

Annual Report 2010/11



Safeguarding South Africa For A Better Life For All



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF DEFENCE



Department of Defence

Annual Report

1 April 2010 to 31 March 2011

Safeguarding South Africa for a Better Life for all



defence

Department:
Defence:
REPUBLIC OF SOUTH AFRICA



Department of Defence

Vision

Effective defence for a democratic South Africa

Mission

To provide, manage, prepare and employ Defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, National Legislation, Parliamentary and Executive Direction

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

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ISBN: 978-0-621-40307-7 RP192/2011



**defence**

Department:
Defence:
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF DEFENCE ANNUAL REPORT FY2010/11

Ms L. N. Sisulu, MP
Minister of Defence & Military Veterans

Dear Minister

THE DEPARTMENT OF DEFENCE ANNUAL REPORT ON THE STRATEGIC PLAN 2010 (FY2010/11 TO FY2012/13)

I have the honour of submitting the Department of Defence Annual Report for the reporting year 01 April 2010 to 31 March 2011.

The Annual Report has been prepared as required by Section 40 (1) (d), read together with Treasury Regulation 18.3 of the Public Finance Management Act (PFMA), Act 1 of 1999 as amended. The Government Framework for Managing Programme Performance, the requirements of the Public Service Regulations, 2001, Chapter 1 part 111 and the reporting guidelines given by the National Treasury were also complied with.

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

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

DOD ANNUAL REPORT FOR THE FY2010/11

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Detail information will be available in a separate document.

TERMINOLOGY

For the purpose of this document the term “The Minister” will at all times refer to the Minister of Defence and Military Veterans (MOD & MV), unless specifically stated otherwise.

At the time of publishing, a separate vote for the Department of Military Veterans was not created. The term Department of Defence and Military Veterans (DOD & MV) and the Department of Defence (DOD) are used interchangeably in the document. In general terms, the former will be used, however, the latter will be used mostly when referring specifically to DOD.



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Foreword by the Honourable Minister of Defence and Military Veterans, L.N. Sisulu, MP

The year under review has, from the outset, been framed by the challenge issued by His Excellency JG Zuma, President of the Republic of South Africa during his State of the Nation address of 11 February 2010. Here he articulated the strategic focus of Government and its commitment to build a strong developmental state, able to respond to the needs and aspirations of the people of the country, and able to perform better and faster.

This was amplified through the affirmation that the strategic intent of Government for the period was to build a performance-orientated state, through the optimising of planning as well as performance monitoring and evaluation. Efforts were to be measured by outcomes, with an emphasis on accountability and an action orientation.

Within the parameters of this context, the Departments of Defence and Military Veterans have embarked on the vigorous pursuance of a number of key strategic objectives. These have included, inter alia, a focus on such pivotal elements as the creation of a Defence Dispensation; ensuring the full functionality of the Department of Military Veterans; addressing audit qualifications; border security; Defence infrastructure and budget. We also committed ourselves to a much-needed policy review in a number of critical sectors including the repositioning of the Defence Secretariat, the creation of a National Youth Service, and the repositioning of the Defence Industry. These areas of policy review have yielded noteworthy results, and the positive realisation of these is anticipated.

Furthermore, it is with much pleasure that we are able to report on significant achievements in the majority of all other domains. Most notably, a revised defence dispensation has been instituted, with the associated Defence Amendment Bill being passed in Parliament. This will impact significantly on the ability of the department to address such key aspects as



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

accommodation, grievance resolution and discipline, as well as to optimise matters of human resource administration, including remuneration, conditions of service in recognition of associated hardships inherently unique to the military.

Furthermore, the Department of Military Veterans has been established, with the structures having been approved by the Department of Public Service and Administration on 30 June 2010. In support of this entity, the requisite regulations have been drafted, including the Military Veterans Affairs Bill.

The matters of good governance in general, and audit quali-

fications in particular, have been systematically pursued through a programme of interventions addressing internal departmental controls. This has had the desired outcome, with the concomitant reduction in audit qualifications from seven in FY2007/08 to one in the FY2010/11. The remaining audit qualification falls within the defence asset domain, an area of genetic disadvantage in defence departments internationally, given the unique nature of the core business. The matter of asset management, both pertaining to tangible and intangible assets, will remain a critical departmental objective in the coming period.

We are particularly proud to report on the return of our men and women to the borders. Currently, some 1500 kilometres of border are being covered, with this distance anticipated to expand to some 4 471 kilometres of land border, 2 700 kilometres of maritime border and 76 600 kilometres of air border by the end of the deployment. The effects of this presence are readily apparent, with cross-border crime having declined significantly.

The matter of infrastructure has received considerable attention, and we are gratified to note that on 01 April 2011 the Defence Works Capability was formally instituted. This has been the result of constructive deliberation between the department and the National Department of Public Works in order to give effect to our intent of establishing a Defence Estate Management mechanism. The implementation of the capability in its full spectrum will receive our continued attention in the forthcoming period.

Two areas which have not seen full resolution have been the revitalisation of the landward forces and the expansion of the budget in order to accommodate the emergent Constitutional requirements. These priorities will remain key strategic focus areas for FY2011/12.

Further critical priorities which shall occupy our attention in the coming period will include, inter alia, entrenchment of our new dispensation for South African National Defence Force members, and the associated improvement of the conditions

within the South African National Defence Force, including the pressing concerns, raised by the Interim National Defence Force Commission, of accommodation. Our efforts in supporting Government intent on the matter of youth in general and furthering our agenda with regard to the National Youth Service in particular, will receive our concerted attention. The effects of the successful implementation of this initiative will be significant, and we await the realisation thereof with anticipation.

The defence and security of South Africa is inextricably linked to that of the region and continent. South Africa is essentially a littoral state, and accordingly the requirement for a balanced maritime capability, able to respond to identified and potential maritime security threats, is undisputed. This is particularly pertinent, given the recent escalation of maritime crime in the region. This matter will therefore be given particular focus in our efforts.

Additional priorities for FY2011/12 remain the matter of the repositioning of ARMSCOR and DENEL, to ensure synthesis between these entities and departmental requirements, and the revitalisation of our Reserve Force.

In conclusion, allow me to acknowledge the dedication, loyalty and commitment of our men and women who serve our country and who so relentlessly pursue the furthering of our strategic intent as a department. We extend our considerable appreciation to all those who have so selflessly ensured that the year under review, has been such a notable success.

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

PART 1: THE MINISTRY

Chapter 1

Information on the Ministry

Institutions Reporting to the Executive Authority

The following Organs of State and Public Entities report to the Minister of Defence and Military Veterans in terms of the PFMA. These include the following:

- **Department of Military Veterans.** The Department of Military Veterans is responsible for the overall management and administration of military veteran affairs including but not limited to developing policy, legislation, programmes, benefits and services that assist the transition from active service to civilian life.
- **Defence Force Service Commission (DFSC).** The Commission is responsible for making recommendations to the Minister concerning conditions of service of SANDF members.
- **Armaments Corporation of South Africa (ARMSCOR).** ARMSCOR is a schedule 2 entity under the Public Financial Management Act (PFMA) mandated to support the delivery of the strategic Defence Capabilities.
- **Castle Control Board.** The Castle Control Board is classified as a public entity under the PFMA and carries the

mandate of managing and protecting the Castle of Good Hope on behalf of the Minister who has the ultimate ownership responsibility for the Castle.

Bills Submitted to the Legislature and Finalised During the Reporting Year

- Defence Amendment Act, 2010 (Act No 22 of 2010)
- Defence Force Service Commission (DFSC) Bill
- Military Ombudsman Bill
- Military Veterans Bill (B1 - 2011)

Ministerial Visits Abroad for the FY2010/11

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

Table 1.1: International Visits by the Minister of Defence in the FY2010/11

Date	Country	Purpose
31 May 2010 - 06 June 2010	India	Part of the President's delegation on a Bi-national meeting to strengthen relations between the two countries
11 - 15 July 2010	Seychelles	Attended the International Symposium On Piracy
22 - 23 July 2010	Mozambique	Attended the SADC Inter-State Defence and Security meeting
02 - 08 August 2010	Russia	Part of the President's delegation on a Bi-national meeting to strengthen relations between the two countries
17 - 21 August 2010	Sweden	Chaired the meeting of the Board of the International Urban Poor Fund and attended the related seminar
25 - 26 August 2010	Burundi	Represented the President of the RSA at the inauguration of the President of Burundi in Bujumbura
09 - 10 September 2010	Namibia	Bilateral meeting on Defence Cooperation matters: Joint Permanent Commission on Defence and Security (JPCDS)
24 September 2010 - 02 October 2010	Belgium	Part of the President's delegation on a Bi-national meeting to strengthen relations between the two countries

Table 1.1: International Visits by the Minister of Defence in the FY2010/11 (continued)

Date	Country	Purpose
19 - 21 October 2010	Botswana	Bilateral meeting of the Joint Permanent Commission on Defence and Security (JPCDS)
18 - 22 November 2010	Argentina	Sign a Memorandum of Understanding and to strengthen relations between the two countries
31 January 2011 to 04 February 2011	Spain	Invitation as part of the SANDF's commitment to strengthen relations with European countries
10 - 15 February 2011	India	Visited counterpart and attended the International Defence and Aerospace Exhibition

Table 1.2: International Visits by the Deputy Minister of Defence and Military Veterans in the FY2010/11

Date	Country	Purpose
08 - 12 May 2010	Jordan	Attend the Special Operation Forces Exhibition and Conference
21 - 22 May 2010	Seychelles	Attended a Regional Ministerial Conference on a Regional Approach to fight piracy off the Coast of Somalia
28 - 30 May 2010	Botswana	Attended the funeral of a military veteran of uMkhonto weSizwe who died in Botswana
22 - 23 July 2010	Mozambique	Attended the SADC Inter-State Defence and Security meeting
09 - 10 September 2010	Namibia	Bilateral meeting on Defence Cooperation matter: Joint Permanent Commission on Defence and Security in Swakopmund
19 - 21 October 2010	Botswana	Bilateral meeting of the Joint Permanent Commission on Defence and Security (JPCDS)
24 - 30 October 2010	France	Attended a EURONAVAL 2010 Exhibition in Paris
06 - 08 December 2010	Ethiopia	Attended a Defence Cooperation meeting of the African Chief Defence Staff and Heads of Security and Safety in Addis Ababa

Appearances before the Parliamentary Committees

The Minister and DOD appeared before the Portfolio Committee on Defence and Military Veterans (PCD) on 16 occasions and attended one hearing of the Standing Committee on Public Accounts (SCOPA) during the reporting period.

Parliamentary Questions

The Minister replied to 16 questions from the National Council of Provinces and gave 113 replies to the National Assembly during the period under review.

Council on Defence

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

MINISTER OF DEFENCE PRIORITIES FOR FY2010/11

Performance against the Priorities of the Minister of Defence for the FY2010/11 is reported as follows:

- **The Establishment of a functional Department of Military Veterans.** In pursuit of this priority, the organisational structure of this department was designed and approved by the Minister on 28 May 2010, subsequent to the approval, a determination of functions was done by the Minister of Public Service & Administration. The appointment of the senior members is in process and will be completed in the early part of FY2011/12. To ensure a mandate for the department, the Military Veterans Affairs Bill has been drafted and the costing of military veterans' benefits as contemplated in the Bill is currently being considered by Cabinet.
- **Rejuvenation and Upgrading of the Landward Programme.** This project has been prioritised for the

FY2011/12. The Landward Defence Capability has not had the advantage of being part of the Strategic Defence Package programme and is thus lagging in technologically advanced prime mission equipment. The development of this capability relies on the acquisition of specific combat and logistic product systems. This capability is essential to ensure the sustainment of deployments beyond the borders of the RSA. Apart from additional funding allocated for the upgrade of the operational ambulance fleet in FY2011/12, no additional funds have been allocated or approved.

- **Infrastructure and the Department of Defence Works Regiment.** At the end of the period under review, Project LEBAKA was completed and transferred from the SA Army to the Logistics Division and merged with the Service Corps and existing facility management agencies to form the Defence Works Capability. The macro-structure was approved by the Minister of Defence on 23 March 2011. Subsequently, the A/C SANDF issued an implementation instruction for the establishment of the Defence Works Formation under command of Chief of Logistics with effect from 01 April 2011. The new formation is aimed at providing efficient, effective and economical operational level facility management, including maintenance, repair and construction, in support of the strategy and objectives of the DOD. The Service Corps, previously under command of Chief of Human Resources, has also been integrated into this capability. Skills development training has been undertaken with 676 members (56 already qualified) who have gained valuable practical experience by working on DOD and other construction projects. These members will form the core of the Defence Works Formation.
- **Alignment of Defence Secretariat with its Constitutional and Legislative Mandate.** Research has been conducted into the best possible manner of repositioning the Defence Secretariat so as to assist the Minister in her civil control responsibility. Both domestic and international experiences were taken into account in this research. During 2010, a Defence Secretariat reposition proposal was submitted to the Minister for consideration. Depending on which option is adopted, the repositioning of the Defence Secretariat might have consequential policy implications.
- **The Establishment of the Defence Force Service Commission and Supporting Structures.** The Defence Amendment Act (Act No 22 of 2010) which provides for the establishment of the permanent Defence Force Service Commission was promulgated in December 2010. FY2011/12 will see the promulgation of the applicable regulations to give content to the Defence Amendment Act with respect to the Service Commission. Over and above this, all necessary support structures to the Service Commission will also be established and operationalised.
- **Transformation of ARMSCOR.** ARMSCOR is established in terms of legislation to serve as the acquisition agency of the DOD. ARMSCOR is therefore a critical stakeholder in so far as the SANDF operational effectiveness is concerned. ARMSCOR falls under the jurisdictional authority of the Minister. Experience over the years has repeatedly pointed towards the need for a review of the relationship between the DOD and ARMSCOR so as to enhance efficiency and economy. A conceptual Framework for the repositioning of ARMSCOR has been developed. This framework addresses details of the relationship between ARMSCOR and the DOD in the areas of business process, governance, risk, compliance and accounting.
- **Incremental Refocusing of DENEL to Support the identified Defence Strategic Capabilities.** DENEL is a public enterprise that falls under the jurisdiction of the Minister of Public Enterprises. DENEL is crucial to the DOD in as much as it serves as the repository of certain SANDF strategic capabilities. Noting the importance of DENEL to the SANDF operational efficiency and effectiveness, the DOD has adopted a framework which forms the basis of its discussions with the Department of Public Enterprises on its relationship with DENEL. The aim is an end state in which DENEL remains a strategic supplier to the DOD whilst maintaining economic viability in its own right.
- **Promote a Culture of Good Governance Prescripts.** During 2009, the DOD introduced specific interventions to strengthen internal controls. These interventions have resulted in the reduction of audit qualifications from seven to one. The one remaining audit qualification in the area of defence asset management has been the focus for this financial year. International experience has shown that most defence forces across the world experience major challenges with asset management. Notwithstanding this, the DOD has made significant improvement to the management of its tangible and intangible assets. A new single logistic process has been developed to ensure compliance with National Treasury accounting and reporting requirements and international auditing standards. An organisational structure was developed to support this process.
- **Information Technology (IT).** The pilot Human Resource Module has been rolled-out with a formal launch by the Department of Public Service and Administration. The DOD is currently undergoing training and testing of the module which is intended to replace the current Human Resources application within the National Treasury set timelines. The DOD and the National Treasury are finalising the discussions to gain approval for the lifting of the moratorium for the development of the DOD unique logistics systems. An inte-

grated financial management system for the asset register and procurement implementation charter between National Treasury and the DOD was also formulated. Eleven units have been identified as lead sites for the implementation of the asset register. Procurement will commence from 01 April 2011. A number of IT projects to help improve health care are also in various stages of implementation.

- **Defence Strategy that responds to the DOD's Current and Emerging Needs.** The Defence Strategy Conceptual Framework has been completed and has been accepted by the Minister. This can now be discussed with Cabinet as part of the consultation process.
- **The Revitalisation of the Reserves.** The Defence Amendment Act (Act 22 of 2010) promulgated in December 2010 makes provision for the utilisation of Reserve members and their obligation to serve in times of need. The implementation of the legislative provisions shall be given effect through the applicable regulations and contracts to be developed during the course of FY2011/12. The roll-out of the University Reserve Training Programme for under-graduates is progressing well, with a number of tertiary education institutions participating in the programme.
- **Optimal Utilisation of the Collateral Value of Defence Capabilities in Responding to the Country's Socio-Economic Needs.** The SANDF prepared and employed multi-rolled military capabilities on request and in accordance with the prescripts of the Defence Act (42 of 2002) in support of other government departments. Border safeguarding, safety and security support, maintaining essential services, disaster relief and humanitarian assistance and search and rescue missions were conducted during the period under review. Assistance provided to 74 hospitals during the national strike of nursing personnel, is a particular case in point. In addition, two bridges were constructed by the SA Army engineers in the Eastern Cape to provide safe and easy access to the local communities.
- **Provide a lead to the development and Implementation of the Community Service Programme.** A concept paper on a National Youth Service has been completed and approved. A pilot programme was launched in Bloemfontein with a group of 500 recruits undergoing training. A further 1500 recruits are planned for FY2011/12, 2 000 for FY2012/13 and 6 000 for FY2013/14.

PROGRAMME PERFORMANCE: ADMINISTRATION: SUBPROGRAMME: MINISTRY

Overview

During the year under review, the Minister of Defence and

Military Veterans and the Deputy Minister of Defence and Military Veterans, as the executive authorities, continued to uphold and fulfil the mandate of the DOD as spelt out in the Constitution of the Republic of South Africa. The primary responsibility of the Ministry of Defence was to provide political direction to the DOD enabling a contribution to global peace, security and stability through the deployment of the SANDF in peacekeeping missions and the participation in defence-related bilateral and multilateral engagements.

The period under review began with the SANDF gearing up for the increased demand on internal deployment capabilities to support the South African Police Service (SAPS). During the 2010 FIFA Soccer World Cup the SANDF (Operation KGWELE) supported the SAPS by deploying on average 4 573 members per day, ensuring the maintenance of a safe and secure South Africa. The success of this event proved to the sceptics and the international community that South Africa could successfully host world class major events. The SANDF also provided internal assistance during the xenophobia incidents, public service strikes, the opening of Parliament and the voter registration security for the 2011 local elections. The SANDF successfully partnered with the SAPS by providing personnel, helicopters and fixed wing aircraft for the crime combating operation DUTY CALLS during the festive season.

In compliance with the Cabinet decision for the SANDF to return to border safeguarding, the Minister directed the SANDF to undertake this function effectively. Phase 1 of the deployment was completed by the 1st April 2011; the deployment has now moved into Phase 2 to cover additional areas identified for border safeguarding.

Internally, in order to ensure full functionality of the Department of Military Veterans (DMV), the Military Veterans Bill was presented and approved during December 2010. An analysis and determination of the strategic resource requirement of the DMV was completed and presented to the Minister at the Ministerial Work session in March 2011. The MTEF budget costing and MTEC funding requirements, as approved by the Minister, were articulated in a Cabinet Memorandum and presented to Cabinet on 16 March 2011. The Minister is in the process of formulating departmental regulations and policies in support of the approved Bill.

The Minister appointed a new Secretary for Defence and a new Chief Financial Officer during the year under review.

The Minister directed the DOD to resolve all audit qualifications in pursuance of the consolidation of good corporate governance, effective administration and accounting. The DOD was able to reduce the seven audit qualifications down to one in the FY2009/10. During this review period, focussed attention has been given to addressing the remaining complex asset management qualification.

The term of Interim Defence Force Service Commission (IDFSC) came to an end in April 2011 and a permanent Defence Force Service Commission (DFSC) will be appointed.

ed during the course of the coming financial year. The promulgation of the Defence Amendment Act (Act 22 of 2010) provides for the establishment of the permanent DFSC. The mandate of the DFSC will be, amongst others, to focus on the improvement of conditions of service of SANDF members.

The Minister provided direction on the defence policy reviews. This included, the Defence Review, the repositioning of the Defence Secretariat, the National Youth Service (NYS) programme and the repositioning of the Defence Industry. Consultative processes will be followed during the coming year prior to the above being submitted to the relevant Parliamentary Committees for consideration and approval.

Objectives and Measures

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

Output Detail

Table 1.3 below provides details of the Ministerial Direction Subprogramme outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 1.3: Ministerial Direction Output Detail for the FY2010/11

Output	Performance Indicators	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Ministerial direction to the Department of Defence (DOD)	Alignment of the DOD's priorities and activities with Government's Programme of Action and Cabinet Lekgotla resolutions	Full implementation of Minister's priorities	Full implementation of Minister's priorities	Achieved
Defence policy Advisory products and services	Timeliness, relevant and quality defence and security policy updates, inputs and proposals	Provide the national policy framework on Defence matters for the approval of Cabinet and Parliament and direct and oversee the implementation of such policy in the Department	A work team commenced with the drafting of the new Defence Strategy. Various papers on research subjects related to the analysis of the strategic environment have been completed Progress on other defence policy reviews: Defence Review, the repositioning of the Defence Secretariat, the National Youth Service and the Repositioning of the Defence Industry	A moratorium was placed on the drafting of the new Defence Strategy. Later during the period under review, the Minister instructed that work in this regard should proceed

Effect of Programme / Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

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

Strategic Overview

By the Secretary for Defence, Director-General, Ms N.Z.H. Mpofo

Introduction

Accelerated service delivery, good governance and the institutionalisation of the Government's theme of doing things differently to achieve more with less; have been identified as important success factors in the attainment of our strategic objectives. Within the context of many achievements, the DOD is grappling with a limited budgetary allocation. Comprehensive plans of action have been generated and implemented in order to prioritise defence objectives and optimise performance accordingly. In pursuit of the DOD's mandate to provide, prepare and employ defence capabilities commensurate with the needs of South Africa, a multitude of decisive interventions aimed at improving the quality of lives of all the people of South Africa, the region, the continent and the globe were successfully implemented and are reported herein.

In the year under review, underperformance and revised targets were mainly as a result of severe underfunding of the renewal of the Landward Defence Programme. The integration and operationalisation of the Strategic Defence Packages were also affected by limited funding. The poor state of facilities, IT infrastructure obsolescence in the financial, logistics and human resource domains as well as prime mission equipment maintenance negatively impacted the efficient and effective functioning of the DOD. The loss of scarce skills prior to specific interventions aimed at retention, led to a shortage of critical personnel resulting in the overburdening of the remaining capacity especially in the training environment.

Peace Missions

In pursuit of the Government's support for peace, security and stability and to enhance the diplomatic initiatives in the region and the continent, the DOD continued to play a pivotal role during the year under review. On average a total of 2 238 SANDF members including 148 Reserves, were deployed in two Peace Support Operations in the Democratic Republic of Congo (DRC) and Sudan, as well as three general military assistance operations in the DRC, the Central African Republic (CAR) and the rendering of support to the Mozambique Government to curb piracy in the Mozambique



**The Secretary for Defence,
Ms N.Z.H. Mpofo.**

Channel. Operation TEUTONIC in DRC was successfully completed and terminated at the end of October 2010. The SA Army successfully trained 1 780 FARDC members and handed soldiers over to the Minister of Defence of the CAR after completing a planned cycle of training in October 2010.

Support to the People

Domestically, several missions in support of other Government departments continued with the emphasis on safety and security support, search and rescue on sea and land and borderline control. A total of 556 099 man days were used during internal operations. The deployment of the SANDF for border safeguarding ensured that 20 613 illegal immigrants were apprehended, 263 criminals were arrested, 21 stolen vehicles were recovered, 14 weapons were recovered, 18 livestock were recovered and various narcotics were confiscated including 807kg marijuana (dagga), 137g tik-tik and 122 mandrax tablets. The SANDF also provided safety and security support during the 2010 FIFA World Cup and

public service strike.

Entrenching the new Defence Dispensation

The promulgation of the Defence Amendment Act (Act 22 of 2010) provided for the establishment of the permanent Defence Force Service Commission (DFSC). The mandate of the DFSC will be amongst others, to focus on the conditions of service of SANDF members. Support structures to facilitate the mandate of the DFSC are to be completed during the FY2011/12.

Military Veterans

The Department of Military Veterans was proclaimed in December 2009. The organisational structure of the department was approved by the Minister on 28 May 2010, subsequent to the approval, a determination of functions was done by the Minister of Public Service & Administration. The Director-General of the Department has been appointed and other senior members of the department are in the process of appointment. This senior staff appointment process will be completed in the early part of FY2011/12.

In order to realise the mandate of the department, the Military Veterans Affairs Bill has been drafted. The costing of military veterans benefits contemplated in the Bill was considered and approved by Cabinet. The implementation of the Act will occur soon after the Bill has been passed by Parliament and accented to by the President. It is, however, important to note that the full realisation of the object of the Military Veterans Affairs Bill will be largely dependent on the availability of the necessary budget for both the Department of Military Veterans and the budget allocation in other government departments towards the benefits for military veterans. It is with this understanding that the Department of Military Veterans accords this matter the priority status it deserves.

The costing of military veterans' benefits, which include the Non-statutory Forces (NSF) pension, as contemplated in the Bill is currently being considered by Cabinet. The finalisation of the necessary budget for the NSF pension will enable the payment of the NSF pension to the deserving military veterans.

National Youth Service

The DOD drafted the MOU with the Department of Rural Development and Land Reform on co-operation regarding National Youth Service (NYS), with particular reference to a pilot programme. Participation in meetings with various youth stakeholders in order to consult on the DOD's concept for NYS (i.e. the National Youth Development Agency, political parties, religious organisations, etc) was undertaken. A Conference that took place in Egypt during late October 2010

was organised by the International Association for NYS where the DOD was represented; thereafter a report with recommendations was submitted to the Sec Def. On 04 November 2010 a presentation was submitted to the Minister on the DOD's concept for NYS. The DOD has also participated in various social responsibility activities which have assisted in the improvement of the living conditions of the youth in the previously disadvantaged communities.

During the period under review, the concept paper on NYS was completed and at the same time a pilot programme in Bloemfontein took place with a group of 500 recruits undergoing training. A further 1 500 recruits will be trained and are planned for FY2011/12, 2 000 recruits planned for FY2012/13 and 6 000 recruits planned for FY2013/14.

Provision of Skills

The Military Skills Development System (MSDS) was implemented in January 2003 with the aim to provide the SANDF with military trained human resources as required for force preparation and force employment specifications. It forms the DOD's primary contribution to youth development and alleviates unemployment and poverty by preparing young people between the age of 18 and 26 years for rewarding careers either in the SANDF or for decent employment in the broader public and private sectors. The MSDS is a two-year contract based service system and is the main feeder system for the Regulars and Reserves.

Since the inception of the MSDS, 33 536 youths participated in the system of the SANDF. Of the total intake, 8 542 are currently serving in the MSDS, 6 770 have separated from the SANDF, of whom 4 821 are serving in the Reserves, and 18 224 translated to the Regulars where they are undergoing advanced training in various disciplines and are being utilised accordingly. The results of implementing the MSDS are best viewed from the vantage point of rank-age compliance: only 10.8% of Privates were in the age group 18 to 24 years old in the year 2000 compared to 55% currently. The MSDS also is a feeder system, at entry levels, of scarce skills and critical musterings. Since its inception, 6 172 youths were employed in critical musterings i.e. air space control, aircrew, combat navy, engineer, medical professional, nursing, technical and technical air. Thus, the MSDS significantly contributes, at entry level, to the sustainment of scarce skills and critical musterings.

The young men and women who emerge after MSDS service are on the whole, much more mature, disciplined, service delivery orientated, career orientated and patriotic than one would normally expect from young people who have just completed high-school. Through the MSDS, the SANDF continues to invest directly in South Africa's most important asset, our youth. In support of the government outcome on job creation, the DOD plans to create job opportunities for 5 700 young South Africans per year through the MSDS.

Revitalisation of the Reserves

The current Reserves strength has increased to 26 147 of which approximately 84% are from the previously disadvantaged groups. About 12 000 Reserves are called up per year. This has enabled the DOD not only to utilise the Reserves in external deployment but also to deploy them on the borders where they are achieving success. During the reporting year, the Defence Act was amended to make it compulsory for the Reserves to respond to call-ups not only in times of war but also in times of need. This has provided the ability to invest in the development of the Reserves.

Border Security

As per the 2009 Cabinet decision, the SANDF has assumed the border safeguarding function. In execution of this task under Operation CORONA, the SANDF has adopted a phased strategy. The first phase of the borders between Zimbabwe and South Africa and the second phase of the border between Mozambique and South Africa have been rolled out. The last phase of the strategy with regard to the Lesotho and South Africa border will be completed by FY2012/13.

The safeguarding of the borders of South Africa is one of the key responsibilities of government which helps protect the people and the economy of the country from illegal crossings of people as well as the illegal exportation and importation of goods. In the short period that the SANDF has been on the borders, numerous illegal activities have been stopped and prevented. The positive outcomes achieved by the SANDF with the border safeguarding function will escalate as the SANDF's presence at borders is expanded.

Policy Review

During September 2010, a work team finalized the development of the Defence Strategy Conceptual Framework as a prelude to the development and drafting of the Defence Strategy. The Defence Strategy Conceptual Framework was presented to the Minister during March 2011 for her consideration and approval. As a further input to the development of the Defence Strategy, two detailed staff papers pertaining to geostrategic environment and defence scenarios as key elements of the Defence Strategy are in the process of development. It is envisaged that the Defence Strategy will be considered for approval by the Minister during the course of the FY2011/12 after a public/stakeholder consultation process has been finalized. In addition to the above, a staff paper on the National Security Strategy is in the process of develop-

ment within which the National Security Strategy Policy anchors impacting on Defence are to be identified.

Defence Works Capability

The reversal of the DOD deteriorating infrastructure requires both additional financial allocations and increased technical capacity. In order to address the declining state of defence infrastructure, the DOD will be finalising discussions with the National Department of Public Works on the establishment of the Defence Estate Management mechanism which will result in DOD progressively exiting from its current arrangement on Property and Facilities Management with the Department of Public Works. In pursuance of this objective and the roll-out of the Defence Works Capability, which is an in-house capacity to maintain and repair defence facilities, will be implemented in the coming financial year. On 01 April 2011 Project LEBAKA officially merged with Service Corps and existing Facility Management elements to form the Defence Works Capability. The new formation is aimed at providing efficient, effective and economical operational level facility management in support of the strategy and objectives of the DOD. The macro-structure of the Defence Works Capability was approved by the Minister of Defence on 23 March 2011. Subsequently, the A/CSANDF issued an implementation instruction for the establishment of the Defence Works Formation with effect from 01 April 2011.

Clean Audit

The DOD has reduced audit qualifications from 16 to seven in FY2008/09. In the FY2009/10 the DOD introduced specific interventions to strengthen its internal controls and to improve financial processes. These interventions further resulted in the reduction of qualifications from seven to one. During FY2010/11 particular focus was paid on addressing the one very complex remaining asset management qualification. Other matters of emphasis include the continuous enhancement of financial management and internal controls.

International experience shows that the asset management challenge is not unique and is inherent in most Defence Forces across the World. International benchmarking is being pursued with the Auditor General, the Accountant General and the Standing Committee on Public Accounts (SCOPA) in order to implement a sustainable solution to this challenge. Notwithstanding this, the DOD has made significant progress in putting action plans in place to address the qualification on tangible and intangible assets.

The audit on tangible assets has registered progress, with the audit of the immovable assets, such as properties and the large assets including transportation and equipment, already completed.

In order to sustain the achieved audit results, the DOD has, during the period under review, embarked on a process to ensure robust internal controls. The Accounting Officer and Chief Financial Officer of the DOD were appointed with effect from 01 April 2010 and 01 May 2010 respectively. These appointments have contributed to stability in the DOD audit process. To complement this, the Minister has appointed the Compliance Officer in the Ministry to focus on DOD compliance with all applicable regulatory frameworks. FY2011/12 will see further consolidation of the DOD finan-

cial management and internal control system through the implementation of the DOD Internal Audit Function. The one remaining audit qualification in the area of defence assets remained a focus in the reporting year.



(N.Z.H. MPOFU)

**SECRETARY FOR DEFENCE:
DIRECTOR-GENERAL**

PART 2: STRATEGIC DIRECTION

Chapter 2

Strategic Profile and Defence Objectives

Introduction

The Department of Defence Annual Report FY2010/11 accounts for the performance against the approved DOD Strategic Business Plan for the period 01 April 2010 to 31 March 2011. The DOD outcomes have been fully aligned with government policy enhancing national, regional and global security goals through the existence of combat-ready deployable defence capabilities.

In the year under review, the DOD bid farewell to a number of people who have contributed significantly to where the DOD is. The DOD bid farewell to C SANDF, General G.N. Ngwenya who has been appointed Ambassador of South Africa to Angola. In addition, the Board of ARMSCOR and the Commissioners of the Interim Defence Force Commission (IDFSC) terms of office ended in April 2011. The forthcoming period will mark the new dispensation with new appointments; the DOD welcomed the new Chairpersons of the Portfolio Committee on Defence (PCD) and of the Joint Standing Committee on Defence (JSCD).

The DOD has made significant progress in many areas against priorities set. SANDF troops were deployed outside the country in various peace missions and internally, on several missions in support of other Government departments. The emphasis on internal deployment was on safety and security support, search and rescue on sea and land and border safeguarding. Impressive achievements were made on improving the service conditions of SANDF members and military veteran's matters; policy reviews. Attention is further given to the decline in defence infrastructure and cleaning up the audit report. Notwithstanding the limited budgetary allocation, the DOD is committed to executing its function in terms of its mandate.

Constitutional and Legislative Mandate of the DOD

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

The DOD comprises of the Defence Secretariat which is established in terms of section 204 of the Defence Act and the SANDF established in terms of section 200(2) of the interim constitution.

Vision

Effective defence for a democratic South Africa.

Mission

To provide, manage, prepare and employ defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, national legislation and Parliamentary and Executive direction. This will be provided through the proper management, provision, preparedness and employment of defence capabilities that are in line with the domestic and global needs of South Africa.

Mission Success factors

For the DOD to achieve its mission, it is essential that it is managed strategically. As part of this process, certain factors that are fundamental to achieving success were identified. The Mission Success Factors of the DOD are as follows:

- National consensus on Defence
- Excellent strategic direction
- Excellent resource management
- Effective combat forces and support forces
- Professionalism in the conduct of operations
- Successful implementation of the transformation process

The DOD Shared Value System

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

Organisational Values

In delivering the defence mission, the DOD will follow the principles set out below:

- **Service standards.** Service standards are based on clear direction and strong leadership. Our priority is, and shall always be, to maximise our defence capability and our contribution to peace and security. We shall maintain high standards of excellence and professionalism in everything we do.
- **Excellence.** We shall build on what we do well and actively foster a climate of success. We shall invest in our people and encourage innovation. We shall provide the right incentives and recognise individual and team contributions.
- **Ethics.** We shall adopt and encourage reasonable working practices. We shall not be deflected by the demands of vested interests. We shall foster fairness and trustworthiness in all that we do. We shall not ignore difficult issues.
- **Openness and transparency.** We shall ensure clear communication and better understanding. We shall ensure that our messages are understood. We shall listen to clients' concerns and make sure we understand what they are saying to us. We shall aim to create a climate of trust and transparency in our decision-making.
- **Consultation rooted in effective and efficient partnership and collaboration.** We shall encourage and improve links with other Government departments and other relevant organs of state. We will strengthen partnerships with industry, allies and the community at large. We shall promote collaboration within the DOD, harmonise activities and systems and, where sensible, share knowledge.
- **People.** We shall uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.
- **Teamwork.** Within the DOD we are one team and embrace one purpose. We shall debate issues fully, whilst rigorously representing our individual responsibilities. Our overriding aim, however, is to reach conclusions that are best for the entire department and then to act on them.
- **Accountability.** We shall create a learning organisation in which all employees seek and share knowledge and information, whilst committing themselves to personal growth. We shall lead by example and influence others to follow these principles. We shall be sensible to the demands we make on people and recognise the unique commitments they make.

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

Individual Values

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

Defence Strategic Objectives and Preconditions

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

- The execution of defence commitments as ordered and funded by Government.
- The provision of contingency-ready and cost-effective defence capabilities as specified by approved policy.
- Sound management of the Department.
- The administration of the DOD within the prescripts of the law, the regulatory framework and Government policy.
- The assurance of sustainability, the continuous improvement of output quality and the reduction of the cost of DOD processes, as well as the accounting thereof.
- The assurance of the continuous quality improvement of people in the DOD.
- The assurance of quality command and management information in the DOD.
- The assurance of continuous quality improvement of DOD equipment and facilities.

Defence Outcome

The DOD delivered all outputs as specified in the DOD Strategic Plan for the FY2010/11 in order to achieve the required outcome of 'Effective defence for a democratic South Africa'.

The DOD Medium Term Focus

As directed by Government's imperatives, the DOD focused on a mandate-driven force design and structure in order to

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

These are met in accordance with the principles of international law, the MTSF priorities, the Government Programme of Action (POA) and the Medium Term Expenditure Framework (MTEF) of Government.

Whilst primarily focussed on its constitutional obligation, the DOD embraces Government initiatives and priorities to combat poverty and underdevelopment through various socio-economic development programmes. These are regarded as a necessary condition for lasting peace and stability nationally, sub-regionally and continentally. Such alignment shall entail that

- defence capabilities of the DOD are enhanced and maintained;
- peace, security and confidence-building in the SADC sub-region and on the entire Continent are promoted through constructive dialogue aimed at nurturing sound defence diplomatic relations and projecting South Africa's foreign policy principles and objectives;
- Government policy on the resolution of conflicts peacefully through recognised international instruments and mechanisms will be supported by deploying the SANDF in international peace missions; and
- Government required diplomatic engagements are supported through participation in multilateral institutions such as the Southern African Development Community (SADC), African Union (AU) and United Nations (UN).

Defence Outputs

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

- Defence commitments, which include:
 - operations that are ongoing in nature, and for which plans and financial provision can be made in advance;
 - operations that must be executed during the year and, if unforeseeable, for which no provision has been made; and
 - joint and multinational exercises required to prepare forces for operations.

- Landward defence capabilities
- Air defence capabilities
- Maritime defence capabilities
- Military health support capabilities
- Defence diplomacy, which includes:
 - the deployment of defence attachés;
 - the servicing of defence-related Memoranda of Understanding (MOUs); and
 - participation in the defence structures of the UN, the AU and SADC.
- The provision of Defence-related policy and Ministerial advice
- Cryptographic security services for Government departments
- The National Codification Bureau
- The provision of appropriate framework for sound policy, direction and advice and the systemic monitoring and evaluation thereof
- The provision of defence capabilities that can respond to the needs of South Africa within the evolving policy and national priority trajectory that characterise a developmental state

The DOD's performance in achieving these outputs is detailed in Chapters four to eleven of this document.

DOD Alignment with Cabinet and Cluster Priorities

The DOD is highly involved in the Justice, Crime Prevention and Security (JCPS) Cluster and has a secretariat responsibility in the International Cooperation, Trade and Security (ICTS) Cluster since the appointment of the Minister of Defence and Military Veterans as Chairperson of the Cluster. The DOD also actively participates in the Governance and Administration (G&A), Economic and Skills Clusters as part of the Government Programme of Action. In the period under review, the DOD's role in the international affairs as far as the defence diplomacy and security sphere are concerned has been enhanced. In so far as Cluster participation is concerned, the DOD achieved the following:

- Was represented in the South African Delegation to the regional meeting of 32 states during an African group of experts seminar in the Cluster Munitions Convention held in Pretoria 30 April 2010,
- In line with the government outcome; "All people in SA are and feel safe" and subsequent to a Cabinet decision to confirm the long-term responsibility of the SANDF for border safeguarding, the SANDF continued to collaborate with the SAPS in its crime fighting efforts.

- The signing of the Performance Agreement between the President and the Minister was facilitated to commence the implementation of Outcome 11. This process was followed by a delivery agreement which defined the outputs, key activities and inputs that described roles and responsibilities against timelines and budgets of ICTS Cluster departments.
- Defence-related and security inputs were provided to the Presidency and to various Clusters for incorporation into the State of the Nation Address (SONA).
- In collaboration with other organs of state, the DOD contributed substantially towards the achievement of national priorities and provided progress reports on obligations arising from Clusters on time.

Services Rendered

The services rendered by the DOD are detailed in Chapters four to eleven of this document.

New Services or Outputs to be Scaled Up

New Services/Outputs to be Scaled Up are described in Appendix E of this document.

Services Discontinued/Scaled Down or Suspended

Services Discontinued/Scaled Down or Suspended are described in Appendix E of this document.

Losses and Damages

During the year under review, the Minister's task team investigated matters of efficiency and effectiveness with respect to the utilisation of resources. A report containing 134 recommendations was presented and adopted for implementation during the coming financial year. These initiatives will significantly limit losses and damages in the years to come.

Excluding the write-offs of the portion on the long outstanding unauthorised expenditure and other prescribed debts, this expenditure was reduced from Rm49,5 to Rm 30,5.

Events after the Accounting Date

There were no events after the accounting date.

PART 3: PROGRAMME PERFORMANCE

Chapter 3

The Defence Vote

AIM OF THE VOTE

The aim of the Department of Defence (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.

Main Programmes

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

Table 3.1 Defence Budget Programme Structure

Programme	Purpose
Administration	Conducts the policy development, management and administration of the department
Force Employment	Successfully conduct all operations, as well as joint interdepartmental and multinational military exercises.
Landward Defence	Provide prepared and supported landward defence capabilities for the defence and protection of South Africa
Air Defence	Provide prepared and supported air defence capabilities for the defence and protection of South Africa
Maritime Defence	Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa
Military Health Support	Provide prepared and supported military health capabilities and services for the defence and protection of South Africa
Defence Intelligence	Provide a Defence intelligence and counter-intelligence capability
General Support	Provide general support capabilities and services to the department

DEFENCE VOTE 21

Details of the final DOD Medium Term Expenditure Framework (MTEF) Allocation are reflected in the Defence Vote for the FY2010/11, according to Table 3.2

Table 3.2 Defence Vote for the 2010/11 MTEF

Defence Vote	2010/11 R'000	2011/12 R'000	2012/13 R'000
Defence Vote per Main Programme			
Administration	3 247 080	3 617 151	3 991 745
Force Employment	1 908 870	1 997 142	2 086 315
Landward Defence	9 982 892	10 431 224	11 062 075
Air Defence	6 059 126	7 910 491	8 361 920
Maritime Defence	2 179 822	2 320 015	2 574 214

Table 3.2 Defence Vote for the 2010/11 MTEF (continued)

Defence Vote	2010/11 R'000	2011/12 R'000	2012/13 R'000
Military Health Support	2 770 215	2 961 306	3 201 260
Defence Intelligence	631 149	665 961	698 899
General Support	3 936 179	4 028 066	4 410 091
Total Expenditure Estimates	30 715 333	33 931 356	36 386 519
Defence Vote per Economic Classification			
Current Payments	23 099 001	24 858 914	26 725 256
Transfers and Subsidies	6 830 147	8 616 545	8 815 707
Payment for Capital Assets	786 185	455 897	845 556
Total Expenditure Estimates	30 715 333	33 931 356	36 386 519

BUDGET ALLOCATION

The total Defence budget for the 2010/11 MTEF is reflected in Table 3.3.

Table 3.3: Total Defence Budget

Defence Vote	2010/11 R'000	2011/12 R'000	2012/13 R'000
2010/11 MTEF	30 715 333	33 931 356	36 386 519

Additional Funds Requested

During the course of FY2010/11 MTEF process, the DOD submitted policy proposals for additional funding.

Details of submitted policy proposals for additional funding for the FY2010/11 are reflected in Table 3.4.

Table 3.4 Policy Proposals for Additional Funding

Policy Proposal	2010/11 R'000	2011/12 R'000	2012/13 R'000
SANDF Remuneration System	904 781	959 068	1 016 613
Upgrade of Landward Defence Systems	543 870	1 628 128	2 081 330
M & R of the Operational Vehicle Fleet	150 000	158 000	165 000
Procurement of Critical Ammunition	100 000	105 000	110 000
Replacing the Operational Ambulance Fleet	3 000	244 800	0
Operating the SDP Aircraft	224 500	299 100	344 100
Operating the SDP Vessels	186 070	204 677	225 144
Continuation Training for Reserves	135 864	142 521	149 505
Implementation of the DEIS Master Plan	351 894	397 991	461 889
Total Policy Proposals	2 599 979	4 139 285	4 553 581

Additional Funds Received

After the 2010/11 MTEF process was completed, the DOD only received additional funding as reflected in Table 3.5. Only two of the policy proposals were partially funded, while the department at the same time still had to institute efficiency savings.

Table 3.5 Additional Funding Received by the DOD

Additional Funding Received	2010/11 R'000	2011/12 R'000	2012/13 R'000
SANDEF Remuneration System	600 000	730 000	850 000
Military Skills Development System	50 000	70 000	100 000
Office for Military Veterans Affairs	20 000	30 000	30 000
Landward Defence Modernisation	0	100 000	500 000
Strategic Defence Procurement Programme	(502 878)	0	200 000
Compensation of Employees Adjustment	422 721	470 316	510 142
Baseline Efficiency Savings	(446 792)	(626 672)	(624 367)
Savings from the A400M Contract Termination	(2 067 022)	(1 010 912)	(1 445 170)
AFB Waterkloof Upgrade Rescheduling	250 000	(250 000)	0
Total Policy Proposals	(1 673 971)	(487 268)	120 605

DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC ASPECTS

Collection of Departmental Revenue

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

The sources of revenue are reflected in Table 3.6 below.

Table 3.6 Sources of Revenue

Economic Classification	2007/08 Actual R'000	2008/09 Actual R'000	2009/10 Actual R'000	2010/11 Target R'000	20010/11 Actual R'000	% Deviation from Target
Tax revenue	0	0	0	0	0	0
None	0	0	0	0	0	0
Non-tax revenue	551 855	629 390	699 949	902 466	689 687	-23.58%
Sale of goods and services other than capital assets	172 484	193 553	209 606	299 497	263 989	-11.86%
Fines, penalties and forfeits	1 157	1 058	3 724	3 615	4 459	23.35%
Interest, dividends and rent on land	1 710	1 398	2 750	2 473	2 628	6.27%
Sales of capital assets	128 913	122 066	19 481	52 684	23 068	-56.21%
Financial transactions in assets and liabilities	22 894	20 662	236 097	348 515	144 777	-58.46%
Transfers received	224 626	290 653	228 291	195 682	250 767	28.15%
Total Revenue Received	551 855	629 390	699 949	902 466	689 688	-23.58%

CONDITIONAL GRANTS AND EARMARKED FUNDS

No Conditional Grants and Earmarked Funds were reported for the FY2010/11.

TRANSFER PAYMENTS FOR 2010/11

Transfer Payments

The DOD provided transfer payments to the following institutions during the course of FY2010/11:

- The Armaments Corporation of South Africa Ltd (ARMSCOR) to subsidize them in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence materiel, related products and services. Audited financial statements for FY2009/10 were submitted according to payment conditions.
- The Safety and Security Sector Education and Training Authority (SASSETA), which acts as the Sector Educational Training Authority (SETA) for Defence, to subsidize their administrative expenditure in terms of the Skills Development Act, No 97 of 1998. Audited financial statements for FY2009/10 were submitted accord-

ing to payment conditions.

- The Reserve Force Council to subsidize it in their mission to obtain and secure community and private sector support for the Reserves and to maintain a sound relationship and communication between the Reserves, the Minister of Defence and the SA National Defence Force. Audited financial statements for FY2009/10 were submitted according to payment conditions.
- The St John's Ambulance Brigade to provide accreditation for training of Defence members and make their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency. Audited financial statements for FY2009/10 were submitted according to payment conditions.
- The Special Defence Account (SDA) to acquire, procure and develop armament and technology. Audited financial statements for FY2009/10 were submitted according to payment conditions.
- To Defence Force members that are being separated from the department through the Mobility Exit Mechanism in terms of the employment benefits due to them.

The estimated expenditure and actual amounts transferred for the FY2010/11 are reflected in table 3.7 below.

Table 3.7 Transfer Payments for FY2010/11

Institution	Estimated Expenditure R'000	Amount Transferred R'000
Special Defence Account	3 010 320	3 010 320
Armaments Corporation of South Africa Ltd	737 510	737 510
Regular Force Medical Continuation Fund	220	0
Social Benefits	120 609	120 592
Safety and Security Sector Education and Training Authority (SASSETA)	14 408	14 408
Reserve Force Council	4,827	4 827
St John's Ambulance Brigade	360	360
Total Transfer Payments	3 888 238	3 888 017

DEPARTMENTAL EXPENDITURE FOR FY2010/11

Table 3.8 DOD Expenditure for FY2010/11

Programme	Vote	Total Additional Appropriation	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Administration	3 247 080	170 132	3 417 212	0	35 703	3 452 915	3 452 915	0
Force Employment	1 908 870	373 326	2 282 196	0	(16 739)	2 265 457	2 265 457	0
Landward Defence	9 982 892	(973 326)	9 009 566	0	286 002	9 295 568	9 295 568	0
Air Defence	6 059 126	(522 709)	5 536 417	0	(47 481)	5 488 936	5 488 936	0
Maritime Defence	2 179 822	178 479	2 358 301	0	(8 385)	2 349 916	2 349 916	0
Military Health Support	2 770 215	279 354	3 049 569	0	100 765	3 150 334	3 150 114	220
Defence Intelligence	631 149	25 464	656 613	0	(22 760)	633 853	633 853	0
General Support	3 936 179	196 538	4 132 717	0	(327 105)	3 805 612	3 805 612	0
Total	30 715 333	(272 742)	30 442 591	0	0	30 442 591	30 442 371	220

OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR THE FY 2010/11
Additions to Main Appropriation

The Defence Vote was decreased by Rm272.742 to Rbn30.442 through the Adjustments Vote for the following:

Unforeseeable and Unavoidable Expenditure.

Unforeseeable and Unavoidable Expenditure to Rm225:

- An additional Rm200 was allocated for the support provided to the South African Police Service (SAPS) during the hosting of the 2010 FIFA World Cup.
- An additional amount of Rm25 was allocated for support provided during the 2010 public service strike.
- **Other Adjustments.** Other adjustments of Rm497.742.

Adjustments due to significant and unforeseeable economic and financial events

An additional Rm352.400 has been allocated for higher personnel remuneration increases than the main budget provided for, including the increased housing allowance, as follows:

- Programme 1: Administration Rm 28.172
- Programme 2: Force Employment Rm 20.032
- Programme 3: Landward Defence Rm 149.412
- Programme 4: Air Defence Rm 49.199

- Programme 5: Maritime Defence Rm 29.789
- Programme 6: Military Health Support Rm 43.754
- Programme 7: Defence Intelligence Rm 4.340
- Programme 8: General Support Rm 27.702

Self Financing Expenditure: Rm149.858

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

- Programme 3: Landward Defence Rm 13.396
- Programme 4: Air Defence Rm135.197
- Programme 5: Maritime Defence Rm 1.265

Funds shifted within a Vote to follow a function shift within the same Vote

Programme 8 General Support: Rm38 936 has been received from Programme 3 following the migration of the Works Regiment.

Declared Savings. Programme 4: Air Defence. Savings of Rbn1 due to delays in the strategic defence procurement programme have been declared.

Roll-overs. No roll-overs were requested from the FY2009/10 as a very small balance was available at the end of the 2009/10 financial year.

REASONS FOR ADDITIONS TO OR VIREMENT BETWEEN MAIN APPROPRIATION ALLOCATION

National Treasury (NT) Approved:

- The reallocation of Rm6 within Programme Maritime Defence from Goods and Services to Transfers and Subsidies to Departmental Agencies and Accounts for an additional transfer to the ARMSCOR Dockyard.
- The reallocation of Rm50 from the Special Defence Account to Programme Military Health Support for the procurement of medical equipment.
- The reallocation of Rm180.244 to increase Compensation of Employees from various Programmes within the Defence operating allocation in order to partially fund the implementation of the Occupational Specific Dispensation for engineers and the new Defence Reserves Salary Dispensation.
- The reallocation of Rm210 to increase Compensation of Employees from Programme General Support (Rm111.800 Capital Assets), from Programme Maritime Defence (Rm9.500 Transfers and Subsidies (Households)) and from various other Programmes' budget (Rm8.700 Goods and Services).
- The reallocation of Rm41 from Programme General Support (Capital Assets) to Programme Air Defence (Goods and Services) to fund the shortfall as a result of the increased number of VVIP flights.

