Support Agency
NST	Naval Staff Target

O

OAS	Order Administration System
OAU	Organisation of African Unity
OECO	Operational Emergency Care Orderly
OIS	Organisational Information System
OLCIMS	On-Line Cataloguing Information Management System
OMC	Ordered Minimum Commitment
OSBL	Operational Support Base Line
OSIS	Operational Support information System

P

PDSC	Plenary Defence Staff Council
PFMA	Public Finance Management Act of 1999
PFMC	Permanent Force Medical Continuation Fund
PPP	Public Private Partnership
PRC	People's Republic of China
PRS	Plotting and Recording System
PSA	Public Service Act of 1994
PSAP	Public Service Act Personnel
PSO	Peace Support Operations
PSR	Public Service Regulations

R

RDLV	Rapid Deployment Logistical Vehicle
RDFV	Rapid Deployment Fighting Vehicle
Reg F	Regular Force
Res F	Reserve Force
RFI	Requirements for Information
RJTF	Regional Joint Task Force
RSA	Republic of South Africa

S

SA	Service Agreement
SA Army	South African Army
SAAF	South African Air Force
SAEM	South African Excellence Model
SADC	Southern African Development Community
SAMHS	South African Military Health Service
SAN	South African Navy
SANDF	South African National Defence Force
SAPS	South African Police Service
SAPSD	South African Protection Support Detachment
SC	Strike Craft
SDA	Special Defence Account
SDIP	Subdivision Intelligence Processing
SDP	Strategic Defence Package
Services	SA Army; SA Air Force; SA Navy; SA Military Health Service
Serv C	Service Corps
SISP	Strategic Information Systems Plan
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMS	Senior Management Service
SPO	Strategy and Planning Office
STFEP	Short Term Force Employment Plan
S&R	Search and Rescue
S&T	Subsistence and Travel Allowance





T

TBVC	Transkei, Bophuthatswana, Venda, Ciskei
TRs	Treasury Regulations
TSD	Technical Stores Depot

U

UAV	Unmanned Aerial Vehicles
UK	United Kingdom
UN	United Nations
USA	United States of America

Y

YFTP	Youth Foundation Training Programme
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Army Abbreviations:

Art	Artillery
Bn	Battalion
Bty	Battery
Coy	Company
Engr	Engineer
Fmn	Formation
Inf	Infantry
LWT	Light Workshops Troop
Maint	Maintenance
Mech	Mechanised
Mot	Motorised
Para	Parachute
Pl	Platoon
Regt	Regiment
Sqn	Squadron
Sup	Support
Tp	Troop

Naval Ships

OTQ	SAS Outeniqua
DKB	SAS Drakensberg
PRO	SAS Protea
SC	Strikecraft
SM	Submarine
MCM	Mine Countermeasures
DSV	Diving Support Vessel
HBP	Harbour Patrol Boat
ASRL	Air Sea Rescue Launches