The Accounting Officer approved:

- The reallocation of Rm4 from Programme Force Employment to Programme Administration (Chief Human Resources) for services rendered by the Centre for Conflict Simulation to Joint Operations Division.
- The reallocation of Rm2.697 from Programme General Support (Departmental Support) to Programme Military Health Support for the establishment of a Private Public Partnership (PPP).

- The reallocation of Rm11.790 from Programme General Support (Command and Management Information Services) to Programme Force Employment for the procurement of UHF digital tactical radio equipment for utilisation during border control by the SANDF.
- The reallocation of Rm5.378 from Programme Air Defence to Programme Administration (Acquisition Services) for the payment of ARMSCOR to set-up a system of Intellectual Property (IP) Management.
- The reallocation of Rm117 from Programme General Support (Joint Logistic Services) to Programme Administration (Ministerial Direction and Property Management) for the Multi Media Campaign (Rm8) and Municipality Services (Rm109).
- The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of authorised losses, Compensation of Employees and to balance the expenditure for the FY2010/11.

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

The following unforeseeable and unavoidable PSOs activities led to the reprioritisation of activities;

- Support to the SAPS during the hosting of the 2010 FIFA World Cup.
- Support to the SAPS during the 2010 public service strike.
- The higher personnel remuneration increases than what was provided for in the main budget.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Capital Investments

Details of Building projects currently in progress for FY2010/11 are reflected in table 3.9 below.

Table 3.9: Projects Currently in Progress for FY2010/11

Location	Project Description	Progress Status	Expected Completion Date
Bloemfontein	Upgrading of 3 Military Hospital	Under Construction	March 2012
Various	Upgrading of facilities for disabled personnel	Under construction	Ongoing
Ladysmith	Installation of Burglar bars, security doors and gates in buildings	Under Construction	March 2012
Langebaan	Construction of Boat Park	Under Construction	March 2012
Langebaan	Construction of 20 married quarters	Planning	July 2013
Pretoria	Upgrading of facilities for disabled personnel	Construction	Ongoing
Various	Installation Burglar bars, security doors and gates in buildings	Planning	Ongoing
Phalaborwa	Construction of new ammunition storage facility	According to plan	September 2011

Maintenance

The Current Maintenance Backlog. The DOD made funds available and requested NDPW to address the maintenance backlog on identified facilities. During the reporting period, the NDPW changed both the scope and procurement processes resulting in non-execution of projects and thereby increasing the backlog. However, the DOD has increased the funds for the upcoming years in order to decrease the maintenance backlog.

Actual Maintenance Expenditure. The DOD expressed dissatisfaction with the resources allocated by NDPW for maintenance projects. The figures provided by the NDPW on

25 February 2011 are as follows:

- Projected expenditure Rm112.8
- Funds committed Rm101.2
- Expenditure Rm81.7

Addressing the Maintenance Backlog. Insufficient progress was made by NDPW to address the maintenance backlog creating an increased in the backlog. In addressing the problem, the NDPW has embarked on a Refurbishment Programme in place of the Repair and Maintenance Programme (RAMP), which will address the backlog during the MTEF period. The Development of the Defence Works Capability will impact positively in years to come.

Table 3.10: Major Maintenance Projects Undertaken during FY2010/11

Location	Project Description	Reason
Pretoria	1 Military Hospital: Repair and Maintenance to hospital.	Construction phase
Pretoria	AFB Waterkloof: Repair and Maintenance to facilities	Construction phase
Cape Town	2 Military Hospital: Repair and Maintenance to hospital	Construction phase
Dunnottar	35 Engineer Support Regiment: Repair and Maintenance to facilities	Construction phase
Middelburg	4 SA Infantry Battalion: Repair and Maintenance to facilities	Construction phase
Simon's Town	Repair and Maintenance to Naval Base	Construction phase
Johannesburg	Repair and Maintenance to facilities	Construction phase
Mafikeng	Repair and Maintenance to facilities	Construction phase
Pretoria	Repair and Maintenance to facilities	Construction phase

Projects Carried Forward

Details of projects carried forward to FY2010/11 from the previous reporting year are reflected in Table 3.12 below.

Table 3:11 Projects carried forward to FY2010/11 from the previous reporting year

Location	Project Description	Reason
Bloemfontein	Upgrading of 3 Military Hospital	Multi-year project
Durban	Installation of Burglar bars security doors and gates in buildings	Multi-year project
Durban	Upgrading of facilities for disabled personnel	Multi-year project
Ladysmith	Installation of Burglar bars, security doors and gates in buildings	Multi-year project
Langebaan	Construction of Boat Park	Multi-year project
Langebaan	Construction of 20 married quarters	Poorly managed by NDPW
Pretoria	Upgrading of facilities for disabled personnel	Multi-year project
Various	Installation Burglar bars, security doors and gates in buildings.	Multi-year project

New Projects to Commence In FY2011/12

Details of New Projects to Commence in FY2011/12 are reflected in Table 3.12 below.

Table 3.12: New Projects to commence in FY2011/12

Location	Project Description
GIS	Geographic Information System
FRS/Assets Register System	Merging of the two systems
Various	Security Projects (10 projects)
Various	Disability Projects (2 projects)

Tendering Process. National Treasury compliant procurement processes are followed by the department.

ASSET MANAGEMENT

Asset Management Register

The CSIR was appointed to verify all State immovable assets utilised by the DOD in order to update the DOD Immovable Asset Register.

During the period under review, updates to the movable asset systems were done so that the DOD can report accurately on assets in the future. The population of the register is being done according to the Asset Register Project Plan, which is monitored on a bi-weekly basis.

As part of National Treasury requirements for proper management of assets, the DOD has developed interfaces between logistic and financial information management systems so as to ensure compliance with reporting on accruals

and additions in the Annual Financial Statements.

Immovable Asset Management Plan

Environmental awareness within the DOD has to be improved in order for the current initiatives to be successful throughout the Department.

The facility management capability has played a vital role in the DOD in ensuring that property, buildings and real estate support DOD objectives. The lack of capacity of NDPW has negatively impacted on this function. In order to solve this problem, the Minister approved the proposed Macro Structures for the establishment of the Defence Works Capability. This has been done by merging Project LEBA-KA, the Service Corps and facility elements of the Logistics Div with effect from 1 April 2011. This will enable the DOD to address facility matters with its own capabilities.

The DOD has also developed a short and long-term plan to address audit qualifications. In the short-term the focus is on the utilisation of the existing systems (OSIS and CALMIS) to establish an asset register, whereas the long-term plan focuses on the implementation of a single integrated defence logistics information management system.

The immovable asset management plan has ensured:

- **Accountable, Fair and Transparent Management of Immovable Assets.** During the review period, an Immovable Asset Register was compiled and the finalisation process will take place in the next financial year.
- **Effective, Efficient and Economic use of Immovable Assets.** Condition assessments were done to assist in determining the maintenance requirements and estimated book value of immovable assets.
- **Reduced overall Cost of Service Delivery.** Consultation fees will decrease as soon as the condition of

immovable assets improves.

- **Reduced Demand for new Immovable Assets.** The reduced demand is expected to continue and excess properties will be disposed of.

General Asset Management Issues

The threat with respect to the high volume of unserviceable ammunition in the SANDF is being managed through regular inspections to determine any problematic degradation of the ammunition resulting in the immediate disposal of any problem stock.

The DOD has adopted a proactive approach to resolving issues so as to minimise negative impacts. Management interventions and teamwork between stakeholders has positively affected outcomes.

Chapter 4

PROGRAMME 1: Administration

INTRODUCTION

The Administration Programme is aimed at facilitating the overall management of the DOD ensuring that the responsibilities of the Accounting Officer are achieved. This programme ensures that norms and standards throughout the department are developed and complied with. Broadly, some of the responsibilities included in this program are the provision of human resource support, financial and legal services, governance, the provision of risk and compliance expertise, the determination of working methods and procedures that improve internal controls and the accuracy of information provided.

The Administration Programme provides services in the form of ministerial direction emanating from the office of the Minister of Defence as well as departmental direction from the office of the Secretary for Defence and Chief of the South African National Defence Force (CSANDF). Administration consists of the following subprogrammes;

- Ministry
- Departmental Direction*
- Government Information Technology Officer (GITO)*
- Policy and Planning (Defence Policy, Strategy and Planning)*
- Financial Services*
- Human Resource Support Services*
- Legal Services*
- Acquisition Services (Defence Matériel)*
- Defence Supply Chain Integration*
- Defence International Affairs*

In addition, the following subprogrammes of the Administration Programme fall within the responsibilities of the CSANDF:

- Military Policy, Strategy and Planning Office
- Inspection Services
- Communication Services
- SANDF Command and Control

* Defence Secretariat

- Corporate Staff Office
- Religious Services
- Defence Reserve Direction
- Defence Foreign Relations
- Office Accommodation

The annual reports of the individual subprogrammes are presented below in the respective order of appearance in the DOD Strategic Plan for the FY2010/11.

PURPOSE

The Defence Administration Programme ensures the overall management, administration and policy development of the DOD.

OUTPUTS

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

SUBPROGRAMME: MINISTRY (see Chapter 1)

SUBPROGRAMME: DEPARTMENTAL DIRECTION

Overview

During the period under review, Ms N.Z.H. Mpofu was appointed as the Secretary for Defence (Sec Def). The main responsibilities remained to provide strategic direction to the DOD through various actions and interventions. These, *inter alia*, included timeous decision-making on strategic matters, effective consideration and processing of documents, attendance of high-profile Cabinet Makgotla, Cabinet Cluster meetings and chairing the various DOD command body meetings. Furthermore, the Sec Def continually ensured alignment of the strategic plans of the DOD to Government programmes and outcomes. The Sec Def ensured that the

DOD honoured all its engagements and obligations with the Parliamentary Committees and oversight bodies including the National Treasury and Auditor-General.

One of the roles of Defence, as contemplated in the Constitution, is to contribute to security, peace and stability engagements in the region and on the continent. In pursuit of defence diplomacy, the Sec Def undertook visits to and hosted various countries, strengthening bi-lateral relations and defence co-operation. The Sec Def participated in numerous defence related discussions held at multilateral organisations like SADC, the African Union and the United Nations.

As part of the responsibility of the DOD to support the people of South Africa, the Sec Def engaged other government departments and stakeholders to improve co-operation. These efforts have had a positive outcome in streamlining defence business processes with those of other state departments enhancing co-operative governance. Some of the more noteworthy achievements were; the DOD collaboration with other government departments during the public service strike, xenophobia attacks, the hosting of the 2010 FIFA World Cup and the security challenges during the festive season.

During the period under review, through Departmental Direction the DOD achieved the following:

- The Department of Military Veterans is functioning, its supporting structures have been approved and legislation passed.
- The non-statutory Force Military Veterans Pension, as contemplated in the Bill has been approved by Parliament.
- Improvement of the SANDF members service conditions and the promulgation of legislation to establish the permanent Defence Force Service Commission.
- The reduction of audit qualifications from seven to one in the FY2009/10 and special focus on the remaining asset management qualification in the reporting year.
- The ongoing development of the Balanced Score Card (BSC) performance measurement tool within the DOD has been enhanced through the development of the DOD Strategic Planning Framework (SPF) during the year under review. The BSC has been aligned with the corporate Level 0 and 1 performance information as contained within the SPF and approved by the Minister. The translation of the noted SPF performance information into the electronic COGNOS system in conjunction with SITA will see the incremental roll-out of electronically managed performance information during the coming year.
- As instructed by the Minister of Defence, the DOD Strategic Plan (SP) and Annual Performance Plans (APP) were separated into plans for the SANDF and the Defence Secretariat respectively. These plans were successfully tabled in parliament during March 2011.
- In support of the government initiatives on job creation, the DOD has developed plans to create job opportunities for 5 700 young South Africans per year through the Military Skills Development System (MSDS).
- The SANDF has successfully assumed the border safeguarding function and has adopted a three phased strategy for the rollout. The last phase of the strategy will be completed during FY2012/13.
- A concept paper on National Youth Service has been developed and a pilot programme implemented in Bloemfontein with a group of 500 recruits undergoing training.
- The Military Ombudsman Bill was approved by Cabinet on 10 November 2010.
- The Defence Amendment Act (Act 22 of 2010) promulgated in December 2010 regulates the obligation to serve for Reserve Force members.
- The Defence Strategy Conceptual framework has been completed and is ready for consultation with Cabinet.
- The Repositioning of the Defence Industry proposal, including DENEL, is ready for consultation.
- Two Peace Support Operations (PSOs) were conducted under the Memoranda of Understanding (MOUs).¹
- Two General Military Assistance Operations were conducted under the signed MOUs.

Objectives and Measures

The Departmental Direction Subprogramme provides departmental direction to the DOD to ensure the effective, efficient and proper conduct of defence activities in accordance with legislation and policy. The Sec Def is the Accounting Officer and the Principal Policy Advisor to the Minister of Defence. The Sec Def, in conjunction with the Chief of the SANDF, guide the provision of strategic direction to the DOD. The Subprogramme provides corporate direction to the DOD through the following:

¹ At the time of publishing the MOUs were in the process of being signed.

- Provision of strategic direction to the DOD.
- Policy advice to the Minister of Defence.
- Management of DOD Parliamentary activities and engagements.
- Management of DOD participation in Cabinet Clusters as well as the implementation of DOD obligations arising there from.
- Management of defence policy in the DOD.
- Management of National Convention Arms Control (NCACC) support activities.

Output Detail

Table 4.1 below provides details on the Departmental Direction Subprogramme outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.1: Departmental Direction Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Defence policy advice to the Minister of Defence	Defence policies aligned with Government priorities	Ministerial directives to the DOD	Ministerial directives provided and implemented in the DOD	Achieved
	Timeliness, relevance and quality of policy advice to the Minister ('client')	Complete client satisfaction	Relevant Policy advice provided to the Minister on time	Achieved
Departmental direction to the DOD	Quality of directives to the Department and planning guidelines to the Department as a whole	Timeous directives to the Department and the delegation of financial authority to the C SANDF	Timeous directives provided to the DOD and the delegation of financial authority provided to the C SANDF	Achieved
		Evaluate the implementation of structure for accounting and reporting by C SANDF and make improvements	The implementation of C SANDF accounting and reporting structures evaluated	Achieved
Directives issued to DOD-aligned Government programme of action	Timeous and relevant guidelines provided to the DOD	Full implementation of directives aligned to POA	Government programme of action translated into DOD priorities; planning guidelines; and the implementation thereof monitored and evaluated	Achieved
Ensure trade in conventional arms is conducted in compliance with the NCACC	Audit, inspections and investigations of registered / unregistered armaments-related companies nationally, with respect to trade in said armaments	Continued audits, inspections and investigations	8 audits and 100 inspections were conducted on industry and other role-players	National audits could not be conducted due to a moratorium placed by the Minister on Foreign visits
Ensure the internal regulatory processes of the NCACC are complied with	Audits and attendance of Scrutiny Council (SC) meetings. Guidance to NCACC on internal processes	Continued attendance of SC and NCACC meetings and conducting audits of role-players involved in the internal processes of the NCACC	All scheduled SC meeting were attended Regular NCACC meetings commenced from August 2009 after the appointment of the new Committee	Achieved

Effect of Programme / Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The Subprogramme Departmental Direction successfully provided departmental direction to the DOD to ensure the effective, efficient and proper conduct of defence activities in accordance with legislation and policy.

SUBPROGRAMME: GOVERNMENT INFORMATION TECHNOLOGY OFFICER (GITO)

Overview

In accordance with the Division's strategic objective to provide Information and Communication System (ICS) strategic direction to the DOD, the Control Plan for the implementation of the DOD Information Strategy was developed. The ICS Control Plan controls the implementation of the DOD Information Strategy to enable the systematic improvement of the effectiveness and interoperability of the ICS of the DOD. ICS policies are promulgated in accordance with the ICS Policy Development plan. The risk identified within the Division regarding possible non-realisation of promulgated ICS Policy was mitigated and managed by an ICS Policy Development Plan executed by the Command and Management Information System (CMIS) Division by calling up Reserve Force members to provide the capacity and capability.

To improve inter-operability and interconnectivity between information and communication systems within and external to the DOD, the following ICS Strategic Studies were completed and approved. These include the following:

- Defence Information and Communication System Standard on De-Militarised Zone (DMZ)
- Defence Data and Information Standard for Data warehouse
- Strategic Study on the use of Virtualisation Technologies
- Defence Information and Communication System Standard for Key Public Infrastructure

During the period under review, another main concern was to systematically improve compatibility and interoperability of the ICS of the DOD through collaboration with the National Treasury in preparation for the rollout of the Integration Financial Management System (IFMS).

The Human Resources (HR) Module, led by the Department of Public Service & Administration (DPSA), was rolled out with a formal launch in February 2011. The DOD is currently undergoing training and testing of the said module which

is intended to replace the current HR application within the NT's set timelines. The DOD and the NT are finalising discussions on the lifting of the moratorium for the development of the DOD unique logistics systems and is the lead site for the implementation of Asset Management and Procurement Modules of the IFMS.

It is important to note that the current Information and Communication Technology (ICT) inventory is not integrated and has a high level of obsolescence. Although efforts are made to optimise the existing ICT systems, the current budget only allows for a progressive approach that is linked to the availability of financial resources as well as the ability of the SITA and Defence ICT system providers to provide solutions in accordance with the requirements of the Defence Enterprise Information System (DEIS) Master Plan schedule.

Objectives and Measures

The GITO is responsible for Strategic governance of the DEIS. The Division seeks to ensure the delivery of effective and efficient strategic direction in order to manage information as a strategic resource and provide guidelines to ensure that the right, accurate and quality information is distributed securely to support decision-making in achieving the department's objectives

The DEIS Management Division provides norms and standards for:

- Providing sound Information and Communication System direction and advice;
- Developing consensus on Information and Communication System;
- Providing sound policy and administration; and
- Systemic monitoring and evaluation.

Output Detail

Table 4.2 below details on the GITO Sub-programme's outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.2: GITO Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
To provide strategic direction for the management of information as a strategic resource in the Department	Promulgated DOD Information Strategy	100%	<p>DOD Information Strategy was reviewed, approved and promulgated on 18 January 2010 by the PDSC</p> <p>Control Plan for the implementation is in its second draft</p> <p><u>Completed:</u></p> <ul style="list-style-type: none"> ○ Strategic Study on Defence Information and Communication Infrastructure Reference Model ○ Strategic Study on Defence Data and Information Reference Model ○ Bulletin on Data Management ○ Defence Information and Communication System Standard on De-Militarised Zone (DMZ) ○ Defence Application Reference Model ○ Defence Data and Information Reference Model ○ Defence Data and Information Standard for Data warehouse ○ Strategic Study on the use of Virtualisation Technologies ○ Defence Information and Communication System Standard for Public Key Infrastructure 	Availability of Services and Divisions for full collaboration
To manage the alignment of the Information and Communication System Policy Regulatory Framework	Percentage of Information and Communication System Policy aligned to Regulatory Framework	100%	<p>The DOD ICS Policy Development and Maintenance Plan is completed and await promulgation and implementation</p> <p>The Request for Bid to obtain the Regulatory Framework IT solution was completed and it will be advertised through the SITA procurement process in April 2011</p>	<p>Final approval of the role clarifications and responsibilities between the GITO and C CMIS as well as the approval of the CMIS Div (Domino) structure</p> <p>The ICS Regulatory Framework Enabler Project was placed on hold for three months to ensure proper interaction with other role-players and information systems</p>

Effect of Programme / Subprogramme Output Achievement of ENE Vote 21 Purpose, Objectives and Measures.

The Sub-programme GITO successfully provided a command and management information system that is fully integrated and aligned with Government's Executive Information management system.

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

Overview

In the period under review, the Division successfully achieved most of its core objectives notwithstanding resource-related challenges. The Division continued to provide excellent services by ensuring that policy, strategic planning and reporting were done according to national guidelines, policy and related prescripts and in line with the Medium Term Strategic Framework (MTSF).

During the period under review, fundamental work was done to realise the announcements made in the Minister's Defence Budget Vote Speech (2010) concerning a review of the defence policy framework. The Division led a departmental process to develop a concept future Defence Policy, Defence Strategy and Force Design, which was tailored through engagements with the Minister.

Various other policy research initiatives that were conducted included the development of a draft framework for a Military Ombud, a framework for Defence inputs to the National Security Strategy and the development of a DOD Research Unit.

In support of the priority of the Minister, the Division led the process of developing the South African Maritime Security Strategy with a particular focus on the linkages with the deployment of the SANDF inside Mozambique and in international waters to effect SADC Maritime Security. The Maritime Security Strategy was presented to Cabinet and approved for engagement at the SADC level.

All ongoing defence deployments were approved for continuance in the period under review. New authorisations were processed for matters including, *inter alia*, the deployment of the SANDF to monitor and deter piracy activities in the Southern African region of the Indian Ocean, as well as deployments to evacuate South African nationals from the Ivory Coast, Libya and Sudan.

Following the National Treasury prescripts regarding planning and reporting on performance, the Division has developed the DOD Strategic Planning Framework (SPF), which provides guidelines for the development of the Strategic Plans (SPs) and Annual Performance Plans (APPs) in the DOD. The DOD plans for the FY2010/11 were subjected to technical evaluation, which ensured their alignment with DOD outputs and outcomes. In order to allow for statutory reporting of the two Defence institutions that have complementary mandates that are serviced differently, whilst not compromising the security and sensitivity of the SANDF information, the Defence Secretariat and SANDF Strategic Plans were separated and successfully tabled in Parliament on 8 March 2011.

In line with the statutory requirements on the submission of

performance reports, the Division ensured that the DOD Annual Report FY2009/10 was tabled in Parliament in September 2010, and that quality DOD Quarterly Reports were approved and submitted to the Executive Authority and the Auditor-General within the prescribed timelines.

The ongoing development of the Balanced Score Card (BSC) within the DOD has been enhanced through the development of the DOD Strategic Planning Framework (SPF) during the reporting year. The BSC has aligned itself with the corporate Level 0 and 1 performance information as contained within the SPF and approved by the Minister. The translation of the noted SPF performance information into the electronic COGNOS system in conjunction with SITA will see the incremental roll-out of electronically managed performance information during the coming financial year.

As part of its mandate to provide expert advice and support services to decision makers, the Division played a critical role in the development of the Strategic Plans and Annual Performance Plans of the Public Entities and Organs of state reporting to the Minister of Defence and Military Veterans. The Division also assisted in finalising the concept paper for the National Youth Service, which was presented to a study group on peace and security on 4 November 2010.

In order to comply with Government policy on enterprise risk management which stipulates that all enterprise risks should be identified, assessed / appreciated and contingency measures be considered. The Division ensured the development of the Enterprise Risk Management (ERM) Framework, which was approved by the Secretary for Defence in December 2010. Excellent progress was made regarding the communication of the ERM philosophy within the Department through ERM training workshops, assisting Services/ Divisions to ensure that risk management was encapsulated in their day-to-day activities, the establishment of the Strategic Risk Management Committee, and to address Risk management issues in relevant strategic forums.

In ensuring the effective regulation of arms transfer in South Africa, the Division provided administrative and secretarial support to the National Conventional Arms Control Committee (NCACC). During the reporting period, about 6 587 permits were issued in this environment. The Division furthermore ensured that the operational commitments of the DOD were authorised by Cabinet and the President as required by the Constitution, National Legislation and the Handbook on the Executive Acts of the President.

The Division provided timely and relevant reports and policy inputs to ensure appropriate DOD representation and participation in the DG Cluster system. The Division represented the DOD in the South African Delegation to the regional meeting of 32 states for an African group of experts seminar on the Cluster Munitions Convention held in Pretoria on 30 April 2010.

In the area of integrated management systems, the Business Process Management DODI was promulgated. The draft policy on the Macro Structure Management is in the corporate approval process. About 15 Organizational Structure reports were assessed for compliance through the Critical Design Review process. 60 reports were implemented on the Structural Management Control System (SMCS) and 700 requests were implemented on the Organization and Information System (OIS). 317 Management Information Reports were provided to clients. Systems changes as per user requirement on DOD unit closure have been finalized and implemented. A total of 1 087 posts/job evaluation reports were quality controlled and moderated.

provides the DOD with defence policy, strategy and planning capabilities through the following:

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

Objectives and Measures

The Subprogramme Defence Policy, Strategy and Planning

Output Detail

Table 4.3 below provides details of the Policy and Planning Subprogramme outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.3: Policy and Planning Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
To provide expert products, advice and support services on National Defence and Security Policy	Quality, policy decision support is given according to decision-makers' requirement	Consistent provision of comprehensive, expert and credible advice is given timeously to defence decision makers for the achievement of the Defence Mandate	Professional advice was given and acknowledged per instance to higher authorities	Achieved
	Operational commitments products prepared per requirement according to law for authorisation by defence decision makers	New and current Defence deployments are properly mandated as required by law and duly adjusted or terminated when required	Timely Presidential authorisation and Cabinet approval secured for each mission. Terminated defence operational commitments with all aspects of the termination covered in terms of the Ministerial Directives	Achieved
	Timeous and relevant reports and policy inputs to ensure appropriate DOD representation and participation in the DG Cluster system in accordance with Government objectives	Defined DOD responses and quality positions are provided timeously Defence decision makers are kept updated on cluster activities Integration of Government priorities into departmental strategic direction	DOD representation and participation in cluster meetings POA reports submitted according to defined timelines	Achieved
	Departmental policies are well developed maintained, and accessible according to department and Government objectives	Policy Board operates and takes effective control over policy products according to its constitution	Internal processes, procedures and controls in the DOD are regulated	Achieved

Table 4.3: Policy and Planning Output Detail for the FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
To provide effective DOD Strategic Management	Defence Strategy aligned with Constitutional Mandate and Government priorities	Defence Strategy will be presented for consideration and approval by Clusters, Cabinet and Parliament by October 2010	The draft Defence Strategy has been completed	Achieved
	Timeliness, relevance and quality of DOD Strategic Plan and Annual Performance Plan	Strategic Plan and Annual Performance Plan aligned to requirement of Presidency, National Treasury as per prescribed timelines	DOD Overarching Statement, Def Sec SP and the APP aligned with Government pre-scripts on planning were tabled and presented to Parliament on 09 March 2011 and 23 March 2011 respectively. Later the SANDF SP and APP were tabled as classified documents	Achieved
	Timeliness, relevance and quality of DOD performance reports	DOD Performance reports are provided as per Government requirements	DOD Annual Report for FY2009/10 was tabled in Parliament in September 2010. The DOD Quarterly Reports were submitted to the Executive Authority and Auditor-General	Achieved
	Business processes and structures aligned with Departmental requirements	DOD structures that support the Defence Strategy	DOD structures that support the Defence Strategy are reviewed	Achieved
	All enterprise risks are identified, assessed/ appreciated and contingency measures are considered	Risk Management Framework promulgated	DOD ERM Framework was promulgated	Achieved
Provide effective and efficient Administrative Support to the National Conventional Arms Control Committee (NCACC)	Arms transfers conducted in line with the National Conventional Arms Control Act and Government policy	Timely issuing of permits and professional service in terms of applicable standards	A total of 6587 Permits were issued on time	Achieved
	Applications dealt with in terms of the determination of the NCACC in the context of the Act	Timely processing of applications for Authorization in terms of applicable Act	2 applications were received and processed accordingly under the Regulation of Foreign Military Assistance Act (Act No 15 of 1998)	Achieved
Effect of Programme / Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures. The Subprogramme Defence Policy, Strategy and Planning successfully provided defence policy, strategy and planning capability to the DOD.				



SUBPROGRAMME: MILITARY POLICY, STRATEGY AND PLANNING

Overview

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

During the period under review, the MPSPO took the lead at defining the SANDF Readiness Index Model User Requirement and has developed the preliminary Readiness Index Strategy. The results of the Readiness Index Model will be used for the Balanced Scorecard Measures. The Office also developed the SANDF Strategic Plan in accordance with the guidelines from National Treasury and identified the Strategic Outcomes and Outputs, which the SANDF will endeavour to achieve over the MTEF 2011/12 to 15/16 period. These have also been incorporated into the SANDF Annual Performance Plan FY2011/12.

The Office completed and delivered the Environmental

Analysis of the DOD for the period FY2012/13 to FY2014/15 as an input to the strategic planning process of the DOD. This process identified clearly formulated Strategic Issues and Enterprise Risks for the DOD.

Objectives and Measures

The MPSPO is part of the Policy and Planning subprogramme² of the Administration Programme and is to advise on national security policy matters and coordinate the strategic direction process by developing, formulating, monitoring and adapting defence policy, strategy and plans in accordance with national policy to enable the effective, efficient and proper conduct of defence activities.

Outputs

Table 4.4 below provides details of the Military Policy, Strategy and Planning Office Subprogramme outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.4: Military Policy, Strategy and Planning Office Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Managing the strategic / control and programming process of the SANDF	Degree to which SANDF strategic planning and reporting objectives are met according to C SANDF Directives	SANDF plans and reports submitted in time	SANDF plans and reports were submitted timeously	Achieved
Providing a military strategising capability and service for the Chief of the SANDF	The degree of alignment of the Military Strategy with National Security Strategy imperatives and the successful implementation thereof	Monitoring of compliance with Military Strategy in the SANDF	Compliance with Military Strategy in the SANDF was monitored	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievements of the Military Policy, Strategy and Planning Office's Outputs have contributed positively to the Administration Programme's Purpose to execute the DODs overall management, administration and policy development.

² In the ENE, the Policy and Planning allocation includes funding for the Corporate Staff Office as well as the Military Policy, Strategy and Planning Office.

SUBPROGRAMME: FINANCIAL SERVICES

Overview

During the reporting period, the Financial Management Division played a pivotal role in ensuring that the DOD continued to uphold the principles of best practice of financial management. The Division ensures an environment in which the prescribed deliverables in the utilisation of resources are in line with the principles in the Public Finance Management Act (PFMA) of efficiency, effectiveness and economy. The prescribed products include, *inter alia*, the Estimates of National Revenue and Expenditure, the Annual and Interim Financial Statements and the internal Financial Management information and other related reports used for decision-making in the DOD such as the monthly Early Warning Reports on expenditure and cash flow as well as those that are submitted to the National Treasury.

In support of the Minister of Defence's commitment to cleaning up the audit report, the Division coordinated the achievement of an improvement in the audit outcomes during the year under review, within the auspices of the Operation Clean Audit project whose central aim is to produce positive annual audit outcomes for the DOD. Sustainable mitigation plans of action have been put in place to ensure that the negative audit outcomes of the past years do not recur and that the only outstanding asset management audit qualification is also eliminated.

During the year under review, the Division has worked hard at refining departmental financial processes, systems and policies with a view to aligning them with the public finance management regulatory framework in order to improve service delivery. It is planned that in the coming year, an Accounting Manual will be completed to serve as a tool to empower the DOD regarding defence accounting standards.

Furthermore, the Division collaborated with other key role-players in the analysis of key issues during preparation for DOD appearance before the Parliamentary Committees such as the Portfolio Committee on Defence (PCD) and the Standing Committee on Public Accounts (SCOPA) on budgetary and financial aspects of the strategic plan and the Annual Report. The SCOPA preparation was used to sensitise the DOD to key risk areas that contribute to the negative out-

comes in the financial statements of the DOD, such as irregular expenditure, fruitless and wasteful expenditure and unauthorised expenditure.

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

In the area of budget Management, the Division provided advice and support in giving effect to both government priorities and DOD initiatives within appropriate adjustments during the year under review. These initiatives included *inter alia*, general modernisation, MSDS, improved infrastructure, training of Reserves, compensation of employees and peace support operations within a limited budget. The Division also focussed on improving revenue management by enhancing existing policies, providing comprehensive monthly data from the logistic and personnel feeder systems, despite their outdated status. Budget Management also participated in the development of the IFMS, while at the same time it enhanced the existing Financial Management system to ensure compliance with the new economic reporting framework.

Despite high staff turnover, the division continued the excellent service in respect of its mandate. It recruited competent and skilled people to join the Division by employing the HR Division to speed up the staffing process.

Objectives and Measures

To provide a cost-effective financial management service to the Minister of Defence, the Secretary for Defence and the Chief of the South African National Defence Force within the evolving regulatory framework, by means of a professional representative civilian financial management corps and an appropriate financial management system.

Output Detail

Table 4.5 below provides detail of the Financial Services Subprogramme output, performance measures and targets specified in the DOD Strategic Plan FY2010/11.

Table 4.5: Financial Services Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Provide an effective and efficient Financial Management service	Budget Preparations: Percentage deviation from National Treasury budget guidelines	Complete and accurate Defence estimate of Revenue and Expenditure	The budget proposals were submitted on due dates compliant with the NT Guidelines.	Achieved
	Budget Control: Percentage of under expenditure	Fully expended budget	All monthly presentations to PDSC were made. No adverse findings on budget were made.	Achieved

Table 4.5: Financial Services Output Detail for the FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
	Financial Accounting: Number of adverse audit findings	Complete and accurate financial statements	1 Audit qualification for 2009/10 as issued by AG in August 2010	Achieved
	Financial Services (Governance Risk Compliance): Number of incidences of non compliance with the framework	Compliance with regulatory framework and appropriate King report	Regulatory framework largely complied with.	Achieved
Effective and efficient provision of departmental support through the timeous settlement of financial obligations by the Department.	Timeous payments claims against the Department	Within 30 days of receipt of a court order	100% payment	Achieved
	Timeous payments for external auditing for services rendered to the department	Within 30 days of receipt of substantiating invoice	85% payment	Achieved
	Timeous payments of transaction cost, including bank charges	Within 30 days of substantiating documentation	100% paid within 30 days period	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

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

SUBPROGRAMME: HUMAN RESOURCE SUPPORT SERVICES

Overview

In the year under review, the Division remained committed to focus on establishing programmes to ensure the provision of human resource support in the DOD. This has been achieved by means of the development of the DOD Corporate HR Support Plan, the provisioning of HR strategic inputs for the DOD Strategic Direction Process, continuous monitoring of the implementation of the DOD HR Strategy, provision of advice on equal opportunity issues, monitoring of the implementation of equity legislation and monitoring the execution of HR Support Plans and budgets through the monthly HR Planning Committee.

During August 2010, the Division was convened and hosted the annual DOD Gender Conference with the theme "Together Entrenching Constitutional Imperatives within the DOD". The primary purpose was to report on the progress made in implementing the Gender Mainstreaming Action Plan and also to reflect on the Research Findings on the status of women in the DOD, sixteen years into Democracy.

During the period under review, the revised Non-statutory Forces (NSF) Pension Dispensation was approved by Cabinet. This makes provision for 100% recognition of the service period of former NSF members without a requirement to contribute 5%. This, revised dispensation, also

brought about equity amongst members with more or less than 10 years' service to the extent that the 50% recognition for members with less than 10 years' service in the previous dispensation was cancelled. The Government Employees Pension Fund (GEPF) rules for the revised dispensation were approved, paving the way for the implementation.

The Division has had to embark on an additional project emanating from a Government Instruction to implement Public Service Co-ordinating Bargaining Council (PSCBC) Resolution 7 of 1998 and Resolution 12 of 2002 relating to pension restructuring. Command Body sanction has been granted for the Division to continue with the implementation of these Resolutions within the DOD. Services and Divisions provided personnel to form part of a Task Team to serve and assist with the roll-out of the Pension Restructuring Project. Subsequently, the Task Team has held a number of meetings, primarily to discuss strategy, training venues, time frames and funding of the Project that will include countrywide training.

The Interim Defence Force Service Commission (IDFSC) crafted a Programme of Action and embarked on the following activities during the reporting period:

- The process of advising the Minister on the organisational structure of the Defence Force Service Commission and the Draft Defence Force Service Regulations.

- Visited the deployment areas to further evaluate and gather first-hand information from deployed members regarding remuneration and conditions of service on deployment in order to present feedback to the Minister.
- The final report was presented to the Minister and to the Joint Standing Committee on Defence during March 2011.

The Military Bargaining Council (MBC) and Military Arbitration Board (MAB) remained non-functional as none of the military trade unions met the required threshold of 15 000 members, a requirement, as stipulated in Chapter 20 of the General Regulations of the SANDF, to be admitted to the MBC. However, the DOD continued to engage the military trade unions outside the MBC to discuss issues of mutual interest.

On 11 March 2011, the Registrar of Military Trade Unions deregistered the South African Security Forces Union (SASFU) for non-compliance with Regulation 42 of the General regulations for the SANDF and Reserve members. SASFU therefore has no collective bargaining and organizational rights in the DOD.

During the year under review, the Minister approved the recommendation for the implementation of the re-ranking of former Non-statutory Force members within the Finance Management Division. In terms of this recommendation, all members who were so disadvantaged will have their ranks rectified and be compensated accordingly.

Owing to serious infrastructure shortcomings at the Personnel Services School, accreditation as a training facility could not

be obtained as a result and the accredited curricula for the training of Human Resource Practitioners could not be implemented. This situation is crippling the entire DOD in terms of the training of Human Resource Practitioners. During the FY2010/11 an amount of R600 000 was allocated towards the upgrading of the facilities and this project will be carried to the next financial year.

The Division continued to coordinate the management of HR related audit queries and with the establishment of a nodal point for communication with the Auditor General (AG) on HR related matters, this has already resulted in fewer negative findings.

Despite relatively low staffing levels and financial constraints, the Division has continued to render the expected output during the past financial year. The Division is committed to continuing with its efforts to support the overall strategic goals of the SANDF and the DOD as a whole.

Objectives and Measures

The Human Resource Strategic Support Services provide direction and policy for the effective management of human rights and labour relations in the DOD.

Output Detail

Table 4.6 below provides details of the Human Resource Support Services Subprogramme output, performance measures and targets specified in the output table in the DOD Strategic Plan FY2010/11.

Table 4.6: Human Resource Support Services Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Transformation management service to the DOD	Compilation and submission of an annual DOD Equity Report	October	November	Achieved
Human Resources (HR) Strategic Direction and Plans service to the DOD	Annual approved DOD corporate HR Support Plan	1	1	Achieved
	Annual reduction of DOD collective grievances	20%	25%	Achieved. Implementation of the Single Grievance Procedure has contributed to a higher target achievement
HR management service to the DOD	Percentage completion of Non-Statutory Forces Pension Project	30%	8.26% 514/6220 = 8.26%	The Cabinet Memorandum for the revised NSF dispensation was only approved in Dec 2010 and the revised GEPF rules for such a dispensation was only approved on 16 Mar 2011. The implementation can only commence after such an approval

Table 4.6: Human Resource Support Services Output Detail for the FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Directed, orchestrated and controlled HR development for the DOD	Approved DOD HR Development Strategy	Approved	The draft Strategy finalised	Not Achieved. The HR Development Strategy is still under consideration
	Implementation of an operational Level 2 DOD Law of Armed Conflict capability	Implemented	Structure not yet approved and only 1 post staffed	Not Achieved. Full approval and staffing of the proposed post structure has not yet taken place
Professional and non-combat/ mission common functional education training and development for the DOD	Annual graduation of Executive National Security Programme (ENSP) members with a certificate in National Security	72 Members	61 members completed course successfully	Not Achieved. Deviation ENSP 21/10: 2 Foreign learners and 5 PSAP learners did not report for ENSP 21/10. 1 learner withdrawn for medical reasons. Deviation ENSP 22/10: 3 members from other Departments did not report. 1 additional SANDF member was accepted. 1 learner withdrawn by his Department during mid-course
	Annual graduation of learners with a Military Academy Bachelor's Degree (B Mil)	56 Learners	40 Learners have graduated during the FY 2010/11	Not Achieved. 36 members graduated in Dec 2010, four members graduated in March 2011, 9 members failed. Only 49 students enrolled for academic year 2010
Labour market entry enablement and redeployment capability for the SANDF	Annual availability of re-skilling training opportunities to learners exiting the DOD	150 Opportunities	191 opportunities were provided in the FY2010/11	Achieved. Additional assistance was provided for Military Veterans and DOD Works Capability clients
	Obtain full accreditation of the Centre for Advanced Training (CAT) provided skills programmes/ courses	Fully accredited	Partially accredited	Not Achieved. The facilities were not in line with the requirements of MERSETA
Establishment of a fully functional Department of Military Veterans	Fully functional Structure in place with appropriate systems, processes and policy	Functional macro organisational structure approved	Macro organisational structure approved	Achieved
		Develop and finalise appropriate policies and procedures	Legislative mandate and administrative support have been developed. Benefits and services as contemplated in the legislation is currently being considered by Cabinet	Achieved
Peace Mission Training Centre	Fully operational Peace Mission Training Centre	100%	100%	Achieved

Effect of Programme / Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievement of the Subprogramme Human Resources Support Services' Outputs has contributed positively to the Administration Programme's Purpose to execute the Department's overall management, administration and policy development.

SUBPROGRAMME: LEGAL SERVICES

Overview

The period under review saw the Defence Legal Services Division (DLSD) making significant progress in filling all newly established posts. However, further structural expansions are still required.

The Division provided law support and legal advice as required for external and internal operations, exercises, ad hoc deployments / investigations, operational law training lectures and refresher law training sessions. Military law support and legal advice was also rendered with the drafting of 17 bilateral and multilateral Memoranda of Understanding. A total of 1 312 requests for legal advice was received and the Division could attend to 1 305 of those. The Court of Military Appeals finalised 42 cases that were set down for hearing and 29 dockets were received from the Military Prosecution.

In support of the priority of the Minister to improve the service conditions of the members of the SANDF, the Division was instrumental in the formulation and development of the Defence Amendment Bill. The Bill was approved by Cabinet, passed by the National Assembly and sent to the National Council of Provinces and assented to by the President on 09 Dec 2010. The Defence Amendment Act (Act No. 22 of 2010) provides for the establishment of a permanent Defence Force Service Commission (DFSC) to advise the Minister on the conditions of service of SANDF members and also for obligatory service for the Reserves in circumstances short of war or a state of national defence.

In order to enhance skills development in the defence legal corps, the Division presented four Military Law Courses at the School for Military Justice. The school received full accreditation from the SA Qualification Authority as a service provider for three (3) subjects and accreditation for seven (7) of the facilitators as moderators and assessors.

The challenges that placed an enormous burden on the Division during the reporting period, included the serious decline in the allocated operating budget due to the expansion of the human resources budget, the non-availability of various posts as a result of the Division being inadequately capacitated in the operations environment as well as the shortage of trained Military Law Practitioners, both Regular and Reserve members.

Despite the human resources, skills and structural constraints the Division continued to ensure that military justice was provided in the DOD in line with national standards.

Objectives and Measures

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

Output Detail

Table 4.7 below provides details of the Legal Services Subprogramme output, performance measures and targets as specified in the output table in the DOD Strategic Plan FY2010/11.

Table 4.7: Legal Services Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Defence Legal Service capability and services	Degree to which Military Justice inputs and legal support have been provided as prescribed in the Military Discipline Supplementary Measures Act (MDSMA), Act No 16 of 1999, the Defence Act, Act 42 of 2002 and any other applicable legislation	Military justice inputs and legal support provided as prescribed	Military justice inputs and legal support were provided as prescribed	Achieved
	Degree to which a comprehensive legal advice service and capability are provided to the MOD, Sec Def and the Chief of the SANDF	100% of all requested legal advice provided	99% of all requested legal advice was provided	Achieved
		80% of all facilitated litigation must be attended to	100% of all facilitated litigation was attended to	Achieved

Table 4.7: Legal Services Output Detail for the FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
	Percentage compliance with the Chief of the SANDF requirements with regard to operational legal advice and support for all external and internal operations	100%	100% Compliance with Chief of the SANDF requirements	Achieved
Legal advice and support service to the DOD	Timelines and quality to which HR, Policy, MOU and Legislative legal advice complies with DOD Legislation, Policy Prescripts and Instructions	Full compliance with regulatory framework	Fully complied with regulatory framework	Achieved
Legal advice and support service to the DOD	The degree to which operations and force preparations legal advice policy and procedures complies with DOD legislation and instructions	Full compliance with regulatory framework to ensure deployable operational legal advice and support services to the SANDF (CJ Ops), and relevant Divisions	Fully complied with regulatory framework to ensure deployable operational legal advice and support services to the SANDF (CJ Ops) and relevant Divisions	Achieved
Military judiciary service to the SANDF	The degree to which DLSD plans and procedures in respect of Military Judges, Presiding Officers and Assessors complies with the provisions of Defence Act, Act No 42 of 2002 and the MDSMA, Act No 16 of 1999	Full compliance with regulatory framework	Full compliance with regulatory framework	Achieved
Military Defence Council service to the SANDF	The degree to which Military Defence Council sectoral policy with regard to Military Counsel and procedures complies with the Defence Act, Act No 42 of 2002 and the MDSMA Act No 16 of 1999 and instructions	Full compliance with regulatory framework	Full compliance with regulatory framework	Achieved
Military judicial review service to the SANDF	The degree to which Military Judicial Review policy and procedures complies with the Defence Act, Act No 42 of 2002 and the MDSMA Act No 16 of 1999	Full compliance with regulatory framework	Fully complied with regulatory framework	Achieved
Defence Legal Services Support	The degree to which an ETD service (legal training) is provided to the DOD and the DLSD	Provide and Implement an effective ETD Service. "In accordance with DOD Policy and Prescripts" expressed its percentage of functions conducted.	Fully complied with regulatory framework	Achieved

Table 4.7: Legal Services Output Detail for the FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Military prosecution service to the SANDF ³	The degree to which Military Prosecution (MPros) apply policy and procedures that complies with the Defence Act, 2002 (Act 42 of 2002) and the MDSMA, 1999 (Act 16 of 1999)	Full compliance with regulatory framework	Provided and implemented an effective Education, Training and Development service, "in accordance with DOD policy and pre-scripts"	Achieved
<p>Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.</p> <p>The achievement of the Subprogramme Legal Services' Outputs has contributed positively to the Administration Programme's Purpose to execute the Department's overall management, administration and policy development.</p>				

SUBPROGRAMME: INSPECTION SERVICES

Overview

During the year under review, the Defence Inspectorate Division achieved its objectives as a multi-functionary Division by conducting performance, regulatory, compliance and closing down unit audits, anti-corruption and anti-fraud services. The Division also conducted perception surveys notwithstanding capacity challenges experienced such as vacant posts, the non-alignment of the Resource Management structure and the unfunded status of Project MOUNTING (closing down audits). The Division helped the DOD to accomplish its objectives by bringing a systematic and disciplined approach to evaluation and the improvement in the effectiveness of governance, risk management and controls.

The Defence Inspectorate Division retained certification of ISO 9001: 2008 Quality Management certificate and established a nodal point for the Fraud and Corruption Forum. The Fraud and Prevention Plan was finalized in the period under review. All Commando Units and Group Headquarters were successfully closed and de-activated from the system.

A SADC Seminar was hosted in Cape Town during August 2010, where the Division presented the draft Inspection

Manual as tasked by the SADC Standby Force.

Formal training of Internal Auditors was conducted and 23 members completed the General Internal Auditors Course. The graduation ceremony will take place in May 2011. The Internal Auditors were also involved with the practical training presented by the KPMG Consortium. The Division utilizes the Internal Auditors as required by law to ensure that systems and processes are in place to minimize/prevent audit qualifications.

The Directorates responsible for performance and regulatory compliance audits achieved their audit objectives inclusive of seven and eight ad hoc audits respectively.

Objectives and Measures

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

Outputs

Table 4.8 below provides details of the Inspection Services outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.8: Inspection Services Output Detail for FY2010/11

Output	Performance Measure	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Performance Audit capability	Number of performance audit reports finalized according to the Annual Performance Audit Schedule	30	30 plus 7 ad hoc audits	Over achieved as 7 ad hoc audits were conducted

³ Changes to the DOD Strategic Plan FY2010/11, as directed by C SANDF Instruction 10/09: CCS/CMP/R/3022/2/1 (FY2010/11) dd 28 May 2009.

Table 4.8: Inspection Services Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Compliance Audit capability	Number of compliance audit reports finalized according to the Annual Compliance Audit Schedule	64 ⁴	50 plus 8 ad hoc audits	Achieved. The fact that the Directorate was involved with training and assistance to the Consortium, 6 audits were postponed
Anti-Fraud and Anti-Corruption capability	<u>Awareness Training.</u> Number of members sensitized on the reporting of fraud and corruption in the DOD through an awareness campaign.	10 000	11 852	Overachievement. Successful road shows attracted more members than estimated
Inspection Services capability	Number of inspections/ reports finalized according to the Annual Inspection schedule	6	0	This function has not been undertaken yet as the new structure for the separation of audit/inspection function has not been implemented
Closing Down capability	Number of closing down audit reports completed according to the Annual Closing Down Schedule	90	148	Over achieved. The mandate of Project MOUNTING was to close down/de-activate the 183 Commando Units and the 14 Group HQ's, achieved objective. 50 Naval Units were also de-activated
Perception Survey capability	Number of perception survey reports completed according to the Annual Perception Survey Schedule	36 ⁵	34	Achieved. Two perception surveys were cancelled on request of the Services

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievement of the Inspection Services Outputs has contributed positively to the Administration Programme's Purpose to execute the Department's overall management, administration and policy development.

SUBPROGRAMME: ACQUISITION SERVICES (DEFENCE MATÉRIEL)

Overview

The Defence Matériel Division, as the main policy advice repository for the Minister of Defence and Military Veterans as well as the Secretary for Defence on Category 1 Matériel Acquisitions, directs and manages the acquisition of Department of Defence specific matériel and technology requirements within the allocated budget and in accordance with all policies and prescripts.

During the period under review, based on the SANDF priorities determined by Chief of Joint Operations (CJ Ops) and

due consideration to the prevalent industrial capability as well as the particular approval status and strategy of individual projects, the Division scheduled update and renewal projects for the DOD. This was done within the limits of MTEF allocation for weapon systems and technology development and acquisition.

The focus of defence acquisition for the year under review was firstly to finalise the remaining part of the Strategic Defence Packages and secondly on acquiring new equipment and upgrading existing equipment, as prioritised by CJ Ops in support of ordered commitments assigned to the SANDF. Some of this equipment / systems played an integral role in the SANDF participation in support of the 2010 FIFA World

⁴ The original target as per the DOD Strategic Plan FY 2010/11 was 65.

⁵ The original target as per the DOD Strategic Plan FY 2010/11 was 50.

Cup. The technology development support to Chemical Defence ensured that adequate decontamination support measures were in place during the 2010 FIFA World Cup. Similarly, some of the acquired or upgraded systems will play an integral role in the SANDF border safeguarding activities (Op CORONA).

Specific technology programmes were pursued to ensure the retention of the required technology base for effective local industry participation in scheduled acquisition programmes. These technologies were also used to optimise or extend the remaining life of existing equipment. The defence science, engineering and technical expertise is focussed on the strategically essential requirements of the SANDF.

During the period under review, Chief of Defence Matériel (C Def Mat) accepted responsibility for the provision of a nodal point for reporting to the Auditor General on matters pertaining to the management of defence Intangible Capital Assets (ICA). A distinct component of this portfolio consists of interventions to manage the defence materiel and related Intellectual Property (IP). This is done in collaboration with ARMSCOR as mandated through the ARMSCOR Act as being the custodian of the DOD IP. Defence IP will be managed by the DOD as crucial to the enhancement of the DOD technology knowledge base and possible economy of scale benefits. Of critical importance is the development of future orientated definitions of military strategic IP with requisite protocol regimes for protection from infringement.

In the period under review the following capabilities were completed:

- **Landward Defence Acquisition.**
 - **Strategic Defence Packages.** No packages allocated.
 - **Other.** The acquisition of the 60 mm long-range mortar for the SA Army has been completed and this weapon system will be commissioned in the FY2011/12. The training module of the Unmanned Aerial Observation System was also delivered to the SA Army. Night vision and navigation equipment for dismounted soldiers was delivered to the SA Army as well. Two Thuthla radars with their support vehicles were deployed during the 2010 Soccer World Cup event. The Thuthla radars as well as the Tactical Battlefield Surveillance System and the Mamba armoured personnel carriers were handed over to the SA Army.
- **Air Defence Acquisition.**
 - **Strategic Defence Packages.** With all 30 Agusta A109 Light Utility Helicopters delivered, the process of correcting deficiencies identified during Operational Testing and Evaluation continued, as did the delivery of contracted spares, training and ground support and test equipment. A further four single-seater Saab Gripen advanced light fighters were delivered. Delivery of contracted spares, training and ground support and test equipment continued. The operational capability was enhanced by the clearance of the IRIS-T interim infra-red air-to-air missile. Operational Capability 4 expansion of the BAE Systems Hawk Lead-in Fighter Trainer to the SA Air Force was tested and qualified. Implementation will take place in the next financial year.
 - **Other.** The Westland Super Lynx Maritime Helicopter has been handed over to the SA Air Force with the exception of some training and delivery of test equipment. The development of the A-Darter infra-red air-to-air missile was continued as a successful joint venture with the Brazilian Air Force, with a number of successful test firings and clearance on the Gripen fighter. The Minister of Defence approved an interim continuation of the Rooivalk Combat Support Helicopter in May 2010. In terms of the programme, the first five aircraft were handed over with full Type Certification to the SA Air Force on 01 April 2011. The avionics upgrade of the Oryx Medium Transport Helicopter suffered a significant setback when DENEL Aviation declared a 14 month delay in schedule. High-level management intervention and oversight was instituted to correct the deficiencies and to ensure that there was no further delay in the schedule. The local implementation programme for the avionics upgrade of the Astra PC7 Mk II aircraft has been initiated and good progress has been made with 11 out of 35 aircraft, as well as one of two aircraft simulators delivered. The upgrade of the Cessna 208 Caravan with an observation ball (10 aircraft fitted for and three observation balls provided) has been completed.
- **Naval Acquisition.**
 - **Strategic Defence Packages.** Both the SA Navy Strategic Defence Package programmes (four Meko 200 Frigates and three Class 209 Type 1400 Submarines) have entered the closing phase.
 - **Other.** The focus of Naval Acquisition was aimed at the SA Navy patrol vessel requirement, as well as the core mine warfare and hydrographical capabilities. The magnetic treatment range for the de-perming of ships and submarines is in the process of being handed over from the project to the SA Navy, and the logistic support requirements for this system are being addressed.
- **Common Weapon Acquisition.** The Departmental Information and Communications Infrastructure projects development are progressing according to plan with the first Ultra High Frequency and Very High Frequency

tactical radios nearing a final product. The tactical command and control systems, although not commissioned, have been utilized in various joint exercises as part of operational testing and evaluation.

- **Defence Technology Development.** Research and technology development into High Energy Lasers and their application to the protection of mobile defence systems, achieved world-first outcomes and established the National Laser Centre as the recognised world leader in this field. Good progress between the Institute for Maritime Technology (IMT) and the frigates was made toward obtaining and sharing an integrated maritime picture. This capability will enhance the SA Navy ability to conduct anti-piracy and anti-poaching patrols. IMT also successfully conducted infra-red trials with a NATO research institute. Within landward technology development, excellent progress was made in determin-

ing the source of and elimination of unwanted pressure waves in the combustion chamber of large calibre cannon systems.

Objectives and Measures

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

Output Detail

Table 4.9 below provides details of the Defence Matériel Subprogramme outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.9: Acquisition Services Subprogramme Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Defence Acquisition Management	Timely, relevance and quality of advice and direction provided with respect to Defence acquisition matters	Advice and direction provided as and when required	Advice and direction provided to principals, clients and staff as and when required through official acquisition boards and committees, briefings and written correspondence	Achieved
	Execution of Defence acquisition projects as approved on the SCAMP	Execution of Defence acquisition projects as approved on the SCAMP	Defence acquisition projects were executed in accordance with the prescripts of DAP 1000 ⁶ . All projects were authorised for their particular phase and all expenditure took place according to approved business plans and within the bounds of the financial allocations awarded to each project	Not all projects could be executed in accordance with their planned cardinal date plans
Technology Development	Technology Development projects approved and funded by the Defence Research and Development Board (DRDB)	Technology development projects approved and funded	Programme approved and projects funded	Achieved
	Timely, relevance and quality of advice and direction provided during execution of Technology Development projects	Advice provided as and when required	Advice and direction provided to principals, clients and staff as and when required through official technology development boards and committees, briefings, "show and tells" and written correspondence	The Defence Science, Engineering and Technical know-how are focussed on strategically essential requirements of the SANDF

Effect of Programme / Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

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

⁶ DAP 1000 = Process and Procedure for the Acquisition of Armaments.

SUBPROGRAMME: DEFENCE SUPPLY CHAIN INTEGRATION

Overview

The aim and objectives of Defence Supply Chain Intervention (DSCI) have not changed as there have been no corresponding policy changes that affected its mandate. However, a work session was held during April 2010 to reposition the Division in terms of its focal area. The intention of repositioning was to form the strategic baseline for future planning and meaningful reporting. The strategic repositioning of the Division resulted in the overhauling of its strategic objectives as reflected in the DOD Strategic Plan 2010. New strategic objectives were formulated. The Divisional strategic plan was then amended from the original copy to an abridged version submitted to the Chief Defence Policy Strategy and Planning for record and analysis purposes.

The current structure as approved in February 2011 as well as personnel does not complement the required operations. The structure needs significant adjustments to support current and future strategic initiatives. Appropriate steps have been taken to have the structure reviewed in a scientific manner.

Despite this challenging situation, the execution of the plan was successful and steady progress has been made towards the achievement of the DSCI objectives. Key milestones in line with performance were met. Notwithstanding personnel limitations, the achievement of the milestones and execution of the plan was successful. The Division has made progress toward supporting the Secretary for Defence in the oversight function where identified policy gaps prevent enforcement of compliance to the regulatory framework.

During the reporting period the following achievements were recorded:

- The Division submitted a conceptual paper on the repositioning of the Defence Industry, in particular DENEL. This is ready for consultation with various stakeholders as well as Parliamentary Committees. DSCI is also participating in the development of a Defence Industry Support Strategy that will allow the magnification of strategic areas such as the refocusing of DENEL versus Defence Strategic Capabilities.
- The Division conducted research on the alignment of the Defence Secretariat with its Constitutional and Legislative Mandate in order to assist the Minister in her civil control responsibility. During 2010 a Defence Secretariat reposition proposal was submitted to the Minister for consideration.
- The Chief Director Matériel Governance and the Director Defence Industry Governance attended the RSA/Algeria bi-national in Algiers and developed an agreement on the two countries' industrial participation. This agreement formed part of the bi-national agreement

signed by the President of Algeria, Mr Bouteflika and the President of RSA, Mr J.G. Zuma.

- The Division successfully customised three National Treasury Practice Notes in line with Departmental Supply Chain procedures, including "National Treasury Instruction on the amended guidelines in respect of bids that include functionality as a criterion for evaluation (issued September 2010)", that revised the application of Preferential Procurement Policy Framework Act (PPPFA) during evaluation of bids.
- Through implementing fraud prevention measures, the Division successfully identified a "fronting" case by a particular company. This was subsequently won in a court of law and the contract was cancelled.
- The Division has exerted significant effort through identification of 203 incomplete *Ex Post Facto* cases that were referred back to the respective services and divisions for investigation. The number of cases condoned is 242 out of 486 registered cases. The Division is currently in the possession of 41 cases of which 13 have already been condoned.
- The Division successfully coordinated the conclusion of phase 1 feasibility studies for Public-Private Partnership (PPP) project pertaining to building of SAHMS and Navy HQs.
- The Division successfully led the process of contracting the University of Stellenbosch to develop accreditation of Military Academy qualification.
- The Division successfully hosted the 2011 Defence Industry Day at the Council for Scientific and Industrial Research (CSIR) on 17 March 2011. The Defence Industry Day is fast transforming into a national event. The event was attended by the Deputy Minister of Defence and Military Veterans, Secretary for Defence, Chiefs of Services and Divisions, various esteemed dignitaries which include the following:
 - Department of Trade and Industry
 - Department of International Relations and Cooperation
 - Department of Science and Technology, and
 - Gauteng Department of Economic Affairs that has dictated DOD to invite other MECs to ensure national support to Defence Industry internationally.

DSCI successfully concluded the following contracts:

- Contract for the termination of accommodation of the Ops SADAIT team,
- Contract for Medical Air Evacuation of DOD members who are detached to deployment areas

who might need attention, and

- Contract for accommodation of Op VIMBEZELA members.

services in the DOD.

Objectives and Measures

The Subprogramme Supply Chain Integration ensures the effective and efficient procurement and disposal of goods and

Output Detail

Table 4.10 below provides details of the Defence Supply Chain Integration Subprogramme outputs, performance measures and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.10: Defence Supply Chain Integration Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
To strengthen the 'oversight' role within the matériel value chain	Percentage Reduction of non compliance (tool) in GRC	20%	The implementation of ARMSCOR Service Level Agreement was monitored closely where process deviations were discussed and corrective measures taken Investigations on 203 incidents of non-compliance/irregular expenditure are being investigated to reach finality	Achieved
To Promote representivity and sustainability in the SA Defence Industry	Increased economic participation by HDIs and women (policy requirement 25%)	15%	The ARMSCOR Board meetings are often used to pursue the monitoring functions, one of them being performance of the issuing of tenders to the Historically Disadvantaged Individuals (HDI). The blockages of issuing of tenders to HDI were identified in the ARMSCOR Tendering Processes and were addressed	Achieved
To enforce policy with a view to maintaining and guiding the function of consultant's utilisation	Improved accountability on consultants utilisation (violation baseline 65%)	30%	The policy on the utilisation of consultants is reviewed in order to improve accountability. An item code that is specific to consultants' utilisation has been created to address the mix between consultation and contracts for goods and services. There has been a significant improvement in the management of consultants subsequent to the use of a separate item code	Achieved
To promote the sustainability in the SA Defence Industry	Increased participation of RSA industry in support of manufactured products and services supplied to the SANDF	15%	Visited by delegations from Congo Brazzaville, Democratic Republic of Congo (DRC) and Benin resulting in a tender for SAAB. The US/RSA Industry Symposium was also held during the 2010 AAD	Achieved

Table 4.10: Defence Supply Chain Integration Output Detail for the FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Regularised the outsourcing of all the non-core activities in the DOD	Improved compliance with outsourcing regulations	40%	A database of companies used by the DOD has been updated and the nodal points were also established to improve the management of Alternative Service Delivery (ASD) at divisional level. The ASD Implementation Board (ASD IB) ensured that the criterion aimed at improving efficiency was met	Achieved
<p>Effect of Programme / Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.</p> <p>The Subprogramme Supply Chain Integration successfully ensured the effective and efficient procurement and disposal of goods and services in the DOD.</p>				

SUBPROGRAMME: COMMUNICATION SERVICES

Overview

Defence Corporate Communication (DCC) continued with its efforts to ensure stronger public awareness, understanding and support for Defence, and to develop the Corporate Communication (Corp Com) function to effectively support operations and to promote the image of the DOD among key stakeholders.

Liaison with the media ensured that several DOD events were covered that showcased the capabilities of the SANDF and portrayed the DOD as an organization that cares. These events included the budget vote of the Minister, the DOD support to the 2010 FIFA World Cup, the launch of the Department of Military Veterans and the SANDF taking-over of the border safeguarding responsibility from the South African Police Service (SAPS). Coverage of major multinational exercises such as Exercise IBSAMAR between the navies of India, Brazil and South Africa and Exercise ATLASUR between Argentina, South Africa and Uruguay further promoted the image of the DOD.

Other major activities that also significantly promoted the image of the DOD were the SANDF support to hospitals during the public service strike, the DOD participation in the African Aerospace and Defence Exhibition (AAD), the Air Force Day, the Naval Festival, Exercise YOUNG EAGLE, the National Youth Service Pass-out Parade and the MOD & MV's address to the MSDS intake in January 2011.

DCC has established a good working relationship with the SABC and is able to secure free airtime during SABC 2 Morning Live programmes to conduct live broadcasts of major events. Mutually beneficial working relationships were also established with E TV and with print media houses. This

has provided the DOD with the opportunity to increase public awareness of DOD support to government priorities.

During the period under review, Defence TV won an international film award in Italy, the third such award since 2001. In the Institutional Information Category the Defence TV entry: "Cheetah Farewell" won the first prize and received the coveted Chief of Staff of the Italian Defence Force Award.

The Corporate Communication Restructuring Task Team (CCRTT) continued with a range of investigations that will contribute to the establishment of a professional corporate communication service. Smaller task teams have been established to conduct the respective investigations. Some of the task teams have commenced with their work and will continue until the end of the FY2010/11. The location of the Head of Communication is still to be approved by the Minister.

Objectives and Measures

The Communication Services Subprogramme provides defence communication policy, strategy and plans in accordance with DOD policy and national (Government Communication and Information System - GCIS) policy, and provides a centralized corporate communication capability, services and products in order to enable effective, efficient, two-way communication between the DOD and its publics/stakeholders.

Outputs

Table 4.11 below provides details of the report on the Communication Services (Corporate Communication) Subprogramme outputs, performance Indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.11: Communication Services Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Corporate Communication Policy, Strategy and specialist advice	Timeliness, relevance and quality of corporate communication advice to the DOD	Corporate communication advice provided as and when required	Corporate communication advice was provided as and when required	Achieved
	Degree of integrated and aligned DOD Communication Strategy, Policy and Guidelines provided to the DOD	Promulgated and implemented Corporate Communication Strategy and Policy	Corporate Communication Policy was completed JWP 116 - Doctrine for Corporate Communication in Operations was completed	Approval and implementation will commence in FY2011/12
Corporate Communication products and services	Percentage compliance with annual requirements in terms of media liaison, communication information products and services as well as marketing and communication support requirements	95%	95%	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievement of the Communication Services Subprogramme has contributed positively to the Administration Programme's Purpose to execute the Department's overall management, administration and policy development.

SUBPROGRAMME: SANDF COMMAND AND CONTROL

Overview

The Office of the C SANDF accomplished all the objectives and targets set for the year under review. The C SANDF provided effective strategic direction and command and control over the SANDF.

The Chief of the SANDF devoted his efforts during the year under review towards advancing defence diplomacy and multilateral initiatives of Government within the multinational organisations of the African Union (AU) and the Southern African Development Community (SADC). Internally, the Chief of the SANDF was fully engaged in the Government Programme of Action requirements, with full participation in the monthly clusters, as well as the Forum of SA Directors-General. Military policy advice to the Minister and Deputy Minister of Defence & Military Veterans was a constant and ongoing activity.

Externally, on average a total of 2 238 members, including 148 Reserves, were successfully deployed by J Ops Div in two Peace Support Operations in the Democratic Republic of Congo (DRC) and Sudan, as well as three general military assistance operations in the DRC, the Central African Republic (CAR) and the support to the Mozambique Government to curb piracy in the Mozambique Channel.

Operation TEUTONIC in DRC was successfully completed and terminated at the end of October 2010. The SA Army successfully trained 1 780 Defence Force members of the DRC (FARDC) and handed them over to the Minister of Defence of the DRC after completing a planned cycle of training in October 2010.

Internally, several missions in support of other Government departments continued with the emphasis on safety and security support, search and rescue on sea, land and border safeguarding. A total of 556 099 man-days were used during internal operations. The deployment of the SANDF for border safeguarding resulted in the apprehension of 20 613 illegal immigrants, 263 criminals were arrested, 21 stolen vehicles were recovered, 14 weapons were recovered, 18 livestock were recovered and various narcotics were confiscated including 807kg marijuana (dagga), 137g tik-tik and 122 mandrax tablets. The SANDF also provided safety and security support during the 2010 FIFA World Cup and the public service strike.

During the year under review, the A/C SANDF paid visits to ten Defence Forces, namely, USA, India, Mozambique, Royal Thai, Congo Brazzaville, Namibia, Lesotho, Peoples Republic of China and Indonesia to strengthen ties and advance defence diplomacy. The Chiefs of Mozambique and Royal Thai Armed Forces conducted reciprocal visits to the Chief of the SANDF.

In order to improve the Command and Control in the SANDF,

Chief of the SANDF continued to conduct activities in terms of the Commander Communication Strategy to ensure that SANDF members were kept informed on the latest developments and continued progress was made with the repositioning of the SANDF.

Through the Subprogramme SANDF Command and Control, the Chief of the SANDF has continued to provide relevant and timely military advice to the Minister of Defence while simultaneously executing effective command and control over the SANDF.

Objectives and Measures

The Subprogramme SANDF Command and Control provides command and control for the SANDF.

Outputs

Table 4.12 below provides detail of the SANDF Command and Control outputs, performance Indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.12: SANDF Command and Control Output Detail for FY2010/11

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

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.
 The achievement of the SANDF Command and Control Outputs has contributed positively to the Administration Programme Purpose to execute the Departmental overall management, administration and policy development.

SUBPROGRAMME: CORPORATE STAFF OFFICE

Overview

The outputs of the Corporate Staff Office have contributed positively to the achievement of C SANDF corporate staff capability. The capability includes *inter alia* strategic direction, policy and strategic advice and support from the Military Policy Strategy and Planning Office as well as the support services provided by the DOD Headquarters Unit.

Other additional management responsibilities that were delegated to the Corporate Staff Office include the performance management of the Reserve Force Council and the management of the Specialist Advisory Team (Team BULISA) deployed to assist in the capacity building of the Democratic Republic of the Congo Defence Force (FARDC). The Corporate Staff Office ensured that the Specialist Advisory Team made significant progress with the completion of the

respective strategy document for the FARDC.

The Acting Chief of Corporate Staff involvement in three bilateral and multilateral agreements of Defence Committee meetings during FY2010/11 had a direct impact on enhancing international military relations and the portrayal of a positive image of the DOD / SANDF during the FY2010/11.

Objectives and Measures

The Corporate Staff Office is part of the Policy and Planning subprogramme of the Administration Programme⁷.

Outputs

Table 4.13 below provides details of the Corporate Staff Office of the outputs, performance Indicators and targets as specified in the DOD Strategic Plan FY2010/11.

⁷ In the ENE, the Policy and Planning allocation includes funding for the Corporate Staff Office as well as the Military Policy, Strategy and Planning Office.

Table 4.13: Corporate Staff Office⁸ Administration Subprogramme Output for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Corporate staff capability for Chief of the SANDF (Military Policy, Strategy and Planning, Religious Services, Corporate Communication and Defence Reserve Direction)	Timeliness, relevance and quality of strategic advice to the Chief of the SANDF	Strategic advice provided as and when required	Strategic advice was provided as and when required	Achieved
	Timeliness, relevance and quality of direction provided to the Divisions and Offices within the Corporate Staff Division	Direction provided as and when required	Direction was provided as and when required	Achieved
	Timeliness, relevance and quality of staff coordination of the Supporting Divisions as delegated by Chief of the SANDF	Staff coordination provided as and when required	Staff coordination was provided as and when required	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

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

SUBPROGRAMME: RELIGIOUS SERVICES

Overview

During the year under review, the Religious Services achieved their planned objectives. The Chaplain General Division (Religious Services) focus was on a ministry that followed a holistic religious approach to all DOD members and their dependants including those on internal and external deployments.

The Chaplain Service contributed immensely to SADC chaplains' development. As chair of the Spiritual and Moral Support Workgroup of the Operations Sub-subcommittee (OSSC) of the Interstate Defence and Security Council (ISDSC), the Chaplain General attended the ISDSC in Maputo, Mozambique to present a report. He also chaired the Spiritual and Moral Support Work Group work session in Lesotho. Assistance in writing religious policies was provided to Namibia and Lesotho and three SADC chaplains obtained training. Support was provided during the research missions to the SANAE bases, Gough and Marion islands. Three chaplains participated in these voyages where each chaplain was attached to one of the three destinations.

Ten Chaplains were deployed externally in all DOD deployment missions and both Regular and Reserve chaplains were

deployed at the borders. The Chaplain General and some of his Senior Staff Officers were part of the team that conducted a goodwill visit to deployed areas and military hospitals during which Christmas related devotions were conducted.

The Chaplain Service also played an important role during the 2010 FIFA World Cup event by offering trauma counseling and participating in national, regional and local structures of this event. It also contributed to the Government Moral Regeneration Programme by running specific ethical programmes in all units. The Combating HIV and AIDS through Spiritual and Ethical Conduct (CHATSEC) programme trained approximately 4 507 MSDS candidates. Training was also extended to facilitators where 30 chaplains were trained including two from Botswana and other government departments where 15 members from the Department of Social Development trained as facilitators. An interdepartmental tie was also sustained between the DOD and the Department of Environmental Affairs.

The Chaplain Service was invited to the international Chaplains conference in Germany and the Chaplain General also attended the Chief of Chaplains Conference in the Czech Republic. A senior member of the Division was invited to a Chaplains conference in Italy where he shared with them the subject of reconciliation from the South African perspective and experience. The Chaplain Service also took advantage of

⁸ Also budgeted within Policy and Planning.

the international learning opportunities by sending three chaplains to the annual NATO Chaplains Peace Operation course in Germany.

The Chaplain Service also continued to make strides in their covenantal relationship with the internal Religious Advisory Boards (RABs). Meetings and invitation to events with RABs of all recognized religions in the DOD such as Christianity, Islam and Hinduism were conducted and communication was also made with the African Traditional Religions.

About 29 Reserve chaplains attended courses during the year. Reserve chaplains were also allowed on the M Phil Chaplaincy Studies Programme at the University of

Stellenbosch for the first time.

Throughout the reporting year, the Chaplain Service has successfully supported the DOD by proactively enhancing the spiritual, moral and ethical level of members of the DOD contributing to the maintenance of the defence capabilities of the SANDF for the people of South Africa.

Outputs

Table 4.14 below provides details of the Religious Services Subprogramme outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.14: Religious Services Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Religious policy advice and chaplain capability and service for the SANDF	Degree of relevance and credibility of religious policies and guidelines according to National and Departmental policy as well as Religious Advisory Board guidelines	Monitoring of compliance with religious policies and guidelines in the SANDF	Compliance with religious policies and guidelines in the SANDF was monitored	Achieved
	Level of acceptance of SANDF Religious Services by Religious Advisory Boards (RABs) of major religions represented within the DOD	DOD religious policy accepted by all RABs	DOD religious policy was accepted by all RABs	Achieved
	Effective spiritual, ethical and social support is available at all levels of the DOD	A chaplain available to ensure support at 92% of units	A chaplain was available to ensure support at 95% of units	Twenty new chaplains were appointed

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievement of the Religious Services Output has contributed positively to the Administration Programme purpose to execute the Department's overall management, administration and policy development.



SUBPROGRAMME: DEFENCE RESERVE DIRECTION

Overview

The Defence Reserve Division continued its monitoring role through the Defence Reserve Board to ensure the implementation of the Reserve Strategy by the Services and Divisions. During the period under review, the strength of the total Reserves was 26 147 of which 12 362 were called up. The external deployments conducted by the Reserves in Peace Support Operations continued and Reserves were also successfully employed in border safeguarding duties.

Several tertiary institutions have been engaged to give effect to the roll-out of the University Reserve Training Programme (URTP) and most institutions have shown great enthusiasm and have pledged to support the programme. The SA Army will commence with the programme at the University of the Free State during FY2011/12 and the other services will start implementing the programme in FY2012/13.

Six Defence Provincial Liaison Councils (DPLCs) have been established in six of the nine provinces to ensure support for Reserves service from industry, non-governmental Organisations (NGOs), academia and traditional leaders. Other DPLCs are in the process of being established.

A delegation from the Defence Reserve Division and Service Reserve representatives attended the New York State Partnership Program Conference conducted by the New York National Guard. The aim of the visit was to bring together representatives of the South African Ministry of Defence and Military Veterans, the SANDF, the New York National Guard and the New York State Government to discuss the future of the partnership programme.

In terms of marketing the Defence Reserve System, the following was achieved:

- Two editions of the "Reserve Force Volunteer" were published and widely distributed while the website www.rfdiv.mil.za was continuously updated.
- Marketing and physical support were provided to the expanded annual Combat Rifle Shooting Competition in

Bloemfontein in which 34 Reserve shooting teams from different units competed.

- A number of Captains of Industry and local opinion makers attended marketing and promotional activities of the Reserves, such as the SA Navy seagoing days and the Artillery Corps of the South African Army open day.
- Support was provided to the Cape Town and KwaZulu Natal tattoos.

The Division was instrumental in providing strategic direction and specialist policy advice to the Minister, C SANDF, Secretary for Defence, Service and Division during a Ministerial work session on matters pertaining to the enhancement of the Reserve Service System.

The Division was active in the development of the Defence Amendment Bill that provided for the obligation on Reserve members to serve when called upon to do so in times other than war. This bill was passed in December 2010 and the legislation is now part of the Defence Amendment Act (Act No. 22 of 2010). Another achievement is that the 22% pay differential between Regulars and Reserves was resolved during the reporting year.

Strategically, the main challenges for the development of a viable Reserve System remain the lack of an effective feeder system to ensure the rejuvenation of the Reserve and the limited continuation training budget to maintain the readiness of the members in the system.

Objectives and Measures

The Defence Reserve Direction Subprogramme directs the development and maintenance of the Reserve Force system, provides specialist advice on Reserve matters and promotes/markets the Reserve and the volunteer Reserve system.

Outputs

Table 4.15 below provides details of the Defence Reserve Direction outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.15: Defence Reserve Direction Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Strategic direction to the development and maintenance of the Reserve system	Timeliness, relevance and quality of Reserve strategic and policy advice to the DOD	Reserve strategic and policy advice provided as and when required	Reserve strategic and policy advice were provided as and when required	Achieved. Amendments to the Defence Act (Act 22 of 2010) as promulgated on the 09 December 2010
Reserve promotion and employers' support service to the Chief of the SANDF	The number of Provincial Business Liaison Forum structures functional	6	6	Achieved. The Forums still have to undergo a process of vetting and screening
	The number of public events facilitated to market the Reserve System	20	20	Achieved. All planned marketing events were conducted and achieved successfully

Effect of Sub programme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievement of the Defence Reserve Direction Outputs has contributed positively to the Administration Programme Purpose to execute the Department overall management, administration and policy development.

SUBPROGRAMME: DEFENCE INTERNATIONAL AFFAIRS

Overview

The Defence International Affairs Division is mandated to provide policy related products and strategic direction relating to establishing bilateral and multilateral relations in the field of defence. In addition the Division provides advice and support on international legal instruments within the context of defence international affairs.

The Division was actively involved in co-ordinating and providing policy direction in the following spheres:

- Provided advice to the Minister of Defence and the Military Veterans through the Secretary for Defence on key defence international affairs policy issues and international engagements,
- Participated in the diplomatic activities of the AU, SADC and the UN multilateral organisations, and.
- Ensured that the DOD met its diplomatic obligations by servicing all existing defence co-operation agreements.

In the year under review, the Division was instrumental in negotiating and concluding bilateral and multilateral agreements with South Africa's foreign allies and international organisations. In order to ensure that the conduct of international relations by the DOD accords with government policy, the Division coordinated several departmental meetings to ensure proper preparation for bilateral engagements with foreign partners. The Division coordinated and supported the formulation of South African International Relations Policy through participation in the Department of International

Relations and Cooperation (DIRCO) led scheduled meetings and activities.

The Division facilitated the processing and signing of the Defence Cooperation agreements/Memoranda of Understanding (MOUs) with countries such as Argentina, Zimbabwe and Botswana. The Division succeeded in the negotiating and finalisation of defence co-operation agreements with Ecuador and Kenya. However, the former is awaiting Ministerial consideration, while the latter will be signed at a period to be determined by the Minister.

The Division participated during the planning of the SANDF contingency evacuation plan for South African citizens in the event of the situation deteriorating during the Southern Sudan referendum. In this respect, the Note of Exchange between RSA and Uganda was prepared and finalised in order to facilitate the airlifting of South African nationals from the Sudan to Uganda. A similar legal instrument in the form of an MOU was finalised to provide legal and administrative protection for the deployment of the SA Navy element in a joint maritime patrol with Mozambique to counter piracy on the Indian Ocean.

During the period under review, the Division led the co-ordination and successful convening of obligatory defence international agreements such as bi-national Commissions, the Joint permanent Commission on Defence and Security (JPCDS), Defence Committees and SADC forums such as the Inter-State Defence and Security Committee (ISDSC). In particular, these involved Mozambique, Algeria, Botswana, DRC, the USA, Namibia, China, Zimbabwe and the UK. As part of its core responsibility to represent the DOD at forums convened and/or led by the DIRCO.

The Division provided reports on the state of defence relations, including progress on defence co-operation with France, Spain, India, Benin and Kenya. As the DOD begun initiating formal defence relations with Cuba, the Division provided valuable policy advice to a high level delegation tasked by the Minister to visit in order to initiate steps to formalise defence relations.

Notwithstanding the structural challenges that impacted on continuity, the Division was able to achieve its planned objectives. Structural transformation was necessitated by the upgrading of the function to a Divisional level from a Directorate. Despite this, the current structure has proven to be inappropriate and inadequate. A revised structure has been developed and tabled for consideration.

Objectives and Measures

The Subprogramme Defence International Affairs provides the Minister of Defence and the DOD with a foreign relations capability and services.

Output Detail

Table 4.16 below provides details of the Defence International Affairs' Subprogramme outputs, performance measures and targets specified in the output table in the DOD Strategic Plan FY2010/11.

Table 4.16: Defence International Affairs Output Detail for the FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Aligned Foreign Relations Policy with Government and Defence needs	Timeliness, relevance and quality of policy advice and support to the DOD	Collaboratively developed Defence foreign policy that is aligned with Government policy	Engaged actively in SADC, AU, international forums wrt Def Coms and other bilateral meetings in pursuit of defence interests	Achieved
Marketing strategy and Plan of the Defence Foreign Relations Policy	Improved compliance with the policy	Information campaign targeting DOD and other social partners	Led the co-ordination and successful convening of obligatory defence international agreements such as the Binational Commissions, Joint permanent Commission on Defence and Security (JPCDS), Defence Committees and SADC forums such as the Inter-State Defence and Security Committee (ISDSC)	Achieved
Foreign Relations Strategy	Defence Diplomacy informed by foreign policy and DOD foreign relations strategy	Position Paper on DOD Foreign relation Strategy	A draft Position Paper on DOD Foreign relation Strategy has been completed	Achieved
Legal instruments to inform Defence Diplomacy	Legal instruments in line with the Constitutional mandate, Government prescripts and international law	Timeliness, relevance quality servicing of legal Instruments	Serviced various Def Co-operation agreements with key international partners	Achieved

Effect of Programme / Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The Subprogramme Defence International Affairs successfully provided the Minister of Defence and the DOD with a foreign relations capability and services.

SUBPROGRAMME: DEFENCE FOREIGN RELATIONS

Overview

The Defence Foreign Relations (DFR) Subdivision has maintained its defence representation abroad. Although a new

Defence Office was opened in Cuba, the Defence Office in Tunisia will be closed shortly, bringing the Subdivision back to its objective of 37 military diplomatic missions abroad. In March 2011, accreditation to Ghana on a non-residential basis was received.

The Subdivision contributed to the promotion of the South African foreign relation policy by facilitating Defence Committee meeting with Germany, the PRC, the USA and the UK, as well as the bilateral Joint Permanent Commissions on Defence and Security with respectively Namibia, Zimbabwe and Botswana. The Subdivision also facilitated the attendance by the Minister and a representative of C SANDF at the 6th Meeting of the African Chiefs of Defence Staff and Heads of Security in Addis Ababa. At the same time, the 4th Ordinary Meeting of the Specialised Technical Committee on Defence, Safety and Security met and was attended by a SANDF representative. The Defence Attachés supported the SA Defence Related Industry abroad through the facilitation of trade meetings.

In order to provide strategic direction, staff teams visited various Defence Attaché offices abroad, these offices included Ethiopia, Vietnam, Kenya and the DRC.

The DOD VIP Lounge at the O.R. Tambo International Airport continued to render a service to the members of the DOD and visiting foreign delegations. About 1 346 persons moved through the lounge.

During September 2010, the biennial African Aerospace and Defence Exposition was co-hosted with the SA Defence Industry. The Subdivision was responsible for coordinating the Foreign Visitors Programme whereby seventeen Ministers of Defence six Chiefs of Defence force; seven Chiefs of Army; 21 Chiefs of Air force; seven Chiefs of Navy and two Surgeons General and/or their representatives were hosted during the Defence Industry Exposition.

During the year under review, the Subdivision focused on the preparation of Defence Attachés designated for the changeovers and no new courses were presented. The next Defence Attaché course is scheduled for May 2011 to prepare Defence Attachés designate to deploy in July and December 2011.

Despite the structural misalignment and insufficient budget allocation for operational requirements of Defence Attaché offices, the subdivision has managed to reach the performance outputs that were within the direct control. Services and Divisions contributed to the development and maintenance of the Subdivision as part of their on going activities within the broader context of defence diplomacy. In turn, the Subdivision has contributed positively to the purpose of the Administration Programme.

Objectives and Measures

The Defence Foreign Relations Subprogramme purpose is to provide the DOD and MOD with a foreign relations capability and services.

Outputs

Table 4.17 below provides details of the Defence Foreign Relations Subprogramme outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 4.17: Defence Foreign Relations Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Defence Foreign Relations capability and services	Level of compliance with timely and accurate delivery of consular services as required	Full compliance	Full compliance	Achieved
	Number of diplomatic missions	37	38	A Defence Office was opened in Cuba during October 2010. The office in Tunisia will be closed by May 2011 returning to the planned target

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

DFR remained in the forefront in directing the DOD's foreign relations effort towards the region, the African continent and the international community as a whole. The successful achievement of the objectives contributed positively to the purpose of Administration Programme to execute the DOD's overall management, administration and policy development.



SUBPROGRAMME: OFFICE ACCOMMODATION

Objectives and Measures

The Office Accommodation is a Subprogramme of the Administration Programme (managed within General Support Subprogramme) and is responsible for managing the payment of accommodation charges, leases and municipal services as a direct result of the devolution of a portion of the

National Department of Public Works budget to national departments.

Output Detail

Table 4.18 below provides details of the Office Accommodation Subprogramme output, performance indicator and target as specified in the DOD Strategic Plan FY2010.11.

Table 4.18: Office Accommodation Subprogramme Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Payment of accommodation charges, leases and municipal services	Percentage expenditure according to plan in respect of the service level agreements with National Department of Public Works	100%	100%	Achieved



Chapter 5

PROGRAMME 2: Force Employment

Overview

During the year under review, the SANDF maintained what is called a "mission based" approach as opposed to a "military threat dependent" approach. This allowed for the required flexibility to deal with a number of issues within a volatile and unpredictable environment.

The SANDF established a situational awareness system that included strategic early warning, regional military cooperation, the conducting of joint, interdepartmental and multinational (JIM) military exercises. It maintained the ability to react quickly to safety and security support requirements from other government departments.

On average a total of 2 238¹ members, including 148 Reserve members, were successfully deployed for the FY2010/11 in two peace support operations, namely Operation MISTRAL in the Democratic Republic of Congo (DRC) and Operation CORDITE in the Sudan, as well as three general military assistance operations, namely Operation TEUTONIC in the DRC, Operation VIMBEZELA in the Central African Republic (CAR) and Operation COPPER. Operation COPPER is a new operation whereby the RSA Government is rendering support to the Mozambique Government as requested, to curb piracy in the Mozambique Channel. Operation TEUTONIC in the DRC was terminated at the end of October 2010 after all the objectives for the operation were achieved.

The SANDF continuously provided support to government departments in pursuance of national security objectives and government initiatives. In realising these, the SANDF provided safety and security-related support to the South African Police Service (SAPS). During the 2010 FIFA World Cup (Operation KGWELE), the SANDF cooperated with the SAPS by deploying on average 4 573 members per day ensuring the maintenance of safety and security. Assistance was also provided during the xenophobia incidents, public service strike, the opening of Parliament and the voter registration for local elections. The SANDF continued to partner with the SAPS by providing personnel, helicopters and fixed

wing aircraft for Operation DUTY CALLS during the festive season for the combat of crime.

In supporting the people of South Africa, the SANDF built a Bailey bridge in April 2010 and a pedestrian suspension bridge during September 2010 in the Umtata area in the Eastern Cape. These bridges were built and donated by the SA Army Engineers to provide safe and easy access to the communities. The SANDF provided assistance with fire-fighting in the Western Cape, Northern Cape, Eastern Cape and Limpopo Provinces, search-and-rescue at sea and on land in the Eastern Cape, Free State and KwaZulu-Natal Provinces as well as support during the floods in the Northern Cape (Upington area).

Subsequent to the cabinet decision that the SANDF should takeover the responsibility for border safeguarding, the SANDF changed the limited concept of borderline control to that of border safeguarding. Operation CORONA has been designed to encompass the safeguarding of the land, air and maritime borders simultaneously. The SANDF has been deployed in Limpopo (Pontdrift and Musina), Mpumalanga (Macadamia) and Kwa-Zulu Natal (Ndumu) Provinces. The deployment of the SANDF for border safeguarding ensured that 20 613 illegal immigrants were apprehended, 263 criminals were arrested, 21 stolen vehicles were recovered, 14 weapons were recovered, 18 livestock were recovered and various narcotics were confiscated. The SANDF also provided control of the maritime and airspace environment. This support was provided by the SANDF through the collateral value of core conventional capabilities.

The Joint Operations Division planned, co-ordinated and directed seven JIM force preparation activities. These exclude the Special Forces exercises and the support to foreign defence force exercises conducted in accordance with the Joint Force Employment concept and existing bilateral/multilateral agreements.

During the year under review, the Joint Operations Division utilised 922 Reserve members to alleviate staff shortages and

¹ In the Minister's budget speech inputs, the figures for external deployments are 2 045 and they represent only deployments up until 01 March 2011. Op COPPER also played a major role in increasing the average figure to 2 238.

capacity problems; and to address structural inadequacies in the various support environments.

The land claims on the Madimbo training area remained unresolved although various meetings were scheduled between the Department of Rural Development and Land Reform, the Regional Land Claims Commissioner and the DOD to resolve the land claims. The risk and impact of this claim will be that, if successful, there will be a gap on the border that could be exploited for the illegal crossing of people and merchandise, and as a consequence, undermine the SANDF deployments for border safeguarding.

Strategic lift capability remains a challenge which negatively impacts deployments and sustainment of the SANDF external operations, as well as the deployment and sustainment of the SANDF reaction force. The chartering of aircraft and ships is a short-term solution and comes at a high price.

The total cost for the SANDF support to the preparation and hosting of the 2010 FIFA World Cup, (Operation KGWELE) was Rm276. The SANDF received an additional allocation from the National Treasury of Rm200 and the deficit of Rm76 was obtained by reprioritising the Joint Operations Division Budget.

During the reporting period, the Division focused on ensuring the safety and security of the RSA and its people by maintaining the employment of military capabilities as directed by the authorities. In addition, the SANDF continued to execute its mandate to defend the RSA's sovereignty and its territorial integrity through the Force Employment Programme.

Purpose of the Programme

The Force Employment Programme provides and employs defence capabilities, including an operational command and control capability that ensures the successful conduct of all operations as well as all joint, interdepartmental and multinational military training exercises.

Subprogrammes

- **Strategic Direction** formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating a joint operations division headquarters.
- **Operational Direction** provides direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. Funding is distributed according to the cost of operating one operational and nine tactical headquarters.

- **Special Operations** provides and employs a special operations capability within the approved Special Forces mandate for the SANDF. Funding is distributed according to the number and size of units, systems and equipment operating, maintenance requirements and the number of Special Forces operations, force preparation exercises and training courses.
- **Regional Security** provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirements.
- **Support to the People** provides for the internal deployment of forces in support of the SAPS and other Government departments. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirement.
- **Defence Capability Management** provides for the planning and control of joint, interdepartmental and multi-national (JIM) military force preparation exercises; the development of joint force employment command and control plans; and the management of capability development. Funding is distributed according to the needs of exercise control equipment for JIM military exercises and contractual obligations for the development of joint force employment command and control plans and capability development.

Objectives and Measures

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

- Providing and employing special operations capability in accordance with national requirements;
- Conducting an average of 12² external peace missions per year in accordance with requirements to promote peace and security;
- Conducting 21 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Forces and multinational air transport exercises); and
- Conducting an average of 4 operations per year in support of other Government departments and complying with international obligations.

² As Instructed in Chief SANDF Directive 133/2009: Short and Medium Term Force Employment Requirements and Guidelines: Period 2010/11 to 2013/14.

Output Detail

Table 5.1 below reports of the achievement of the outputs,

performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 5.1: Force Employment Programme Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Regional Security				
Peace Support Operations	Number of Large ³ to Medium ⁴ Scale Peace Support Operations	4	2	<p>The SANDF participated in two large to medium scale Peace Support Operations namely, Operations MIS-TRAL (DRC) and CORDITE (Sudan)</p> <p>The SANDF received no further requests to participate in medium to large scale Peace Support Operations</p> <p><i>Note.</i> Deployments in Peace Support Operations are dependent on requests from the United Nations and/or African Union and the security situation that can change at any moment leading to additional requests being received</p>
	Number of Small ⁵ Scale Peace Support Operations	4	0	<p>The SANDF received no requests from the United Nations and/or African Union to participate in small scale Peace Support Operations</p> <p><i>Note.</i> Deployments in Peace Support Operations are dependent on requests from the United Nations and/or African Union and the security situation that can change at any moment leading to additional requests being received</p>
	Number of Small Scale General Military Assistance Operations	4	3	<p>The SANDF conducted three small-scale general military assistance operations namely Operations TEUTONIC (DRC), VIMBEZELA (CAR) and COPPER (SANDF assisted by deploying SANDF assets in the Mozambique Channel for counter piracy operations)</p>

³ *Large-scale deployment.* Unit-size joint task force/formed elements with command and control capabilities, main equipment including tailor-made support and specialist elements from the force providers.

⁴ *Medium-scale deployment.* Unit-size (minus) joint task force/formed elements with command and control capabilities, main equipment including tailor-made support and specialist elements from the force providers.

⁵ *Small-scale deployment.* Sub-unit joint task force/formed elements including specialised elements and tailor-made support from force providers.

Table 5.1: Force Employment Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
				<p>Operation TEUTONIC (DRC) was planned to be terminated on 31 March 2010, but following a request by the DRC government, the missions have been extended (see Joint Operations Directives 056/2010 and 061/2010). This Operation's focus was to participate in the process to register candidates for the DRC Armed Forces. After all objectives were reached Operation TEUTONIC was terminated on 31 October 2010. Closing Authority: Joint Operation Headquarters Instruction 103/2010: Closing down Operation TEUTONIC dated 20 August 2010</p> <p>The SANDF received no further requests to participate in general military assistance operations</p> <p><i>Note.</i> Deployments in general military assistance operations are dependent on requests from the United Nations and/or African Union and the security situation that can change at any moment leading to additional requests being received</p>
Support to the People				
Internal Operations	Percentage compliance with approved border-safeguarding tasks (Operation CORONA)	100%	100%	Achieved
	Percentage compliance with approved safety and security support requests (Operation PROSPER)	100%	100%	Achieved
	Percentage compliance with approved disaster aid and disaster relief requests (Operation CHARIOT)	100%	100%	Achieved
	Percentage compliance with approved search and rescue requests (Operation ARABELLA)	100%	100%	Achieved
	Percentage compliance with requirements for support to the 2010 FIFA World Cup (Operation KGWELE)	100% by 31 July 2010	100%	Achieved

Table 5.1: Force Employment Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Defence Capability Management				
Controlled JIM Exercises	The number of JIM exercises (excluding Special Forces exercises) controlled annually	8	6	Exercise OXIDE was postponed to FY2011/12 by the French Navy. The SANDF does not have any control over decisions made by Foreign Forces with regards to exercises where the SANDF is invited to participate Ex TRANSOCEANIC was cancelled by the South African Navy, due to the fact that they were unable to attend the planning meeting in Argentina prior to the exercise
<p>Effect of Programme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.</p> <p>The achievement of the Force Employment Programme's Outputs has contributed positively to the Programme's Purpose to provide and employ defence capabilities, including an operational capability to successfully conduct all operations and joint interdepartmental and multinational (JIM) military exercises.</p>				

JOINT, INTERDEPARTMENTAL AND MULTINATIONAL EXERCISES

Table 5.2 provides feedback on Force Employment Programme Joint, Interdepartmental and Multinational Exercises for FY2010/11.

Table 5.2: Force Employment Programme Joint, Interdepartmental and Multinational Exercises for the FY2010/11.

Exercise Name	Aim	Scheduling 2010/11	Actual Achievement
Interdepartmental Exercises			
Exercise SHIELD	Command post and field training exercise in preparation for Operation KGWELE Command post exercise in preparation for Operation KGWELE (2010 FIFA World Cup)	April/May	Exercise SHIELD took place during April 2010 with all the Services and relevant Divisions of the SANDF as well as SAPS participating. The purpose of the exercise was successfully executed in order to confirm and exercise command and control for the conduct of Airspace Control in the RSA especially during the hosting of the 2010 FIFA World Cup
Exercise WAYSIDE	Maintenance of the Provincial Chemical, Biological and Radiological Response Teams and interdepartmental co-operation for the management of Chemical, Biological and Radiological incidents	May	The purpose of this exercise was to maintain the Provincial Chemical, Biological and Radiological Response and interdepartmental co-operation for the management of Chemical, Biological and Radiological incidents. This exercise took place during May 2010 and was aimed at the provision of Chemical, Biological and Radiological response support during the 2010 FIFA World Cup

Table 5.2: Force Employment Programme Joint, Interdepartmental and Multinational Exercises for the FY2010/11. (continued)

Exercise Name	Aim	Scheduling 2010/11	Actual Achievement
Multinational Exercises			
Exercise OXIDE incorporating Exercise BOURBON	Field training exercise to develop and maintain maritime co-operation at the operational and tactical levels between the SA Navy and French forces based in La Réunion	November La Réunion	Exercise OXIDE was postponed to FY2011/12 by the French Navy. The SANDF does not have any control over decisions made by Foreign Forces with regards to exercises where the SANDF is invited to participate
Exercise TRANS-OCEANIC	Command post exercise to exercise naval control and guidance of shipping (NCAGS) and to represent the SANDF as a full-time member of the TRANS-OCEANIC organisation	August	Ex TRANSOCEANIC was cancelled by the South African Navy, due to the fact that they were unable to attend the planning meeting in Argentina prior to the exercise
Exercise BELL BOUOY	Command post exercise to exercise NCAGS and to represent the SANDF as a full-time member of the Pacific and Indian Ocean Ship Work Group	May	The participation in the conduct of Exercise BELL BOUOY's main purpose was of ensuring cooperation between countries sharing the same oceans in order to provide for safer Sea Lines of Communication. This was a naval exercise, executed in Australia, between various countries. The purpose of this exercise was to exercise the necessary procedures for the guiding of ships in the Pacific Ocean. It was attended by two SANDF staff officers and no SANDF main equipment was utilised
Exercise FAIRWAY BUOY	Command post exercise to exercise NCAGS within Southern African Development Community context	June Namibia	Exercise FAIRWAY BUOY was scheduled to be executed in June 2010 on verbal request from the Namibian Defence Force was postponed to August 2010. The Namibian Defence Force was responsible for the planning and arrangement thereof. This naval exercise was executed in Namibia over the period 02 August 2010 to 18 August 2010. The main purpose was to ensure co-operation with countries sharing the same oceans in order to provide for safer Sea Lines of Communication. The relevant navies of the Southern African Development Community participated in a Command Post Exercise (CPX) with the purpose to exercise the necessary procedures for guiding of ships in the Indian and Atlantic Oceans. It was attended by nine SANDF members and no SANDF main equipment was utilised
Exercise ATLASUR	Exercise to maintain and promote maritime co-operation between the SA Navy and South American countries (Argentina, Brazil and Uruguay)	September Argentina	Exercise ATLASUR was an exercise between the navies of SA, Argentina, Brazil and Uruguay. A Senior Staff Officer from the Joint Operations Division attended the final planning conference in Argentina over the period 28 June 2010 to 02 July 2010. The exercise was executed over the period 27 October 2010 to 10 November 2010. The SANDF contingent deployed consisted of the SAS DRAKENSBERG, the SAS CHARLOTTE MAXEKE, 1 x Operational Diving Team, 1 x Maritime Reaction Section, 1 x Oryx helicopter with its support team, 1 x Submarine Logistic support team, 1 x Submarine Operating Authority team and a medical team

Table 5.2: Force Employment Programme Joint, Interdepartmental and Multinational Exercises for the FY2010/11.

Exercise Name	Aim	Scheduling 2010/11	Actual Achievement
Exercise IBSAMAR	Exercise to maintain and promote maritime co-operation between the SA Navy and South American countries (Argentina, Brazil and Uruguay)	September	Exercise IBSAMAR took place over the period 07 to 27 September 2010 in the RSA between India, Brazil and South Africa with the aim to maintain and promote maritime co-operation between the navies. The SANDF contingent participating in this exercise consisted of the SAS DRAKENSBERG, the SAS GALESHEWE, SAS AMATOLA and SAS SPIOENKOP

Chapter 6

PROGRAMME 3: Landward Defence

Overview

In the year under review, the South African Army (SA Army) fulfilled all its internal and external commitments, notwithstanding the fact that it is severely overstretched, especially in the infantry, engineer and support capabilities. Approximately 85% of force levels required by C SANDF were provided. Deviations were as a result of logistics and human resource challenges experienced, especially the unavailability and / or un-serviceability of prime mission equipment (PME) (A, B, C and D vehicle fleets), shortages of certain ammunition types, medical health status of personnel, shortage of personnel in specific musterings, ie technical and hospitality service personnel as well as suitable qualified and knowledgeable instructors to ensure quality training and skills transfer.

The SA Army's commitments for the year under review, included *inter alia*, the provisioning of landward forces for PSO deployment in the Democratic Republic of the Congo (DRC) (Op MISTRAL) and Sudan (Op CORDITE); training missions in the Central African Republic (CAR) (Op VIMBEZELA) and the DRC (Mission THEBE); border safeguarding deployments on the RSA/Zimbabwe, Mozambique/RSA and Swaziland/RSA borders; and internal deployment in co-operation with the South African Police Service (SAPS). In the DRC 109 SA Army members are on the verge of completing training of two rapid deployment battalions (FARDC 42 & 43 Bns) consisting of six infantry companies trained from lower / sub-unit level. In total 1 780 FARDC members were trained. In the DRC soldiers were handed over to the Minister of Defence of the DRC after completing a planned cycle of training in October 2010.

The SA Army provided 8 923 members for deployment to the United Nations (UN) and African Union (AU) Missions in Africa, border safeguarding and internal deployment. Learning opportunities were afforded to 93 members belonging to 11 foreign defence forces namely: Botswana, Zimbabwe, Namibia, Rwanda, South Korea, Nigeria, Republic of Congo, Pakistan, CAR, India and Tanzania at SA Army Centres of Excellence.

The support to the SAPS and the Department of Health by the SA Army forces provided during the national public service

strike by government employees in August/September 2010 was among the 'not initially planned for' milestones. In this regard, 1 868 members were deployed. This was over and above the forces provided for the successful hosting of 2010 FIFA World Cup (Op KGWELE).

The SA Army demonstrated its collateral utility by contributing to the construction of a suspension bridge in conjunction with the National Department of Public Works (NDPW). Limited construction work by SA Army engineers is in stages of completion at a number of facilities. The Works Regiment refurbished the hospice in the Lenz military base and the Regiment was transferred to Joint Logistics as an operational capability on 1 April 2011.

The rejuvenation of the support musterings, particularly in the Technical Service Corps (TSC), Ordnance Service Corps (OSC), Signals, Catering and Ammunition Corps environments remains a challenge as only a limited number of MSDS members could be accommodated due to financial limitations. The retention of qualified members is not always guaranteed and this negatively impacts on the sustainment capacity and the ability to support SA Army forces and units in their force employment and preparation roles.

In the wake of the increased operational tempo in external, internal and border safeguarding deployments, the SA Army utilized its Reserve component substantially to augment shortages in its Regular component. Approximately 18 000 call-ups were issued for a variety of duties including administrative, guards training and operations. Despite this, the defined end state for the SA Army Reserves could not be achieved, due to the low rate of MSDS members entering the Reserves and a lack of funding in general.

All current SA Army projects are essentially partial acquisitions and do not provide for the full capability requirements in accordance with the Defence Review or the SA Army Force Design/Structure due to current funding shortfalls. Operational gaps due to shortages of PME are already evident in certain capability areas due to end of life-cycle, obsolescence, under-funding and late delivery dates. Current funding levels will not be able to sustain the SA Army's PME requirement. An achievement however, in terms of the rejuvenation of PME, is the 35mm Mk V Gun system that has been re-commissioned.

In summary, the challenges faced by the SA Army remained the critical shortage and continued loss of scarce skills, the age and health status of the HR component and the unsatisfactory status of the A, B and D vehicle fleets, PME, ammunition and facilities, as well as the lack of critical structures to produce specific outputs in support of force preparation and operations. These challenges are being addressed through various initiatives, but owing to the cost and time, they will not be fully mitigated in the near future. However, the implementation of a technical allowance in the SA Army and the SANDF at large will go a long way to alleviate continued loss of scarce skills in the technical service environment. Salary increases as instituted by the Minister of Defence have also reduced the high outflow figures but have not stopped them.

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

Purpose of the Programme

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

Subprogrammes

- **Strategic Direction** directs, orchestrates and controls the South African Army in achieving its mission to provide prepared and supported landward capabilities for the defence and protection of South Africa. Funding is based on the cost of operating the landward defence headquarters and managing centralised funds for scarce commodities and specialist services.
- **Infantry Capability** provides combat-ready infantry capabilities through training, preparing, exercising and supporting mechanized, motorized and airborne infantry units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Armour Capability** provides combat-ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Artillery Capability** provides combat-ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Air Defence Artillery Capability** provides combat-ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Engineering Capability** provides combat-ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments, through training, preparing, exercising and supporting field and construction engineer units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Operational Intelligence** provides combat-ready operational intelligence capabilities to enable successful planning and execution of operations, through training, preparing, exercising and supporting intelligence units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Command and Control Capability** provides combat-ready tactical command and control capabilities for integrated forces during force preparation and force employment. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Support Capability** provides first and second line support capabilities to units and bases and ensures support to deployed combat units through training, preparing, exercising and supporting of first and second line maintenance units and workshops. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, the number of force preparation exercises and training courses and product systems requirement.
- **General Training Capability** provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the Training Depot (and decentralized units), SA Army Gymnasium, the Combat Training Centre and the SA Army College. Funding is distributed according to the number and size of units, equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Signal Capability** provides combat-ready signal capa-

bilities to ensure command, control and communications during exercises and deployments, through training, preparing, exercising and supporting signal units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

Objectives and Measures

Defend and protect South Africa and its territory by:

- Preparing an infantry capability to provide 3 infantry battalions a year for external deployment, 1 battalion as Chief of the South African National Defence Force Reaction Force, 1 multi-role battalion for internal safety and security, 1 battalion in support of internal security operations and 4 battalions involved in exercises;
- Preparing an armoured capability by exercising 1 tank regiment and 1 armoured car regiment with one squadron for internal deployment a year;
- Preparing an artillery capability by exercising 1 composite artillery regiment and 1 light (airborne) artillery

battery, having 1 light artillery battery in reserve and 1 battery for internal deployment a year;

- Preparing an air defence artillery capability by exercising 1 air defence artillery regiment and 1 light (airborne) air defence artillery battery, and having the 1 light air defence artillery battery as part of the mobile capability and one battery for internal deployment a year;
- Preparing an engineer capability by providing 3 sustained composite engineer squadrons for external deployment, 1 composite engineer squadron for internal reserve and exercising 1 light (airborne) engineer squadron a year; and
- Preparing a signal capability by providing 2 signal regiments a year for external deployment, internal reserve and involvement in exercises.

Output Detail

Table 6.1 below reports of the achievement of the outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 6.1: Landward Defence Programme Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Infantry Capability				
Mechanised Capability	Number of units prepared according to force requirements	One battalion combat-ready for conventional exercises	One battalion was available for conventional exercises, however did not participate in any conventional exercise therefore combat readiness could not be established	Achieved
Airborne Capability	Number of units prepared according to force requirements	One parachute battalion combat-ready for conventional exercises and Chief of the SANDF reserve	One parachute battalion was combat-ready for conventional exercises (YOUNG EAGLE) and Chief of the SANDF reserve	Achieved
Motorised Capability	Number of units prepared according to force requirements	Three battalions combat-ready for peace support operations	Three battalions were combat-ready for peace support operations and deployed in the DRC and Sudan	Achieved
		Two battalions combat-ready for conventional exercises	One battalion was combat-ready for conventional exercises, however, the other battalion did not participate in any conventional exercise therefore combat readiness could not be established	Achieved
		Two battalions combat-ready at all times for internal reserve	Two battalions were combat-ready at all times for internal reserve and were utilised in Op CORONA (Border safeguarding)	Achieved

Table 6.1: Landward Defence Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Armour Capability				
Tank Capability	Number of units prepared according to force requirements	One tank regiment (minus) combat-ready for conventional exercises	One tank regiment (minus) was combat-ready for conventional exercises (DIBETSA and KUTLWANO)	Achieved
Armoured Car Capability	Number of units prepared according to force requirements	One armoured car regiment (minus) combat-ready for conventional exercises	One armoured car regiment (minus) was combat-ready for conventional exercises (DIBETSA and KUTLWANO)	Achieved
Artillery Capability				
Composite Artillery	Number of units prepared according to force requirements	One composite artillery regiment (minus) combat-ready for conventional exercises (sustained)	One composite artillery regiment (minus) was combat-ready for conventional exercises (sustained). The capability participated in an integrated corps conventional exercise under the auspices of the School of Artillery	Achieved
		One light (parachute) artillery battery combat-ready for conventional exercises and Chief of the SANDF reserve (sustained)	One light (parachute) artillery battery was combat-ready for conventional exercises (YOUNG EAGLE) and Chief of the SANDF reserve (sustained)	Achieved
Air Defence Artillery Capability				
Composite Air Defence Artillery Capability	Number of units prepared according to force requirements	One air defence artillery regiment (minus) combat-ready for conventional exercises	One air defence artillery regiment (minus) was not combat-ready for conventional exercises but was used in its secondary role (infantry)	No unit exercises were conducted therefore critical elements of the capability were not evaluated in terms of combat readiness The Regimental Headquarters structure was staffed and equipped but did not conduct any training as main equipment was not available and only recommissioned late in the financial year Only a sub-unit of the Mobile Air Defence System could be provided due to the shortage of equipment
		One light (parachute) air defence artillery battery combat-ready for conventional exercises and Chief of the SANDF reserve	One light (parachute) air defence artillery battery was trained, but not fully combat-ready for conventional exercises and Chief of the SANDF reserve due to a lack of equipment	Partially Achieved The capability was parachute trained but the requisite equipment was not delivered by industry as planned. Commissioning of the equipment will take place in the short to medium term

Table 6.1: Landward Defence Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Engineer Capability				
Field Engineer Capability	Number of units prepared according to force requirements	One engineer regiment (minus) combat-ready for conventional exercises	One engineer regiment (minus) was combat-ready for conventional exercises (SUPER SAPPER)	Achieved
		Three composite squadrons combat ready for peace support operations	Three composite squadrons were combat ready for peace support operations and utilised in the DRC, Sudan and the CAR	Achieved
		One composite squadron for internal deployment as required (sustained)	One composite squadron for internal deployment as required (sustained) in Op CORONA	Achieved
		One light (parachute) field engineer squadron combat-ready at all times for Chief of the SANDF reserve and conventional exercises	One light (parachute) field engineer squadron was combat-ready at all times for Chief of the SANDF reserve and conventional exercise (sustained) (YOUNG EAGLE)	Achieved
General Training Capability				
General training for Regular and Reserve members	Number of learners on planned courses	4 709 ¹	3 825	Partially Achieved Five courses were cancelled due to insufficient nominations. 37 courses were not conducted at full strength as planned because of unavailability of learners due to deployment. Some learners withdrew for medical reasons
Signal Capability				
Signal Capability	Number of units prepared according to force requirements	Two signal regiments (minus) combat-ready for conventional exercises and peace support operations	Two signal regiments (minus) were combat-ready for conventional exercises (YOUNG EAGLE) and peace support operations in the DRC and Sudan	Achieved
<p>Effect of Programme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.</p> <p>The achievement of the Landward Defence Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported landward defence capabilities for the defence and protection of South Africa.</p>				

¹ The original target as per the DOD Strategic Plan FY 2010/11 was 4 375, however this was increased to 4 709.

PLANNED EXERCISES (SERVICE UNIQUE)

Table 6.2 provides feedback on Landward Defence Programme unique exercises that were planned for FY2010/11.

Table 6.2: Landward Defence Programme Planned Exercises (Service Unique) for the FY 2010/11

Exercise: Name and Aim	Scheduling 2010/11	Actual Achievement
Exercise SEBOKA. Conventional exercise for one Brigade (minus)	November	The exercise was replaced by a number of formation specific exercises, namely Ex DIBETSA, Ex KUTLWANO and Ex SUPER SAPPER, in preparation for the command post exercise, Exercise NDLOVU
Exercise YOUNG EAGLE. Conventional exercise for one Airborne Brigade (minus) in compliance with C SANDF reserve	February	Training objectives for MSDS integrated training were not achieved in totality due to a lack of leader group training at the tactical level. The SA Army will in future focus on the empowerment of the junior leader group at tactical level to ensure proper execution of TTPs and doctrine Key personnel of regular units were exercised at a brigade level planning session and training



Chapter 7

PROGRAMME 4: Air Defence

Overview

During the year under review, the South African Air Force (SAAF) has again demonstrated its dependability in delivering on its mandate despite the diverse challenges encountered during FY2010/11. The SAAF managed to keep combat readiness at the required levels and ensured that 98,6% of the planned flying hours were achieved. In total 33 930 flying hours were generated which included amongst others internal operational missions, force preparation activities, support to SANDF contingents outside RSA in support to government imperatives. The Air Force Reserve Squadrons generated 2 860 hours during the year under review. This figure indicates that the Air Force Reserves contributed 8,4% of the Air Force's total flying hours and 17.5% of the force employment hours. The successes of the Air Force can be attributed to the dedication and commitment of the Air Force personnel who had continually demonstrated dependable skill and loyalty under challenging circumstances. However, these achievements came at a cost of lack of future assurance in terms of the Air Force's diverse capabilities' integrity and sustainability.

There was a marked and visible increase in the Air Force's contribution towards Defence Diplomacy during the year under review. These include flying of VVIPs and VIPs during the reporting period. The support towards Defence Diplomatic activities is regarded as an essential contribution towards the country's first line of defence within the context of conflict prevention and peaceful resolution of conflicts. In this regard the Air Force has managed to meet its mandate notwithstanding challenging conditions. The considerably changed scope and frequency of activities of the RSA government's involvement in regional and international affairs from 1994 to date has a direct impact on the current SAAF available resources. During the Africa Aerospace and Defence Exhibition (AAD) held in September 2010, 28 Air Force Chiefs or representatives were hosted with the aim to strengthen military relations with these countries and to discuss possible areas of future cooperation.

The SAAF has supported different Joint Operations Requirements for external operations and internal exercises.

Within the external operations domain the Air Force provided sustainment flights to the external SANDF operations. Successful exercises with foreign countries included participation in the naval exercise held on the East Coast of South Africa with Brazil, India and the South African Navy. These combined efforts have contributed in enhancing the Air Force's expertise in combined maritime operations.

In keeping with the mandate of providing support to the people the Air Force provided support to the people by executing 15 flights in fire-fighting operations, 34 flights during medical and casualty evacuations and 9 flights searching for persons.

The 2010 FIFA World Cup was the RSA's highlight event that required high level of expertise in airspace security and continuous surveillance and monitoring. During this event the National Airspace Security was delegated to the SAAF via the National Joint Operations Centre. Over this period, the SAAF committed diverse assets and resources such as control sectors, different tactical mobile radar systems, Hawk and Gripen supersonic fighters, helicopters, Electronic Warfare (EW) capabilities and Intelligence Surveillance Reconnaissance (ISR) capabilities.

Utilizing these diverse capabilities, the SAAF managed to screen 12 921 aircrew of which 6 were rejected as undesirable, conducted 64 739 flight authorisations, 347 combat air patrols, took appropriate action against 65 non-compliant aircrafts, carried out 51 interceptions and diverted 9 aircraft away from the prohibited flying zones. The technological edge of the Gripen's data link, advanced airborne radar and IIR pod proved to be a valuable investment as it provided real time information simultaneously to diverse users during the air defence operations. Opportunities to use Air Power to support Government security and anti-crime initiatives with new technology were fully exploited.

The Hawk lead in fighter trainers were delivered and handed over to the Air Force. Integration and phasing in of the system into the SAAF is essentially completed but diverse challenges continue to prevail due to insufficient operational funding. During the year under review, 9 crew members were quali-

fied. The lack of steady state contract for the Hawk capability will continue to negatively impact on the sustained long term combat and mission readiness of this capability.

The Helicopter Capability has served as a paramount asset to both internal and external operations. Long lead times on components required by the Lynx and late approval of an interim support contract for the Rooivalk system had a direct impact on the cash flow of the capability area. The ordered commitments, humanitarian support and search and rescue operations were honoured.

The Side-by-Side pupil pilot training by Babcock Flying Academy at Air Force Base Swartkop was conducted and due observations were made regarding its overall impact on the SAAF pupil pilot training efforts.

The Avionic retrofit of the PC7 MKII aircraft progressed as planned. Funds were made available to repair three engines and overhaul six engines in order to increase aircraft availability and mission readiness.

The Air Force unfortunately suffered two major accidents with the Agusta A109 helicopter crashes in November 2010 at Potchefstroom and in December 2010 at Balito. Relevant Boards of Inquiry have been convened and are in progress.

There is another investigation being conducted following the incident at AFB Makhado where a pilot lost his life during his first solo flight on a HAWK aircraft. Aviation safety training, however, continued to be provided, with 306 Air Force members qualifying in aviation safety. Safety, Health, Environment, Risk and Quality (SHERQ) training courses were presented with a total of 266 SAAF members being declared competent during the financial year.

Within the SAAF strategic focus, the critical challenges in the short and medium term remains in the domain of four areas, Human Resource development and utilization, affordability, operational readiness and support optimisation. Actions were initiated to retain skilled personnel and to improve representivity. Although recruitment by aviation industries has reduced, skilled Air Force personnel will be in demand once the effect of the global economic downturn improves. Cutting through every sphere of these strategic issues is a challenge of underfunding. The Air Force's diverse interventions efforts towards infrastructure maintenance, development and retention of specialist skills, enhancing operational support, do not have a long term and lasting impact. They provide an important emergency relief of a temporal nature. The impact of underfunding further exacerbates the obsolescence problems especially on the older generation aircraft systems that are more than 40 years old.

A strategic guideline decision to relocate the Air Force Base Durban to King Shaka during the year under review could not be implemented due to the financial implication. The total costs for the relocation is estimated at Rm 800.

Given the account of the SAAF on the expected output for the year under review, the Air Force has managed to deliver on

the planned output albeit at a cost. There is clear evidence, as elaborated in this report, that the previous cuts and under funding in the SAAF operating budget has reached culmination point in terms of adverse effects on SAAF capabilities. A risk exists that not all the required system tests can be effectively done due to lack of adequate flying hours. The system operational hand-over timeline to the SAAF is planned for March 2012.

There is no doubt that the SAAF diverse air capabilities, given the adequate support in terms of resources, can deliver on the required output beyond expectations as was demonstrated during the 2010 FIFA World Cup.

Purpose of the Programme

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

Subprogrammes

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

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

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

- **Technical Support Services** establishes, maintains and prepares optimized technical and tactical logistic support capabilities to provide support to system groups and manage air service units. In principle, funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and contracted human resources and product system requirements.

Objectives and Measures

Defend and protect South Africa and its airspace by providing

- Four helicopter squadrons and one combat support squadron a year;
- Three medium transport squadrons, one maritime and transport squadron, one light transport squadron and nine reserve squadrons at the required readiness levels a year;
- One air combat squadron a year; and
- A 24-hour air command and control capability.

Output Detail

Table 7.1 below reports on the achievement of the outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 7.1: Air Defence Programme Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Helicopter Capability				
Medium and Light Transport Capability Combat Support Capability	Number of flying hours	12 900	10 700.5	Due to operational requirements less force preparation hours were flown. Due to protracted contract negotiations no PSS contract was in place for the technical support of the Rooivalk fleet. Insufficient crews trained on Lynx
	Number of squadrons available according to force requirements	Four mixed (medium and light) squadrons	Four mixed (medium and light) squadrons	Achieved
		One combat support squadron	One combat support squadron	Achieved

Table 7.1: Air Defence Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Transport and Maritime Surveillance Capability				
Very important persons (VIP) Transport Capability, Medium and Light Transport Capability, Maritime Capability	Number of flying hours	11 394	10 015.9	Technical failures (awaiting spares) and scheduled maintenance. Additional flying required during Basic Air Transport Courses, Operational Camps, tasks and the 2010 FIFA World Cup
	Number of squadrons available according to force requirements	Three medium transport squadrons including one VIP squadron	Three medium transport squadrons including one VIP squadron	Achieved
		One maritime surveillance and transport squadron	One maritime surveillance and transport squadron	Achieved
		One light transport squadron	One light transport squadron	Achieved
		Nine Air Force Reserve squadrons	Nine Air Force Reserve squadrons	Achieved
Air Combat Capability				
Fighter Capability	Number of flying hours	550	2 962.2	Additional hours flown due to Operation KGWELE
	Number of squadrons available according to Force Requirements	One combat squadron	One combat squadron	Achieved
Air Base Support Capability				
Base Support Capability countrywide	Number of air bases/stations provided throughout the year, ensuring compliance with force requirements	Eight air bases	Eight air bases	Achieved
		One air station	One air station	Achieved
Command and Control Capability				
Air Defence Management Capability	Number of mission-ready mission controllers available	27 daily	27 daily	Achieved. In preparation for the implementation of OP CORONA, additional mission controllers were required to be mission-ready to form part of the 24hr/7
	Percentage availability of two mission-ready static control centres	95% at all times	95% at all times	Achieved
	Number of radar systems available	10 at all times	12 radars at least 90% of the time	Achieved

Table 7.1: Air Defence Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Air Traffic Management Capability	Number of mission-ready Air Traffic Controllers available	64 daily	32 daily	Not achieved. Due to failures of fitness tests, members could not complete initial training. Vast number of transfers also resulted in retraining to be conducted at various units
	Percentage availability of seven mission ready air traffic service units	98% at all times	100% at all times	Achieved
Training Capability				
General education, training and development of SA Air Force personnel	Number of learners on planned courses	2 556 learners	1 471 learners	Not achieved. Some courses were ad hoc and not required during quarter. Members did not pass fitness test or medical
<p>Effect of Programme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.</p> <p>The achievement of the Air Defence Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported air defence capabilities for the defence and protection of South Africa.</p>				

PLANNED EXERCISES (SERVICE UNIQUE)

Table 7.2 provides feedback on Air Defence Programme exercises (service unique) that were planned for FY2010/11.

Table 7.2: Air Defence Programme Planned Exercises (Service Unique) for the FY2010/11

Exercise: Name and Aim	Scheduling 2010/11	Actual Achievement
Electronic Warfare (EW) Camp, providing Air Force pilots an opportunity to fly in a high density EW threat environment.	August	Partially achieved 28 Squadron is currently the only Squadron with the C-130BZ aircraft that has EW self-protection equipment on the aircraft. Due to the high demand for the C-130BZ aircraft in support of operations, a very limited interaction with the EW camp is currently possible

Table 7.3 provides feedback on Air Defence Programme Joint, Inter-departmental and Multi-national exercises that were planned for FY2010/11.

Table 7.3: Air Defence Programme Planned Joint, Inter-departmental and Multi-national Exercises for the FY2010/11

Exercise: Name and Aim	Scheduling 2010/11	Actual Achievement
Multi-national Exercises		
Exercise PEGASUS, a combined air transport exercise involving the South African and Regional Air Forces	September/ October Botswana	Ex PEGASUS was not exercised during FY2010/11 due to various exercises, especially with Operation KGWELE (2010 FIFA World Cup) that took place from June 2010 to July 2010



Chapter 8

PROGRAMME 5: Maritime Defence

Overview

The FY2010/11 was extremely demanding for the SA Navy due to an increased operational tempo.

At the multi-national level, the SA Navy successfully participated in Exercise ATLASUR - a biennial, joint and combined maritime exercise between the Navies of Argentina, Brazil, South Africa and Uruguay. The aim of the exercise was to provide collective training, improve interoperability and enhance mutual understanding on maritime matters for the participating nations. This exercise was held in Argentina, South America and all the objectives were achieved. The SA Navy also participated successfully in Exercise IBSAMAR II - a multi-national exercise involving the navies of Brazil, India and South Africa. The objective of the exercise was to improve interoperability and this was deemed to have been an overwhelming success by the participating nations. The skills and experience acquired during Exercise IBSAMAR II will contribute to the SA Navy's ability to deal with issues such as conducting humanitarian aid operations and the combating of threats like terrorism and piracy in the future. The Indian Commander of the IBSAMAR II Task Force commented on the exercise as follows: "The meticulous planning, efficient co-ordination and flawless execution of the exercises reflect dynamic leadership, high levels of motivation, well-trained crews, efficient ship management and material preparedness of the three Navies."

The SA Navy's international diplomacy program with its strong regional focus continued to yield good results. At the strategic level of international cooperation, the Chief of the Navy or his delegated representative visited the following countries: Argentina, China, France, India, Italy, Sri Lanka, UK, Vietnam and USA with reciprocal visits being paid by India, Vietnam, UK and USA. Elements of the Maritime Reaction Squadron and support personnel were deployed in various peacekeeping missions thereby contributing to the RSA's diplomatic initiatives in Africa. The deployment of the frigate SAS MENDI on Operation COPPER, an anti-piracy patrol in the Mozambique Channel, further enhanced the RSA's contribution to safety and security in the region. The combat support vessel, SAS DRAKENSBERG conducted Operation IKHALA, an emergency evacuation contingency operation off the West Coast of Africa.

The SA Navy successfully prepared and deployed the SAS

DRAKENSBERG, the frigate SAS AMATOLA, the hydrographic survey vessel SAS PROTEA and the mine counter measures vessels SAS UMZIMKULU and SAS UMKO-MAAS at the required levels of readiness during the 2010 FIFA World Cup (Operation KGWELE). Also deployed were the submarines SAS CHARLOTTE MAXEKE and SAS QUEEN MODJADJI I, as part of force preparation to ensure maximum maritime security during this period. What is significant about Operation KGWELE is that the SA Navy was at its highest level of operational readiness, since the acquisition of the Strategic Defence Packages. In total 16 897 sea hours were achieved during force preparation and employment, of which 3 033 were during the unforeseen operations off the West coast and in the Mozambique Channel.

The SA Navy acquired the Shallow Water Route Survey System and the system proved most effective in mine detection operations conducted during Operation KGWELE. The system has proved to be an excellent asset in ensuring the continued safety and security of the RSA ports. What is equally significant is that policy option funding obtained was directed at providing a core maritime defence capability. This is a niche capability that no other state maritime agency could provide and also proved to be invaluable during recovery operations when it was used to assist the South African Civil Aviation Authority to locate and recover the wreckage of the light aircraft that crashed off Plettenberg Bay.

Internally, the SA Navy achieved a payment figure of 99.2% for FY2010/11. The SA Navy also participated actively in the task team that prepared a report on achieving better efficiencies with the DOD's budget.

An integral part of the SA Navy's planning and strategic direction process is the SA Navy's social responsibility programme. Several disadvantaged communities have been assisted and continue to be assisted through these programmes. The ISIVUNGUVUNGU sailing team continued to attain excellent results in international competitions where two sailors attained ninth position at the Volvo Youth Sailing ISAF World Championships held in Turkey and fifth position in the Open 420 World Championships in Haifa, Israel. At national level one sailor, Asenathi Jim, was twice nominated as SA Sailor of the month and eventually became the SA Sailor of the year for 2010. This great achievement resulted in him being introduced to the Olympic Class 470. He will

also skipper the SB3 to defend their title in the UK in the 2011 UK championships.

The SA Navy continued to experience critical shortages of personnel within the technical, combat, diver, submariner and logistics domains during the reporting period. Although there are sufficient newly recruited candidates in these domains that are under training, it will take time before these candidates acquire the requisite skills, knowledge and experience to counter the loss of experienced personnel.

The general status of buildings in the Simon's Town area continued to be a cause for concern. Day to day maintenance is being carried out, but due to the age of the buildings their condition continues to deteriorate.

Although the Directed Levels of Capability as stipulated in terms of the force employment requirements for the respective capabilities were achieved, the SA Navy will not be able to sustain these levels of capability into the future, due to the continued underfunding. The SA Navy performed in accordance with its plan and exceeded expectations in certain instances i.e. in its force preparation and force employment commitments. It remains committed to pursuing its primary objective of providing a credible maritime defence to the people of South Africa.

Purpose of the Programme

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

Objectives and Measures

Defend and protect South Africa and its maritime zones by providing

- A surface combat capability of four frigates, one combat support vessel, three offshore patrol vessels, three inshore patrol vessels and a maritime reaction squadron in each annual operational cycle;
- A sub-surface combat capability of three submarines in each annual operational cycle;
- Two mine countermeasures systems in each annual operational cycle to ensure safe access to South African harbours, and where mine clearance may be required; and
- An ongoing hydrographic survey capability to ensure

safe navigation in charting areas and to meet international obligations.

Subprogrammes

- **Maritime Direction** provides strategic direction within the Maritime Defence programme by formulating and controlling strategies, policies, plans and advice in order to prepare and provide the maritime capabilities required for the defence and protection of South Africa. Funding is distributed based on the cost of operating the Naval Headquarters.
- **Maritime Combat Capability** provides mission ready and supported maritime combat capabilities in accordance with the approved force design of the DOD. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements and the number of force employment operations.
- **Maritime Logistic Support Capability** sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- **Maritime Human Resources and Training Capability** ensures that the maritime combat capability requirements are met in terms of qualified personnel for Regular and Reserve members. Funding is distributed according to the number and size of units, systems and equipment operations and maintenance requirements, and the number of force preparation and training courses.
- **Base Support Capability** provides a general base support capability to ships and submarines, shore units and other identified clients to ensure that the fleet complies with specified operational-readiness levels. Funding is distributed according to the size of the naval base, systems and equipment operating and maintenance requirements.

Output Detail

Table 8.1 below reports on all outputs, performance measures and targets specified in the output table in the DOD Strategic Plan FY2010/11.

Table 8.1: Maritime Defence Programme Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/Under Achievement
Maritime Combat Capability				
Surface Warfare Capability	Number of vessels operated in the annual operational cycle	Four frigates	Four frigates	Achieved
Submarine Warfare Capability	Number of submarines operated in the annual operational cycle	Three	Three	Achieved
Combat Support and Sealift Capability	Number of combat support vessels operated in the annual operational cycle	One	One	Achieved
Mine Warfare Capability	Number of mine counter measure vessels operated in the annual operational cycle	Three	Three	Achieved
Hydrographic Services Capability	Number of hydrographic vessels and mobile hydrographic survey teams operated in the annual operational cycle	One vessel	One vessel	Achieved
		One mobile hydrographic survey team	One mobile hydrographic survey team	Achieved
Patrol Capability	Number of patrol vessels operated in the annual operational cycle	Three inshore vessels	Three inshore vessels	Achieved
		Three offshore vessels	Three offshore vessels	Achieved
Maritime Reaction Squadron Capability	Number of teams of the Operational Boat Division prepared in accordance with the Navy Force Design	Three	Three	Achieved
	Number of teams of the Operational Diving Division prepared in accordance with the Navy Force Design	Three	Three	Achieved
	Number of platoons of the Naval Reaction Division prepared in accordance with the Navy Force Design	Three	Three	Achieved
Maritime Training Capability				
General education, training and development of Navy personnel	Number of learners on planned courses	4 964	3 007	67 learning opportunities were cancelled due to operational and work commitments, resulting in 1 957 less learners than planned for
Base Support Capability				
Base Support Capability	Number of Naval Bases/Stations provided, ensuring compliance with force requirements	One Naval Base	One Naval Base	Achieved
		Two Naval Stations	Two Naval Stations	Achieved
Effect of Programme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.				
The achievement of the Maritime Defence Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.				

PLANNED EXERCISES (SERVICE UNIQUE)

Table 8.2 provides feedback on Maritime Defence Programme Unique Exercises that were planned for FY2010/11.

Table 8.2. Maritime Defence Programme Planned Exercises for FY2010/11

Exercise: Name and Aim	Scheduling 2010/11	Actual Achievement
Exercise RED LION. Annual Task Force exercise	February/March	The exercise has been postponed to May 2011 due to the commitment of vessels in Operations IKHALA and COPPER
DIVEX. Annual diving exercise	September	<p>The first Divex was held under Operation KOWIE in preparation for 2010 FIFA World Cup from 16 - 30 Apr 10 in Simon' Town</p> <p>The second Divex ran concurrently with Exercise REVIVE I, from 22 - 26 Nov 10 in Simon's Town. This was to train new operators and divers in the use of the MCM system used during SWC</p> <p>The third Divex was held in Mossel Bay under Exercise REVIVE II from 8 - 12 Feb 11. This exercise was a continuation from REVIVE I, where more divers were exposed to the system</p>



Chapter 9

PROGRAMME 6: Military Health Support

Overview

In the year under review, the Military Health Support Programme continued to render health services according to its dual mission to support deployed forces and secondly to deliver a base-orientated health service. The factors impacting on the service delivery objectives are the loss of scarce skills, an insufficient budget to fulfil ordered commitments and to renew the SA Military Health Service (SAMHS) obsolete equipment and capabilities.

The SAMHS contributed to the broader State service delivery objectives through its partnership and support to the Department of Health in providing health support to the 2010 FIFA World Cup during Operation KGWELE. A total of 902 SAMHS members were deployed at National Health Operation Centres, stadiums and fan parks. SAMHS members were also deployed with the SA Army during Operation KGWELE and health elements also rendered health support to maritime operations during Operation KGWELE. Support was also provided to the Department of Health during the national strike of nursing personnel in provincial hospitals. During Operation PROSPER, the SAMHS supported 74 hospitals in the nine provinces with a total of 2 822 members consisting of 1 266 health care practitioners.

The health care to designated military veterans was operationalized after the approval of the Minister in December 2010.

The SAMHS contributed immensely to the strengthening of foreign relations. Medical equipment and general office equipment was donated to the Uganda People's Defence Force. The 6th Annual Protection Course for African States party to the Chemical Weapons Convention on behalf of the SA Council for Non-Proliferation of Weapons of Mass Destruction and the Organisation for the Prohibition of Chemical Weapons was presented by the SAMHS in September 2010. The course was attended by representatives from Algeria, Burkina Faso, Burundi, Cote D'Ivoire, Kenya, Malawi, Morocco, Nigeria, Tanzania, Tunisia, Zambia, Zimbabwe and Uganda. The Chemical and Biological Defence Advisor attended an international workshop on Strengthening International Efforts to Prevent the Proliferation of Biological Weapons in November 2010 and made a presentation on the

Intercessional Process in preparation of the 7th Review Conference that will be held in 2011. The Surgeons General had bilateral meetings with the Surgeons General of the Netherlands and Zambia during the attendance of the African Aerospace Defence and a working visit to France. The aim was to strengthen military health relations with these countries and to discuss possible areas of future co-operation.

The SAMHS Facility Master Plan continued to guide the repair and upgrading of infrastructure through a phased approach. The day-to-day maintenance of facilities is hampered due to the insufficient budget allocation. Donor funding directed to antiretroviral treatment has been utilised to upgrade and renovate health facilities such as the Sickbay at Langebaanweg and the pharmacy at the Military Medical Clinic Waterkloof. The upgrade of the Military Health Training facility at Lephalale was completed for the training of members of the military skills development system. Progress continued to be made with the repair and maintenance programme at the three military hospitals. The construction of the main building at 3 Military Hospital was completed and occupation took place during November 2010. The refurbishment of the main building of 2 Military Hospital has commenced in January 2011. Progress was made with the repair and upgrade of the field hospital capability. The Military Base Hospital at the Combat Training Centre in Lohattha has been equipped with integrated digital main medical equipment.

During the reporting period, a total number of 128 emergency care technician learners graduated and are being utilised at decentralised military health facilities. The African Contingency Operations Training Assistant (ACOTA) programme presented a Trauma Nursing Care Course. Basic Ambulance Assistant courses were presented during the reporting period to 266 recruits of the Department of Health at decentralised military health training facilities in Pretoria, Bloemfontein and Simon's Town. The Nursing College diploma and pledge of service ceremony was held in October 2010 during which 103 diplomas were conferred to candidates who successfully completed the four year diploma and primary health care courses. A total of 54 SAMHS members from the military skills development system have successfully completed the Internal Support Services logistical course

at the School for Logistical Training. These members will reinforce the SAMHS logistical capability.

A comprehensive appreciation was done on patient administration to facilitate service delivery improvements and adherence to the Public Finance Management Act, ie to ensure that the payment of all medical accounts are finalised within 30 days. Turnkey solutions are being implemented and have delivered results.

The establishing of an integrated health system as a strategic resource has become indispensable to the delivery of an increasingly sophisticated primary and tertiary health care system. The development of new systems promotes best business practices and accountability through tested technologies. Good progress has been made with the development of new technology such as digital scanning, clinical imaging, electronic handheld palmtops, telemedicine and smart card identification cards.

The HIV counselling and testing campaign launched by President Zuma and the National Department of Health on 25 April 2010 was executed under the auspices of the Comprehensive Care and Management Treatment programme. Focused activities took place on 1 December 2010, World Aids Day. During a training visit in December 2010 to San Antonio, Texas, the Directorate HIV and Aids presented a HIV Prevention poster.

Although the retention of health care practitioners remains a strategic issue, the Occupational Specific Dispensation for medical officers, dentists and pharmacists, Resolution 1 of 2010, has been implemented.

A total number of 108 members of the Military Skills Development System were translated to the Core Service System and 160 members were translated to the Reserves. The roll-out of the University Reserve Training programme continued. The challenge of recruiting and remunerating health care practitioners in the Reserves remains unresolved.

The SAMHS continued to promote a culture of good governance during the reporting period by implementing and executing rectification plans after negative audit findings. The SAMHS Accountability Management Committee stands central to the monitoring of the rectification plans.

Purpose of the Programme

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

Subprogrammes

- **Strategic Direction** formulates strategy, policies and plans, and gives advice from the Surgeon General's Office to prepare and provide the capabilities required

by the Chief of the SANDF. Funding is based on the cost of operating the military health headquarters.

- **Mobile Military Health Support** provides health support elements for deployed and contingency forces. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements and the number of force preparation activities.
- **Area Military Health Service** provides a comprehensive, self-supporting, multidisciplinary geographic military health service through a formation headquarters commanding and controlling nine area military health units to ensure a healthy military community. Funding is distributed according to the number and size of units and health care facilities, systems and equipment operating and maintenance requirements and the number and type of patient health services rendered, as well as force preparation activities.
- **Specialist/Tertiary Military Service** provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation as contained in the South African Military Health Service (SAMHS) strategy. Funding is distributed according to the number and size of military hospitals and specialist units, systems and equipment operating and maintenance requirements, the number of and type of patient health services rendered as well as force preparation activities.
- **Military Health Product Support Capability** provides for warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock, procuring unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. Funding is distributed according to the number and size of units and the use of military health products, equipment and consumables and the requirements for maintaining strategic military health reserves.
- **Military Health Maintenance Capability** provides general base support services to identified SAMHS units to sustain and maintain the approved force design and structure. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements.
- **Military Health Training Capability** provides a military health training service to develop and maintain military health capabilities within the parameters of relevant legislation and policies. Funding is distributed according to the training inputs of the sub-units, equipment operating and maintenance requirement and the number of force preparation exercises and training courses presented to Southern Africa Development Community (SADC) countries.

Objectives and Measures

Provide prepared and supported health capabilities and services by providing:

- a health support capability of five medical battalion groups, including one specialist medical battalion group, for deployed and contingency forces; and
- a comprehensive multidisciplinary health service to a

projected patient population of 230 000 members per year.

Output Detail

Table 9.1 below reports on the achievement of the outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11

Table 9.1: Military Health Support Programme Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Mobile Military Health Support Capability				
Combat-ready Military Health Support Elements for deployed and contingency forces	Number of units prepared according to force requirements	One conventional medical battalion group	One conventional medical battalion group (minus)	Partially achieved. Insufficient staff to fulfil the dual mission of the SAMHS and to staff the Regular Conventional Medical Battalion Group. The combat readiness of the SAMHS is compromised by the inability to retain scarce skills, especially health care practitioners, and the inability to procure and upgrade main medical equipment from the insufficient budget allocation
		One specialist battalion group	One specialist battalion group (minus)	Partially achieved. Insufficient health care practitioners and inability to recruit and retain scarce skills such as health care practitioners, eg medical officers and air-borne and parachute qualified members. Also the inability to procure and upgrade main medical equipment from the insufficient budget allocation
		Three Reserve medical battalion groups	Three Reserve medical battalion groups (minus) 25% of the unit strength	Partially achieved. Although there was an increase in the level of staffing, the correct profile of members, eg the recruitment and retention of health care practitioners remains challenging. The remuneration of health care practitioners for the Reserves has not been resolved. The decentralised and modular training of SAMHS Reserves had been approved

Table 9.1: Military Health Support Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Area Military Health Service				
Comprehensive, self supporting, multidisciplinary geographic military health service	Number of health care activities at the 88 geographic health care facilities	1 300 000	1 241 841	Achieved. The target remains to be an estimate. Increase in health care activities from the previous year can be ascribed to improved data capturing. Fewer patients were referred for outsourced health care. The impact and effect of the health care to veterans will only be experienced in the next financial year
	Number of health assessment activities executed at the 88 geographic health care facilities	50 000 ¹	65 428	Over Achieved. The demands for health assessments, ie concurrent health and pre-deployment assessments have increased. All the demands for health assessments were met in line with the prescribed policy in spite of insufficient health care practitioners, ie psychologists
	Number of medical support activities at the 88 geographic health care facilities	2 200	5 275	Over achieved. The demand for medical support activities has increased as a result of increased force preparation activities. Data capturing of the medical support activities has also improved. The target will be amended for FY2011/12
Specialist/Tertiary Military Health Service				
Specialist/Tertiary military health services and capabilities by means of military hospitals, institutes and a unit for dignitary and VIP health services	Number of health care activities at the three military hospitals	990 000	784 423	Slightly under achieved. Fewer patients could be consulted and had to be referred to provincial and private health facilities due to the unavailability of certain capabilities/medical departments as a result of the Repair and Maintenance Programmes at the three military hospitals
	Maximum number of aviation health care activities	15 850	20 912	Over achieved. The demands for health services and assessments at the Institute for Aviation Medicine have increased. More members of the SA Air Force and the SA Civil Aviation Authority reported for health assessments and consultations. The aviation health capability needs to be renewed in terms of the facility and obsolete equipment

¹ The original target as per the DOD Strategic Plan FY2010/11 was 125 000 but was adjusted to 50 000.

Table 9.1: Military Health Support Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
	Maximum number of maritime health care activities	60 000	60 337	Achieved. Demands for service delivery were met. Due to an increase in maritime activities more healthcare related activities are imminent
	Maximum number of Military Psychological Institute contacts	10 200	9 620	Achieved. Demands for service delivery were met in spite of the low staffing levels of psychologists
	Number of animal health activities	3 240	5 985	Over achieved. The estimated target was achieved in spite of the shortage of veterinary officers. The increase in activities is due to preventative health programmes, ie immunisations and de-worming programme of canines. Training took place according to the planned programme
	Number of national and international dignitary and VIP medical support and health care activities	584	609	Over achieved. The Presidential Medical Unit has performed more medical support than expected. The structure of the unit had been approved to meet the increased demands
Military Health Product Support Capability				
Warehousing of pharmaceuticals and sundries and military health mobilisation and unique stock	Percentage availability of stock at all times	75%	61.5%	Not achieved. The sustainment of stock levels and the strategic reserve is challenging due to insufficient funding. The stock levels and strategic reserve has increased to 71% in the 4th quarter of the period under review. Suppliers do not honour the specified delivery periods and often deliver partial quantities
Procurement of unique military health products, materials and services	Percentage compliance with stock procurement and delivery requirements	80%	82.5%	Over achieved Suppliers reacted well to delivery periods and there was a larger focus on the following-up of orders
Asset and life-cycle management of main medical equipment	Number of main medical equipment assets verified and registered	17 853	17 858	Achieved The asset and life-cycle management of main medical equipment has been performed according to plan in spite of the initial impact of Operations KGWELE and PROSPER

Table 9.1: Military Health Support Programme Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Military Health Training Capability				
Military health training capability	Number of learners on planned courses	3 966	5 223	Over achieved Achieved targets in spite of - challenges with accommodation as a result of the refurbishment and renovation programme at the Military Health Training Capability. The focus was on the accreditation of instructors to either obtain or maintain accreditation

Effect of Programme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

Military Health Support Programme's Outputs has contributed positively to the Programme's Purpose to provide prepared and supported health capabilities and services for the defence and protection of South Africa. Most of the outputs of the sub-programmes had been achieved. The quality of military health services had been questioned and will be addressed in FY2011/12 by means of formalised customer surveys.

PLANNED EXERCISES (SERVICE UNIQUE)

Table 9.2 provides feedback on Military Health Support Programme service unique exercises that were planned for FY2010/11.

Table 9.2: Military Health Support Programme Planned Exercises (Service Unique) for the FY2010/11

Exercise: Name and Aim	Scheduling 2010/11	Actual Achievement
Exercise WAYSIDE: force preparation exercise	March/April	Exercise WAYSIDE took place from 23 March to 1 April 2011 at Ditholo. The objectives were achieved, namely, the detailed analysis of decontamination and detection equipment and procedures utilised during the 2010 FIFA World Cup, evaluation of the existing conventional decontamination and detection procedures in order to align them with the urban procedures and for utilisation on the battlefield. The technology demonstrator for the new level 1 resuscitation post was also evaluated and improvements were identified



Chapter 10

PROGRAMME 7: Defence Intelligence

Overview

The Defence Intelligence (DI) Division fulfilled all obligations required by clients and delivered its products on time. The Division continued to ensure adherence to its intelligence mandate of conducting intelligence on foreign military forces and their intentions

In support of Operation KGWELE (the 2010 FIFA World Cup), a secure intelligence data communication network was established between DI HQ, the National Joint Operations Centre (JOC) and the various Provincial JOCs to enable the flow of information among all the military intelligence and counter-intelligence entities. This enabled the instant and secure flow of information (data) between mobile intelligence functionaries deployed at the various events directly to the Nat JOC and DI HQ. In conjunction with the National Communication Centre (NCC), with some equipment supplied by DI, the same capability was also established between DI and other intelligence role-players at national level. Similarly, equipment was also issued to intelligence functionaries deployed in border safeguarding.

Borderline security visits were also conducted while operational borderline liaison forums, national border management coordinating centre and intelligence coordinating centre meetings were held to address border safeguarding and the internal security situation.

Following the rendering of support during Operation KGWELE, DI was requested to provide operational intelligence support to curtail violence against foreign nationals and subsequently re-tasked to provide support during the hosting of the International Cricket T20 Cup tournament. Operational intelligence support, including counter-intelligence support, was also provided to all external operations.

Some of the previously reported challenges were still relevant. The lack of language proficiency experienced by members in the locally spoken languages in the different deployment areas continued during this year. Although members earmarked for deployment attended courses on the relevant languages, it often takes time to become proficient. The poor state of the DI headquarters building continued to impact on the productivity of the division. A PPP has been registered to establish a new facility and it is currently in the feasibility phase.

The intelligence needs of the DOD have become more sophisticated and DI is required to provide information and advice to support the SANDF's mission and Government initiatives to bring about lasting peace and prosperity in Africa. These developments necessitated the redirection of DI to be able to respond quickly to changing intelligence requirements and fast breaking contingencies. The focus for the next ten years will therefore be to expand in-time early warning and the current intelligence coverage.

Purpose of the Programme

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

Objectives and Measures

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

Subprogrammes

- **Strategic Direction** provides defence intelligence poli-

cy, doctrine and intelligence advice to support the department's decision-making and policy formulation processes. Funding is based on the cost of operating the defence intelligence headquarters.

- **Operations** provide timely defence prediction, intelligence and counter-intelligence capabilities and services. Funding is distributed based on the number and size of intelligence offices, systems and equipment operating and maintenance requirements, and the number of intelligence products produced.
- **Defence Intelligence Support Services** provide human resource, logistic, planning, security, labour relations,

and training and information support services to the defence intelligence community. Funding is distributed according to the number and size of units and offices, equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

Output Detail

Table 10.1 below reports on the achievement of the outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 10.1: Defence Intelligence Programme Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Mobile Military Health Support Capability				
Intelligence processing capability	Number of defence intelligence products according to the annual schedule and client requirements	331	330	Achieved
Counter-Intelligence capability	Number of vetting decisions taken in accordance with requirement	6 500	4 985	Deviation from target of 6 500 was due to the delay in turn around time of feedback received from SAPS
Effect of Programme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.				
The achievement of the DI Programme's Outputs has positively contributed to the purpose of the Programme to provide a defence intelligence and counter intelligence capability.				

Chapter 11

PROGRAMME 8: General Support

Overview

The General Support Programme is divided into the following sub-programmes, i.e. Joint Logistic Services, Command and Management Services and the Military Police.

Purpose of the Programme

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

Objectives and Measures

- Provide general support capabilities and services by:
 - Repairing and maintaining the DOD's infrastructure at 33 bases over the next 3 years (13 in 2010/11, 9 in 2011/12 and 11 in 2012/13) and executing the Capital Works Plan in 52 projects (7 in 2010/11, 24 in 2011/12 and 21 in 2012/13).
 - Providing appropriate, ready and sustained matériel, facilities, movement and logistic services focussing on supply chain management to enable force preparation and employment.
- Provide the department with key information and communication systems by:
 - Ensuring that the mainframe service is available 98 per cent of the time and the Wide Area Network 95 per cent of the time.
 - Providing Information and Communication Systems solutions in accordance with the Defence Enterprise Information Systems (DEIS) Master Plan, as per the programme and project milestones and associated deliverables.
- Reduce the number of new criminal cases under investigation by the military police by 10 per cent a year, and sustain 1 provost company for deployment, 4 regional head-quarters, 22 area offices and 22 detachments for investigations and crime prevention, and 2 military correctional facilities.

Subprogrammes

- **Joint Logistic Services** provide logistic services to the

department. Funding is distributed according to the number and size of units, use and warehousing requirements for ammunition, main equipment and stores, the defence facility repair and maintenance programme and the number of training courses.

- **Command and Management Information Systems** provides command and management information systems and related services to the department. Funding is distributed according to the number and size of mainframe systems, the communication infrastructure operated by the department, and maintenance and upgrading requirements.
- **Military Police** provide a military policing capability to the department. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses

SUBPROGRAMME: JOINT LOGISTIC SERVICES

Overview

During the year under review, the Logistics Division partially achieved its objectives due to many challenges that were identified and experienced. The management interventions undertaken and working together as a team with numerous stakeholders has made it possible to address challenges in a professional and specialist way in accordance with the business plan and business ethics, thereby minimising the impact and ensuring good service delivery.

The inability to provide appropriate, ready and sustained materiel, facilities, movement and logistic services and non-compliance at the operational level by Services and Divisions and the lack of enforcement of logistic asset management policies (moveable and immovable) resulted in poor asset management due to inadequate and fragmented defence logistics strategy, policy, planning, budgeting, systems, processes and skills. Slow progress was also experienced with updating and promulgating of logistic policies due to a lack of capacity within the Logistics Division.

During the FY2010/11 the Logistic Intervention and

Repositioning Programme (LIRP) started to finalise the development of a new logistic process framework. This is a single logistic process based on supply chain and life cycle management, and a draft macro-structure for the future SANDF logistics organisation.

The DOD under the auspice of the Operation Clean Audit (OCA) teamed up with SITA, embarked on alleviating current and possible future audit qualifications by a concerted effort in developing appropriate draft policy in respect of assets, leases, official gifts, donations, sponsorships and disposals in compliance with the Minister of Defence's instruction for a zero qualification audit cycle for a FY2010/11.

In order to address the audit qualifications, the Logistics Division has developed a short and long-term plan. The short term plan focuses on the utilisation of the existing systems (OSIS and CALMIS) to establish an asset register, while the long term plan focuses on the implementation of a single integrated defence logistics information management system, including a codification and cataloguing system that will enhance stock/inventory rationalisation within the DOD.

During the reporting period, a supply chain management and procurement implementation charter between National Treasury (IFMS) and the DOD was finalised. Eleven units have been identified as lead sites and the implementation of the asset register and procurement will commence in the next financial year.

In order to improve the serviceability of equipment, contracts for the maintenance and repair of materiel handling equipment for internal and external operations were concluded for the next two years. The approval of the technical allowances has made a significant contribution towards the attraction and retention of suitably qualified technical members within the DOD.

A tender for bar coding of all equipment in the DOD, with special attention to firearm and vehicle control was published with implementation during the next financial year, which will greatly enhance the DOD's ability to accurately manage its assets.

New legislation concerning the management of fuel installations required the DOD to assess all its installations throughout South Africa to ensure compliance with municipal by-laws and other legislation to bring about continued safe operations.

The DOD produced a user assets management plan (UAMP) that will address the rapid and escalating deterioration of the defence immovable assets. From the UAMP, the DOD will be able to develop accurate and functional accommodation and maintenance plans that are consistent with DOD strategic and operational requirements.

Progress was also made with the capturing and verification of the Defence Endowment Property (DEP). A DEP register is in place with associated market values. This register will assist in the assessment of options available to maximise util-

isation of endowment properties to address DOD facility requirements.

Facilities management plays a vital role within the DOD in ensuring that property, buildings and real estate are in support of DOD objectives. Due to the lack of capacity in the NDPW, DOD facilities and infrastructure are in disrepair and further deterioration will tarnish not only the image of the DOD, but also constrain force preparation and employment and impact on the execution of the Defence mandate.

The DOD Works Capability (Project LEBAKA) was transferred from the SA Army to the Logistics Division, and its structure under command and control of Chief of Logistics was approved by the Minister. This capability places the DOD in a better position to assume the execution of the custodian functions as presently performed by NDPW.

The DOD funded 28 capital works building projects during the reporting period. The bulk of the capital works funds were spent on the upgrading of military health facilities, installing fire detection and protection systems, making changes to buildings to accommodate disabled members, upgrading kitchens, buildings and improving security at buildings.

Range clearance operations on the former Hell's Gate training area (Project UMTOMBO) were concluded. The Madimbo training area has been marked and prepared for clearance. An environmental awareness programme is underway within the DOD that will ensure sustainability of the current initiatives to enhance environmental management within the department.

Operation VUSELELA projects which is the removal of all alien trees and plants, was optimized in the Free State province for increased mutual benefit to both the environment and beneficiaries; ie military veterans. Improved project management has brought about enhanced monitoring and control measures between the DOD, Department of Water Affairs (DWA) and its implementing agent; ie the Independent Development Trust (IDT).

In support of the government initiative of creating jobs, a total of 1 718 MSDS members obtained training in various logistic courses and accreditation within the DOD and the private sector. The SAQA awarded full accreditation to the DOD Ammunition Depot and School of Ammunition while giving provisional accreditation to the DOD School of Logistical Training.

Purpose of the Programme

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

Subprogrammes

Joint Logistic Services provide logistic services to the department. Funding is distributed according to the number and

size of units, use and warehousing requirements for ammunition, main equipment and stores, the defence facility repair and maintenance programme and the number of training courses

Objectives and Measures

Provide general support capabilities and services by:

- Repairing and maintaining the department's infrastructure at 33 bases over the next 3 years (13 in 2010/11, 9 in 2011/12 and 11 in 2012/13) and executing the Capital

Works Plan in 52 projects (7 in 2010/11, 24 in 2011/12 and 21 in 2012/13).

- Providing appropriate, ready and sustained matériel, facilities, movement and logistic services focussing on supply chain management to enable force preparation and employment.

Output Detail

Table 11.1 below reports of the achievement of the outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11

Table 11.1: Joint Logistic Services Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Centralised Logistic Capabilities	Number of units prepared and maintained to support force employment requirements	One joint logistic operational support unit	One joint logistic operational support unit	Achieved
		One main ordnance depot	None	Depot transferred to SA Army (function shift)
		Two ordnance sub-depots	None	Depots transferred to SA Army (function shift)
		Three ammunition depots	Three ammunition depots	Achieved
		One technical service unit	None	Unit transferred to SA Army (function shift)
		One mobilisation centre	None	Unit transferred to SA Army (function shift)
		Two central procurement service centres	Two central procurement service centres	Achieved
		One logistics school	One logistics school	Achieved
		One ammunition school	One ammunition school	Achieved
		One hospitality school	One hospitality school	Achieved
		One South African Forces Institute	One South African Forces Institute	Achieved
Centralised Logistic Services	Percentage compliance with Capital Works Programme	100%	100%	Achieved
	Percentage compliance with Repair and Maintenance Programme	100%	46,27%	No submission of invoices from NDPW for completed work Projects delayed due to uncertainty regarding the acquisition of the A-400M Aircraft

Table 11.1: Joint Logistic Services Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
				Change from RAMP to Refurbishment Programme delayed projects
	Percentage compliance with DOD codification requirements	100%	89%	The underperformance was due to the extension of the environmental contingent liability to include all environmentally related rehabilitation liabilities on military training areas Environmental involvements in the planning and execution of exercises has increased with the promulgation of the force employment requirements In addition to this, the contractor is awaiting approval for the explosive workplace license for Madimbo from Department of Labour
	Percentage compliance with environmental services project requirements	100%	73.5%	The codification system used by the DOD is not fully compliant with the requirements of NATO ACod P and needs to be replaced Inadequate structure, staff shortages and non-compliant Codification System Shortage of project management, quality assurance and technically qualified codifiers Inadequate facilities (office space)
	Percentage tonnes of ammunition disposed in accordance with disposal plan	100%	100% (1000 Tonnes)	Achieved
	Percentage of procurements of commercial vehicles for the DOD versus total requests	100%	96%	4% of requirements were cancelled The cancellation of requests originates from the end users
	Percentage courses successfully completed SANDF requirement	100%	93%	218 Learning Programmes (LPs) were planned, 204 LPs were presented in which 3467 learners were trained and 52 were found not competent 14 LPs were cancelled due to students not reporting for courses
	Percentage procurement requests satisfied versus DOD requirement	90%	90%	Achieved

Table 11.1: Joint Logistic Services Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
	Total stock verification of items found correct versus items on charge within test site	80%	80%	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.
 The achievement of the Joint Logistic Services' Outputs has contributed positively to the General Support Programme's Purpose to provide general support capabilities and services to the Department.

SUBPROGRAMME: COMMAND AND MANAGEMENT INFORMATION SYSTEMS

Overview

During the FY2010/11, the CMIS Division continued to provide viable Information Communication Technology (ICT) services and a Joint Information Warfare Strategic Direction Capability to the DOD, in accordance with its Annual Performance Plan. This was achieved despite funding, infrastructure and personnel deficiencies.

The CMIS Division provided support to the 2010 FIFA World Cup by rendering a Very Small Aperture Terminal (VSAT) (Two Way Satellite Ground Station) capability for national Video Conferencing.

The Free Open Source Software (FOSS) Desktop and Server (Office Application) recommendation, that forms part of the FOSS feasibility within the DOD, has been completed and approved. The DOD is now in a better position to make decisions on further platforms for the future. The preliminary design of the Electronic Content Management System (ECMS) for Defence Intelligence has been completed and is ready for implementation during the next financial year.

The CMIS Division managed to rollout the Integrated Communication Experimental Network (ICENET) in the DOD during the financial year. A total of 338 DOD members are now connected both internally and externally to the DOD. To protect the DOD systems and users, a Protection Against Malicious Code (PAMC) evaluation has been concluded with results documented in a System Prospectus.

The funding for the essential upgrade of the DOD Central Server has been activated through a re-allocation of funds from projects that have a lesser priority on the Defence Enterprise Information System Master Plan (DEIS MP). The process for the purchase of a new central server has been initiated and the delivery is expected in the next financial year.

As reported previously, the lack of adequate storage space for the DOD Archives, combined with the moratorium placed on

the destruction of records, is still an obstacle as far as achievement safekeeping of DOD records in the DOD Archives is concerned. The CMIS Division is in consultation with the Logistics Division and National Department of Public Works (NDPW) for additional archive storage space.

The problem with regard to the poor infrastructure at the facility where the DOD's mainframe is located was also addressed in the previous report and remains a concern. If the infrastructure is not upgraded or adequately repaired, the serviceability and availability of the DOD's mainframe within this complex may be questionable.

The new CMIS Division force design and structure that was submitted to the Minister for approval was referred back to the CMIS Division for clarification and amendments during the year. The updated proposal was resubmitted and approved by the acting C SANDF in January 2011 and later, was submitted to the Secretary for Defence for further action. The continued shortage of personnel in most sections of the CMIS Division will only be addressed after the final approval of the structure.

The continued shortfall in funding of the DEIS Master Plan resulted in the extension of the realisation of the Master Plan. This may result in some technologies being "obsolete" before being implemented. The value that the DOD ultimately realises from these projects may therefore not be in accordance with expectations.

Difficulties were also experienced during the last quarter of the year with the obsolete telecommunication equipment, local area network data, voice cable infrastructure and power outages. New equipment needs to be purchased, to avoid possible poor service delivery from the CMIS Division that may have a negative impact on the DOD. An increase in the baseline allocation of the Division will, however, be required to adequately address this requirement in the next financial year.

Despite the challenges experienced, the CMIS Division managed to successfully execute its objectives. The challenges and risks have been managed to ensure that all planned outputs were achieved. The Division will endeavor to continue to provide viable ICT Services and a Joint Information

Warfare Strategic Direction Capability for the DOD.

Information Systems (DEIS) Master Plan, as per the programme and project milestones and associated deliverables.

Purpose of the Programme

Command and Management Information Systems is a sub-programme of the General Support Programme and is to provide command and management information and related services to the department.

Objectives and Measures

Provide the department with key information and communication systems by

- Ensuring that the mainframe service is available 98 per cent of the time and the Wide Area Network 95 per cent of the time.
- Providing Information and Communication Systems solutions in accordance with the Defence Enterprise

Subprogramme

Command and Management Information Systems provides command and management information systems and related services to the department. Funding is distributed according to the number and size of mainframe systems, the communication infrastructure operated by the department, and maintenance and upgrading requirements.

Output Detail

Table 11.2 below reports of the achievement of the outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 11.2: Command and Management Information Systems Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Integrated Information and Communication Systems (ICS) solutions and enablers for the DOD	Level of compliance with the DOD ICS Project Portfolio (DEIS Master Plan) wrt ICS solutions	90%	87%	Under achievement. Funds were reallocated from the DEIS MP to the upgrade of the DOD Central Server and this project caused deviation in achievement of projects on the DEIS MP. When the procurement of the Central Server did not materialise in this FY, the expenditure and planned activities did not take place on the DEIS MP The Electronic Content Management System (ECMS) project was delayed
Supported DOD ICS and Joint Command and Control Product System Capability	Minimum percentage availability of ICS support capability	98% availability of mainframe service at all times	99.94% availability of mainframe service at all times	Achieved
		95% availability of the Wide Area Network at all times	99.42% availability of the Wide Area Network at all times	Achieved. The Wider Area Network was reconfigured in order to implement redundancy in terms of connectivity
	Percentage availability of all corporate tele-communications and information technology product systems and products	98% availability of the DOD tele-communication backbone at all times	98.33% availability of the DOD tele-communication backbone at all times	Achieved

Table 11.2: Command and Management Information Systems Output Detail for FY2010/11 (continued)

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Joint Information Warfare (JIW) Strategic Direction Capability for the DOD	Percentage Implementation of JIW policies, strategic plans and controls in the DOD	30%	30%	Achieved
	Minimum percentage secured Information System Security (ISS) solutions provided for DOD ICS Projects ¹ according to requirements at all times	80%	80% of all requirements were satisfied	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievement of the Command and Management Information Systems' Outputs has contributed positively to the General Support Programme's Purpose to provide general support capabilities and services to the department.

SUBPROGRAMME: MILITARY POLICE

Overview

The Military Police (MP) Division has achieved most of its objectives successfully, despite structural challenges and budget constraints. In striving towards a crime-free military environment, the MP Division involved Services and Divisions in crime-combating exercises and established an anti-criminality capability to orchestrate the management of crime in the DOD. Although service delivery to DOD clients remained a priority, MP members were also involved in external and internal deployments.

In the reporting year, a total of 260 members was provided for deployment in operations. In the DRC 134 members were deployed as part of Operation MISTRAL, 10 as part of Operation THEBE, and two as part of an advisory team. A further 10 members were deployed in Sudan, while 104 were deployed internally during operations and exercises. Of the total number, 26 were female of which seven were deployed in command positions.

In April 2010, the Provost Marshal General led a delegation to visit the USA to engage with the USA military police in order to discuss the exchange of training opportunities between the two countries. Training slots on their criminal investigation training programme and basic special investigator course during FY2011/12 were secured.

During the opening of Parliament and the 2010 FIFA World Cup, the MP Division assisted by rendering security support during and provided escort services to the DOD as required. A total of 654 deliberate crime prevention operations were

conducted jointly with the SAPS and traffic departments throughout the country, ranging from roadblocks and checkpoints to searches and targeting of identified hot spots.

A total of 5 056 criminal and disciplinary cases was carried over from FY2009/10 and 2 166 new cases were reported. Of the reported cases 2 339 were finalized, however, 4 883 dockets will be carried over to FY2011/12. Liaison forums were established between the MP Division and the Legal Services Division to ensure contribution to watertight cases resulting in the speeding up and successful finalisation of cases by both military and civilian courts.

The monetary value of assets that were reported stolen or lost during FY2010/11 was Rm1.4 and assets to the value of R349 798 were recovered. A total of 261 DOD members were arrested, about 200 are uniform and 61 civilian members. Most of them were detained at SAPS facilities because of a lack of holding cell capacity at a number of MP structures.

The MP Division continued to play a critical role in the Finance Management Division's upgrading of security measures at cash offices nationwide and in evaluating security measures of cash offices in the deployment areas outside the RSA; ie DRC, CAR and Sudan. 31 crime prevention forums were held with military communities in different areas of responsibility to encourage the understanding of the crime picture and to address the levels of crime.

The Division participated in the Africa Aerospace and Defence Exhibition 2010 held at AFB Ysterplaat in September 2010, with the slogan '*mobilise the youth today to sustain the aerospace and defence capability of tomorrow*', which was also aimed at creating MP awareness and targeting the MSDS interest. Furthermore, in October 2010, the

¹ No ICT project can be released if it is not 100% ISS secured.

MP Division hosted an Annual Anti-criminality Conference with the outcome that SITA will integrate data systems during FY2011/12 in order to accommodate reporting on all identified transactional systems.

Despite the challenges experienced, the MP Division remained focused and committed to rendering an effective policing service to the DOD.

Purpose of the Programme

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

Objectives and Measures

Reduce the number of new criminal cases under investigation by the military police by 10 per cent a year, and sustaining 1 provost company for deployment, 4 regional head-quarters, 22 area offices and 22 detachments for investigations and crime prevention, and 2 military correctional facilities.

Output Detail

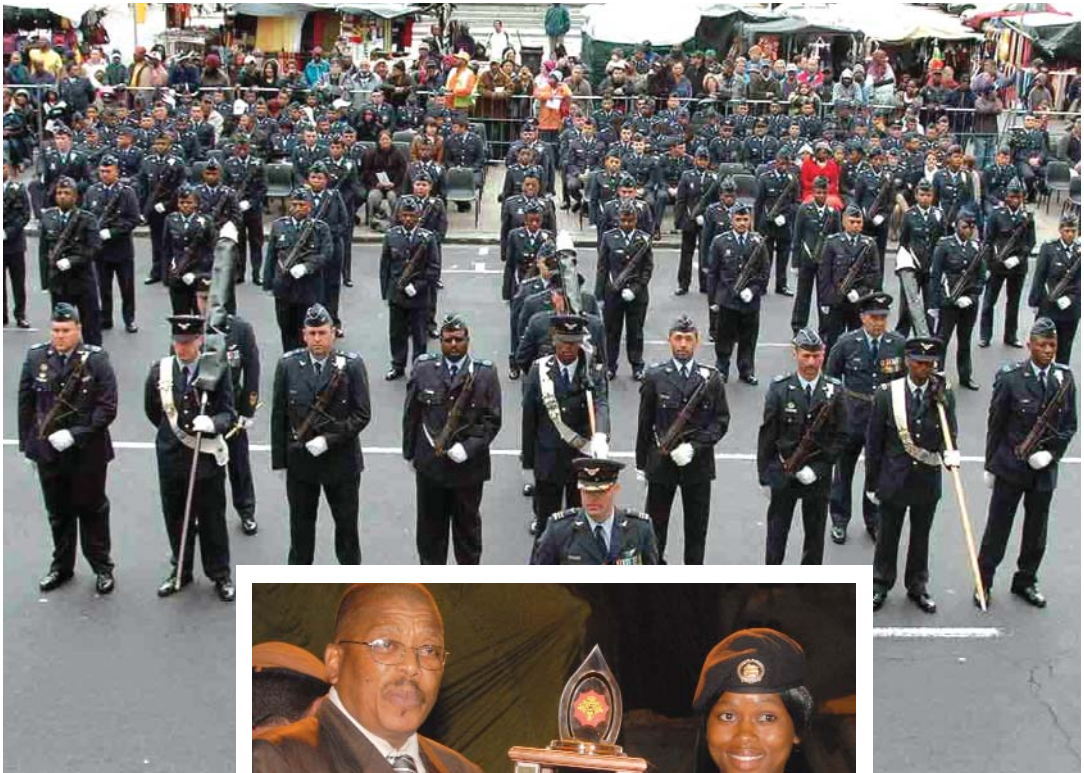
Table 11.3 provides details of the Military Police outputs, performance indicators and targets as specified in the DOD Strategic Plan FY2010/11.

Table 11.3: Military Police Output Detail for FY2010/11

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reasons for Over/ Under Achievement
Military Policing (MP) Capability to the DOD	Number of military policing service units	Four regional head-quarters	Four regional head-quarters	Achieved
		22 Area offices	22 Area offices	Achieved
		22 Detachments	22 Detachments	Achieved
		Two military correctional facilities	Two military correctional facilities	Achieved
	Reducing the number of criminal cases under investigation by the MP that go to court	10%	4.6%	Most cases are awaiting court decision for finalisation.
Military Policing Combat Capability	Number of combat-ready provost companies available according to force requirements	One	One	Achieved

Effect of Subprogramme Output Achievement on ENE Vote 21 Purpose, Objectives and Measures.

The achievement of the Military Police's Outputs has contributed positively to the General Support Programme's Purpose to provide general support capabilities and services to the department.



PART 3: ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

Chapter 12

Organisational Structure and Human Resources

Overview

In pursuance of the new growth path which places people's employment at the centre of Governments' economic policy, the Department of Defence (DOD) continued during the FY2010/11 with the implementation of its Overarching Human Resource Strategy. The strategy aims to ensure an appropriately composed, empowered and managed defence human resource complement to execute the DOD's mandate and mission. The emphasis of implementation remained the ongoing rejuvenation of the South African National Defence Force's (SANDF) human resources, the ongoing configuration of the DOD's human resource composition to meet operational requirements and the development of the DOD's human capital, including youth development initiatives embedded in the Military Skills Development System (MSDS) and National Youth Service (NYS).

A total of 4 296 young members were appointed in the MSDS. The sustained implementation of the MSDS has led to 57% of Privates and equivalent ranks in the Regulars having complied with the ideal rank-age norm of between 18 and 24 years, at the end of FY2010/11.

As part of the DOD's continued efforts to rejuvenate, 145 Uniformed Personnel and 43 Public Service Act Personnel exited voluntarily by means of the Mobility Exit Mechanism and Employee-Initiated Severance Package, respectively. Besides facilitating the DOD's rejuvenation efforts, these voluntary exits also gave further impetus to improve the demographic representation within the DOD. At the end of FY2010/11, the full-time human resource composition of the Department comprised 71% Africans, 13% Coloureds, 1% Indians and 15% Whites. The total gender composition was 27% women and 73% men.

During FY2010/11, the acquisition and retention of scarce

combat, technical and professional skills and experience continued to be a challenge. The DOD continued, however, to pursue new retention incentives for the above scarce skills categories, including the implementation of a new Technical Allowance.

Besides the intakes for the MSDS, the DOD executed the first intake for the new NYS. The seven week foundation phase pilot project provided for 500 young people who received training in amongst others, personal discipline, civic education, patriotism and voluntarism. Together with the MSDS, the NYS remained core Departmental initiatives to prepare the youth for careers either within or outside the DOD.

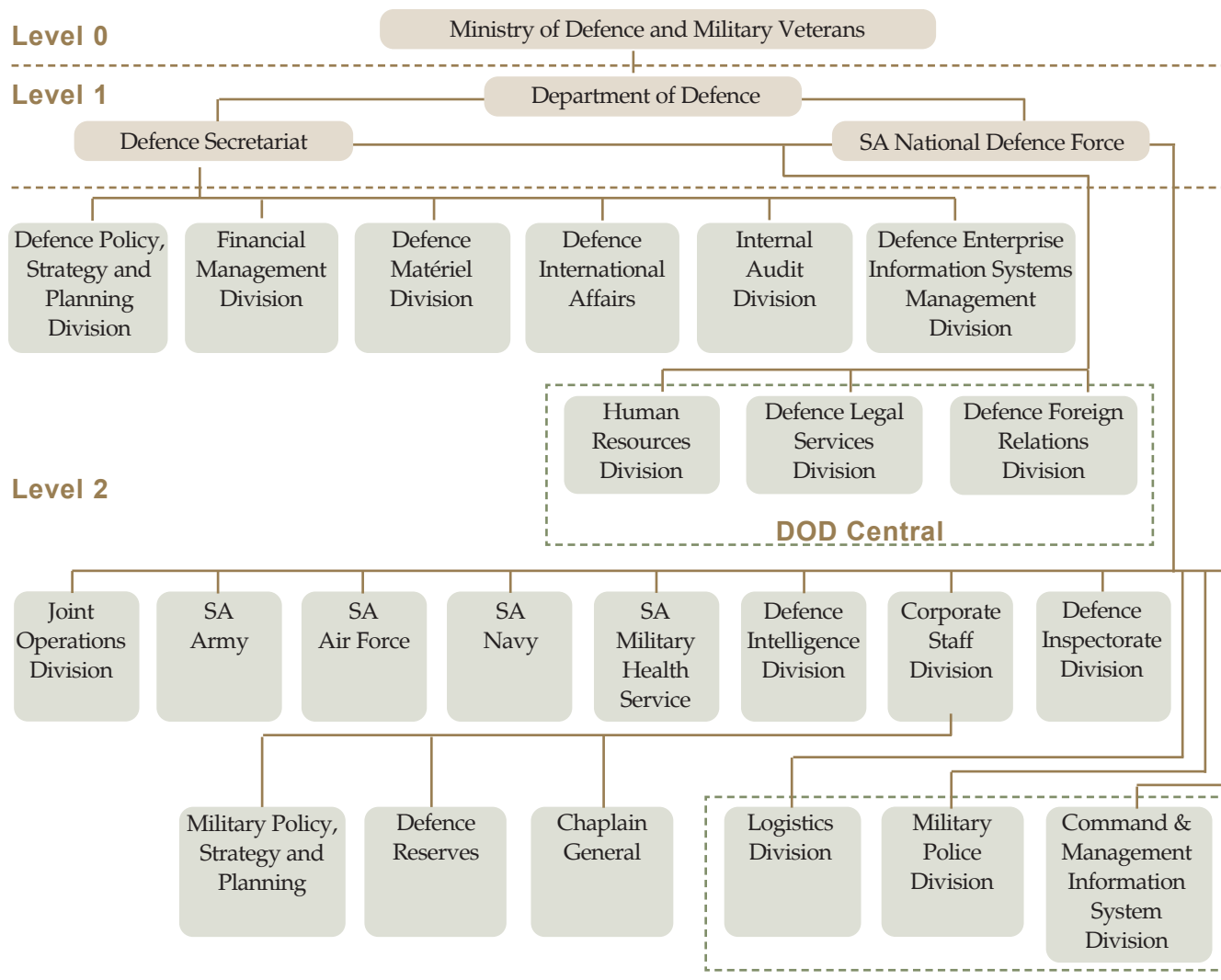
In order to give further impetus to human capital development, the DOD's Human Resource Development Strategy was finalized and is in the final stages of approval. Concomitant with the development of the DOD's Works Capability to maintain its own facilities, a reskilling programme has also been embarked on to build capacity within the SANDF for the development of qualified professionals and artisans who will form the core of the future Defence Works Capability. At the end of FY2010/11, there were 673 members under training with subsequent intakes having been planned for the coming financial years.

In summary, during FY2010/11 the DOD continued to pursue a human resource composition of appropriate quality, quantity, composition and cost, accountable human resource administration and meeting its commitments in pursuance of Government's human resource policy and strategy.

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

The current DOD Organisational Design is presented in Figure 4.1 below.

Figure 12.1 Organisational Structure of the Department of Defence for FY2010/11



MACRO-PERSONNEL STRENGTH

The Macro-Personnel Strength of the DOD as at 31 March 2011 was 70 134, excluding 8 911 MSDS and 26 147 Re-

serve members. The planned average strength budgeted for the FY2010/11 is compared with the actual strength at the end of the financial year, in Table 12.1 below:

Table 12.1: DOD's Average Planned and Actual Strength as at 31 March 2011

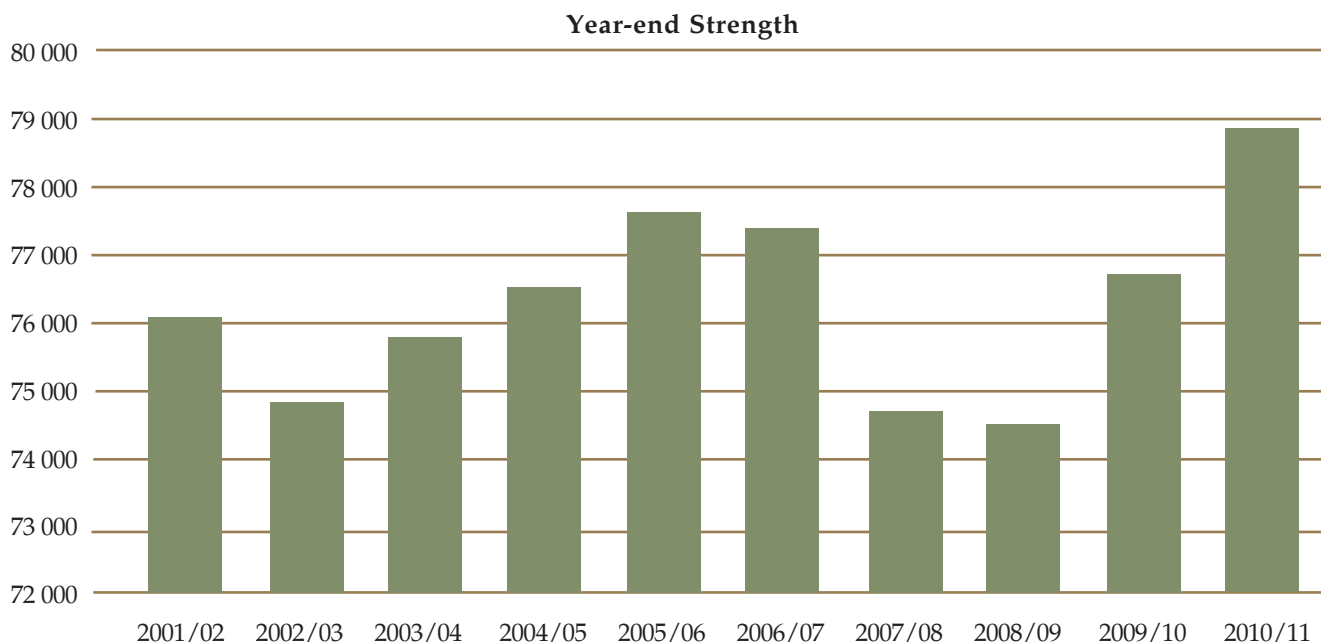
Budget Holder	Planned	Actual
SA Army	40 280	40 286
SA Air Force	11 261	11 192
SA Navy	6 641	7 508
SA Military Health Services	8 871	9 001
Defence Legal Services Division	366	340
Defence Corporate Communication	69	55
Defence Reserves	30	25
Defence Foreign Relations Division	107	102
Corporate Staff Division	376	412
Military Policy, Strategy and Planning	25	23

Table 12.1: DOD's Average Planned and Actual Strength as at 31 March 2011 (continued)

Budget Holder	Planned	Actual
Human Resources Division	1 683	1 700
Ministry of Defence	31	40
Chief of the SANDF Office	16	13
Defence Inspectorate Division	137	142
Chaplain General	24	22
Defence Policy, Strategy and Planning Division	98	87
Financial Management Division	867	871
Secretary for Defence	40	35
Defence International Affairs	18	17
Logistic Division	2 341	2 646
Command and Management Information System Division	173	146
Military Police Division	1 958	1 753
Defence Intelligence Division*	752	768
Joint Operations Division	1 858	1 775
Defence Material Division	75	73
Department of Military Veterans	0	13
Total	78 097	79 045

The DOD right-sizing and changes in the year-end strengths since the FY2001/02 are indicated in Figure 2 below:

Figure 12.2 Department of Defence Year-end Strength as at 31 March 2011



* Support Personnel.

SELECTED PERFORMANCE INDICATORS

Table 12.2 provides the achievement of the selected performance indicators and targets during the past three years and reports on the achievement for the year under review in accordance with the Strategic Plan for FY2010/11.

Table 12.2: DOD Selected Performance Indicators for the FY2010/11

Programme	Indicator	Performance					
		Past				Current	
		2006/07	2007/08	2008/09	2009/10	Projection 2010/11	Actual Achievement 2010/11
Landward Defence	Total number of active Reserves	13 050	12 583	19 763	13 352	13 500 ¹	12 362
Force Employment	Number of external operations each year	14	11	9	12	12	5
Force Employment	Average number of personnel deployed daily in external operations ²	4 810	2 698	2 931	3 024	2 102	2 238
Force Employment	Number of internal operations in support of other Government departments per year	3	3	6	5	5	5
Force Employment	Number of person days used during internal operations	-	515 516	231 608	156 381	515 516	556 099
Force Employment	Number of joint, inter-departmental and multinational military exercises conducted per year	16	10	10	9	8 ³	6
Landward Defence	Number of Military Skills Development members in the system per year	4 710	4 677	6 736	8 833	11 140	7 983
Air Defence	Number of flying hours in support of operations each year	9 788	12 271	11 099	9500	9 500	15 265
	Number of multi-national exercise flying hours ⁴						0
Maritime Defence	Number of sea hours on patrol in South African maritime zones per year	9 949	9 648	10 478	12 945	10 000	16 897
Military Health Support	Number of health care activities per year	-	-	-	-	2 086 002	13 865

¹ The estimate of 31 500 active Reserves is the projected number of Reserves in the department's database, however, the actual Projection for FY2010/11 was 13 500 which reflects the number of Reserves called up during the financial year.

² For every member deployed in operations, there are two members being prepared for rotation. The actual number of members involved in deployment is therefore three times the number indicated in the table, to allow for sufficient "depth" of force preparation and readiness.

³ J Ops Div was responsible for eight JIM exercises and the SAAF for one.

⁴ A combined Air Transport exercise involving the South African and Namibian Air Forces and the Lesotho Air Wing which is an Air Force unique exercise, however, did not materialize during FY2010/11 as expected.

SERVICE DELIVERY IMPROVEMENT PLAN

Table 12.3: Main Services Provided and Standards

Main Services	Primary Clients	Secondary Clients	Standard of Service	Actual Achievement Against Standards
<p>Military Skills Development System. The MSDS will provide qualified military practitioners who will enhance the operational readiness of the SANDF (deployment in external and internal operations), by rejuvenating Regulars and Reserves and granting development and empowerment opportunities to the SA Youth.</p>	DOD (HR rejuvenation of Regulars and Reserves)	Youth of the RSA. Public and Private Enterprises with members exiting the DOD after two years of service	<p>The planned strength of 5 570 will enter into service to ensure the rejuvenation of Regulars and the Reserves.</p> <p>Approximately 1 350 empowered MSDS members join the Reserves to improve the conventional capability of the SANDF</p>	<p>4 296 entered into service to ensure the rejuvenation of Regulars and the Reserves.</p> <p>Approximately 708 empowered MSDS members joined the Reserves to improve the conventional capability of the SANDF</p>
<p>Balanced Scorecard (BSC). Implementation of performance management in the DOD by means of the BSC methodology in order to empower leadership to make informed decisions and enhance visibility of performance</p>	DOD Leadership	Members and employees of the DOD (Personnel governed by the Defence Act and Public Service Act respectively)	Top three scorecards integrated into DOD 2011/12 Strategic Business Plan	<p>Quantity Top three scorecards aligned with National Treasury requirements, the DOD's Electoral and sustained mandate. Fully integrated into the DOD 2011/12 Strategic Business Plan.</p> <p>Quality Level 1 Strategic Business Plans for 2011/12 approved in Balanced Scorecard format</p>

Table 12.4: Consultation arrangements with clients

Type of Arrangement	Primary Clients	Secondary Clients	Actual Achievements
<p>The recruitment target set for the SANDF is met in terms of quality and quantity</p> <p>The members who exit the SANDF join the Reserves after Reserves briefings</p> <p>The young school leavers are provided with both military and life skills before leaving the SANDF</p> <p>The service contracts are issued to those members who qualify to support the drive to rejuvenate the Regulars and Reserves</p>	DOD (HR rejuvenation of Regulars and Reserves)	Youth of the RSA Public and Private Enterprises with members exiting the DOD after two years of service	That the recruiting target set for the SANDF is 1 330 less than the quantity but the quality standard remain the same.
Department of Treasury involved in the full integration of the BSC	DOD Leadership	Members and employees of the DOD (Personnel governed by the Defence Act and Public Service Act respectively)	Development of organisational performance and individual performance other than senior management (post level 12 and lower) to align based on Balanced Scorecard methodology.

Table 12.5: Service delivery access strategies

Access Strategies	Actual Achievements
The DOD embarks on structured recruitment drives for school leavers to enter the MSDS, utilizing physical recruitment visits and lectures at schools and by means of television, newspapers, periodicals, radio and the internet.	4 296 entered into service to ensure the rejuvenation of Regulars and the Reserves. Approximately 708 MSDS members joined the Reserves to improve the conventional capability of the SANDF
Partial automation of the DOD's BSC's	Automation of DOD's Balanced Scorecard undergoing testing and evaluation.

Table 12.6: Service information tool

Types of Information Tools	Actual Achievements
Information is provided through physical recruitment visits to schools, including lectures, and by means of television, brochures, pamphlets, periodicals, radio and the internet, open days and Commanding Officers' briefings, once in service.	Information tools utilized optimally
Policies and directives	Promulgated and updated annually.
DOD HR intranet website	Updated weekly with information about DOD HR management notices, developments and activities.
SA Soldier	Official DOD monthly publication that includes articles focusing on DOD HR activities.
DOD Information Bulletins	Published to inform personnel about HR-related developments within the DOD.
Public Service Act Personnel Induction and Reorientation Programmes	Scheduled programmes conducted twice per year to introduce newly appointed and serving Public Service Act Personnel to the organisation and functioning of the Department at large.
Empowerment Workshops for Commanders	Ongoing workshops presented to empower Commanders in the management of Labour Relations.

Table 12.7: Complaints mechanism

Complaints Mechanism	Actual Achievements
New Individual Grievances Regulations promulgated by MOD on 30 June 2010	The new process is fully supported by the Grievance IT System and available throughout the DOD

EXPENDITURE

Table 12.8: Personnel Costs by Programme, FY 2010/11

Programme	Total Expenditure (Rand)	Personnel Expenditure (Rand)	Training Expenditure (Rand)	Professional and Special Services (Rand)	Personnel Cost as a Percent of Total Expenditure	Average Personnel Cost per Employee (Rand)
Administration	3 452 849 382	1 148 220 104	13 361 194	42 546 867	33%	289 224
Landward Defence	9 418 620 091	7 334 288 903	29 594 010	24 669 089	78%	182 056
Air Defence	5 343 217 221	2 364 473 592	31 770 547	292 218 656	44%	211 265
Maritime Defence	2 371 665 782	1 385 130 049	7 311 532	25 329 461	58%	184 487
Military Health Support	3 150 995 306	2 092 896 619	9 950 342	65 816 475	66%	232 518
Defence Intelligence	632 933 903	213 150 516	2 530 556	2 957 564	34%	277 540
General Support	3 678 036 045	989 033 605	21 020 212	244 868 380	27%	217 609
Force Employment	2 265 456 737	1 190 430 736	3 438 407	16 639 092	53%	670 665
TOTAL	30 313 774 467	16 717 624 125	118 976 799	715 045 584	55%	211 495

Note: Personnel expenditure includes payments to the value of Rm120 592 272 which were made to Households in respect of attrition. In addition, the Total Expenditure includes Special Defence Account to the value of Rm3 010 319 990.

Table 12.9: Personnel Costs by Salary Bands FY2010/11

Salary Bands	Personnel Expenditure (Rand)	Percentage of Total Personnel Cost	Average Personnel Cost per Employee (Rand)
Senior Management	252 029 204	1.508%	961 944
Senior Professionals	126 496 075	0.757%	1 374 957
Highly Skilled Supervision	3 791 691 323	22.681%	421 580
Highly Skilled Production	5 639 056 211	33.731%	236 637
Skilled	6 079 015 489	36.363%	174 404
Lower Skilled	180 847 562	1.082%	86 530
Military Skills Development System	647 865 326	3.875%	72 704
Interns	622 935	0.004%	62 294
TOTAL	16 717 624 125	100.000%	211 495

Table 12.10: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme FY2010/11

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Administration	758 835 450	66%	3 268 955	0.3%	18 621 964	1.6%	13 006 640	1.1%
Landward Defence	4 844 589 168	66%	43 895 738	0.6%	179 394 572	2.4%	32 140 379	0.4%
Air Defence	1 511 183 477	64%	6 248 690	0.3%	47 408 958	2.0%	14 396 152	0.6%
Maritime Defence	902 980 603	65%	29 748 373	2.1%	28 664 136	2.1%	12 581 910	0.9%
Military Health Support	1 325 336 146	63%	136 441 440	6.5%	29 648 723	1.4%	7 872 488	0.4%
Defence Intelligence	154 008 262	72%	283 892	0.1%	3 702 628	1.7%	558 623	0.3%
General Support	677 463 251	68%	7 650 700	0.8%	22 553 678	2.3%	5 893 589	0.6%
Force Employment	308 795 451	26%	166 300 570	14.0%	7 399 700	0.6%	1 199 990	0.1%
TOTAL	10 483 191 809	63%	393 838 358	2.4%	337 394 359	2.0%	87 649 771	0.5%

Table 12.11: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Salary Bands FY2010/11

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Senior Management	124 239 039	49%	1 075 724	0.4%	0	0.0%	0	0.0%
Senior Professionals	62 078 353	49%	28 147 830	22.3%	0	0.0%	0	0.0%
Highly Skilled Supervision	2 432 083 536	64%	127 178 942	3.4%	37 805 018	1.0%	3 165 988	0.1%
Highly Skilled Production	3 729 497 055	66%	112 617 774	2.0%	121 281 019	2.2%	29 100 096	0.5%
Skilled	4 019 956 685	66%	123 357 196	2.0%	164 777 382	2.7%	43 732 726	0.7%
Lower Skilled	114 844 154	64%	1 460 892	0.8%	13 530 941	7.5%	11 650 962	6.4%
Interns	492 987	79%	0	0.0%	0	0.0%	0	0.0%
TOTAL	10 483 191 809	63%	393 838 358	2.4%	337 394 359	2.0%	87 649 771	0.5%

EMPLOYMENT AND VACANCIES

Table 12.12: Employment and vacancies by Programme as at 31 March 2011

Programme	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Defence Administration	5185	3 970	23.43%	1 215
Landward Defence	43 354	40 286	7.08%	3 068
Air Defence	12 818	11 192	12.69%	1 626
Maritime Defence	7 175	7 508	-4.64%	-333
Military Health Services	9 863	9 001	8.74%	862
Defence Intelligence	1 086	768	29.28%	318
General Support	5 422	4 545	16.17%	877
Force Employment	2 426	1 775	26.83%	651
TOTAL	87 329	79 045	9.49%	8 284

Note: Posts refer only to approved production posts on the post establishment of which only 78 097 were funded for FY2010/11.

Table 12.13: Employment and vacancies by Salary Bands as at 31 March 2011

Salary Bands	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior Management	303	262	13.53%	41
Senior Professionals	292	92	68.49%	200
Highly Skilled Supervision	10 258	8 994	12.32%	1 264
Highly Skilled Production	33 092	23 830	27.99%	9 262
Skilled	32 413	34 856	-7.54%	-2 443
Lower Skilled	10 971	2 090	80.95%	8 881
Military Skills Development System	0	8 911	0.00%	-8 911
Interns	0	10	0.00%	-10
TOTAL	87 329	79 045	9.49%	8 284

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

Table 12.14: Employment and vacancies by Critical Occupation as at 31 March 2011

Critical Occupation	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Air Space Control	537	548	-2.05%	-11
Aircrew	618	517	16.34%	101
Anti-Aircraft	970	907	6.49%	63
Artillery	1 292	1 498	-15.94%	-206
Combat Navy	386	341	11.66%	45
Engineer	177	140	20.90%	37
Health Professional*	1 645	1 404	14.65%	241
Nursing	1 655	1 785	-7.85%	-130
Technical	7 735	6 788	12.24%	947
TOTAL	15 015	13 928	7.24%	1 087

Note: Occupations included in the Health Professional category are Medical Practitioners, Pharmacists, Specialists and Ancillary Health. Posts refer only to approved production posts captured on the post establishment. There are currently 1 138 MSDS under training of which 270 are in the Artillery occupation resulting in a figure of 206 members additional to the establishment.

JOB EVALUATION

Table 12.15: Job Evaluation for the Period 01 April 2010 to 31 March 2011

Salary Bands	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Senior Management	303	33	10.89%	0	0.00%	0	0.00%
Senior Professionals	292	0	0.00%	0	0.00%	0	0.00%
Highly Skilled Supervision	10,258	134	1.31%	0	0.00%	0	0.00%
Highly Skilled Production	33,092	1,258	3.80%	3	0.24%	2	0.16%
Skilled	32,413	1,186	3.66%	4	0.34%	0	0.00%
Lower Skilled	10,971	783	7.14%	0	0.00%	0	0.00%
Military Skills Development System	0	0	0.00%	0	0.00%	0	0.00%
Interns	0	0	0.00%	0	0.00%	0	0.00%
TOTAL	87,329	3,394	3.89%	7	0.21%	2	0.06%

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

Beneficiaries	African	Indian	Coloured	White	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0
Employees with a disability					0

Table 12.17: Employees whose salary level exceed the grade determined by job evaluation as at 31 March 2011 (in terms of PSR 1.V.C.3)

Employees whose salary level exceed the grade determined by job evaluation	0
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Table 12.18: Profile of employees whose salary level exceed the grade determined by job evaluation as at 31 March 2011 (in terms of PSR 1.V.C.3)

Profile of employees whose salary level exceed the grade determined by job evaluation	African	Indian	Coloured	White	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0

EMPLOYMENT CHANGES

Table 12.19: Annual Turnover Rates by Salary Band for the Period 01 April 2010 to 31 March 2011

Salary Bands	Number of Employees as at 1 April 2010	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Minister/Deputy/Advisors	5	0	0	0.00%
Senior Management Service Band D	2	1	0	50.00%
Senior Management Service Band C	14	1	2	-7.14%
Senior Management Service Band B	52	2	6	-7.69%
Senior Management Service Band A	184	0	14	-7.61%
Senior Professionals	79	9	6	3.80%
Highly Skilled Supervision	8 837	185	449	-2.99%
Highly Skilled Production	23 218	232	622	-1.68%
Skilled	33 286	170	900	-2.19%
Lower Skilled	2 247	316	69	10.99%
Military Skills Development System	8 874	4 296	912	38.13%
Interns	14	9	8	7.14%
TOTAL	76 812	5 221	2 988	2.91%

Table 12.20: Annual Turnover Rates by Critical Occupation for the Period 01 April 2010 to 31 March 2011

Critical Occupation	Number of Employees as at 1 April 2010	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	557	48	12	6.46%
Aircrew	525	9	18	-1.71%
Anti-Aircraft	897	70	57	1.45%
Artillery	1 547	111	158	-3.04%
Combat Navy	337	0	10	-2.97%
Engineer	149	10	11	-0.67%
Health Professional	1 384	249	239	0.72%
Nursing	1 694	132	57	4.43%
Technical	6 479	189	185	0.06%
TOTAL	13 569	818	747	0.52%

Note: 541 MSDS members are included in the total appointment figure for all critical occupations.

Table 12.21a: Reasons why staff left the department for the Period 01 April 2010 to 31 March 2011

Termination Type	Number	% of Total
Death	585	19.58%
Resignation	417	13.96%
Contract Expiry	993	33.23%
Transfer	73	2.44%
Dismiss - Ops Requirement	1	0.03%
Dismiss- Ill Health	102	3.41%
Dismiss - Misconduct	156	5.22%
Discharge - Incapacity	3	0.10%
Retirement	470	15.73%
MEM/EISP/VSP	188	6.29%
Total Number of Employees who left as a % of the Total Employment as at 31 March 2011	2 988	3.78%

Table 12.21b: Mobility Exit Mechanism Packages Granted for the Period 1 April 2010 to 31 March 2011 - Uniformed Personnel

Salary Band	Number of Packages Approved
Senior Management	6
Highly skilled supervision	77
Highly skilled production	42
Skilled	20
TOTAL	145

Table 12.21c: Employee Initiated Severance Packages Granted for the Period 1 April 2010 to 31 March 2011 - Public Service Act Personnel

Salary Band	Number of Packages Approved
Highly Skilled Supervision	7
Highly Skilled Production	25
Skilled	10
Lower Skilled	1
TOTAL	43

Table 12.22: Promotions by Critical Occupation for the Period 01 April 2010 to 31 March 2011

Critical Occupation	Number of Employees as at 1 April 2010	Promotions to Another Salary Level	Salary Level Promotions as a % of Employees by Occupation
Air Space Control	557	89	15.98%
Aircrew	525	64	12.19%
Anti-Aircraft	897	84	9.36%
Artillery	1 547	61	3.94%
Combat Navy	337	78	23.15%
Engineer	149	54	36.24%
Health Professional	1 384	143	10.33%
Nursing	1 694	114	6.73%
Technical	6 479	787	12.15%
TOTAL	13 569	1 474	10.86%

Table 12.23: Promotions by Salary Band for the Period 01 April 2010 to 31 March 2011

Salary Band	Number of Employees as at 1 April 2010	Promotions to Another Salary Level	Salary Level Promotions as a % of Employees by Occupation
Senior Management	257	10	3.89%
Senior Professionals	79	9	11.39%
Highly Skilled Supervision	8 837	855	9.68%
Highly Skilled Production	23 218	2 431	10.47%
Skilled	33 286	4 551	13.67%
Lower Skilled	2 247	33	1.47%
Military Skills Development System	8 874	0	0.00%
Interns	14	0	0.00%
TOTAL	76 812	7 889	10.27%

EMPLOYMENT EQUITY

Table 12.24a: Total number of employees (INCLUDING employees with disabilities) in each of the following occupational categories as at 31 March 2011

Occupational Category (SASCO)	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, Senior Officials and Managers	1	0	0	0	1	0	0	0	2
Professionals	750	85	143	496	683	83	193	597	3 030
Technicians and Associate Professionals	3 213	60	433	1 198	1 574	51	310	564	7 403
Clerks	5 724	101	1 515	1 132	3 428	72	671	2 126	14 769
Service and Sales Workers	22 004	176	2 941	1 975	5 024	26	771	512	33 429
Craft and Related Trades Workers	4 624	182	1 070	2 222	1 148	11	199	245	9 701
Plant and Machine Operators and Assemblers	276	1	95	22	6	0	1	0	401
Elementary Occupations	5 418	23	1 065	529	2 513	13	581	168	10 310
TOTAL	42 010	628	7 262	7 574	14 377	256	2 726	4 212	79 045

Table 12.24b: Total number of employees (ONLY employees with disabilities) in each of the following occupational categories as at 31 March 2011

Occupational Category (SASCO)	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionals	3	0	0	2	0	0	0	4	9
Technicians and Associate Professionals	16	0	4	11	3	0	0	5	39
Clerks	68	2	19	26	6	0	3	31	155
Service and Sales Workers	83	1	12	18	3	0	1	0	118
Craft and Related Trades Workers	27	1	12	36	1	0	0	6	83
Plant and Machine Operators and Assemblers	1	0	0	0	0	0	0	0	1
Elementary Occupations	9	0	15	4	4	0	1	6	39
TOTAL	207	4	62	97	17	0	5	52	444

Table 12.24c: Total number of employees (INCLUDING employees with disabilities) in each of the following occupational bands as at 31 March 2011

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	15	1	0	1	4	0	0	1	22
Senior Management	142	11	7	100	42	8	4	18	332
Professionally Qualified	2 598	157	775	3 036	980	76	178	1 194	8 994
Skilled Technical	10 515	317	2 960	3 219	3 392	114	792	2 521	23 830
Semi-skilled	23 293	89	2 738	741	6 446	32	1 174	343	34 856
Unskilled	919	2	189	13	775	5	160	27	2 090
Military Skills Development System	4 521	51	593	464	2 735	21	418	108	8 911
Interns	7	0	0	0	3	0	0	0	10
TOTAL	42 010	628	7 262	7 574	14 377	256	2 726	4 212	79 045

Table 12.24d: Total number of employees (ONLY employees with disabilities) in each of the following occupational bands as at 31 March 2011

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionally Qualified	22	0	2	35	2	0	0	6	67
Skilled Technical	67	4	34	54	6	0	4	38	207
Semi-skilled	117	0	24	8	9	0	1	8	167
Unskilled	1	0	2	0	0	0	0	0	3
TOTAL	207	4	62	97	17	0	5	52	444

Table 12.25a: Recruitment (INCLUDING employees with disabilities) for the Period 01 April 2010 to 31 March 2011

Occupational Bands	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	6	1	0	0	4	0	0	0	11
Professionally Qualified	33	10	15	22	33	13	9	50	185
Skilled Technical	55	5	11	18	89	6	16	32	232
Semi-skilled	62	0	5	8	79	1	5	10	170
Unskilled	161	1	10	3	122	0	13	6	316
Military Skills Development System	2 116	29	320	190	1 305	13	258	65	4 296
Interns	6	0	0	0	3	0	0	0	9
TOTAL	2 440	46	361	241	1 636	33	301	163	5 221

Table 12.25b: Recruitment (ONLY employees with disabilities) for the Period 01 April 2010 to 31 March 2011

Recruitment employees with disabilities	0
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Table 12.26a: Promotions (INCLUDING employees with disabilities) for the Period 01 April 2010 to 31 March 2011

Occupational Bands	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior management	6	2	0	5	1	2	1	1	18
Professionally Qualified	360	15	71	163	122	9	17	98	855
Skilled Technical	1 407	28	207	168	400	15	82	124	2 431
Semi-skilled	2 611	17	348	159	1 197	5	165	49	4 551
Unskilled	5	0	14	0	8	0	6	0	33
TOTAL	4 390	62	640	495	1 728	31	271	272	7 889

Table 12.26b: Promotions (ONLY employees with disabilities) for the Period 01 April 2010 to 31 March 2011

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionally Qualified	3	0	0	0	1	0	0	1	5
Skilled Technical	5	1	4	1	1	0	0	0	12
Semi-skilled	12	0	2	0	3	0	0	0	17
TOTAL	20	1	6	1	5	0	0	1	34

Table 12.27a: Terminations (INCLUDING employees with disabilities) for the Period 01 April 2010 to 31 March 2011

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	0	0	0	1	1	0	0	0	2
Senior Management	6	0	0	14	3	1	0	2	26
Professionally Qualified	87	17	17	164	42	16	8	98	449
Skilled Technical	204	7	53	100	84	12	24	138	622
Semi-skilled	616	1	67	26	157	1	24	8	900
Unskilled	38	0	6	0	18	0	6	1	69
Military Skills Development System	462	6	62	67	255	2	44	14	912
Interns	5	0	0	0	3	0	0	0	8
TOTAL	1 418	31	205	372	563	32	106	261	2 988

Table 12.27b: Terminations (ONLY employees with disabilities) for the Period 01 April 2010 to 31 March 2011

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionally Qualified	0	0	0	1	0	0	0	0	1
Skilled Technical	2	0	0	2	0	0	0	1	5
Semi-skilled	2	0	1	3	0	0	0	1	7
Unskilled	6	0	0	0	0	0	0	0	6
TOTAL	10	0	1	6	0	0	0	2	19

Table 12.28: Misconduct and Disciplinary Hearings Finalized for the Period for the Period 01 April 2010 to 31 March 2011

Occupational Bands	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Senior management	0	0	1	0	0	0	0	0	1
Professionally Qualified	4	0	0	3	1	0	0	0	8
Skilled Technical	0	1	0	0	0	0	0	0	1
Semi-skilled	0	2	0	0	0	0	0	3	5
Unskilled	6	3	0	0	2	0	0	0	11
Military Skills Development System	0	0	0	0	0	0	0	0	0
TOTAL	10	6	1	3	3	0	0	3	26

Table 12.29: Skills Development - Training Provided during the Period 01 April 2010 to 31 March 2011

Occupational Bands	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Senior management	25	3	8	10	15	1	3	4	69
Professionally Qualified	3 987	172	377	1 089	1 258	65	175	484	7 607
Skilled Technical	2 074	38	397	566	764	31	53	250	4 173
Semi-skilled	16 108	271	1 041	6 445	5 200	165	271	1 436	30 937
Unskilled	30	0	0	0	37	0	0	0	67
Military Skills Development System	4 051	257	869	1 823	2 047	21	215	785	10 068
TOTAL	26 275	741	2 692	9 933	9 321	283	717	2 959	52 921

PERFORMANCE REWARDS

Table 12.30: Performance Rewards by Race, Gender and Disability for Personnel below Senior Management Service (INCLUDING members with disabilities) for the Period 01 April 2010 to 31 March 2011

Race	Gender	Total number of Employees in Group as at 1 April 2010	Number of Beneficiaries	% of Total within Group	Total Cost (Rand)	Average cost per Employee (Rand)
African	Male	40 862	7 208	17.6%	20 417 244	2 833
	Female	13 276	2 030	15.3%	5 896 413	2 905
African Total		54 138	9 238	17.1%	26 313 656	2 848
Asian	Male	607	115	18.9%	458 566	3 988
	Female	248	59	23.8%	259 760	4 403
Asian Total		855	174	20.4%	718 326	4 128
Coloured	Male	7 099	1 526	21.5%	4 721 500	3 094
	Female	2 532	574	22.7%	1 687 574	2 940
Coloured Total		9 631	2 100	21.8%	6 409 074	3 052
White	Male	7 634	1 700	22.3%	7 730 374	4 547
	Female	4 297	1 144	26.6%	4 668 370	4 081
White Total		11 931	2 844	23.8%	12 398 744	4 360
Grand Total		76 555	14 356	18.8%	45 839 800	3 193
Employees with Disabilities		464	93	20.0%	286 900	3 085

Note: The total costs for performance rewards excludes the appreciation allowance, Rm65, 640, 330, paid to all DOD uniformed personnel in Dec 2010.

Table 12.31: Performance Rewards by Salary Band for Personnel below Senior Management Service for the Period 01 April 2010 to 31 March 2011

Salary Band	Beneficiary Profile			Cost		
	Total number of Employees as at 1 April 2009	Number of Beneficiaries	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Professionals	79	6	7.59%	48 240	8 040	0.04%
Highly Skilled Supervision	8 837	1 999	22.62%	12 251 522	6 129	0.32%
Highly Skilled Production	23 218	5 745	24.74%	19 000 309	3 307	0.34%
Skilled	33 286	6 209	18.65%	13 991 840	2 253	0.23%
Lower Skilled	2 247	397	17.67%	547 890	1 380	0.30%
Military Skills Development System	8 874	0	0.00%	0	0	0.00%
Interns	14	0	0.00%	0	0	0.00%
TOTAL	76 555	14 356	18.75%	45 839 800	3 193	0.27%

Table 12.32: Performance Rewards by Critical Occupations for the Period 01 April 2010 to 31 March 2011

Critical Occupation	Beneficiary Profile			Cost	
	Total number of Employees as at 1 April 2009	Number of Beneficiaries	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)
Air Space Control	551	99	18.0%	419 288	4 235
Aircrew	513	82	16.0%	474 400	5 785
Anti-Aircraft	896	165	18.4%	511 608	3 101
Artillery	1 544	228	14.8%	683 360	2 997
Combat Navy	324	71	21.9%	393 600	5 544
Engineer	144	15	10.4%	82 440	5 496
Health Professional	1 369	192	14.0%	1 248 200	6 501
Nursing	1 692	280	16.5%	1 310 960	4 682
Technical	6 470	1 041	16.1%	3 760 324	3 612
TOTAL	13 503	2 173	16.1%	8 884 180	4 088

Table 12.33: Performance Related Rewards (cash bonus) by Salary Band for Senior Management Service for the Period 01 April 2010 to 31 March 2011

Salary Band	Beneficiary Profile			Cost		
	Total number of Employees as at 1 April 2009	Number of Beneficiaries	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Management Service Band A	184	0	0	0	0	0
Senior Management Service Band B	52	0	0	0	0	0
Senior Management Service Band C	14	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0
Minister/Deputy/Advisors	5	0	0	0	0	0
TOTAL	257	0	0	0	0	0 0.0%

FOREIGN WORKERS

Table 12.34: Foreign Workers by Salary Band for the Period 01 April 2010 to 31 March 2011

Foreign Workers by Salary Band	0
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Table 12.35: Foreign Workers by Major Occupation for the Period 01 April 2010 to 31 March 2011

Foreign Workers by Major Occupation	0
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LEAVE UTILISATION

Table 12.36a: Sick Leave (taken by Uniformed Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee using Sick Leave	Estimated Cost (Rand)
Senior Management	951	124	60.19%	8	1 577 964
Senior Professionals	300	38	50.00%	8	801 759
Highly Skilled Supervision	39 275	5 172	63.21%	8	40 097 053
Highly Skilled Production	113 630	13 639	66.70%	8	69 860 877
Skilled	121 303	15 039	52.35%	8	55 010 930
Military Skills Development System	6 962	1 547	17.36%	5	1 969 479
TOTAL	282 421	35 559	53.43%	8	169 318 062

Table 12.36b: Sick Leave (taken by Public Service Act Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee using Sick Leave	Estimated Cost (Rand)
Senior Management	163	28	50.00%	6	271 011
Senior Professionals	28	5	31.25%	6	58 650
Highly Skilled Supervision	4 421	562	69.21%	8	4 732 559
Highly Skilled Production	34 425	2 998	88.65%	11	18 323 227
Skilled	50 397	4 543	74.11%	11	14 272 690
Lower Skilled	15 559	1 402	67.08%	11	3 649 240
Interns	62	10	100.00%	6	15 876
TOTAL	105 055	9 548	76.41%	11	41 323 254

Note: Employees are entitled to 36 working days sick leave in a cycle of 3 years on an average norm of 11 working days per year.

Table 12.37a: Disability Leave (temporary and permanent - taken by Uniformed Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee using Disability Leave	Estimated Cost (Rand)
Senior Management	278	6	2.91%	46	456 295
Senior Professionals	31	1	1.32%	31	82 233
Highly Skilled Supervision	7 455	229	2.80%	33	7 731 343
Highly Skilled Production	17 484	596	2.91%	29	11 042 180
Skilled	18 973	585	2.04%	32	8 770 811
Military Skills Development System	35	4	0.04%	9	14 755
TOTAL	44 256	1 421	2.14%	31	28 097 617

Table 12.37b: Disability Leave (temporary and permanent - taken by Public Service Act Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee using Disability Leave	Estimated Cost (Rand)
Senior Management	0	0	0.00%	0	0
Senior Professionals	0	0	0.00%	0	0
Highly Skilled Supervision	298	10	1.23%	30	372 129
Highly Skilled Production	5 713	165	4.88%	35	2 964 404
Skilled	13 263	248	4.05%	53	3 723 535
Lower Skilled	3 048	71	3.40%	43	736 624
Interns	0	0	0.00%	0	0
TOTAL	22 322	494	3.95%	45	7 796 693

Note: Employees are entitled to disability leave after the 36 working days of normal sick leave have been fully utilized.

Table 12.38a: Annual Leave (taken by Uniformed Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days Taken	Average Days per Employee using Annual Leave
Senior Management	4 741	24
Senior Professionals	1 735	23
Highly Skilled Supervision	198 377	24
Highly Skilled Production	484 581	24
Skilled	567 957	22
Lower Skilled	2	1
Military Skills Development System	29 507	13
TOTAL	1 286 900	23

Table 12.38b: Annual Leave (taken by Public Service Act Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days Taken	Average Days per Employee using Annual Leave
Senior Management	957	20
Senior Professionals	239	24
Highly Skilled Supervision	13 495	23
Highly Skilled Production	78 843	24
Skilled	152 151	25
Lower Skilled	40 319	22
Interns	92	7
TOTAL	286 096	24

Note: Employees with less than 10 years service are entitled to 22 working days annual leave and employees with more than 10 years service are entitled to 26 working days annual leave.

Table 12.39a: Capped Leave (taken by Uniformed Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2010
Senior Management	105	5	118
Senior Professionals	55	8	69
Highly Skilled Supervision	5 669	6	51
Highly Skilled Production	9 302	5	26
Skilled	9 052	6	21
TOTAL	24 183	5	30

Table 12.39b: Capped Leave (taken by Public Service Act Personnel) for the Period 01 January 2010 to 31 December 2010

Salary Band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2010
Senior Management	17	6	44
Senior Professionals	0	0	51
Highly Skilled Supervision	1 126	25	47
Highly Skilled Production	1 035	4	31
Skilled	3 028	6	51
Lower Skilled	455	7	34
TOTAL	5 660	6	44

Note: Although 8% of employees took capped leave, it is to the benefit of the DOD as it will reduce the financial contingent liability on the DOD with respect to leave credits

Table 12.40a: Leave Payouts, FY2010/11 - Uniformed Personnel

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave Payout for FY2010/11 due to non-utilization of leave for previous cycle	0	0	0
Leave Payout for FY2010/11 due to discounting of Leave	45 885 059	4 441	10 332
Leave Payout for FY2010/11 on Termination of Service	45 073 902	913	49 369
TOTAL	90 958 962	5 354	16 989

Table 12.40b: Leave Payouts, FY2010/11 - Public Service Act Personnel

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave Payout for FY2010/11 due to non-utilization of leave for previous cycle	0	0	0
Leave Payout for FY2010/11 due to discounting of Leave	1 983 439	464	4 275
Leave Payout for FY2010/11 on Termination of Service	12 053 429	515	23 405
TOTAL	14 036 869	979	14 338

Note: All vacation leave to an employee's credit on termination of service by means of retirement medical retirement early retirement contract expiry or exit mechanisms are paid out. Discharges (misconduct) are excluded.

HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 12.41a: Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Low risk: All members	<ul style="list-style-type: none"> ◦ HIV workplace programmes ◦ Peer education programmes ◦ Buddy aid programmes ◦ Availability first aid kits/boxes ◦ Wellness programme ◦ Condom distribution points for both males and females ◦ Health promotion programmes before deployment
Medium risk: Members on deployment (internal to RSA) ie RSA border protection bases / posts	<ul style="list-style-type: none"> ◦ All the above programmes and interventions apply. The emphasis is on discipline and the conduct of military personnel ◦ Buddy aid lectures ◦ Trained operational emergency care practitioners
High risk: Members on deployment (external to RSA)	<ul style="list-style-type: none"> ◦ All the programmes and interventions reflected for low and medium risk exposure ◦ Peer education ◦ Trained operational emergency care practitioners ◦ Specific HIV prevention programmes ◦ Specific health promotion programmes during deployment

Table 12.41b: Details of Health Promotion and HIV / Aids Programmes

Question	Yes	No	Details if Yes
Has the department designated a member of the SMS to implement the provision contained in Part VI e of Chapter 1 of the Public Service Regulations 2001? If so provide her/his name and position.	X		Brig Gen L.L. Siwisa Director HIV/AIDS SANDF HIV/AIDS Programme Manager
Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>The Directorate HIV/AIDS Programmes coordinate "The Comprehensive Plan for Care, Management and Treatment of HIV/AIDS in the DOD" with a staff compliment of three members, including the Director.</p> <p>Two members manage monitoring and evaluation of the DOD HIV/AIDS programme.</p> <p>HIV prevention and health promotion Programmes are planned and implemented throughout the organisation by 15 Regional HIV Managers.</p> <p>Wellness programmes are executed at SA Army, SA Air Force, SA Navy and SAMHS unit level through Military Community Development Committees. All Commanding Officers in the SANDF have the responsibility to ensure that wellness programmes take place in their respective environments.</p> <p>Health care practitioners at primary health care level provide HIV prevention, health promotion and curative HIV/AIDS Programmes to all patients/clients throughout the organisation.</p> <p>The HIV/AIDS Programme of the DOD is funded through the departments' budget and the SAMHS Budget and the performance report on policy options by the SAMHS Budget Manager indicates a budget allocation of Rm33,4.</p>
Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so indicate the key elements/services of this Programme.	X		<p>The SAMHS remained committed to intensify the campaign against communicable diseases and the treatment of patients through the Comprehensive Plan for Care, Management and Treatment of HIV/AIDS in the DOD and Military Veterans that includes prevention of HIV and health promotion programmes. The plan is currently under revision to accelerate the accessibility for treatment and prevention programmes such as workplace programmes.</p> <p>The key elements of the HIV Prevention Programme are:</p> <ul style="list-style-type: none"> ◦ HIV/AIDS workplace programmes. ◦ Mass awareness campaigns. ◦ Management of occupational transmission. ◦ Prevention of vertical transmission, previously known as mother to child transmission. ◦ Prevention of opportunistic infections. ◦ Utilisation of all awareness opportunities (eg National Health Days, Health Month, World AIDS Day, Commemoration Days, etc). ◦ Programmes/projects that focus on abstinence and faithfulness. <p>Key elements of the Health Promotion Programmes are:</p> <ul style="list-style-type: none"> ◦ Counselling. ◦ Health education training and development by means of e.g. lectures. ◦ Management of sexually transmitted infections. ◦ Health promotion through physical training, sport and recreation.

Question	Yes	No	Details, if Yes
			<ul style="list-style-type: none"> ◦ Poster presentations ◦ Health programmes targeting women of childbearing age ◦ Awareness programmes. ◦ Involvement of non-governmental organisations and communities. ◦ Community development programmes, e.g. Thaba Tshwane Project ◦ Health Fairs and Health Walks. <p>The facilitation of the Combating HIV / AIDS Through Spiritual and Ethical Conduct (CHATSEC) programme to 982 members of the SAMHS MSDS formed part of prevention and promotion interventions.</p> <p>Six mobile clinics were procured with donor funds for the provision of health care services to eligible patients in remote rural areas. An agreement has been reached with the United States of America President's Emergency Funds For AIDS Relief donors to take over the training of health care practitioners in anti-retroviral treatment from September 2009 in collaboration with the University of Pretoria.</p>
<p>Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations 2001? If so please provide the names of the members of the committee and the stakeholders that they represent.</p>		X	<p>The "Comprehensive Plan for Care, Management and Treatment of HIV/AIDS in the DOD: 2011-2016" is coordinated through the Directorate HIV/AIDS Programmes.</p> <p>Coordination within the SANDF through bilateral meetings between the SAMHS and the SA Army, the SA Navy and the SA Air Force.</p> <p>The Director HIV/AIDS coordinate matters through the SAMHS HIV/AIDS Coordinating Committee. The committee consists of members representing formations and units that provide health care services.</p>
<p>Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so list the employment policies/practices so reviewed.</p>	X		<p>All HIV infected uniformed members of the DOD are managed according to "The DOD Directive on the Health Classification and Deployability of SANDF Members with HIV/AIDS". The document is currently under review.</p>
<p>Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV positive from discrimination? If so list the key elements of these measures.</p>	X		<p>The department adheres to the principle of equity and equality of opportunities in all practices. It values and manages diversity and in doing so recognises that talent, ability and potential are inherently distributed across the population. It strives to eradicate all forms of unfair discrimination within the department.</p> <p>Policy documents:</p> <ul style="list-style-type: none"> ◦ DOD Directive: Transformation Management in the DOD ◦ DOD Instruction: Policy on Transformation Management in the DOD ◦ Joint Defence Publication: Process and Procedures for Transformation Management in the DOD.
<p>Does the department encourage its employees to undergo voluntary counselling and testing? If so list the results that you have achieved.</p>	X		<p>All uniformed members of the DOD are required to undergo regular HIV testing as part of Comprehensive Health Assessments.</p> <p>In addition, the SAMHS is a Key Stakeholder in the National Department of Health HIV Counselling and Testing Campaign with 49% of all SANDF members and dependants to be tested by 31 May 2011.</p>

Question	Yes	No	Details, if Yes
Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so list these measures/indicators	X		The monitoring and evaluation of the Department of Defence and Military Veterans HIV and AIDS Programme is managed by Instruction. Sources of data are: Knowledge Attitude and Practice Survey (Last survey performed 2007, next survey planned for September 2011). Health Informatics Clinical Data Management System Project Feedback Forms submitted following interventions (all planned HIV prevention interventions are monitored).

LABOUR RELATIONS

Table 12.42: Collective Agreements for the Period 01 April 2010 to 31 March 2011

Total Collective Agreements	0
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Table 12.43: Misconduct and Disciplinary Hearings finalised for the Period 01 April 2010 to 31 March 2011

Outcomes of disciplinary hearings	Number	% of Total
Final written warning	9	0.00%
Suspended without pay	2	34.62%
Dismissal	1	7.69%
Not guilty	3	3.85%
Case withdrawn	11	11.54%
TOTAL	26	100%

Note: Fines do not form sanctions as contained in PSCBC Resolution 2/99 as amended by PSCBC Resolution 01/03.

Table 12.44: Types of Misconduct addressed at Disciplinary Hearings for the Period 01 April 2010 to 31 March 2011

Type of misconduct	Number	% of Total
Absence without permission	6	23.08%
Theft	4	15.38%
Fraud	5	19.23%
Punctuality	2	7.69%
Under the Influence	1	3.85%
Disobedience	4	15.38%
Unauthorised removal of Information	1	3.85%
Security Risk	1	3.85%
Unprofessional Conduct	1	3.85%
Sexual Harassment	1	3.85%
TOTAL	26	100%

Note: The figures indicated in tables 12.43 and 12.44 differ due to the reason that an employee may be charged for more than one offence at a single disciplinary hearing.

Table 12.45: Grievances Lodged for the Period 01 April 2010 to 31 March 2011

Grievances	Number
Number of Grievances Resolved	6
Number of Grievances not Resolved	16
Total Number of Grievances Lodged	22

Note: Not all grievances are resolved within the financial year in which they were lodged.

Table 10.46: Disputes Lodged with Councils for the Period 01 April 2010 to 31 March 2011

Disputes	Number
Number of Disputes Upheld	0
Number of Disputes Dismissed	58
Total Number of Disputes Lodged	58

Note: Councils do not schedule all disputes referred in a financial year for resolution in the same financial year.

Table 12.47: Strike Actions for the Period 01 April 2010 to 31 March 2011

Total number of person working days lost	369 Days
Total cost of working days lost	R93 883,45
Amount recovered as a result of no work no pay	R93 883,45

Table 12.48a: Precautionary Suspensions (of Uniformed Personnel) for the Period 01 April 2010 to 31 March 2011

Number of people suspended	38
Number of people whose suspensions exceeded 30 days	38
Average number of days suspended	365
Cost of suspensions	R 511 481

Table 12.48b: Precautionary Suspensions (of Public Service Act Personnel) for the Period 01 April 2010 to 31 March 2011

Number of people suspended	7
Number of people whose suspensions exceeded 30 days	6
Average number of days suspended	237
Cost of suspensions	R 651 070

SKILLS DEVELOPMENT
Table 12.49: Training Needs Identified for the Period 01 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of Employees as at 1 April 2010	Training Needs Identified at Start of Reporting Period			
			Learner-ships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	27	0	22	1	23
	Male	236	0	36	3	39
Professionals	Female	1 563	0	277	344	621
	Male	1 571	0	473	856	1 329
Technicians and associate professionals	Female	1 931	13	639	448	1 100
	Male	4 612	29	1 503	2 961	4 493
Clerks	Female	5 897	726	1 428	1 018	3 172
	Male	8 820	863	1 750	1 229	3 842
Service and sales workers	Female	4 470	202	1 635	1 378	3 215
	Male	28 660	143	6 692	12 175	19 010
Craft and related trades workers	Female	1 100	0	582	479	1 061
	Male	8 668	0	899	1 514	2 413
Plant and machine operators and assemblers	Female	10	0	1	5	6
	Male	508	0	319	132	451
Elementary occupations	Female	3 173	1 023	852	1 215	3 090
	Male	7 799	2 012	478	4 532	7 022
Subtotal	Female	18 171	3 964	5 436	5 888	15 288
	Male	60 874	1 047	12 150	22 402	35 599
TOTAL		79 045	5 011	17 586	28 290	50 887

Table 12.50: Training Provided for the Period 01 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of Employees as at 1 April 2010	Training Provided within Start of Reporting Period			
			Learner-ships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	27	0	22	1	23
	Male	236	0	43	3	46
Professionals	Female	1 563	0	307	361	668
	Male	1 571	0	484	851	1 335
Technicians and associate professionals	Female	1 931	20	770	524	1 314
	Male	4 612	30	1 500	2 760	4 290
Clerks	Female	5 897	730	2 253	855	3 838
	Male	8 820	865	2 650	1 300	4 815
Service and sales workers	Female	4 470	210	1 640	1 384	3 234
	Male	28 660	150	6 700	12 200	19 050
Craft and related trades workers	Female	1 100	0	580	510	1 090
	Male	8 668	0	1 100	1 520	2 620
Plant and machine operators and assemblers	Female	10	0	5	3	8
	Male	508	0	325	130	455
Elementary occupations	Female	3 173	1 025	860	1 220	3 105
	Male	7 799	2 020	480	4 530	7 030
Subtotal	Female	18 171	1 985	6 437	4 858	13 280
	Male	60 874	3 065	13 282	23 294	39 641
TOTAL		79 045	5 050	19 719	28 152	52 921

INJURY ON DUTY

Table 12.51a: Injury on Duty (by Uniformed Personnel) for the Period 01 April 2010 to 31 March 2011

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only ⁵	1,144	89.17%
Temporary total Disablement ⁶	70	5.46%
Permanent Disablement ⁷	52	4.05%
Fatal ⁸	17	1.33%
TOTAL	1,283	100.00%

Table 12.51b. Injury on Duty (by Public Service Act Personnel) for the Period 01 April 2010 to 31 March 2011

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only ⁵	236	85.51%
Temporary total Disablement ⁶	32	11.59%
Permanent Disablement ⁷	7	2.54%
Fatal ⁸	1	0.36%
TOTAL	276	100.00%

UTILISATION OF CONSULTANTS

Table 12.52: Report on Consultant Appointments using Appropriate funds FY2010/11

Project Title	Total Number of Consultants that Worked on the Project	Duration: Worked Days	Contract Value in Rand for the FY 2010/11
SA Navy Viability of Construction of New Naval Headquarters and Naval Mess Building	1*	Project worked according to milestones and not to workdays	505 558,08
SA Navy Rendering of Transaction Advisor Service to the DOD for Establishment of Sea Safety Training Centre for the SA Navy	1*	Project worked according to milestones and not to workdays	471 293,10
SA Air Force Training of Air Force crews in the use and application of the Lynx helicopter systems in the maritime environment.	One Royal Navy Observer	183 Days	1 519 443,00
SA Air Force Supply of specialised imaging interpretation training (analytical/metrics aspects)	1	10 Days	55 000,00

⁵ Required Basic Medical Attention Only. This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.

⁶ Temporary Total Disablement. This is the temporary alteration of an individual's physical or mental status that limits activity. Medical or surgical treatment may stabilize the condition and restore the health of an individual to normal within a defined period.

⁷ Permanent Disablement. This is the permanent alteration of an individual's capacity to meet personal social or occupational demands or statutory or regulatory requirements.

⁸ Fatal. An injury, disease or condition causing or ending in organ or multi-organ failure and death.

Table 12.52: Report on Consultant Appointments using Appropriate funds FY2010/11 (continued)

Project Title	Total Number of Consultants that Worked on the Project	Duration: Worked Days	Contract Value in Rand for the FY 2010/11
SA Air Force Supply of specialised Security Risk management training	1	10 Days	78 000,00
SA Air Force Survival Electronics	1	100 Days	500 000,00
SA Air Force EW Training of SAAF members	1	119 Days	435 703,00
C Logistics Supply Chain Strategic Plan of Action and Technical Support towards the Creation of an enabling environment for DOD Facilities to undertake their mandate functions. CSIR: CPSC/G/230/08	1*	235 Days	89 080 500,00
C Logistics Asset Management Stock Verification programme Classic One Consortium: B/G/839/08	1*	254 Days	45 841 901,00
C Logistics Origin Exchange	1*	117 Days	59 161 374,00
SA Army Business Architecture for CD Army Force Structure	1*	260 Days	2 284 849,91
SA Army Personnel related activities for SA Army Signal Formation	1	2 Days	900,00
Chief Financial Officer KPMG - Operation Clean Audit	1*	151 Days	40 955 643,33
Ministry of Defence Ministerial Task Team Academics on National Youth Service - 5 x Professors	5	127 Days	1 035 294,00
Defence Intelligence Appointment of a Transaction Advisor to conduct a feasibility study for a possible PPP for a head quarters for Defence Intelligence - Kagiso Financial Services	1*	Per Milestone	2 615 352,15
Total number of Projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
15	11	1 568	244 540 811,57

* Denotes that one firm was appointed as a consultant and provided the DOD with personnel at different remuneration rates as well as their administration fees and overheads. As a result it would be inappropriate to mathematically distribute the figures based on mainly man-hours or man-days. The DOD Policy on the management and utilisation of Consultants is currently under review.

PERFORMANCE AGREEMENTS

Table 12.53a: Performance Agreements Signed (by Uniformed Personnel) by Salary Band for Senior Management Service for the Period 01 April 2010 to 31 March 2011

Salary Band	Number of employees as at 1 April 2010	Number of Signed Performance Agreements	Number of Unsigned Performance Agreements
Band A - Level 13	151	118	33
Band B - Level 14	34	18	16
Band C - Level 15	7	0	7
Band D - Level 16	1	0	1
TOTAL	193	136	57

Table 12.53b: Performance Agreements Signed (by Public Service Act Personnel) by Salary Band for Senior Management Service for the Period 01 April 2010 to 31 March 2011

Salary Band	Number of employees as at 1 April 2010	Number of Signed Performance Agreements	Number of Unsigned Performance Agreements
Band A - Level 13	26	18	8
Band B - Level 14	13	6	7
Band C - Level 15	8	0	8
Band D - Level 16	2	1	1
TOTAL	49	25	24

Appendix A

Defence Diplomacy Report for FY2010/11

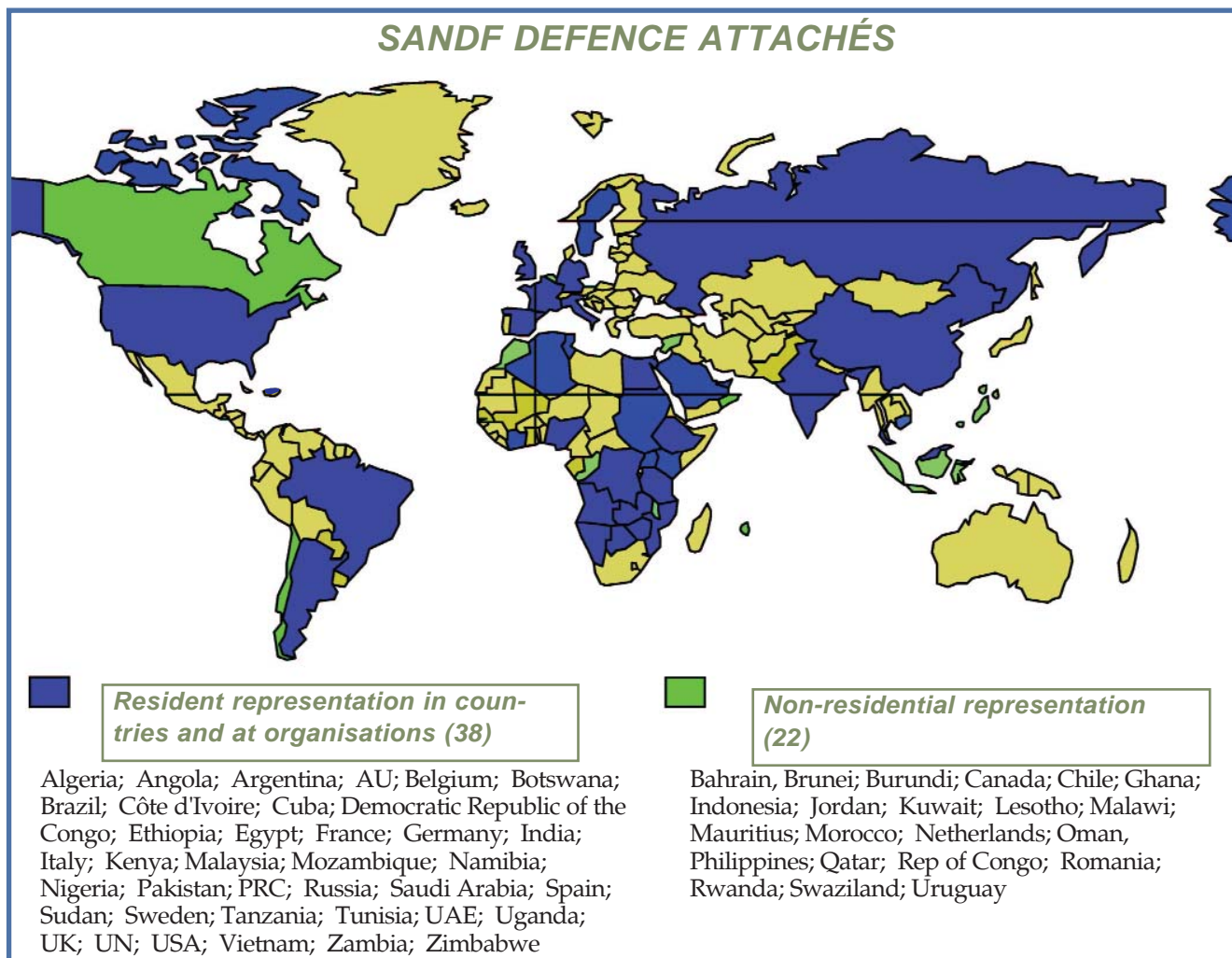
The defence diplomacy actions by the DOD continued to vary from focussed efforts such as defence representation abroad, bilateral and multilateral meetings to indirect actions which had a defence diplomacy impact. The latter include participation in combined exercises, participation in functional and developmental training with foreign defence forces and attendance of conferences and seminars. The benefits to bilateral cooperation are greatly valued and give impetus to

the defence diplomacy drive of the DOD.

SANDF Defence Attaché Representation

Figure A.1 below indicates SANDF Defence Attaché representation internationally for the FY2010/11.

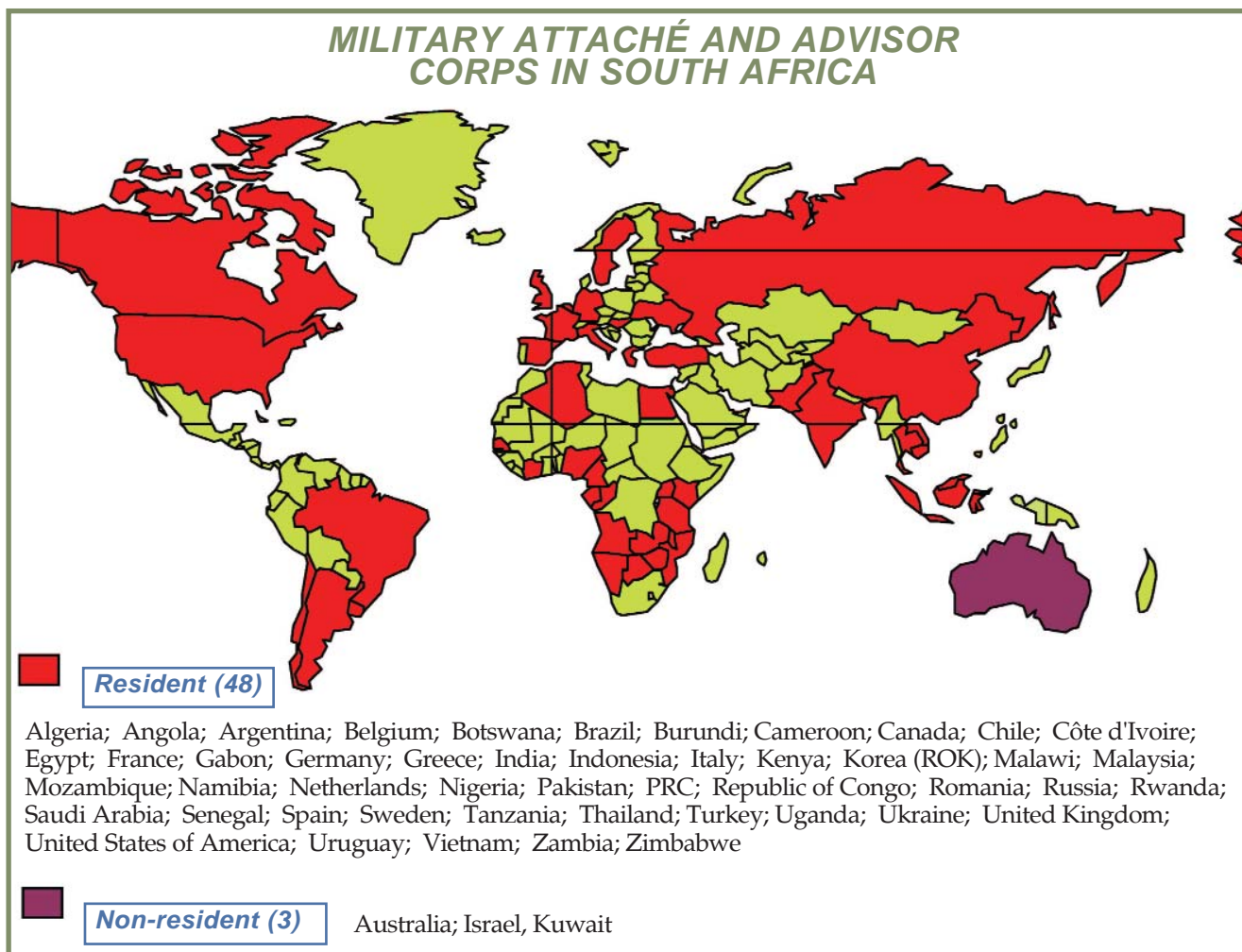
Figure A.1: Map indicating Representation by SANDF Attachés.



Military Attaché and Advisor Corps (MAAC) Representation

Figure A.2 below indicates MAAC representation in South Africa for the FY2010/11.

Figure A.2: Map indicating MAAC Representation in South Africa.



Bilateral and Multilateral Interaction

The South African Development Community (SADC) as a region, as well as the African continent remains the main

focus of the DOD for bilateral and multilateral interaction. Table A.1 indicates the meetings held within the framework of the SADC Interstate Defence and Security Committee structures (ISDSC).

Table A.1: Map indicating Representation by SANDF Attachés.

Committee	Date	Venue
Personnel Work Group	13-15 April	Cape Town
Ops Sub sub-committee and Chiefs of Defence	11-15 May	Maputo
Evaluation workshop of the Strategic Indicative Plan of the Organ	22-26 May	Botswana
Logistical Technical Committee	21-23 June	Botswana
Telecommunication Workgroup	27 Apr - 1 May	Tanzania
31 st Interstate Defence and Security Committee meeting	22-23 July	Mozambique
Meeting of the Ministerial Committee of the Organ	02-07 August	Mozambique
SADC Military HIV/AIDS 1 st Technical Committee meeting	01-07 August	Zimbabwe
SADC Military Malaria managers meeting	26-30 September	Madagascar
1 st SADC Non-communicable Diseases Technical Committee meeting	21-24 September	Namibia
4 th annual SADC Standing Maritime Committee Work Session	7-11 September	Tanzania
SADC Standing Maritime Committee	20-26 February	Namibia
Logistics Workgroup	16-20 March	Tanzania

- **African Union.** During December 2010, the Minister of Defence and a representative of C SANDF attended the 6th Meeting of the African Chiefs of Defence Staff and Heads of Security in Addis Ababa. Concurrently the 4th Ordinary Meeting of the Specialised Technical Committee on Defence, Safety and Security met and was attended by the SANDF representative.
- **Intergovernmental Meetings.** Defence representatives attended intergovernmental bilateral meetings, namely; the Mozambique/RSA Joint Bilateral Commission for Cooperation. The bilateral Joint Permanent Commissions on Defence and Security with respectively Namibia, Zimbabwe and Botswana met during the year. Participation in these meetings enables Defence support to South African foreign policy.
- **Bilateral Defence Committee Meetings.** During the reporting year the Germany/RSA Defence Committee, the PRC/RSA Defence Committee, the RSA/USA Defence Committee and the RSA/UK Defence Committee met to discuss co-operation between the SANDF and respective countries.
- **Service Level Bilateral Meetings.** On Service and Divisional level, Naval Staff talks were held between the SA Navy and their counterparts from the USA, India and Malawi. The latter was in support of Government's African Agenda and the ICTS cluster objectives. The SAAF held staff talks with the Air Forces of Germany and the USA respectively.

Foreign Visits

- **Foreign visits to African Countries.** About 54 visits were undertaken by members from the SANDF to African countries for reasons varying from high-level goodwill visits, planning, debriefing conferences and meetings on combined exercises, quarterly non-residential accreditation to Lesotho, and visits to SA troops deployed in Africa and intelligence exchanges. The SA Army is involved in training in the 'Train the Trainer' concept in Namibia as part of bilateral co-operation between the two countries. The presentation by the SAAF of the Senior Air Power Programme in Rwanda demonstrates the SANDF commitment to co-operation in Africa. Fifty members from five African countries attended the 4th SA Army Rifle Shooting Evaluation.
- **Visits to the DOD by African Countries.** The SANDF hosted six delegations from Africa. The reasons for these visits varied from benchmarking and comparative studies on training, human resource management to medical matters, intelligence exchanges, sport and goodwill visits.
- **Foreign Visits to Countries from the Rest of the World.** About 98 visits took place during the FY2010/11. The purpose of these visits included; observers to military exercises, benchmarking of training, attendance of conferences as members of professional bodies, programmes on strategic issues or work groups and defence exhibitions.

- **Visits to the DOD by Countries from the Rest of the World.** The 25 visits to the SANDF ranged from reciprocal goodwill visits, discussions on specific functional topics, study visits by military training institutions and the hosting of workgroups.
- **Foreign Military Training.** About 18 foreign officers attended the flagship development courses of the SANDF, namely the Executive National Security Programme and the Joint Senior Command and Staff Programme. The SANDF hosted foreign members on 55 functional courses. SANDF officers attended development courses in 11 foreign countries. A further 111 members of the SANDF attended functional courses in foreign countries. Seven foreign delegations comprising officers on Senior Command and Staff courses chose South Africa as destination for their foreign study visits.
- **Ship Visits.** During the reporting year, various ships from the Navies of France, the UK, Korea and Pakistan came alongside at South African ports. During EX INTEROP EAST, the Navy sailed to Maputo with the SAS DRAKENSBERG, SPIOENKOP and GALESHEWE and during Operation COPPER; the SAS MENDI sailed to Mozambican ports of Maputo and Pemba.
- **The African Standby Force and the Southern African Standby Force.** The Roadmap II for the operationalisation of the African Standby Force (2006-2010) envisaged a validation exercise that will test early warning and crises management, as well as the structures that underpin the African Standby Force concept. Against this background, the AU Peace Support Operations Department hosted EX AMANI, a command post exercise, during October 2010 in Addis Ababa. As part of Roadmap III (2011-2015), the operationalisation of the African Standby Force will continue with a continental exercise during the FY2011/12, which is currently being planned. Also during the FY2011/12, the SADC will host EX BLUE CRANE, which is an exercise undertaken in support of humanitarian assistance.
- **Military Operations.** Operational co-operation forms a mainstay of military bilateral and multilateral cooperation between countries, in general and enhances operational inter-operability, whilst knowledge transfer takes place. Although military operations do not always commence as a defence diplomacy action, the advantages of participation in multinational peace support operations lie in the enhancement of the RSA's commitment to providing capacity to these operations and the image of the South African soldier abroad. Multinational peace support operations in which the SANDF participated include Operations MISTRAL in the DRC, CORDITE in Sudan and VIMBEZELA in the Central African Republic. Through participation in these operations, the SANDF supported the work of the African Union and the United Nations in striving for peace and security in the African continent.
- **Specialist Advisory Team to Kinshasa, DRC.** Team BULISA is currently developing plans for the implementation of the now completed Military Strategy for the FARDC. A number of workshops and benchmarking visits were conducted, during the period under review, in the fields of financial management and human resources management in the SANDF.
- **Mission THEBE.** The SA Army provided 120 instructors to train three Battalions in the DRC. This was completed successfully and the handing and taking over parade was held on 25 February 2011. This was attended by the South African Ambassador to the DRC, who presided as the chief dignitary at the parade. A small HQ element remains in the DRC to look after the RSA equipment that is still there.
- **Joint, Interdepartmental and Multinational (JIM) Military Exercises.** JIM military exercises reported in detail under the Force Employment Programme have major impact on defence diplomacy. The decisions taken on multinational force preparation cooperation and interaction during bilateral and multilateral forums were aligned with the requirements of the SANDF in terms of the approved Joint Force Employment (JFE) objectives and missions. In May 2010, two members of the SANDF were in Australia to participate in Exercise BELL BUOY, an exercise on naval co-ordination and guidance of shipping in the Pacific and Indian Oceans involving a number of Navies. Exercise IBSAMAR took place during September 2010, which was a maritime interaction and co-operation exercise with the Navies of India and Brazil. Exercise FAIRWAY BUOY, a naval co-operation and guidance of shipping exercise with SADC counties also took place in Namibia from 2 to 18 August 2010. EX ATLASUR, another annual maritime exercise between the Navies of Argentina, Brazil and Uruguay took place during October/November 2010. The SANDF representatives also participated in

Specific Defence Diplomacy Actions

- The biennial African Aerospace and Defence Exhibition (AAD) was co-hosted with the SA Defence Industry took place from 21 to 25 September 2010. The SANDF was responsible for co-ordinating the Foreign Visitors Programme. About 17 Ministers of Defence or representatives attended the Expo including; six Chiefs of Defence Force; seven Chiefs of Army; 21 Chiefs of Air Force, seven Chiefs of Navy and two Surgeons General and / or their representatives were hosted during AAD.

Ex COBRA GOLD (Thailand) and FLINT LOCK (Senegal) respectively.

- **Secondments to Multinational Organisations.** Four members of the DOD are currently seconded to the AU

Peace and Support Operations Divisions, of which one member heads this Division. At the UN, the SANDF member was seconded to UNAMID in Sudan and his term of duty was completed during November 2010.

Appendix B

Foreign Aid Assistance to the DOD for FY2010/11

The table below indicates the foreign aid assistance to the DOD for FY2010/11. Funding was mostly in kind and took the form of the provisioning of air tickets and/or messing accommodation and/or a daily stipend. Tuition fees for atten-

dance of military courses are normally free. The actual cost to the donor is therefore not visible and the rand value is merely an estimate.

Table B.1: Foreign Aid Assistance to and from the DOD for the FY2010/11

Donor country (Source)	Type of Aid (Funds or In-kind)	Rand Value (R'000)	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
Force Employment						
USA	In-kind	100	Joint Forces Staff course	Attended by one member	Not applicable	Not applicable
USA	In-kind	120	US Army Ranger Training	Attended by one member	Not applicable	Not applicable
USA	In-kind	170	Health Care Specialist course	Attended by one member	Not applicable	Not applicable
USA	In-kind	40	Programme on terrorism and Security Studies	Attended by one member	Not applicable	Not applicable
Germany	In-kind	29	Legal aspects of Combating Terrorism	Attended by one member	Not applicable	Not applicable
Landward Defence						
USA	In-kind	122	US Basic Leader urban course	Attended by one member	Not applicable	Not applicable
USA	In-kind	223	International Military STO Manoeuvre (Armour)	Attended by one member	Not applicable	Not applicable
USA	In-kind	60	Senior Leadership Seminar in Portugal	Attended by one member	Not applicable	Not applicable
USA	In-kind	599	Army Command and General Staff College	Attended by one member	Not applicable	Not applicable
USA	In-kind	45	Visit of US Military Service Commands for the SANDF Vision 2030 for training and career paths for other ranks	Attended by one member	Not applicable	Not applicable
USA	In-kind	40	US Environment, Energy, Security and Sustainability Symposium	Each attended by one member (three SANDF members in total)	Not applicable	Not applicable

Table B.1: Foreign Aid Assistance to and from the DOD for the FY 2010/11 (continued)

Donor country (Source)	Type of Aid (Funds or In-kind)	Rand Value (R'000)	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
USA	In-kind	28	New York National Guard State Partnership Programme planning conference	Attended by four reserves and three regular members	Not applicable	Not applicable
USA	In-kind	736	US Army War College	Attended by one member	Not applicable	Not applicable
UK	In-kind	700	Royal College of Defence Studies	Attended by one member	Not applicable	Not applicable
Germany	In-kind	60	UN Military Observers course	Attended by one member	Not applicable	Not applicable
PRC	In-kind	371	Defence and Strategic Studies course	Attended by one member	Not applicable	Not applicable
PRC	In-kind	443	Army Command and Staff course	Attended by one member	Not applicable	Not applicable
Zimbabwe	In-kind	396	Joint Senior Command and Staff course	Attended by one member	Not applicable	Not applicable
Malaysia	In-kind	25	DSA Expo	Attended by one member	Not applicable	Not applicable
Netherlands	In-kind	60	Participation in the 18th Netherlands Shooting Competition	Attended by nine members	Not applicable	Not applicable
UK	In-kind	80	Participation in Edinburgh Military Tattoo	Attended by SA Irish Pipes and Drums	Not applicable	Not applicable
Switzerland	In-kind	80	Participation in Basel Tattoo	Attended by the Cape Town Highlanders Pipes and Drums	Not applicable	Not applicable
Air Defence						
Zambia	In-kind	99	Joint Senior Command and Staff course	Attended by one member	Not applicable	Not applicable
Germany	In-kind	86	Programme in Advanced Security studies	Attended by two members	Not applicable	Not applicable
Kenya	In-kind	681	National War College	Attended by one member	Not applicable	Not applicable
USA	In-kind	1360	Air War College	Course attended by two members	Not applicable	Not applicable
USA	In-kind	130	Comprehensive Security response to Terrorism	Attended by one member	Not applicable	Not applicable
USA	In-kind	110	Aviation Safety Course	Attended by a two members	Not applicable	Not applicable
USA	In-kind	120	Defence Acquisition management course	Attended by one member	Not applicable	Not applicable
USA	In-kind	140	Senior NCO Officers Academy	Attended by one member	Not applicable	Not applicable
USA	In-kind	280	Joint Forces Staff College	Attended by two members	Not applicable	Not applicable

Table B.1: Foreign Aid Assistance to and from the DOD for the FY2010/11 (continued)

Donor country (Source)	Type of Aid (Funds or In-kind)	Rand Value (R'000)	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
USA	In-kind	50	Purchase Advanced training	Attended by one member	Not applicable	Not applicable
USA	In-kind	130	Comprehensive crises management	Attended by one member	Not applicable	Not applicable
USA	In-kind	80	Next Generation of African military	Attended by two members	Not applicable	Not applicable
Maritime Defence						
India	In-kind	50	Senior Defence College course	Attended by one member	Not applicable	Not applicable
PRC	In-kind	96	Senior Staff course	Attended by one member	Not applicable	Not applicable
USA	In-kind	50	Maritime Security conference	Attended by two members	Not applicable	Not applicable
USA	In-kind	49	Inspector General course	Attended by three members	Not applicable	Not applicable
USA	In-kind	98	Course on Legal Aspects	Attended by one member	Not applicable	Not applicable
USA	In-kind	105	Security Response seminar	Attended by one member	Not applicable	Not applicable
USA	In-kind	67	Programme on Terrorism	Attended by one member	Not applicable	Not applicable
USA	In-kind	525	Naval Academy	Attended by one member	Not applicable	Not applicable
USA	In-kind	88	Senior Enlisted course	Attended by two members	Not applicable	Not applicable
USA	In-kind	49	Warrant Officers symposium	Attended by one member	Not applicable	Not applicable
Military Health Support						
Wilton Park (Organisers), UK Foreign and Commonwealth Office, Ministry of Defence, Ministry of Foreign Affairs of Netherlands, US Government	In-kind	50	Wilton Park Conference on Prospects for the 2011 Biological & Toxic Weapons Convention Review Conference	Attended by one member	Not applicable	Not applicable
Sponsored by Astra Zeneca and the Lung Function Trust Fund	In-kind	77	European Respiratory Society Annual Congress	Attended by two members	Not applicable	Not applicable
Sponsored by the International Military Forum on Emerging Infectious Diseases	In-kind	45	International Military Forum on Emerging Infectious Diseases	Attended by one member	Not applicable	Not applicable

Table B.1: Foreign Aid Assistance to and from the DOD for the FY2010/11 (continued)

Donor country (Source)	Type of Aid (Funds or In-kind)	Rand Value (R'000)	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
Sponsored by the Department of Trade and Industry on behalf of the Non-Proliferation Council.	In-kind	54	Workshop on the strengthening of International efforts to prevent the proliferation of Biological Weapons, the role of the Biological and Toxin Weapons Convention in Beijing, China from 2-8 Nov 2010.	Attended by one member	Not applicable	Not applicable
USA (PEPFAR)	In-kind	90	HIV/AIDS Strategic planning and policy development conference	Attended by two members	Not applicable	Not applicable
USA (PEPFAR)	In-kind	<i>See note</i>	Sponsorship of drugs for anti-retroviral treatment	The donation is not a predetermined amount. The value of the donation is determined by the number of patients receiving treatment.	Not applicable	Ongoing project until donor indicates otherwise.
USA (PEPFAR)	In-kind	<i>See note</i>	Project MASIBAM-BISANE: HIV and AIDS prevention program for SANDF members	A complete database of implemented programs is available at Military Psychological Institute	There has been a deviation from planned program activities due to a delay in submission of projects and human resources shortages	Ongoing project until donor indicates otherwise
USA National Institute of Allergy and Infectious Disease (NIAID)	In-kind	<i>See note</i>	Project PHIDISA: Sponsorship of drugs for anti-retroviral treatment and the establishment of a Clinical Research Capability.	The donation is not a predetermined amount. The value of the donation is determined by the number of patients receiving treatment. P1A - ±1 771 patients. (to be confirmed)	Protocols I & II ended in December 2007 as the scientific integrity of data collected was sufficient to continue with actual research until the study completes in 2010.	A 5-year project that is meant to be ended in 2010

Note: Information on the value of the donation in kind was requested from the US DOD, however, was not available at the time of publication.

Table B.1: Foreign Aid Assistance to and from the DOD for the FY2010/11 (continued)

Donor country (Source)	Type of Aid (Funds or In-kind)	Rand Value (R'000)	Intended Use of the Assistance	Actual Performance on the Use of Assistance	Reason for Deviation	Pending Application for Assistance
General Support (Logistics)						
USA	In-kind	40	US Environment, Energy, Security and Sustainability Symposium	Attended by two members	Not applicable	Not applicable
USA	In-kind	58	Guidebook on environmental auditing in the Military	Two members participated in the compilation of the guidebook	Not applicable	Not applicable
USA	In-kind	95	Logistics Information Management course	Attended by two members	Not applicable	Not applicable
Canada	In-kind	45	Military Training and Co-operation programme - UN Integrated Mission Staff Officers course	Attended by one member	Not applicable	Not applicable
General Support (Command And Management Information Systems)						
UK	In-kind	84	Global Military Satellite Communication conference	Attended by four members.	Not applicable	Not applicable
Defence Reserve Direction						
USA	In-kind	167	New York National Guard State Partnership Programme planning conference	Attended by seven officers	Not applicable	Not applicable

Appendix C

Criminality in the DOD for the year ending 31 March 2011

The DOD made significant progress during the year under review on the management of Anti-Criminality. The Annual DOD Anti-Criminality Conference held on 8 October 2010 was aimed at providing orientation-training to representatives of Services and Divisions in support of the Nodal Point on Anti-Criminality. Members were trained to conduct crime risk surveys in order to determine the extent to which physical security measures were lacking and/or adequate at units in the DOD.

In order to strengthen the management of Anti-Criminality, policies will have to be aligned with the Strategy on Anti-Criminality and DOD members will have to undergo formal training on managing crime. To this end, the Provost Marshall General has been tasked to formalize the DOD Anti-Criminality Policy by no later than the end of June 2012. The DOD Nodal Point on Anti-Criminality has engaged Defence Intelligence on the design of a training program which will be specifically aimed at managing crime in the DOD.

The DOD Nodal Point on Anti-Criminality also actively interacted with SITA for the design of an overarching Crime Information System that integrates all the existing fragmented information data already available in other DOD systems. The aim of this system is to verify the integrity of informa-

tion from the existing systems and to make business intelligence available to commanders and managers at all levels. This overarching integrated data system is in an advanced stage of development.

The management of crime requirement has been included in the performance agreements and management directives of all commanders and managers. In addition, Anti-Criminality has been incorporated as a standing agenda point in the command and management forums of the DOD. This serves as a constant reminder and raises awareness of crime in the drive to implement the Anti-Criminality Strategy. The DOD Safeguarding Board meets monthly and is attended by the Services and Divisions. The commitment of commanders and managers to the management of crime was demonstrated by their personal signature on all safeguarding or anti-criminality reports and compliance plans.

The DOD vehicle fleet is safeguarded through the use of non-removable stickers on D-vehicles in order to make them easily identifiable. Some vehicles have also been fitted with satellite tracking systems, which are monitored by Defence Intelligence or the respective Service/Division.

Anti-Criminality in the DOD is well on its way to achieving the goals of the Strategy on Anti-Criminality. All members of the DOD will be part of the fight against crime.

Appendix D

DOD Enterprise Risk and Mitigation Strategies for FY2010/11

Table D.1. provides the actual achievement of the Enterprise Risk and Mitigation Strategy for the FY2010/11, in accordance with the DOD Strategic Plan FY2010/11.

Table D.1: DOD Risks and Mitigation Factors for the FY2010/11

Risk	Mitigation Action	Responsible Service/Division	Actual Achievement
The continued loss of scarce skills due to the exit of large numbers of highly skilled personnel	Interim Service Commission has been established to consider remuneration and the conditions of service of members of the South African National Defence Force (SANDF). A unique service dispensation for the SANDF outside the ambit of the Public Service	CHR	<p>The DOD has developed a remuneration dispensation that recognises military uniqueness for the SANDF, salary levels 1 to 12 and will be implemented in phases starting 1 July 2011</p> <p>The Occupation Specific Dispensations (OSD) has been implemented for nurses, social workers, medical practitioners and legal practitioners.</p> <p>On 15 March 2011 the DOD implemented a special allowance for technicians in all applicable environments</p> <p>The 22% increase in the payment scales of Reserve Force personnel has resulted in an increasingly positive response from call-ups</p>
	Implementation of the DOD retention strategy	CHR	<p>The vigorous implementation of the retention strategy by Services and Divisions has led to 18% decline in scarce skills exit compared to the previous financial year</p> <p>The Services and Divisions are complying with DOD Planning Instruction 13/09 and this is further demonstrated by the above-mentioned decline in the scarce skills exit</p>
	Air Force partnering with local aviation industry	CHR/CAF	<p>The SAAF together with DENEL Aviation have partnered in a SAAF/DENEL Co-Operation agreement. This agreement is known as the Maintenance, Repair Organisation (MRO). Since the signing of this agreement the SAAF has experienced a huge improvement in the availability of aircraft especially the C130. The SAAF/DENEL MRO has contributed to a 50% increase in the C130 availability. An amount of Rm460 465 51 was used in the FY2010/11 and a further Rm344 050 2 has been allocated for the FY 2011/12</p>

Table D.1: DOD Risks and Mitigation Factors for the FY2010/11 (continued)

Risk	Mitigation Action	Responsible Service/Division	Actual Achievement
Inadequate funding for human resource expenditure could result in a further burden on DOD's budget vote/allocation	DOD will engage National Treasury for additional funding	CFO	National Treasury was engaged during the Adjustment Budget process for additional funding. Rm352,4 was allocated to DOD's Budget for increase in the cost of living and housing allowance and the deficit in terms of the new salary dispensation for military personnel, was made available by means of internal savings
The declining Rand value of the DOD budget could negatively impact on the Department's operating budget and capital acquisitions budget	DOD will engage National Treasury for additional funding to address deficiencies in the capital acquisition budget	CFO	The DOD presented policy proposals for additional funding that amounted to R2, 600 billion for FY2010/11 to the National Treasury. Due to economic circumstances and other, more pressing, priorities of government the National Treasury only provided an additional amount of R650 million to the DOD for the FY2010/11. The Department continues to engage with National Treasury on the policy proposals for the additional funding
Inadequate facility infrastructure maintenance and renovation capacity resulting in unacceptable facility repair and renovation backlog that detrimentally impacts on force preparation and employment	Immediately establish bilateral forum between DPW and DOD leading towards migrating some custodian functions to the DOD, and development of an effective memorandum of understanding. Finalize the development of the Works Capability to assume some of the migrated functions from DPW to address capacity inadequacies	C Log	The Council for Scientific Industrial Research (CSIR) is developing a DOD User Assets Management Plan (UAMP) that will address the rapid and escalating deterioration of the Defence immovable assets. The condition assessment will enable the DOD to bridge a maintenance gap and determine the immovable assets book value. However, the limited capability to manage facility maintenance funds via NDPW continues to contribute further to the collapse and deterioration of facilities. The DOD Works Capability structures and migration were approved. The Maintenance Programme has progressed well with the completion of 10 projects with a further 13 projects in progress. Simultaneously, a Skills Development Programme is underway with 674 students undergoing specialised facility related training and 40 students have qualified
Incompatible systems could result in ineffective and inefficient performance	Analysis of all the systems in the Department with the intention of integration Approaching National Treasury for permission to procure DOD integrated system	GITO	A task team has been appointed by the A/GITO and the CMIS to draft the DOD ICT Strategy that will enable the effective and efficient alignment of all legacy and new ICT requirements in support of the DOD's business requirement. The ICT Strategy is to be completed by end of July 2011
Lack of single logistics management information system due to historic fragmentation system enhancements. This has led to inability to comply with National Treasury asset management requirements including financial reporting leading to audit qualification	Employment of outsourced capabilities to assist in addressing audit qualification and asset verification challenges. Establishment of Integrated Project Team to investigate all available options to develop a single logistics information system	C Log	An Integrated Financial Management System for supply chain management and procurement implementation charter between National Treasury and the DOD was formulated. Eleven DOD units have been identified as lead sites and the implementation of the asset register and procurement will commence from 1 April 2011

Table D.1: DOD Risks and Mitigation Factors for the FY2010/11 (continued)

Risk	Mitigation Action	Responsible Service/Division	Actual Achievement
Non-compliance with legislation, e.g. certain aspects of the PFMA	Enhance good corporate governance throughout the DOD	CFO	The DOD is in the process of establishing a Compliance Chief Directorate. The process of drafting a Compliance framework, policy and standard operating procedures commenced in the period under review
Poor communication on Defence could lead to poor reputation in the public domain	Enhance the DOD's communication strategy	HOC	The DOD (Corporate Communication Division Restructuring Task Team) has completed the first draft of the DOD Corporate Communication Doctrine and DOD Corporate Communication Policy and Strategy. The Personnel Management Code for the Corporate Communication Division was approved by the Minister of Defence. This approval professionalizes Corporate Communication as a mustering and career dispensation for the Corporate Communication function in the DOD

Appendix E

New Services/Outputs Scaled Up and Services / Outputs Scaled Down or Suspended for the FY2010/11

New Services/Outputs Scaled Up Human Resources Support Services

The migration of the corporate Occupational Health and Safety functions from the SA Military Health Services to the HR Division has been finalised. However, the migration of the corporate Physical Training, Sports and Recreation func-

tions is still not finalised. The required staff liaison and staff work in this regard is continuing.

SA Army

Details of New Services/Outputs and/or Services/Outputs Scaled Up is reflected in Table E.1 below.

Table E.1: Landward Defence (SA Army) New Services/Outputs and/or Services/Outputs Scaled Up

Sub-Sub Programme	Output (Quantity, Quality)	Reason for New Output / Up-Scaling of Service	Status
Command and Control Capability Training Capability,	2 x HQ units (Fort Ikapa and Kensington Garrison)	Migration of the SA Army Reserves facility footprint from the status quo to agreed footprint (SA Army Implementation Instruction 044/2009)	In process
Mot Inf Capability, Mech Inf Capability, Para Inf Capability	Crowd Control	SAAO/C Dir Army F Prep/002/01/09 dd 20 Jul 09 task to GOC SA Army Inf Fmn - "GOC SA Army Inf Fmn is to establish before 1 Apr 2010 and thereafter manage the SA Army's crowd con cap until further orders."	1 Apr 2010 target attained. Rest in process, ie waiting delivery of video cameras, shotgun bandoliers and crowbars; and procurement of crowd control equipment for one sub-unit at all the remaining Regular and Reserve nodal training points is in process
Training Capability, Mot Inf Capability, Mech Inf Capability, Para Inf Capability	Border Safeguarding	Cabinet decision to employ the SANDF on the RSA borders with phased approach, deploying in three phases starting in the short term	In process. One bn (-) deployed on the RSA Zimbabwe border (Madimbo), One sub-unit deployed on the RSA/Mozambique border (Macadamia) and one sub-unit deployed on the RSA/Mozambique border (Ndumo)
Support Capability	5 x units	Migration to the SA Army Support Formation from the DOD Log Support Formation	In process

SA Military Health Services

The following services were scaled up:

- The planning has been completed for the establishment of a SAMHS unique operational logistical support unit to prepare and support SAMHS members for external and internal deployments. The initial appreciation for 9 Medical Battalion Group has been completed. However, a decision was taken to defer any further planning and implementation until such time that the SA Army structures have been approved and funding is made available for new services or outputs.
- The SADC Military Health Secretariat was established during FY2009/10; however, funding has become a challenge. The SADC Military Health Doctrine is being developed to guide the different operational activities of the regional Military Health Workgroups.
- The establishment of a SAMHS counter-intelligence staff function is negatively affected by structural issues such as the availability of posts, suitable human resources and funding.
- Donor funding continues to be utilised for the renovation and upgrading of military health facilities under the Area Military Health Service Sub-programme. Renovations of the pharmacies at the Sickbays Langebaanweg and the Waterkloof Military Medical Clinic have been completed for the roll-out of antiretroviral treatment. The pharmacies at 2 Military Hospital and the roll-out site in Potchefstroom have been completed and contributed to the provision of services and the managing of patients accessing anti-retroviral treatment. The dental treatment facility at Overberg in Bredasdorp has been scaled up for rendering a dental service.
- The establishment of a hospice/palliative care facility at Lenz Military Base was completed in liaison with the SA Army, however, is not operational due to the shortage of human resources. The initial appreciation and staff work for the establishment of emergency care facilities at the three military hospitals have also been completed.
- The Military Veterinary Institute has initiated a basic Veterinary Epidemiology section to provide the Surgeon General and the DOD with early warning pertaining to zoonotic diseases. Funding and structural changes are required to establish a full capability.
- The establishment of unique cleaning services for the three military hospitals has proved to be challenging in terms of funding, structural changes and trained human resources. The management interventions to implement this initiative are continuing.
- The internal restructuring of the Military Health Procurement unit and the establishment of a codification

section has assisted the SAMHS to address challenges with regard to the codification of suppliers. The structure of Military Health Procurement Unit must be reviewed in accordance with legislative prescripts in terms of the separation of functions. Restructuring of the unit is also required to execute the codification function.

- The establishment of additional accommodation and messing facilities have been appreciated and possible options for consideration have been investigated. SAMHS has performed initial planning for border safeguarding in liaison with CJ Ops for the establishment of health facilities in accordance with the concept of operations for Operation CORONA.

Defence Foreign Relations (DFR)

The Minister of Defence instructed that a Defence Attaché office be opened in Cuba. As this was an unfunded change to plan, it was approved that residential Defence representation in Tunisia be closed down and that representation be continued by means of non-residential accreditation from Algiers. The Defence Office in Tunisia will be closed by the end of May 2011.

Command Management Information System (CMIS)

Concurrent with involvement in the Integrated Financial Management System (IFMS) initiative, the DOD is positioning itself to be able to accept IFMS modules and integrate these modules with DOD Unique information systems.

SA Air Force

Operational Support and Intelligence Systems (Protection Services)

- **Creation of Centre of Excellence for Functional Protection Training.** Functional training became the full responsibility of Operational Support and Intelligence Systems following the relocation of Basic Military Training to Air Force Base Hoedspruit. Protection Services training is also relocating to the Air Force Gymnasium at Hoedspruit. The relocation is on schedule as instructed by Air Command Council. The intended relocation date was 01 January 2011, however, due to the Department of Public Works preparation phase "2" that is yet not completed, the relocation date was moved to 01 January 2012.
- **Protection Services** are awaiting confirmation of the start of phase "2" in the new financial year starting April 2011. The phase will be monitored to ensure the commencement of training from 01 January 2012. All members have been notified and transfer list will be finalised at the end of September 2011.

- **The training to qualify protection members to Civil Aviation Security Standards.** The aim is to exit MSDS members with portable skills at the end of their service period. The SAAF must also comply with International Civil Aviation Standards in adherence to Air Field Security Regulations. This process has been postponed due to the high cost and budget restrictions implemented by the SAAF. The identified qualification to replace the Civil Aviation Security Standard is the SASSETA accredited Aviation Ground Protection (AGP) Course.

The first accredited AGP was presented in the FY2010/11.

Services/Outputs Scaled Down or Suspended

Human Resources Support Services

Table E.2.: Subprogramme Human Resources Support Services Services/Outputs Scaled Down or Suspended during FY2010/11

Table E.2.: Subprogramme Human Resources Support Services Services/Outputs Scaled Down or Suspended during FY2010/11

Sub Programme	Reduction in Output	Reason for Scaling Down/ Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
HR Div (DMVA)	Quantitative reduction in the output	The Directorate Military Veterans Affairs has been integrated with the Department of Military Veterans	The integration resulted in a decrease in the structure as well as the allocated budget of HR Div (CD HRM)	With the establishment of the Department of Military Veterans the responsibility for this aspect no longer resides within the HR Div	Not Applicable

Units Closed Down during the FY2010/11. Out of the 30 Force Structure Element (FSE) codes to be closed, 22 FSE Codes were submitted to IG DOD for final inspection. 22 FSE Codes were submitted to DIMS for re-allocation to DOD HQ Unit as these codes were incorrectly allocated to the HR Division.

SA Army

Units Closed Down during the FY2010/11. The status of closing down of redundant FSEs as on 15 March 2011 is depicted in the tables below.

Table E.3.: SA Army Units Closed Down during the FY2010/11.

Institution	Total FSE's to be closed	Closed FY 2010/11	Still to be Closed	Awaiting De-activation	Rectification Process
Gp HQs	20	5	3	5	7
Commandos	183	12	170	1	0
Legacies	18	2	16	0	0
ASBs	4	0	4	0	0
CMI	37		37		
TOTAL	262	19	230	6	7

In the SA Army a maximum period of three years is required to close a structure to its full consequence due to the number of external role players involved.

SAMHS

Table E.4.: Military Health Support Programme Services/Outputs Scaled Down or Suspended during FY2010/11.

Table E.4.: Military Health Support Programme Services/Outputs Scaled Down or Suspended during FY2010/11.

Sub Programme	Reduction in Output	Reason for Scaling Down/ Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Product Support Capability	Closing down of the Medical Base Ordinance Depot	Decision from authorities	No implications as the functions have been taken over	Functions and activities have been migrated to the Military Health Mobilisation Depot Unit	Achieved
Base Maintenance Capability	Rolling back of functions	Corporate DOD decision to close the General Support Base concept	Functions from the support base concept to be rolled back to units	Process of rolling back of the functions had been initiated. Training of human resources had been initiated. Self accounting status and structural implications are being appreciated by the Directorate Military Health Plan, Management and Renewal Services, in liaison with all SAMHS role players	Structures for the self-accounting status of units have to be addressed Shortage of qualified pharmacists
Area Military Health Service	Dispensing of medication at approved decentralised service points	Shortage of qualified pharmacists	Closing of pharmacies, ie Air Force Base Bloemspruit	In process	None

SAMHS Units Closed Down during the FY2010/11. The SAMHS has 141 force structure elements and/or accounting codes with the status "Closing". The final audit by the IG DOD on the Pomfret Military Base Hospital (Com Log) had been completed. Three more force structure elements namely North West Medical Command, Eastern Transvaal Medical Command and 14 MSD Unit Services are ready for the scheduled pre-audit. A 108 accounting codes require a shortened closure process. The Chiefs of Divisions are to

perform the investigation and to certify the readiness for closure to the IG DOD. Chief Human Resources has completed some of the investigations. The normal closing down process has to be followed with 29 force structure elements. Seven of these force structure elements are ready for the pre-audits namely Gauteng Medical Command, the Senior Medical and Staff School, the SAMHS Academy, the Military Base Ordinance Depot, Sickbay Thaba Nchu, Sickbay Wallmansthal and the Prop Items Standard Stock.

SA Navy

Units Closed Down during the FY2010/11. The outstanding administrative actions were finalised during the financial year to close the following units:

- SAS ADAM KOK
- SAS UNITIE

- SAS CHAPMAN

J OPS

Table E.5.: Force Employment Programme Services/Outputs Scaled Down or Suspended during FY2010/11

Table E.5.: Force Employment Programme Services/Outputs Scaled Down or Suspended during FY2010/11.

Sub Programme	Reduction in Output	Reason for Scaling Down/ Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Support to the People	Operation KGWELE (SANDF support during the hosting of the 2010 FIFA World Cup)	Once off event. 2010 FIFA World Cup successfully executed	With the successful completion of this event South Africa proved to the whole world that Major events in the future can be successfully hosted	<p>The operation was successfully executed. The SANDF provided support in the provision of safety and security to the SAPS, the provision of airspace security, the provision of Special Forces teams, the provision of maritime resources to ensure maritime safety; the provision of Chemical, Biological and Radiological Response teams; and the provision of medical staff in support of the Department of Health. In total the SANDF resources for this operation was as follow: On Average from 21 May 2010 to 15 July 2010, 4 573 members where deployed per day, (deployed members peaked at 6 421) supported by the SAAF with Grippens, Hawks, C130 Transport Aircraft, C212 Cessna Transport Aircraft, C47TP Dekota Transport Aircraft, Koiler aircraft, King Air (VIP Transport) Oryx Helicopters, C208 Casa aircraft, A109 Agusta Helicopter, Lynx Helicopter, MBK7 Helicopter, PC12 Pilatus aircraft and PC7 Pilatus aircraft. Total flying hours 2 328</p> <p>SA Navy support: SAS AMATOLA, SAS DRAKENSBERG, SAS PROTEA, SAS UMZIMKULU, SAS QUEEN MODJADJI, SAS CHARLOTTE MAXEKE, SAS GALESHEWE, SAS UMKO-MAAS and SAS TERN with a total of 9 215 Sea Hours utilised</p> <p>Service Support was provided by the SAMHS</p>	No deviation

Units Closed Down during the FY2010/11. 4 Units, namely: Operations Division, Regional Joint Task Force Central, Regional Joint Task Force South and Regional Joint Task Force North was prepared for closure. Final Inspection Report is awaited for final closure.

Logistics

Table E.6.: Joint Logistic Services Subprogramme Service/Outputs Scaled Down or Suspended.

Table E.6.: Joint Logistic Services Subprogramme Service/Outputs Scaled Down or Suspended

Sub Programme	Reduction in Output	Reason for Scaling Down/ Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Logistics	Centralised Logistic Capabilities	Function Shift - One main ordnance depot and two sub-ordnance depots	SA Army obtained the responsibility for the management of the depots and its content	Depots transferred	Ministerial Instruction (function shift)
	Centralised Logistic Capabilities	Function Shift - One mobilisation centre and sub-depot	SA Army obtained the responsibility for the management of mobilisation and of the sub-depot and its contents	Mobilisation centre and sub-depot transferred	Ministerial Instruction (function shift)

Inspection Services

Table E.7.: Inspection Services Subprogramme Services/Outputs Scaled Down or Suspended during FY2010/11.

Table E.7.: Inspection Services Subprogramme Services/Outputs Scaled Down or Suspended during FY2010/11.

Sub Programme	Reduction in Output	Reason for Scaling Down/ Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Directorate Regulatory Audits	Postponed 6 compliance audits	The Directorate Regulatory/Compliance Audits had to scale down on commitments due to their involvement with the Consortium training	Revision of target	58	The Directorate Regulatory/Compliance Audits had to scale down on commitments due to their involvement with the Consortium training
Inspection Services capability	No inspections conducted.	Structure for separation of audit/inspection function not implemented	No inspections conducted	0	No capacity to conduct inspections

SA Air Force

Table E.8.: Air Defence Programme Services/Outputs Scaled Down or Suspended during FY2010/11.

Table E.8.: Air Defence Programme Services/Outputs Scaled Down or Suspended during FY2010/11.

Sub Programme	Reduction in Output	Reason for Scaling Down/ Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Air Combat Capability					
Fighter capability (Gripen)	Reduction of flying hours per current air-crew member to 110 hours versus 224 required	Funding shortfall on Gripen operating budget	Output objectives will not be achieved	The serviceability of the Gripen fleet peaked at 9 aircraft and has stabilised to 6 during the 4 th quarter and an average of 7 for the year. The Capability managed to increase 550 allocated hours to 850 by means of the SAAF allocating additional funds	Underfunding
Fighter trainer capability	Reduction in flying hours per current air-crew member to approximately 120 versus required 175 for the year	Funding shortfall on Hawk operating budget	Output objectives will not be achieved	The Hawk fleet serviceability was 6 during the 4 th quarter; an average 9 for the year. No additional hours could be funded	Underfunding
Ammunition / bombs/ cartridges/ pyrotechnics	Below requirement weapon acquisitions	Funding shortfall on munitions budget	Output objectives will not be achieved	This expenditure plan is still unchanged for the munitions of 120, 250 kg bombs, fireball fuses and practice fuses. It must be indicated that this concept has been derived to reduce a once off large commitment of funds to a limited budget. This enormous commitment has therefore been staggered over a 4-year term contract so that it may be aligned with the Air Force budgetary constraints. The limited stock of countermeasure flare operational stock requires urgent attention. No funding is available for Gripen 27 mm ammunition. Hawk 30 mm ammunition has very limited stock. Operational countermeasure flare stock for Gripen (Flare Countermeasure 218 Mk3) limited stock. These flares are utilised by Gripen and C130 aircraft and only 1300 flares are left	Underfunding

Table E.8.: Air Defence Programme Services/Outputs Scaled Down or Suspended during FY2010/11.

Sub Programme	Reduction in Output	Reason for Scaling Down/ Suspension/Abolishment	Implications	Actual Achievement	Reason for Deviation
Air Transport and Maritime Capability					
VIP transport capability	250 Hours	Limited funding allocation	Output objectives will not be achieved	BBJ received additional 160 Hours and a 100 Hours from the Falcon 900 was reallocated to assist other A/C systems BBJ received additional funding to reduce the reduction in output	Underfunding
Medium transport capability (C130)	404 Hours	Funding shortfall on C130 operating budget	Output objectives will not be achieved	Due to lack of spares and also the low serviceability of aircraft, the Squadron flew 496.7 hours that was allocated for FY2010/11	Underfunding
Light Transport Capability (CASA)	672 Hours	Limited funding allocation	Output objectives will not be achieved	Due to lack of spares and high unserviceability of the CASA fleet, the Squadron flew 490 hours less than that was allocated (1560 Hours) to them Hours utilised to assist other A/C Systems	Underfunding
Liaison Capability (King Air, PC12 and Citation)	389 Hours	Limited funding allocation.	Output objectives will not be achieved	Due to poor serviceability of the Citation fleet, reduction in 85 hours to assist other A/C Systems Increase in allocated hours for the King Air fleet by 170 hours for the FY2010/11 Increase in allocated hours for the PC12 by 68 hours for the FY2010/11	Underfunding
Maritime Patrol / Medium Light Transport (C47TP)	606 Hours	Limited funding allocation	Output objectives will not be achieved	The C47-TP fleet was well maintained throughout the FY2010/11 with the shortage of spares and limitations of the aircraft Due to increased tasking, this system received an additional 200 hours from the original 1,400 hours that was allocated for FY2010/11	Underfunding
Light Transport (C208)	474 hours	Limited funding allocation	Output objectives will not be achieved	This A/C system was allocated 2 270 hours for FY2010/11, an additional 1 290 was allocated due to increased tasking	Underfunding

Units Closed Down during the FY2010/11. During the course of the financial year, the SAAF has finalised and pre-audited the accounting documentation of eight units and 45 accounting codes. About six units and 41 accounting codes

have been forwarded to the IG DOD to conduct their final closing down audits. The remaining two units and four accounting codes are still in the logistical finalisation process.



DEPARTMENT OF DEFENCE
AND MILITARY VETERANS

FINANCIAL PERFORMANCE

1 April 2010 to 31 March 2011

Safeguarding South Africa for a Better Life for all



defence

Department:
Defence:
REPUBLIC OF SOUTH AFRICA



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PART 4: FINANCIAL PERFORMANCE

REPORT OF THE AUDIT COMMITTEE - DEPARTMENT OF DEFENCE AND MILITARY VETERANS

for the year ended 31 March 2011

We are pleased to present our report for the financial year ended 31 March 2011.

Audit Committee Members and Attendance:

The Audit Committee consists of the external members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year, 5 meetings were held.

Name of Member	Number of Meetings Attended
Dr D. Konar (Chairperson)	5
Mr K.A. Ross	5
Ms J. Kumbirai (contract expired 6 December 2010)	3

Mr V. Nondabula (Chairperson from 26 May 2011)

Mr S. Radebe

Mr Z. Ngcakani

Dr Konar's contract expired in May 2011. Mr Ross passed on in January 2011. Mr Nondabula, Mr Radebe and Mr Ngcakani were appointed as members of the Audit Committee on 26 May 2011. The Audit Committee, under the chairmanship of Mr V. Nondabula, reviewed the Audit Report, Management Letter and Financial Statements for the year ending 31 March 2011.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 77 of the PFMA and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control applied by the Department over financial risk and risk management is partially effective, efficient and transparent.

The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control and/or deviations were reported by the internal auditors and the Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

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**REPORT OF THE AUDIT COMMITTEE -
 DEPARTMENT OF DEFENCE AND MILITARY VETERANS
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The quality of in year management and quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the departments compliance with legal and regulatory provisions, and
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Internal audit

The Audit Committee is not satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Department in its audit. The internal audit function needs to be further capacitated to execute its professional responsibilities.

Auditor-General South Africa

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.



Chairperson of the Audit Committee

Pretoria

29 July 2011

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REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2011

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

The Annual Financial Statements attached to this report include the expenditure of the Department of Military Veterans and the performance information of the Department of Military Veterans is covered in the Annual Report of the Department of Defence.

1. General Review of the State of Financial Affairs

1.1 Strategic issues and decisions

This section provides an overview of the strategic positioning that the Department of Defence (DOD) has taken as directed by the Executive Authority and the Accounting Officer to improve its resource base as well as to maximise the efficient, economic and equitable accountability thereof. During the period under review the following progress was made on previously identified strategic issues and policy decisions.

1.1.1 Strategic issues

1.1.1.1 **White Paper on Defence and Defence Review.** During September 2010, a work team finalised the development of the Defence Strategy Conceptual Framework as a prelude to the development and drafting of the Defence Strategy. The Defence Strategy Conceptual Framework was presented to the Minister of Defence and Military Veterans during March 2011 for her consideration and approval. As a further input to the development of the Defence Strategy, two detailed staff papers pertaining to Geostrategic Environment and Defence scenarios and key elements of the Defence Strategy are in the process of development. It is envisaged that the Defence Strategy will be considered for approval by the Minister of Defence and Military Veterans during the course of the financial year 2011/12 after a public/stakeholder consultation process has been finalised as a final input to the Defence Strategy. In addition to the above, a staff paper on the National Security Strategy is in the process of development wherein the National Security Strategy Policy Anchors impacting on Defence are being identified.

1.1.1.2 **The Department of Military Veterans.** The Military Veterans' Bill was approved during December 2010, which was consequently followed with an analysis and determination of the strategic resourcing to enable the Department of Military Veterans to achieve its constitutional mandate of ensuring justifiable socio-economic rights to military veterans. This was presented to the Minister of Defence and Military Veterans during a Ministerial work session in March 2011. The developed Medium Term Expenditure Framework budget costing and Medium Term Expenditure Committee funding requirements as approved by the Minister of Defence and Military Veterans were articulated in a Cabinet Memorandum and presented to Cabinet on 16 March 2011. The DOD is in the process of formulating subsequent Departmental regulations and policies in support of the approved Bill. During the year under review the activities of the Department of Military Veterans continued to be funded under this Vote with progress being made to operationalise these for future implementation under a separated Vote.

1.1.1.3 **Improvements of the SANDF members service conditions.** The promulgation of the Defence Amendment Act 22 of 2010 provided for the establishment of the permanent Defence Force Service Commission (DFSC). The mandate of the DFSC will be, amongst others, to focus on the conditions of service of SANDF members. Support structures to facilitate the mandate of the DFSC are to be completed during the financial year 2011/12.

1.1.1.4 **Establishment of the National Youth Service (NYS).** The concept paper on the NYS has been completed. A pilot programme has been completed in Bloemfontein with a group of 500 recruits undergoing training. 1 500 recruits are planned for the financial year 2011/12, 2 500 recruits planned for the financial year 2012/13 and 6 000 recruits planned for the financial year 2013/14.

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1.1.1.5 Provision of skills

1.1.1.5.1 The Military Skills Development System (MSDS) was implemented in January 2003 with the aim of providing the SANDF with military human resources as required for force preparation and force employment specifications. It forms the DOD's primary contribution to youth development. The MSDS also alleviates unemployment and poverty by preparing young people between the age of 18 and 26 years for rewarding careers either in the SANDF or for decent employment in the broader public and private sectors. The MSDS is a two-year contract based service system and is the main feeder system for the Regular Force and Reserves. The MSDS has the following goals:

- The system inducts new members into the SANDF.
- It equips members with basic military skills and functional training for service in the military.
- It evaluates member's development potential and suitability for continued services in the Regular Force and Reserves.
- It tests members so that the organisation can choose individuals for a possible continued career in the military.
- It ensures a sufficiently trained pool of young and fit members to fulfil the SANDF's deployment needs.
- It feeds the Reserves with trained troops and junior leaders.
- Is the primary vehicle to rejuvenate the SANDF's Human Resource composition (Regular Force and Reserves) to improve mission readiness and to grant development opportunities to the youth.

1.1.1.5.2 Since the inception of the MSDS, 33 536 youths joined the employment system of the SANDF. Of the total intake, 8 542 are currently serving in the MSDS, 6 770 have separated from the SANDF (of whom 4 821 are serving in the Reserves) and 18 224 translated to the Regular Forces where they are undergoing advanced training in various disciplines and are being utilised accordingly.

1.1.1.5.3 The results of implementing the MSDS are best viewed from the vantage point of rank-age compliance: only 10.8% of Privates were in the age group 18 to 24 years old in the year 2000 compared to 55% currently.

1.1.1.5.4 The MSDS also is a feeder system, at entry levels, of scarce skills and critical musterings. Since its inception, 6 172 youths have been employed in critical musterings i.e. air space control, aircrew, combat navy, engineer, medical professional, nursing, technical and technical air. Therefore, the MSDS significantly contributes, at entry level, to the sustenance of scarce skills and critical musterings.

1.1.1.5.5 The young men and women who emerge after MSDS service are on the whole much more mature, disciplined, service delivery orientated, career orientated and patriotic than one would normally expect from young people who have just completed high-school. Through the MSDS, the SANDF continues to invest directly in South Africa's most important asset, our youth. In support of the government initiative on job creation, the DOD plans to create job opportunities for 5 700 young South Africans per year through the MSDS.

1.1.1.6 **Border Safeguarding.** As per the 2009 Cabinet decision, the SANDF has assumed the borderline control function. In execution of this task under Operation CORONA, the SANDF has adopted a phased-in strategy. The first phase (Zimbabwe/South Africa border) and the second phase (Mozambique/South Africa border) has been rolled out. The last phase of the strategy with regards to the Lesotho/South Africa border will be completed by the financial year 2012/13.

1.1.1.7 Defence Industry.

1.1.1.7.1 ARMSCOR and DENEL are central in this regard. Armscor is established in terms of applicable legislation to serve as the acquisition agency of the DOD. Because of this role, ARMSCOR is a critical stakeholder in so far as the SANDF's operational effectiveness is concerned. As the agency serving the DOD, ARMSCOR falls under the juris-

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dictional authority of the Minister of Defence and Military Veterans. Experience over the years has continuously pointed towards the need for the review of the relationship between the DOD and ARMSCOR for the purposes of achieving efficiency and economy. A conceptual framework for the repositioning of ARMSCOR has been developed. This framework addresses matters of relationships between ARMSCOR and the DOD in terms of business process, governance, risk, compliance and accounting.

- 1.1.1.7.2 DENEL is a public enterprise falling under the jurisdiction of the Minister of Public Enterprises. DENEL is very important to the DOD as it serves as the repository of some of the SANDF's strategic capabilities. For DENEL to remain such an important supplier of defence capabilities and given the current challenges faced by DENEL, the relationship between the DOD and DENEL has to be clearly defined. Noting the importance of DENEL to the SANDF's continued operational efficiency and effectiveness, the DOD has adopted a framework which forms the basis of its discussions with the Department of Public Enterprises on DENEL. Central to the discussions is the realisation of an end state where DENEL shall remain the reliable supplier of strategic capital equipment to the SANDF, yet remains a going concern that claims a share in the international defence market. A presentation outlining several options in terms of the public entities will be made to the Minister of Defence and Military Veterans for consideration and approval by the Council on Defence (COD) during the financial year 2011/12.
- 1.1.1.8 **Revitalisation of the Reserves.** The current Reserves strength has increased to 26 147 of which approximately 84% are from the previously disadvantaged groups. About 12 500 of the 26 147 are being called-up per year. This has enabled the DOD not only to utilise the Reserves in external deployment but also to deploy them on the borders where they are achieving success. During the reporting period, the Defence Act was amended to make it compulsory for the Reserves to respond to call-ups not only in times of war but also in times of national need. This has provided the ability to invest in the development of the Reserves.
- 1.1.1.9 **Defence Infrastructure.** The reversal of the DOD deteriorating infrastructure requires both additional financial allocation and increased technical capacity. In order to address the declining state of defence infrastructure, the DOD will be finalising discussions with the Department of Public Works on the establishment of the Defence Estate Management mechanism which will result in the DOD progressively exiting from the current arrangement on Property and Facilities Management by the Department of Public Works. In pursuance of this objective, the rolling-out of the Defence Works Capacity, which is an in-house capacity to maintain and repair defence facilities, will be implemented in the financial year 2011/12. On 01 April 2011 Project LEBAKA officially merged to form the Defence Works Capability. The new formation is aimed at providing efficient, effective and economical operational level Facility Management in support of the strategy and objectives of the DOD. The macro-structure of the Defence Works Formation was approved by the Minister of Defence and Military Veterans on 23 March 2011. Subsequently, the Acting CSANDF issued an implementation instruction for the establishment of the Defence Works Formation with effect from 01 April 2011.
- 1.1.1.10 **Balanced Scoreboard (BSC) Project.** The ongoing development of the BSC within the DOD has been enhanced through the development of the DOD Strategic Planning Framework (SPF) during the financial year 2010/11. The BSC has aligned itself with the corporate Level 0 and 1 performance information as contained within the SPF and approved by the Minister of Defence and Military Veterans. The translation of the noted SPF performance information into the electronic COGNOS system, in conjunction with SITA, will see the incremental roll-out of electronically managed performance information during the financial year 2011/12.
- 1.1.2 **Strategic decisions.** During the year under review the following strategic decisions were confirmed:

On 3 March 2011, the Minister of Defence and Military Veterans made a determination on matters considered important for the DOD to pursue as strategic priorities during the financial year 2011/12 and beyond. These defence priorities seek, on the one hand, to implement the State of the Nation Address pronouncements applicable to the DOD whilst on the other hand, they place at focus other defence important sustained agenda matters. The strategic priorities identified are as follows:

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- Execution of the border safeguarding function.
- Establishment of the new Service Dispensation.
- Enhancement of the SANDF's Landward Defence capabilities.
- Maritime security.
- Job creation.
- Enhancement of the SANDF's peacekeeping capability.
- National Youth Service.
- Revitalisation of the Reserves.
- Restructuring and support of the Defence Industry.
- Department of Defence Works Capability.

1.2 Defence Vote: Rm 30 715,333 (Appropriation Act, Act No 3 of 2010)

1.2.1 The DOD approved budget published in the Estimate of National Expenditure: 2010 report for the period 1 April 2010 to 31 March 2011 was compiled on a cash basis per programme and amounted to Rm30 715,333. It included all entities under control of the Minister of Defence and Military Veterans. The original budget was approved through legislative action and specifically the Appropriation Act, Act 3 of 2010. The original budget objectives and policies per main division of the Vote were also published in the 2010/11 Strategic Business Plan and will be reported on in detail in the relevant parts of this Annual Report. This was adjusted by a net reduction of Rm272,742 after virements, funds shifts and additional allocations through the Adjustment Appropriation Act of 2010. Full details of the adjustments are provided in par 1.3 below.

1.2.2 The 2010/11 Defence Vote decreased by Rm1 673,971 (5,17%) from the 2008 Medium Term Expenditure Framework allocation for the same year and decreased by Rm1 309,051 from the previous financial year's annual audited expenditure outcomes. The Defence Vote amounted to 1,14% of South Africa's gross domestic product (GDP) or 3,75% of total government expenditure (GE). The overall decrease in the allocation is due to the termination of the A400M aircraft procurement contract, exchange rate savings on the strategic defence procurement programme and the institution of some efficiency savings.

1.2.3 Additional and reduced allocations that influenced the 2010/11 Defence Vote are:

○ Inflation related adjustment for salaries	Rm	423
○ New SANDF remuneration system	Rm	600
○ Upgrade of Air Force Base Waterkloof runway	Rm	250
○ Military Skills Development System	Rm	50
○ Military Veterans' affairs	Rm	20
○ Foreign exchange rate adjustments	Rm	(503)
○ Termination of the A400M contract	Rm	(2 067)
○ Efficiency savings	Rm	(447)

1.2.4 Landward Defence (32,5%) and Air Defence (9,73%) are the two largest programmes within the Defence Vote. The year-on-year increase in the Landward Defence programme was mainly due to the Military Skills Development System, procurement of critical ammunition and the establishment of a works capability. The large decrease in the Air Defence programme was due to the termination of the A400M aircraft procurement contract. The higher than

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average, year-on-year increases in the Administration and General Support programmes were mainly due to the establishment of the Department of Military Veterans, the activities of the Interim Defence Force Service Commission, upgrade of the Air Force Base Waterkloof runway and the maintenance and repair of Defence infrastructure and facilities.

- 1.2.5 From an economic classification perspective compensation of employees (43,79%) and transfers and subsidies (22,24%) amounted to 66,03% of the Vote, leaving available 33,97% for operating the department and renewing capital assets. Significant operating costs provided for are contractors (Rm3 844), inventory, food and food supplies (Rm560), computer services (Rm971) and property payments (Rm506).

1.3 Defence Adjustment Vote: Minus Rm272,742 (Adjustment Appropriation Act, 2010)

- 1.3.1 The Defence Vote in total has decreased by Rm272,742 through the Adjustment Vote due to the following:

1.3.1.1 **Increases**

- Unforeseen and unavoidable expenditure to the amount of Rm225,000 for the support provided to the South African Police Service during the hosting of the 2010 FIFA World Cup and for support provided during the 2010 public service strike.
- Salary increase, including housing allowance, not included in the Vote to the amount of Rm352,400 which were allocated to the following programmes:

○ Administration	Rm 28,172
○ Force Employment	Rm 20,032
○ Landward Defence	Rm 149,412
○ Air Defence	Rm 49,199
○ Maritime Defence	Rm 29,789
○ Military Health Support	Rm 43,754
○ Defence Intelligence	Rm 4,340
○ General Support	Rm 27,702
- Self financing expenditure to the amount of Rm149,858 resulting from the sale of equipment and spares during the previous financial year, originally procured through the Special Defence Account. This amount was reallocated to the following programmes:

○ Landward Defence	Rm 13,396
○ Air Defence	Rm 135,197
○ Maritime Defence	Rm 1,265

1.3.1.2 **Decreases**

- A declared saving on the Air Defence programme to the amount of Rm 1 000,000 due to the cancellation of the procurement of the A400M airlift capability.

1.4 Adjusted Defence Vote: Rm 30 442,591

1.5 Expenditure

- 1.5.1 The total expenditure against the Adjusted Defence Vote amounted to Rm 30 313,985 resulting in a relative small under expenditure of Rm128,606 including an amount of Rm0,220 earmarked for the Regular Force Medical

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Continuation Fund which was not transferred. The under expenditure to the amount of Rm128,386 was utilised to partially write off the unauthorised expenditure incurred on the personnel budget during the 1997/98 financial year.

1.5.2 Spending Trend

The DOD has again managed to achieve a relatively small under expenditure of its allocated appropriation. The expenditure for the period under review, in comparison with the previous two years, is indicated in the table below:

Financial year	2008/09	2009/10	2010/11
Adjustment Estimate of National Expenditure (Rm)	27 899,027	31 325,256	30 442,591
Expenditure (Rm)	27 801,286	31 324,247	30 442,371
Amount surrendered (Rm)	97,741	1,009	0,,220
Amount surrendered as a percentage of the Vote	0,35%	0,01%	0,00%

1.6 Virements

The following virements were approved during the period under review:

1.6.1 Approved by the National Treasury

- 1.6.1.1 The reallocation of Rm6,000 within Programme Maritime Defence from Goods and Services to Transfers and Subsidies to Departmental Agencies and Accounts for an additional transfer to the Armscor Dockyard.
- 1.6.1.2 The reallocation of Rm50,000 from the Special Defence Account to Programme Military Health Support for the procurement of medical equipment.
- 1.6.1.3 The reallocation of Rm180,244 to increase Compensation of Employees from various Programmes within the Defence operating allocation in order to partially fund the implementation of the Occupational Specific Dispensation for engineers and the new Defence Reserves Salary Dispensation.
- 1.6.1.4 The reallocation of Rm210,000 to increase Compensation of Employees from Programme General Support (Rm111,800 Capital Assets), from Programme Maritime Defence (Rm9,500 Transfers and Subsidies - Households) and from various Programmes' budget (Rm88,700 Goods and Services). The reason for the virement was to fund the expenditure of the new Military Dispensation, Technical Allowances and Defence Reserves' salary dispensation and the military aviator's career incentive remuneration.
- 1.6.1.5 The reallocation of Rm41,000 from Programme General Support (Capital Assets) to Programme Air Defence (Goods and Services) to fund the shortfall as a result of the increased number of VVIP flights.

1.6.2 Approved by the Accounting Officer

- 1.6.2.1 The reallocation of Rm4,000 from Programme Force Employment to Programme Administration (Chief Human Resources) for services rendered by the Centre for Conflict Simulation to Joint Operations Divisions.
- 1.6.2.2 The reallocation of Rm2,697 from Programme General Support (Departmental Support) to Programme Military Health Support for the establishment of a Private Public Partnership (PPP).
- 1.6.2.3 The reallocation of Rm11,790 from Programme General Support (Command and Management Information Services) to Programme Force Employment for the procurement of UHF digital tactical radio equipment for utilisation by the SANDF during border control.

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- 1.6.2.4 The reallocation of Rm5,378 from Programme Air Defence to Programme Administration (Acquisition Services) for the payment of Armscor to set up a system of Intellectual Property (IP) Management.
- 1.6.2.5 The reallocation of Rm117,000 from Programme General Support (Joint Logistic Services) to Programme Administration (Ministerial Direction and Property Management) for the Multi Media Campaign (Rm8,000) and Municipality Services (Rm109,000)
- 1.6.2.6 The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of authorised losses, compensation of employees and to balance the expenditure for the 2010/11 financial year.

2. Services rendered

2.1 The services rendered by the DOD are detailed in Part 1 Chapter 2 of the Annual Report.

2.2 Tariff policy

The DOD tariff policy consists of the following elements:

- tariffs instituted by law,
- tariffs prescribed by a department that are applicable to all spheres of government; and
- tariffs unique to the DOD determined by the tariff owner and where the tariff structure is approved by the National Treasury.

2.3 Free services

Free services to the amount of Rm0,291 were provided by Naval Base Simon's Town to visiting foreign ships.

3. Capacity Constraints and the impact thereof

Capacity constraints impacted again on the DOD across most functional areas.

- 3.1** The downward trend in skills losses continued throughout the period under review resulting in some critical skills to be acquired from industry at exorbitant cost due to the expertise not being available in the department anymore. Although new personnel, as an initiative to address a joint human resource strategy for training and the utilisation of scarce human resources were recruited and trained, it will take time for these members to gain the necessary experience. The improved remuneration dispensation implemented during the year under review, is expected to decrease the rate of loss of personnel at specifically the lower levels.
- 3.2** The impact of non-repair and maintenance of Defence facilities has resulted in further dilapidation of DOD facilities. This continued to negatively affect service delivery. A forum has been established at a strategic level between the Departments of Defence and Public Works to ensure better service delivery and liaison between the two departments. This has already led to a slight improvement in services provided by the National Department of Public Works (NDPW). The phased approach to create own maintenance of facilities capability and migration away from reliance on the NDPW which was accepted by the DOD in the previous financial year has been pursued. In this regard, a Defence Works Capability has been established and has already undertaken some maintenance and repair tasks.
- 3.3** The state of prime mission equipment, particularly in the Landward Defence programme, continued to decline to unacceptable levels. Additional funding provided for maintenance and repair of the operational vehicle fleet has had some effect, but is not sufficient to address this concern adequately. The rejuvenation of these capabilities therefore remains one of the DOD's top priorities. It is expected that in the ensuing financial year, this capacity will be upscaled.
- 3.4** The shortage of specialists (technical staff) and support personnel continued to have a negative effect on the staffing of personnel to all the peace support missions, resulting in contingents not being fully staffed. This again has resulted in the non-compliance of minimum standards of serviceability of major equipment and as a result thereof the DOD

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is not fully reimbursed by the United Nations if serviceability levels of major equipment are not maintained at the prescribed level in peacekeeping deployment areas.

3.5 Also in the environments of financial and logistic management, critical personnel shortages are experienced which has been increased by developing regulatory requirements of accounting and financial reporting. To mitigate this, the Financial Management Division is in the process of realigning its structures with the intention of creating capacity in terms of skills and qualifications as well as the number of incumbents. Within the Logistic Division the macro structure has already been adjusted making provision for the appointment of senior managers in the specialist areas of asset management, accruals and leases. Micro structures will be developed in the 2011/12 financial year and will be staffed with skilled and qualified incumbents.

4. Utilisation of donor funding

4.1 The DOD did not receive any donations that were directly administered by the department.

4.2 The DOD received reimbursements from the United Nations for the participation in peace support operations amounting to Rm250, 767. This was deposited into the National Revenue Fund and recognised in note 2 of the financial statements to this report.

5. Public Entities

The Castle Control Board and the Armaments Corporation of South Africa (ARMSCOR) are reported as listed public entities under the ownership control of the Minister of Defence and Military Veterans. Each of these public entities is controlled by a Board of Directors reporting to the Minister of Defence and Military Veterans. The transfer payment made to Armscor is included in the table of transfer payments below and no transfer payment was made to the Castle Control Board.

6. Organisations to whom transfer payments have been made

Transfer payments were made to the following organisations:

Transferee	Reason for Payment	Accountability Arrangements	Adjusted Appropriation 2010/11 Rm	Final Appropriation 2010/11 Rm	Annual Expenditure 2010/11 Rm
Armaments Corporation of South Africa Ltd (ARMSCOR)	To subsidise ARMSCOR in their mission to meet the acquisition, maintenance and disposal needs of the Department of Defence and other clients in terms of defence matériel, related products and services	Armscor is a Schedule 2 Public Entity managed by a Board of Directors appointed by the Minister of Defence and Military Veterans. ARMSCOR annually submits a business plan and an estimate of expenditure, which is motivated by the General Manager Finance and Administration of ARMSCOR, to the Department's Programme and Budget Evaluation Committee before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2009/10 were submitted according to payment conditions	731,510	737,510	737,510

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Transferee	Reason for Payment	Accountability Arrangements	Adjusted Appropriation 2010/11 Rm	Final Appropriation 2010/11 Rm	Annual Expenditure 2010/11 Rm
St John's Ambulance Brigade	To provide accreditation for training of Defence members and make their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency	Audited financial statements for the financial year 2009/10 were submitted according to payment conditions	0,360	0,360	0,360
Regular Force Medical Continuation Fund (Medical Fund B)	To reimburse the Regular Force Medical Continuation B-Fund for members who retired before 1964		0,220	0,220	0
Special Defence Account	To acquire, procure and develop armament and technology	Under control of the Accounting Officer of the Department of Defence	3 060,320	3 010,320	3 010,320
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 Military Veterans the SA National Defence Force	The Accounting Officer of the Department is represented in the National Council. The Council annually submits a business plan and an estimate of expenditure before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2009/10 were submitted according to payment conditions	4,827	4,827	4,827
Households	To cover the cost of employment benefits due to Defence members being separated from the department through the Mobility Exit Mechanism	As approved by the Minister of Defence and Military Veterans	135,638	120,593	120,593
TOTAL			3 946,082	3 888,238	3 888,018

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7. Public private partnerships

No formal Public Private Partnership (PPP) has been concluded in the DOD. The following progress is reported regarding identified PPP projects registered with the National Treasury:

7.1 SA Navy. The SA Navy is currently involved in two possible PPPs. This is only in the feasibility study phase. The first project is the establishment of a Sea Safety Training Centre in Simon's Town and the second the establishment of a new Navy Headquarters and Mess in Pretoria. The feasibility studies for both projects are completed. The DOD is in the process of obtaining approval.

7.2 SA Military Health Service. The SA Military Health Service (SAMHS) is currently involved in three possible PPPs:

- The establishment of Medical Referral Services in eight regional centres. The Request for Proposal is in the process of being advertised to appoint a possible Private Party for the actual PPP.
- The establishment of a new headquarters. The feasibility study was completed by the Transaction Advisor. The DOD is in the process of obtaining approval.
- The establishment of new facilities for a Military Health Training Formation. A Transaction Advisor must still be appointed to conduct the feasibility study.

7.3 Human Resources Division. The establishment of a SA National Defence Training Institute. The feasibility study has been concluded by the Transaction Advisor. The DOD is in the process of obtaining approval.

7.4 Defence Intelligence. The establishment of a new headquarters for Defence Intelligence. The feasibility study was completed by the Transaction Advisor. The DOD is in the process of obtaining approval.

8. Corporate Governance Arrangements

8.1 Standard of behaviour

8.1.1 Leadership. Senior commanders and managers of the Department exercise their leadership in accordance with the constitutional principles of transparency, good governance and accountability. Confidentiality is preserved in certain circumstances when it is in the national interest to do so.

8.1.2 Codes of Conduct. Codes of conduct have been formally adopted for military members and public service employees. All officials subscribed to the standards contained in these codes by signature. Disciplinary procedures are applied for non-conformance.

8.1.3 Conflict of Interest. Members of the DOD are expected to declare their economic interest annually. Although this is not always complied with, accountability is enforced through the line of command and management bodies. Members of management bodies dealing with procurement and acquisition are required to declare potential conflicts and withdraw before commencement of meetings. All officials are required to declare gifts in registers open to scrutiny. To enhance the understanding of good governance by improving systems and processes that will enable the DOD to rise to the challenges of contemporary public service of accountability, fairness and transparency and based on moral duties that find expression in discipline. The DOD intends to strengthen the capability regarding the management of conflict of interest. The DOD Inspectorate and Internal Audit will provide assurance capacity to monitor progress in these areas. The DOD will ensure the integrity of the DOD's integrated report to have control, to enable, to verify and safeguard. The DOD will delegate the Audit Committee to evaluate sustainability disclosures.

8.2 Departmental Structures and Processes

8.2.1 Compliance. Compliance with the applicable statutes and regulations are monitored through various levels of audit and inspections. However, the Department's capacity to ensure compliance is inadequate because of the scope of activities and complexity of the environment in which it operates. The DOD seeks to improve the situation through risk

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and accountability forums.

8.2.2 **Statutory Accountability.** The Secretary for Defence accounts to Parliament for the management of the implementation of the Defence Vote. All departmental budget authorities are held to account by the Secretary for Defence for the economic, efficient and effective utilisation of resources to achieve the objectives of their respective programmes through the monthly Accountability Management Committee (AMC) meetings. The AMC agenda provides for the discussion of delegation management, risk management, internal and external audit reports management, SCOPA Resolutions and reports on irregular and fruitless and wasteful expenditure.

8.2.3 **Communication with Stakeholders.** DOD officials appear regularly before relevant Parliamentary committees on instruction of the Minister to explain departmental plans, programmes and budgets (including resource management policies) as well as account for performance. All media enquiries are answered through a corporate communication service.

8.2.4 **Roles and Responsibilities.** The Minister of Defence and Military Veterans directs and controls the DOD functions through the Council on Defence. The Secretary for Defence and the Chief of the SANDF implement ministerial directives through the Defence Staff Council. Top level budget authorities are members of the Defence Staff Council. Subordinate boards and committees serve this Council. A formal strategic direction and control process is followed that sets the agenda for these councils, boards and committees.

8.3 Control

8.3.1 Risk Management

8.3.1.1 The DOD Enterprises Risk Management Framework which is aligned to the Public Sector Risk Management Framework and the South African National Standard 31000:2009 (ISO 31000:2009) was approved in December 2010. This framework is a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management in the DOD. Based on the approved framework, the revision of the current DOD Risk Management Policy and DOD Risk Management Strategy is at an advanced stage to be promulgated in the calendar year 2011 and to be implemented in the calendar year 2012.

8.3.1.2 To enhance the culture of risk management, extensive awareness initiatives were embarked on during the period under review. Training workshops and risk assessments were held with members of the Services and Divisions.

8.3.2 Fraud Prevention

8.3.2.1 The Directorate Anti-Corruption and Anti-Fraud (DACAF) is organised to produce a Corruption and Fraud Prevention Plan within its mandate for the DOD and monitors the implementation thereof. The Prevention Plan, together with the approved processes within the DACAF regulates all the activities for the directorate.

8.3.2.2 A sound Corruption and Fraud Prevention Strategy formed the basis for the DACAF activities during the year under review with the focus on:

- The promotion of transparency and accountability in the actions and conduct of DOD members.
- Regulatory measures to determine correct conduct of individuals.
- Policies and controls to prevent the occurrence of fraudulent and corrupt acts within the DOD.
- Alternative measures in addition to the main strategy of the DOD to combat fraud and corruption.
- The awareness of DOD personnel concerning the nature and extent of fraud and corruption, and what to look out for to detect such activities.
- Emphasis on promoting integrity of individuals as well as work ethics, as these are factors to prevent corruption and fraud from taking place in the first place.

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8.3.2.3 **DACAF Mandate.** To provide anti-corruption and anti-fraud services, including serving as a nodal point for forensic auditing, to the department, provided that evidence of corruption and fraud shall be handed over to the Military Police Division for further investigation in terms of and in accordance with applicable law.

8.3.2.4 The Corruption and Fraud Prevention Plan (version 2) was reviewed and is effective from 1 April 2011. The Prevention Plan is distributed to Service and Divisional Chiefs and also being communicated by means of road-shows in an effort to reach all members of the DOD on all levels.

8.3.3 **Internal Audit**

8.3.3.1 Internal Audit is an independent process conducted to evaluate internal controls implemented by management to ensure that resources have been acquired economically, utilised efficiently and effectively, and to report this to management and its legislative body. It is acknowledged that during the year under review, the Internal Audit Unit did not operate under the leadership of the Head of Internal Audit as the post was vacant, thus all its activities were carried out under the leadership of the Inspector General DOD. It is anticipated that the unit's head will be appointed during the financial year 2011/12 as the recruitment process has reached an advanced stage. It is anticipated that once the internal audit function is fully functional in the coming years, it will provide management with the assurance about the processes in place to ensure accurate reporting in-year and the adequacy of these before the external audit is conducted which should reduce the number of findings and misstatements in the interim and final financial and performance reports.

8.3.3.2 During the period under review, 87 audits were conducted and the following components were addressed:

- **Performance Measurement.** Annual and quarterly reports were audited and inconsistencies in the reporting of targets were identified and reported to the appropriate management. However, there has been a remarkable improvement on the accuracy of performance information reported in the quarterly and annual reports.
- **Combat Readiness.** Although no combat readiness audits were conducted in the period under review, the outcome of the audits conducted in the previous financial year proved to be valuable. Chronic and critical shortcomings in the resources, budget constraints and loss of technically qualified and/or skilled personnel reported in the previous financial year, led to the improvement of combat readiness of forces reporting to the mobilisation centres.
- **Mobilisation and Foreign Deployment.** Based on the audit findings and recommendations of the mobilisation and foreign deployment audits conducted, the Joint Operations Division is developing a mission readiness training curriculum.
- **Risk based audits.** 50 risk based audits were conducted. Internal auditors recommended to management a system of internal controls to prevent, detect and correct deviations that may occur in the operational procedures.
- **Follow-up audits.** Follow-up audits were conducted mainly on two risks (Procurement System and Codification System) and the internal auditors recommended control measures to mitigate the risks.

8.3.4 **Audit Committee**

8.3.4.1 The Audit Committee provided guidance to the Defence Inspectorate Division during the period under review. The Audit Plan and Auditor General's audit report revealed that the financial statements were not adequately addressed, which was ascribed to the lack of expertise of the internal auditors. The external members of the Audit Committee made their services available to assist the DOD to address the lack of expertise. The Audit Committee was partly satisfied with the content and quality of quarterly reports prepared by the IG DOD during the period under review.

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8.3.4.2 The Defence Inspectorate Division provided the secretarial services for the Audit Committee. The following information regarding the Audit Committee is relevant:

- **Composition.** During the year under review, the Audit Committee for the Department of Defence (DOD AC) was duly constituted according to the Public Finance Management Act (PFMA). The external members to the DOD were as follows with their appointment dates indicated in brackets: Dr D. Konar (Chairperson) (30 May 2008); Mr K.A. Ross (26 May 2008) and Ms J. Kumbirai (December 2007). Mr Ross passed away on 21 January 2011. Ms Kumbirai's contract expired in December 2010 and indicated that she is not available to serve another term as a member of the DOD AC. Mr Radebe and Mr Mudaly were appointed by the Minister of Defence and Military Veterans in January 2009, but are not active members due to security clearances. Mr Mudaly indicated that he was no longer available to serve as a DOD audit committee member. Mr Radebe applied for a security clearance which was submitted for evaluation. Dr T. Gamede (Chief Defence Policy, Strategy and Planning) was appointed as an internal member to the DOD AC on 31 March 2009.
- **Responsibilities.** The Audit Committee complied with its responsibilities arising from Section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.3. Three scheduled and two special meetings were held. Two Special In-committee-meetings were held with the Auditor-General. Activities of the Audit Committee were formalised into a plan, allowing the coverage of the total spectrum of risk areas that need to be assessed and monitored, in accordance with the Public Finance Management Act and National Treasury Regulations. The Terms of Reference, which guide the activities of the Department of Defence's Audit Committee, were reviewed in May 2010 and was approved by the Accounting Officer. The Terms of Reference were distributed for review in January 2011. The external and internal members, Ex-Officio Officers, the Auditor-General, Chief Audit Executive and the Accounting Officer, formally assessed the DOD Audit Committee.
- **Activities.** The Audit Committee members had direct access to the Auditor-General, the Secretary for Defence and the Chief of the South African National Defence Force.

8.3.5 **Consolidated Control System**

8.3.5.1 The Consolidated Control System, specifically the financial misconduct module, was signed off at the end of the previous reporting period and activated through DODI 01/10 dated 22 February 2010. The aim of the system is to:

- register all non-compliant events as it occurs in the DOD;
- finalise it in accordance with legislation, prescripts and DOD policies;
- generate reports to substantiate the Annual Financial Statements;
- provide managers at all levels in the DOD access to management information regarding non-compliance and misconduct;
- provide guidance regarding which policies/governance in the DOD requires to be addressed; and
- perform trend analysis to identify, confirm and evaluate risks.

8.3.5.2 During the financial year 2010/2011 officials at level 1 and 2 of the DOD were trained to manage incidents and a process is underway to commence with training of officials at levels 3 and 4 in the financial year 2011/2012. The aim is to further develop processes that prevent and therefore, in the medium term, eliminate the occurrence of incidents of financial misconduct in the department.

8.3.6 **Budgeting and Financial Management**

The DOD budget is developed in accordance with Government's guidelines and priorities, is aligned with departmental strategies and plans, tabled in Parliament and enacted through the annual Appropriation Act. The Executive Authority, Accounting Officer and budget authorities monitor budget execution on a monthly basis in accordance with

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the financial management regulatory framework. The budget and supporting systems are cash-based resulting in limited decision making financial management information. Defence is continuously assessing and updating its budgeting systems to ensure compliance with the regulatory framework.

8.4 External reporting

8.4.1 **Annual Report.** The Minister tables the annual report including financial statements to provide an account of the department's performance against the objectives set in the strategic business plan and its financial position and performance against the appropriate budget.

8.4.2 **Accounting Standards.** The Financial Statements have been prepared on the cash basis of accounting modified for the recognition of certain near-cash balances and supplemented with disclosures on transactions and balances not recognised in the primary statements.

8.4.3 **Performance Measures.** The performance measures for departmental outputs are set out in the strategic business plan as measurable outputs and targets. The actual performance against these measures is reported in the main portion of the annual report.

8.4.4 **External Audit.** An objective and professional relationship has been established with the Auditor-General. The Secretary for Defence chairs first, interim and final audit steering committee meetings. Co-ordination meetings are held with the Secretary for Defence quarterly and with the Chief Financial Officer monthly. The Audit Committee co-ordinates the internal audit programme with that of the Auditor-General.

8.5 Occupational Health and Safety (OHS)

8.5.1 The function shift of the Joint Directorate Occupational Health and Safety (JDOHS) from the SA Military Health Service (SAMHS) to the Human Resources Division was approved by the Minister of Defence and Military Veterans on 19 July 2010. This has improved the line of reporting to the Secretary for Defence and the Chief of the SANDEF.

8.5.2 Significant progress was achieved in the execution of OHS by the Services and Divisions. The formally constituted DOD OHS Forum contributed to this improvement. The DOD OHS Forum is a coordinating management forum which meets monthly. As constituted, all divisions with units under command are represented on the DOD OHS Forum. The Forum also provides for the participation of experts to provide OHS training and health service delivery inputs or legal advice.

8.5.3 The review of the OHS policy was completed and the draft has been distributed for comments. The OHS policy adopts a wider scope. It incorporates the need for the DOD to address precautionary and preventative measures; to identify the need for strict selection and training of members, and to review training and equipment doctrine to match anthropomorphic features of members. The emphasis has also been placed on instituting good monitoring systems.

8.5.4 Good progress was also made in building capacity through training. Altogether 345 officials underwent OHS training. The OHS course curriculum was redesigned to train managers on the OHS Management System at the level of execution. This was undertaken to align the training curriculum with the new OHS policy and to meet the requirements for accreditation. An OHS Seminar was held in February 2011 and attended by 89 delegates. The Seminar served to expand the knowledge of DOD officials on the nature of occupational hazards in the military.

8.5.5 Monitoring OHS compliance is undertaken through the monthly and quarterly reporting system that has been instituted. In addition, on-site inspections of units were conducted. This is instrumental in rectification actions and preventative measures.

8.5.6 The emphasis was placed on units conducting the workplace assessment as prescribed in section 8(d) of the OHS Act 1993. The Hazard Identification and Risk Assessment (HIRA) was conducted in 64 units. This achievement will be improved as the DOD builds its OHS capacity and skills. By means of the HIRA, the Unit commander is informed

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of health and safety risks and is in a better position to take precautionary measures or plan and budget for rectifications. The SAMHS continued to render a multi-professional OHS service at the five Regional OHS Centres. Their primary output being the OHS assessments conducted at units and biological monitoring of members. As regards professional skills and staffing, it must be noted that there is a national skills shortage of occupational medical practitioners, nurses and occupational hygienists. To address this skill shortage, the SAMHS has initiated a Service Level Agreement (SLA) with the National Institute of Occupational Health to meet this need.

- 8.5.7 The JDOHS and IG DOD held discussions during the period under review regarding OHS inspections and audits. The key issue being; the building of capacity and skills. The concepts of establishing an OHS inspectorate is under discussion with the Chief of Human Resources and requires the approval of the concept and a post structure. The IG DOD inspects the OHS management aspects during their scheduled inspections.
- 8.5.8 The status of OHS compliance of facilities received critical attention in the department. Under the direction of the Chief of Logistics the facilities refurbishment programme has been prioritised and the Works Capability Formation has been established. This programme will see many occupational health and safety issues addressed.

8.6 Military Integrated Environmental Management

- 8.6.1 **International Environmental Co-operation.** The RSA-USA Environmental Security Working Group (ESWG) under the RSA-USA Defence Committee achieved all its objectives including the initiation of the Joint Guidebook on Environmental Auditing and attendance of the US Environment, Energy Security and Sustainability (E2S2) symposium in June 2010 in Denver, Colorado. In collaboration with the ESWG, two events namely, on Maritime Spill Response during August 2010 in Durban and on Contaminated Land and UXO Contamination during September 2010 in Pretoria, were presented to arrange, plan and train personnel from military training areas.
- 8.6.2 **Military Range Clearance and Total Environmental Contingent Liability.** The range clearance operations on the former Hell's Gate Training Area as part of Project UMTHOMBO were concluded with the finalisation of independent quality assurance. The surface clearance operations on the thirteen identified priority areas at Madimbo Training Area have been initiated with one of the danger areas finalised. The development of various training modules for the functional streams have been finalised for delivery in May 2011 at the Centre of Excellence at De Aar. Relevant military personnel are being trained to support and provide decision support to the proposed Military Range Clearance capability, as well as the implementation of Integrated Training Area Management on military training areas. The UXO costing model has been extended to include spill contamination, soil erosion and alien vegetation to determine the total environmental contingent liability for disclosure in the DOD financial statements.
- 8.6.3 **Operation CORONA.** DOD Environmental Services are providing environmental decision support in the re-establishment of operational bases for the border safeguarding as part of Operation CORONA to ensure environmental compliance by the DOD.
- 8.6.4 **Operation VUSELELA.** Operation VUSELELA projects were optimised in the Free State Province for increased benefit to the environment as well as the military veterans. Monitoring and control measures between the DOD, Department of Water Affairs (DWA) and its implementing agent, the Independent Development Trust (IDT) were strengthened to improve the management of the project. The identification and verification of military veterans by the Department of Military Veterans for participation in this project remain a challenge for the DOD, DWA and IDT.
- 8.6.5 **Environmental Appreciation in Force Employment Planning Processes.** The Joint Operations Force Employment Requirements and Guidelines were promulgated by CSANDF Directive 069/2010. A permanent factor "Environment" for all force employment planning processes will in future be appreciated and incorporated in planning processes. In this sense, environmental personnel have been involved in the planning of joint, bilateral and multi-national exercises, namely, Exercise YOUNG EAGLE, Exercise IBSAMAR II, Exercise SHARED ACCORD and Exercise BLUE CLUSTER, respectively. Military environmental personnel have also been deployed in the Sudan.

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9. Discontinued activities/activities to be discontinued and new/proposed activities.

Discontinued activities, activities to be discontinued, new services/outputs to be scaled up and services scaled up and services scaled down or suspended are reported on in Appendix E of the Annual Report.

10. Asset Management

10.1 Background. The DOD was not in a position to disclose the required asset information in the Annual Financial Statements for the past three years as a result of the following challenges:

10.1.1 Assets are managed manually or on one of the five logistical systems and are paid for via the Financial Management System (FMS). These systems support cash accounting and are not integrated.

10.1.2 The use of the multiple logistic systems lead to data integrity issues, especially when assets are transferred between units using different logistical systems.

10.1.3 No segregation between asset and inventory items on the system as required by the National Treasury's Standard Chart of Accounts (SCOA).

10.1.4 Monetary values such as the original purchase price are only carried in respect of certain items as it was not required on the system.

10.1.5 In cases where the original purchase price has been captured, it is not always verifiable.

10.1.6 Acquisition dates were also not carried on the systems and it is therefore difficult to determine the value of the assets.

10.1.7 Not all assets are uniquely identifiable (equipment unique serial number or bar code) such as office furniture. They are managed based on quantities per National Stock Number (NSN) and location only.

10.2 Asset Management Plan

In order to address these challenges and the audit qualifications, the DOD developed a short and long term rectification plan. The short term plan focuses on the utilisation of the existing systems, Operational Support Information System (OSIS) and Computer Aided Logistic Management Information System (CALMIS) to establish an asset register, while the long term plan focuses on the implementation of an integrated defence supply chain and life cycle management system based on internationally recognised best practices, and enabled by a single integrated logistic management information system, including the IFMS asset register and procurement modules.

10.3 Progress against plan

10.3.1 **Short Term Intervention Plan.** As a result of the high volumes of assets, geographical spread and in some cases the lack of unique identification (bar coding) of assets, the short term plan is executed in three phases. Phase one focussed on the serial controlled items, while phase 2 and 3 will focus on the bar coding and verification of the other asset categories. Highlighted below is the progress with regards to phase 1.

10.3.1.1 **Moveable Capital Assets**

- A draft asset management policy framework has been developed.
- The Item Identification Database (IID) has been updated to allow for the indication of SCOA Asset Classifications. Each NSN can be marked as an Asset or an Inventory Item based on the SCOA and managed accordingly.
- The current logistic Information Systems (CALMIS and OSIS) have been updated to carry the information required as reflected in the National Treasury Asset Management Framework in order to adhere to the minimum requirements of an asset register. Although these are two separate registers - a single view on assets has

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been created within the DOD Corporate Warehouse.

- The systems were also updated to:
 - Cater for all forms of acquiring assets.
 - Continuously update and verify data as well as to support fair value updates (asset verification).
 - Support the management of assets (includes capitalisation, depreciation, improvements, impairments and disposal).
 - As part of phase 1 of the plan in compiling an asset management register, in cooperation with Services and Divisions, the verification and population of the acquisition data for end items such as aircraft, vessels, military combat vehicles, other vehicles and weapons has commenced. The first step in phase 2 will be to complete this process.
 - The relevant asset information is available on the DOD Corporate Data Warehouse in order to provide a single view on end assets (Asset Register).

10.3.1.2 Immoveable Capital Assets - Defence Endowment Property (DEP)

The Endowment Property Asset Register compilation project has advanced considerably. Category A assets, being the Land and Buildings register has been fully compiled and work to complete valuation in that regard is nearing completion. Category B assets, being Leases and Agreements and Category C assets, being Securities are currently being analysed and appropriately classified and valued and it is anticipated that the work on this will be completed by 30 September 2011 at which stage the DOD will be in a position to have a fully compliant asset register of all these assets in line with the requirements of the Endowment Property and Account Act (Act No 33 of 1922).

10.3.2 Long Term Repositioning Plan

10.3.2.1 A draft Supply Chain Management and Life Cycle Management Framework has been developed.

10.3.2.2 The User Requirement Specification for an integrated Defence Logistic Information System is in the process of being developed.

10.3.2.3 An implementation charter was signed with the IFMS project team of the National Treasury, whereby it was agreed that the DOD will implement the Asset and Procurement modules of the IFMS. National Treasury (IFMS Section) will assist the DOD in acquiring approval for the lifting of the moratorium on procurement and implementation of a unique Single Defence Logistic Integrated Information Management System.

10.4 Valuations

As highlighted above, all the assets were carried at the latest purchase price on the current logistical systems. As part of the short term intervention plan, all serial controlled items are in a process of being revalued at fair value or in cases where sufficient evidence was available, it was recorded at cost price.

10.5 Disclosure

In order to illustrate the progress that has been made during Phase 1 of the short term intervention plan the DOD agreed to disclose assets information in the Annual Financial Statements. The DOD recognizes that the asset information disclosed is not complete and has therefore included additional notes to explain what has been disclosed in order to ensure a fair presentation of the financial statements. The work largely completed in Phase 1 of the project dealt with the verification and data clean-up on the complete systems of the major categories of Transport Assets and Specialised Military Equipment. The balance will be carried out together with the other categories of assets under Phase 2 of the project which will entail the bar coding of these assets as well.

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10.6 Intangible Assets

The DOD established a task team to compile an asset register for all intangible assets. A proper project plan has been compiled and it is envisaged that a proper intangible asset register will be completed by the end of the 2011/12 financial year. In the meantime all the additions as per the SCOA definitions for the 2010/11 financial year have been disclosed.

11. Inventories

Both the short and long term asset management plan will also address the current challenges with regards to inventory, especially the segregation between assets and inventory and the valuation of inventory. The DOD will however, in the interim, disclose inventory on the first-in-first-out (FIFO) basis which matches the design of the current systems that reflect values at the latest purchase price.

12. Special Defence Account

In the year under review, the annual financial statements of the Special Defence Account are excluded from the Annual Report of the DOD. This has been necessitated by the decision to change the accounting framework from an entity-specific framework to GRAP. The change in the framework necessitated the financial statements to be reconstructed to be in line with the new framework, including the restatement of all comparative figures for the previous year, including the notes and accounting policies applicable. It is anticipated that these statements will be available for tabling to the Legislature immediately after completion of the audit process.

13. Events after the reporting date

There were no events after the reporting date.

14. Performance information

14.1 Performance information is described in Part 1 to 4 of the Annual Report.

14.2 The DOD is addressing the following issues regarding performance information as identified by the Auditor General:

14.2.1 **Policy Framework.** In order to deal with the weaknesses in the policy framework around the management of performance information, the department is developing a comprehensive corporate policy which clearly describes roles, responsibilities and control activities necessary for the efficient management of this task.

14.2.2 **Strategic Plan.** During the financial year 2010/11 the DOD undertook the institutionalisation and implementation of the results-based planning process principles (outcomes, outputs, activities and inputs) as prescribed by the National Treasury through the development of the DOD Strategic Planning Framework (SPF). The SPF facilitated the reformulation and enhancement of departmental performance information as aligned to outcomes and outputs, thereby ensuring the auditability of performance information in compliance with the National Treasury performance information standards. This will be evident in the financial year 2011/12.

14.2.3 **Internal Control.** Taking cognisance of the weaknesses that have been raised regarding the accuracy and completeness of the information reported in the Annual Report, during the year under review, improvements in controls have been implemented to ensure that the information planned and reported at the lower levels is accurately and completely transferred to the Annual Report. The matters raised in the Audit Report have been investigated and rectified in preparation for the next audit cycle.

14.2.4 **Risk Management.** The DOD Strategic Risk Register has been updated to include the risks and mitigation actions relating to performance information.

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15. SCOPA Resolutions

- 15.1 The DOD appeared before SCOPA on 1 March 2011 on its 2007/08 and 2008/09 Annual Reports and is awaiting the resultant resolutions to be adopted by SCOPA.
- 15.2 The DOD has prepared a preliminary response to SCOPA on issues raised and commitments made at the hearing, which is in the approval process.
- 15.3 The SCOPA Hearing on the DOD's 2006/07 AG Report was held on 21 November 2007 and the 2006/07 SCOPA Resolutions were adopted on 8 February 2008 by Parliament. The DOD submitted the action plans on the 2006/07 SCOPA Resolutions to Parliament (SCOPA) on 9 June 2008. The detailed feedback in the table below reflects progress made with the implementation of these action plans (only on those not yet finalised):

0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
Page 190	<p><u>Par 1 - Tangible & intangible assets, accruals.</u> The Committee recommends that the Accounting Officer ensures that:</p> <p>a) the current information systems used, are upgraded or alternatives be investigated to implement a single logistical system that can provide the financial information as required by National Treasury in respect of accruals, tangible and intangible capital assets;</p> <p>b) shortcomings in the information systems are reduced by implementing manual controls to ensure proper identification, classification, recording and disclosure of accruals and tangible/intangible capital assets;</p>	<p>The Asset Management Project has been implemented in 2007. The scope of this project is broken into three phases, namely a) inventory verification and error identification, b) asset register clean-up and functional specification development, and c) rolling out an Integrated Asset Management System in line with IFMS requirements. Phase one has been completed and phase two is currently running. It is envisaged that phase three will kick in late 2010. Until then, CALMIS and OSIS will remain as the main systems.</p> <p>DOD representatives are involved with the development of the National Treasury IFMS system. CALMIS is implemented in the SA Army according to plan and OSIS has been implemented in 80% of SAAF units and 90% of SA Navy units. Once all units are computerized migration to IFMS will proceed.</p> <p>The manual system implemented was refined and an amended instruction was issued to Services and Divisions to obtain additional information in order to accurately complete accruals disclosure in the 08/09 Annual Financial Statements. Different teams, under the leadership of the Operation Clean Audit team (Accruals) were sent to pre-determined units to assist with the compilation of information. The outcome of this initiative will only be available after final reconciliation of accruals for the 08/09 FY.</p>

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0607 AG ANNUAL REPORT REFERENCE	RECOMMENDATIONS MADE IN SCOPA RESOLUTIONS DATED 8 FEB 08	DOD PROGRESS ON ACTION PLANS
Page 191-192	<p><u>Par 3 - Lease commitments.</u> The Committee recommends that the Accounting Officer ensures that:</p> <p>a) internal controls are implemented to ensure that transactions and other significant events with respect to lease commitments are properly identified, classified, promptly recorded and disclosed;</p>	<p>An interim instruction was issued in April 2008, clearly spelling out the processes and procedures for the control of leases and also how to maintain the lease register. Although Services and Divisions have maintained the required register, a lack of training at unit level resulted in limited successes being achieved. Interventions undertaken include the deployment of specialists from the consortium of KPMG and SAB&T (Operation Clean Audit Team) throughout the DOD to assist with training and compilation of lease registers. A letter was also distributed to Services and Divisions to confirm the correct accounting of all hired equipment.</p>
Page 268-269	<p><u>Par 6 - Special Defence Account (SDA).</u> The Committee recommends that the Accounting Officer ensures that:</p> <p>a) the accounting framework applicable to the SDA and the classification of the SDA, which have been outstanding since 2004/05, is clarified with National Treasury as a matter of urgency;</p> <p>b) surplus funds not required for immediate use are invested and withdrawn when necessary; and</p> <p>c) a policy governing investments of all moneys to the credit of the account is compiled with, approved and implemented as a matter of urgency. If investing is not the way to go, the Defence Special Account Act, 1974 (Act No. 6 of 1974) must be amended.</p>	<p>Classification. The DOD has decided not to proceed with the reclassification of the SDA as a Schedule 4.</p> <p>Framework. The National Treasury was approached for guidance on the accounting framework for the SDA. In the absence of an answer from the National Treasury and in the light of the possible repeal of the Defence Special Account Act to be included in the Public Finance Management Bill the DOD recommended to the National Treasury to proceed preparing the financial statements for the SDA on the entity-specific basis of accounting and it was again approved for the 2008/09, 2009/10 and 2010/11 financial statements.</p> <p>The National Treasury instructed the DOD to, in spite of the requirements of the Defence Special Account Act, not invest the reserve funds of the SDA as it will not be in the economic interest of the State. The investment policy is currently in the approval process and will be promulgated during the 2011/12 financial year.</p> <p>The DOD has prepared an investment policy for the SDA reflecting the instruction by the National Treasury not to invest the reserve funds of the SDA. The amendment of the Defence Special Account Act is not currently considered in the light of the possible repeal of the Act and the inclusion of the conditions of the Act in the Public Finance Management Bill.</p>

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16. Prior modifications to audit reports

Matters reported on by the AGSA in the 2009/10 financial year.

09/10 AGSA Audit Report Reference	FY first reported	Progress made in clearing/resolving the matter
<p><u>Tangible and Intangible Capital Assets Qualification - Page 176.</u> The department did not disclose any financial information for both the current and prior year in notes 34, 35 and 36 to the financial statements as required by the financial reporting framework set by National Treasury. The DOD did not maintain a proper asset register, supported by relevant documentation to enable me to quantify the mis-statements.</p>	06/07	<p><u>Tangible Movable Capital Assets.</u> The following initiatives are underway to accomplish NT asset management requirements:</p> <ul style="list-style-type: none"> • Implementation of a DOD Asset and Inventory Verification Program (started in 2008 - first phase completed, busy with second phase). • Busy procuring a two-dimensional bar-coding, tagging and scanning capability to enhance item identification and tracking. • Continuous monitoring of National Stock Numbers (NSNs) to SCOA which enables the DOD to report in the required categories. • Completed functional specifications for a single, integrated asset and inventory management system (inclusive of cataloguing and codification). • Busy engaging the IFMS team to consider the uniqueness of the DOD supply chain requirements and to grant a deviation from the moratorium for the procurement of a single logistics information system. <p><u>Tangible Immovable Assets.</u> The following initiatives are underway to accomplish NT asset management requirements:</p> <ul style="list-style-type: none"> • A user Asset Management Plan has been developed in co-operation with the CSIR. • Busy with the verification of all Defence Endowment Properties, assisted by the CSIR. • The requirement specifications for an Integrated Immovable Asset Management System have been developed. <p><u>Intangible Capital Assets (ICA).</u> The following initiatives are underway to accomplish NT asset management requirements:</p> <ul style="list-style-type: none"> • SLA with Armscor was extended to include the establishment and maintenance of an ICA register. • Busy revising the DOD IP policy to include all ICAs. • Busy establishing the current and historical Defence ICA and population of the ICA register.

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09/10 AGSA Audit Report Reference	FY first reported	Progress made in clearing/resolving the matter
<p><u>Irregular expenditure Emphasis of Matter - Page 177.</u> Irregular expenditure (as disclosed in note 27 to the financial statements) to the amount of R1 billion, mainly comprising of housing allowance, new military dispensation and performance awards was paid during the year under review without following the proper approval processes as prescribed in section 55 of the Defence Act, 2002 (Act no. 42 of 2002) and section 2 of the Public Service Act, 1994 (Act no. 103 of 1994).</p>	08/09	<p>The CFO has implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Irregular and fruitless and wasteful expenditure are from 1 Apr 09 reported to the nodal point immediately upon discovery thereof. • Incidents of irregular and fruitless and wasteful expenditure are from 1 Apr 09 properly investigated and dealt with in accordance with PFMA and TR prescriptions. • The Financial Misconduct policy has been revised to include irregular and fruitless and wasteful expenditure and has been promulgated and implemented. • Boards of Inquiry processes are being followed up to ensure speedy conclusion of investigations and inquiries. • The Mandating Committee has condoned the expenditure for 2009/10.
<p><u>Predetermined objectives - Reliability of reported performance information Other Matter - Page 178.</u> For the three selected programs tested the validity, accuracy, or completeness of some of the reported targets could not be established as sufficient appropriate audit evidence could not be provided for audit purposes.</p>	09/10	<p>The following corrective measures were implemented:</p> <ul style="list-style-type: none"> • The DOD has contracted the services of the Technical Assistance Unit (TAU) of National Treasury to assist with the streamlining and improvement of the DOD planning process in terms of definition of performance indicators, measures and targets. • Over and above the yearly comprehensive reporting instructions, the DOD has started a process to develop a DOD policy framework to streamline the reporting requirements, responsibilities and accountabilities. • A DOD team was established to coordinate and verify DOD performance information. (DOD Corporate Strategic Planning Team) • The head of the Internal Audit Unit is in the process of being appointed.
<p><u>Non-compliance with the Public Finance Management Act and Treasury regulations. Other Matter - Page 178.</u></p> <ul style="list-style-type: none"> • The department did not comply with section 38 (1)(a)(ii) of the PFMA as an internal audit function was not fully operational for the year under review. Furthermore, contrary to the requirements of TR 3.2.1 the department did not have an approved fraud prevention plan. 	09/10	<p>Appointment of the Head of Internal Audit The first round of interviews for the post of Chief Internal Auditor has been held and recommended to the Minister for final interviews by a Committee of Ministers as is the case for the appointment of Deputy Directors-General in the Public Service.</p> <p>Approval and roll-out of the DOD Fraud Prevention Plan</p> <ul style="list-style-type: none"> • A corruption and fraud prevention plan was developed and implemented for the DOD. • A fraud prevention forum was established to ensure active participation and commitment of all Services and Divisions. • The DOD is in the process of conducting road shows to create awareness and ensure compliance with the policy.

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09/10 AGSA Audit Report Reference	FY first reported	Progress made in clearing/resolving the matter
<p><u>Internal Control Deficiencies</u> <u>Other Matter - Page 179.</u> Leadership - Management did not have approved policies and procedures to guide management at the lowest level to ensure compliance with National Treasury disclosure requirements with regard to the recording and disclosure of the various categories of tangible and intangible assets. Furthermore, the department did not have the necessary key controls in place to effectively manage performance against predetermined objectives. The department also did not effectively monitor compliance with laws, regulations and policies.</p>	09/10	<p>Policies and Procedures for Asset Management The DOD is in the process of establishing policy frameworks for key asset management policies.</p> <p>Key Controls for Performance Management The DOD has an established system of managing performance information which is governed by DOD instructions issued on an annual basis detailing how the DOD provides performance reports on predetermined objectives on a quarterly and annual basis as required by law. The system also helps to provide performance reports to NT and government cluster system as required and consists amongst others of the following:</p> <ul style="list-style-type: none"> • Issue a Quarterly Report Instruction for the 2010/11 financial year. • Issue an Annual Report Instruction for the 2010/11 financial year. • Develop and implement a DOD Performance Management Policy. <p>Compliance Monitoring The following corrective measures were implemented:</p> <ul style="list-style-type: none"> • A Ministerial Directive outlining the compliance requirements have been issued. • The top high risk acts were identified and risk assessments were initiated. • The DOD is in the process of developing compliance risk management plans for the above mentioned acts. • A compliance structure has been developed and is in the approval process.
<p><u>Internal Control Deficiencies</u> <u>Other Matter - Page 178.</u> Financial and performance management - Manual and automated systems are not adequate to facilitate the preparation and accurate recording and disclosure of the various categories of assets in the financial statements as required by National Treasury. Furthermore, the record keeping pertaining to performance information was not adequate, resulting in information not always being readily available for audit. The performance information in the annual report was not adequately reviewed for completeness and accuracy prior to submission for audit.</p>	09/10	<p>Adequacy of manual and automated systems National Treasury's moratorium on the major enhancement of systems including logistics is a major barrier in the ability of DOD to submit the required information in the format required by AG. The current logistics systems are designed to support operations and maintenance of military capabilities and not the reporting requirements as required by the AG. A task team commenced negotiations with the IFMS Team from NT on the lifting of the moratorium on unique modules of logistics in the DOD. The DOD is currently the lead site for the implementation of the IFMS module on asset management. The full roll-out of the asset management module and integration to the different logistics systems will enable the DOD to report accordingly. In the mean time, the DOD will be acquiring a single logistic system for the department.</p> <p>Record keeping and review of performance information</p> <ul style="list-style-type: none"> • The DOD has contracted in the services of the Technical Assistance Unit (TAU) of National Treasury to assist with the streamlining and improvement of the DOD planning process in terms of definition of performance indicators, measures and targets.

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09/10 AGSA Audit Report Reference	FY first reported	Progress made in clearing/resolving the matter
		<ul style="list-style-type: none"> Over and above the yearly comprehensive reporting instructions, the DOD has started a process to develop a DOD policy framework to streamline the reporting requirements, responsibilities and accountabilities. A DOD team was established to coordinate and verify DOD performance information. (DOD Corporate Strategic Planning Team).
<p><u>SDA - Irregular expenditure (A400M) Emphasis of Matter - Page 263.</u> As disclosed in note 7.3 to the financial statements, irregular expenditure to the amount of R63 999 205.32 was incurred, as the Accounting Officer did not obtain the necessary exemption from National Treasury to deviate from the standard tender process.</p>	08/09	<ul style="list-style-type: none"> Airbus made a proposal to the DOD on 4 October 2010 regarding the repayment of the advance payments on the A400M purchase contract. On 3 March 2011 the Ministers of Trade and Industry and Finance accompanied by NT representatives met Airbus representatives in Paris to discuss the A400M advance payment reimbursement. An inter-departmental work group (IDWG) consisting of representatives from the DPE, DTI, NT, DOD, and Armscor has been established to harmonise a RSA position.
<p><u>SDA - Non-compliance with applicable legislation Other Matters - Page 264.</u> Contrary to the requirements of section 3 of the Defence Special Account Act, moneys standing to the credit of the account, which were not required for immediate use or as a reasonable working balance, were not invested. The Department of Defence was authorised to deviate from the Defence Special Account Act by National Treasury per letter dated 30 June 2008.</p>	09/10	<p>Notwithstanding the requirements of the Defence Special Account Act the National Treasury has requested the DOD not to invest the reserve on the SDA.</p>

17. Exemptions and deviations received from the National Treasury.

No exemptions or deviations were received.

18. Appreciation

The progress and success of the Department's achievements over the past year is due to the efforts of many. The strategic guidance and support of the Minister and Deputy Minister of Defence and Military Veterans has been consistent exemplary and is acknowledged. The funding and support provided by the Minister of Finance and the National Treasury is appreciated. My colleagues in the Plenary Defence Staff Council and the Defence Secretariat Council have provided wise council and shared the operational load. To our various forces, locally and abroad, and our administrative and management personnel go my heartfelt thanks for their commitment, dedication and perseverance in a challenging year of major accomplishments.

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19. Approval

The Annual Financial Statements set out in pages 183 to 269 have been approved by the Accounting Officer.



(N.Z.H. Mpfu)

Secretary for Defence: Director General

Pretoria

30 July 2011

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE No. 21: DEPARTMENT OF DEFENCE AND MILITARY VETERANS

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the department of Defence and Military Veterans, which comprise the appropriation statement, statement of financial position as at 31 March 2011, the statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 183 to 269.

Accounting officer's responsibility for the financial statements

The accounting officer is responsible for the preparation of the financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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Basis for qualified audit opinion

Movable and immovable tangible capital assets

These assets are now stated at R 76.9 billion (no disclosure in prior years) in disclosure notes 32, 33 and 34 to the financial statements. Although the department has commenced addressing some of the prior year qualification matters, the process is unfinished, in that the department could not provide sufficient appropriate audit evidence to support the amount disclosed, and the records did not permit the application of alternative procedures.

Qualified opinion

In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the department of Defence and Military Veterans as at 31 March 2011 and its financial performance and cash flows for the year then ended, in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the PFMA.

Emphasis of matter

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

As disclosed in note 25 to the financial statements, the corresponding figures for operating leases for 31 March 2010 have been restated as a result of an error discovered during 2010-11 financial year.

Irregular expenditure

As disclosed in note 27 to the financial statements, irregular expenditure to the amount of R 799,349 million, mainly comprising procurement not in terms of Treasury Regulations, was incurred by the department.

Additional matter

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Financial reporting framework

The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

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Unaudited supplementary schedules

The supplementary information set out in annexures 1A to 6 on pages 255 to 269 do not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 23 to 93 and material non-compliance with laws and regulations applicable to the department.

Predetermined objectives

There are no material findings on the annual performance report.

Compliance with laws and regulations

Internal Audit

The accounting officer did not ensure that an internal audit function was in place as per requirements of Treasury Regulation (TR) 3.2.2. However, the Inspector General did perform certain compliance and other procedures which were reported to the audit committee.

Financial misconduct

Sufficient appropriate audit evidence was not available in all instances, to determine if the accounting officer ensured that investigations were conducted into all allegations of financial misconduct made against officials within 30 days from the date of discovery of the allegation as required in terms of TR4.1.2.

Annual financial statements, performance and annual report

The accounting officer did not implement adequate control systems for the safeguarding and maintenance of assets to prevent theft, losses, wastage and misuse, as required by the PFMA section 38(1)(d) and TR 10.1.1(a).

The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with modified cash basis of accounting determined by the National Treasury, supported by full and proper records in all instances as required by section 40(1)(a) and (b) of the PFMA. Certain material misstatements identified with regards to operating lease commitments were subsequently corrected, however, the uncorrected material misstatements in capital assets resulted in the financial statements receiving a qualified audit opinion in contravention of section 40(3)(a).

Human resource management and compensation

Some senior managers did not enter into a performance agreement for the current year as per the requirements of PSR 4/III/B.1 and Department of Defence Instruction: POL and PLAN No. 00065/2002 (Edition 2) dated 1 January 2005.

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Procurement and contract management

In some instances goods and services with a transaction value of more than R500 000 were not procured by means of a competitive bidding process as per the requirements of TR 16A6.1, TR 16A6.4 and National Treasury Practice Note 6 and 8 of 2007/08.

Awards were made to suppliers who did not declare their employment by the state or their connection with a person employed by the state or their relationship with persons involved in the evaluation and/or adjudication of the bids as per the requirements of Practice Note 7 of 2009/10. Contrary to Supply Chain Management (SCM) requirements this is not a requirement in terms of departmental policies.

Instances were identified where senior managers did not disclose their business interest in a supplier to the department and to the executive authority as per the requirements of chapter 3(C1) of the Public Service Regulations.

In some instances the SCM officials and/or other SCM role players and those whose close family members and/or partners and/or associates had a private or business interest in contracts awarded by the department failed to disclose their interest and in some cases participated in the process relating to the awarding of the contract contrary to the requirements of TR 16A8.4(a) and (b).

Some employees performed remunerative work outside their employment in the department without written permission from the relevant authority as per the requirements of section 30 of the Public Service Act and Department of Defence Instruction: PERS No. 4/99 dated 22 December 1999.

Expenditure management

The accounting officer did not, in all instances, immediately upon the discovery reported irregular expenditure to the National Treasury as per the requirements of section 38(1)(g) of the PFMA.

INTERNAL CONTROL

In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with laws and regulations included in this report.

Leadership

The department did not exercise sufficient oversight responsibility regarding financial reporting over capital assets, compliance and related internal controls. This is evident as the department did not have sufficient monitoring controls to ensure the proper implementation of the overall process of reporting, and regular reviewing of information to ensure the accuracy, and completeness of the information reported.

Management does not, in all instances, have approved updated policies and procedures, including the reporting process to guide management at the lowest level to ensure compliance with National Treasury disclosure requirements.

Financial and performance management

Existing manual and automated controls are not designed to ensure adequate record keeping and accurate and complete financial

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reporting in a timely manner which is accessible and available and to ensure that the transactions are complete and accurately recorded without delay as required by the National Treasury.

The assets are currently managed on various logistical subsystems. These systems are not integrated nor are they integrated with the financial system or reconciled. Inventory and capital assets are also not separated on these subsystems. Due to a moratorium on the acquisition of a new assets system the above shortcomings could not be addressed. Records of some units/depots are still manual and are not integrated for reporting purposes.

Adequate controls were not implemented over daily and monthly processing and recording of transactions to ensure the accuracy, and completeness of the information reported.

Adequate processes were not in place to ensure complete and timely reporting to relevant authorities as required by laws and regulations.

Governance

The department is still in the process of capacitating the internal audit component.

OTHER REPORTS

Performance audits

A performance audit was conducted during the year under review on the department's use of consultants, contractors and agencies/outsourced services. The management report was issued in February 2011.

Auditor - General

Pretoria

30 July 2011



AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Department of Defence and Military Veterans
Vote 21

ACCOUNTING POLICIES

for the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

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ACCOUNTING POLICIES
for the year ended 31 March 2011

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when authorisation for payment is effected on the system (by no later than 31 March each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee cost are not capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments do not form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

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for the year ended 31 March 2011

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.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable

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ACCOUNTING POLICIES
for the year ended 31 March 2011

it is treated as an asset until it is recovered from the responsible person or written-off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written-off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the FIFO cost formula.

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ACCOUNTING POLICIES
for the year ended 31 March 2011

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

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5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

5.8 Impairment and other provisions

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows or service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

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8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.



*Department of Defence and Military Veterans
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**ANNUAL FINANCIAL
STATEMENTS FOR THE
DEPARTMENT OF DEFENCE
AND MILITARY VETERANS**
for the year ended 31 March 2011

APPROPRIATION STATEMENT for the year ended 31 March 2011

Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
1. Administration									
Current payment	3 359 327	-	12 305	3 371 632	3 371 632	-	100.0%	2 828 423	2 828 423
Transfers and subsidies	38 909	-	(5 739)	33 170	33 170	-	100.0%	39 198	39 198
Payment for capital assets	18 976	-	10 176	29 152	29 152	-	100.0%	35 883	35 883
Payment for financial assets	-	-	18 961	18 961	18 961	-	100.0%	10 586	10 586
	3 417 212	-	35 703	3 452 915	3 452 915	-		2 914 090	2 914 090
2. Landward Defence									
Current payment	8 460 782	-	1 07 274	8 568 056	8 568 056	-	100.0%	6 606 667	6 606 667
Transfers and subsidies	494 580	-	2 033	496 613	496 613	-	100.0%	2 326 127	2 326 127
Payment for capital assets	54 204	-	172 379	226 583	226 583	-	100.0%	107 125	107 125
Payment for financial assets	-	-	4 316	4 316	4 316	-	100.0%	2 307	2 307
	9 009 566	-	286 002	9 295 568	9 295 568	-		9 042 226	9 042 226
3. Air Defence									
Current payment	4 088 542	-	(47 568)	4 040 974	4 040 974	-	100.0%	3 427 293	3 427 293
Transfers and subsidies	1 422 884	-	(22 410)	1 400 474	1 400 474	-	100.0%	5 182 184	5 182 184
Payment for capital assets	24 991	-	17 075	42 066	42 066	-	100.0%	33 746	33 746
Payment for financial assets	-	-	5 422	5 422	5 422	-	100.0%	538	538
	5 536 417	-	(47 481)	5 488 936	5 488 936	-		8 643 761	8 643 761
4. Maritime Defence									
Current payment	1 894 218	-	17 835	1 912 053	1 912 053	-	100.0%	1 552 356	1 552 356
Transfers and subsidies	414 865	-	(36 804)	378 061	378 061	-	100.0%	366 426	366 426
Payment for capital assets	49 218	-	9 739	58 957	58 957	-	100.0%	78 008	78 008
Payment for financial assets	-	-	845	845	845	-	100.0%	664	664
	2 358 301	-	(8 385)	2 349 916	2 349 916	-		1 997 454	1 997 454
5. Military Health Support									
Current payment	2 964 467	-	61 948	3 026 415	3 026 415	-	100.0%	2 454 757	2 454 757
Transfers and subsidies	35 756	-	2 795	38 551	38 331	220	99.4%	10 081	10 021
Payment for capital assets	49 346	-	33 327	82 673	82 673	-	100.0%	113 684	113 684
Payment for financial assets	-	-	2 695	2 695	2 695	-	100.0%	29 667	29 667
	3 049 569	-	100 765	3 150 334	3 150 114	220		2 608 189	2 608 129

Department of Defence and Military Veterans - Vote 21

APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2011

Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
6. Defence Intelligence									
Current payment	252 106	-	(29 747)	222 359	222 359	-	100.0%	192 539	192 539
Transfers and subsidies	401 060	-	3 567	404 627	404 627	-	100.0%	399 503	399 503
Payment for capital assets	3 447	-	3 415	6 862	6 862	-	100.0%	2 662	2 662
Payment for financial assets	-	-	5	5	5	-	100.0%	-	-
	656 613	-	(22 760)	633 853	633 853	-		594 704	594 704
7. General Support									
Current payment	2 652 340	-	(317 535)	2 334 805	2 334 805	-	100.0%	2 050 619	2 050 619
Transfers and subsidies	992 675	-	4 915	997 590	997 590	-	100.0%	873 761	873 761
Payment for capital assets	487 702	-	(149 095)	338 607	338 607	-	100.0%	707 166	707 166
Payment for financial assets	-	-	134 610	134 610	134 610	-	100.0%	5 797	5 797
	4 132 717	-	(327 105)	3 805 612	3 805 612	-		3 637 343	3 637 343
8. Force Employment									
Current payment	2 074 143	-	(62 636)	2 011 507	2 011 507	-	100.0%	1 663 206	1 662 257
Transfers and subsidies	145 354	-	(6 203)	139 151	139 151	-	100.0%	166 208	166 208
Payment for capital assets	62 699	-	51 955	114 654	114 654	-	100.0%	58 075	58 075
Payment for financial assets	-	-	145	145	145	-	100.0%	-	-
	2 282 196	-	(16 739)	2 265 457	2 265 457	-		1 887 489	1 886 540
Total	30 442 591	-	-	30 442 591	30 442 371	220	100.0%	31 325 256	31 324 247
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				689 688				699 949	
Actual amounts per Statement of Financial Performance (Total Revenue)				31 132 279				32 025 205	
Actual amounts per Statement of Financial Performance Expenditure					30 442 371				31 324 247

APPROPRIATION STATEMENT (continued) for the year ended 31 March 2011

Programme	Appropriation per economic classification									
	2010/11					2009/10				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000	
Current payments										
Compensation of employees	16 212 096	-	385 002	16 597 098	16 597 098	-	100.0%	12 705 579	12 705 579	
Goods and services	9 533 829	-	(643 126)	8 890 703	8 890 703	-	100.0%	8 070 281	8 069 332	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	3 073 527	-	(48 799)	3 024 728	3 024 728	-	100.0%	8 629 128	8 629 128	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	731 510	-	6 000	737 510	737 510	-	100.0%	603 608	603 608	
Non-profit institutions	5 407	-	-	5 407	5 187	220	95.9%	4 402	4 342	
Households	135 639	-	(15 047)	120 592	120 592	-	100.0%	126 350	126 350	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payments for capital assets										
Buildings & other fixed structures	482 624	-	(231 421)	251 203	251 203	-	100.0%	599 094	599 094	
Machinery & equipment	247 986	-	333 402	581 388	581 388	-	100.0%	537 105	537 105	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	19 556	-	47 204	66 760	66 760	-	100.0%	-	-	
Biological assets	100	-	(29)	71	71	-	100.0%	10	10	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	317	-	(185)	132	132	-	100.0%	140	140	
Payment for financial assets										
	-	-	166 999	166 999	166 999	-	100.0%	49 559	49 559	
Total	30 442 591	-	-	30 442 591	30 442 371	220	100.0%	31 325 256	31 324 247	

Department of Defence and Military Veterans - Vote 21

APPROPRIATION STATEMENT

Detail per programme 1 - Administration

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
1.1 Minister									
Current payment	1 816	-	114	1 930	1 930	-	100.0%	1 709	1 709
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.2 Deputy Minister									
Current payment	1 496	-	70	1 566	1 566	-	100.0%	1 407	1 407
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.3 Ministerial Direction									
Current payment	40 274	-	49 658	89 932	89 932	-	100.0%	40 261	40 261
Transfers and subsidies	-	-	393	393	393	-	100.0%	2 627	2 627
Payment for capital assets	1 547	-	228	1 775	1 775	-	100.0%	4 148	4 148
Payment for financial assets	-	-	1 738	1 738	1 738	-	100.0%	970	970
1.4 Departmental Direction									
Current payment	26 198	-	(148)	26 050	26 050	-	100.0%	18 640	18 640
Transfers and subsidies	-	-	601	601	601	-	100.0%	188	188
Payment for capital assets	547	-	(17)	530	530	-	100.0%	1 966	1 966
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.5 Policy and Planning									
Current payment	84 419	-	(19 820)	64 599	64 599	-	100.0%	61 429	61 429
Transfers and subsidies	6 887	-	(567)	6 320	6 320	-	100.0%	6 404	6 404
Payment for capital assets	978	-	622	1 600	1 600	-	100.0%	1 190	1 190
Payment for financial assets	-	-	6	6	6	-	100.0%	4	4

APPROPRIATION STATEMENT (continued)

Detail per programme 1 - Administration (continued)

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
1.6 Financial Services									
Current payment	234 421	-	(1 068)	233 353	233 353	-	100.0%	210 458	210 458
Transfers and subsidies	5 953	-	(2 282)	3 671	3 671	-	100.0%	3 056	3 056
Payment for capital assets	1 104	-	1 680	2 784	2 784	-	100.0%	4 833	4 833
Payment for financial assets	-	-	995	995	995	-	100.0%	556	556
1.7 Human Resources Support Services									
Current payment	637 384	-	(56 721)	580 663	580 663	-	100.0%	502 250	502 250
Transfers and subsidies	23 511	-	(4 130)	19 381	19 381	-	100.0%	21 621	21 621
Payment for capital assets	4 374	-	3 673	8 047	8 047	-	100.0%	6 992	6 992
Payment for financial assets	-	-	1 595	1 595	1 595	-	100.0%	890	890
1.8 Legal Services									
Current payment	172 031	-	(29 909)	142 122	142 122	-	100.0%	120 856	120 856
Transfers and subsidies	268	-	340	608	608	-	100.0%	85	85
Payment for capital assets	1 499	-	371	1 870	1 870	-	100.0%	1 572	1 572
Payment for financial assets	-	-	14 422	14 422	14 422	-	100.0%	8 052	8 052
1.9 Inspection Services									
Current payment	59 641	-	962	60 603	60 603	-	100.0%	52 726	52 726
Transfers and subsidies	230	-	(52)	178	178	-	100.0%	732	732
Payment for capital assets	1 120	-	132	1 252	1 252	-	100.0%	2 072	2 072
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.10 Acquisition Services									
Current payment	49 691	-	644	50 335	50 335	-	100.0%	39 400	39 400
Transfers and subsidies	-	-	1	1	1	-	100.0%	177	177
Payment for capital assets	2 088	-	7	2 095	2 095	-	100.0%	1 075	1 075
Payment for financial assets	-	-	204	204	204	-	100.0%	114	114

APPROPRIATION STATEMENT (continued)

Detail per programme 1 - Administration (continued)

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.11 Communication Services									
Current payment	29 756	-	(2 221)	27 535	27 535	-	100.0%	27 359	27 359
Transfers and subsidies	-	-	725	725	725	-	100.0%	1 186	1 186
Payment for capital assets	-	-	854	854	854	-	100.0%	607	607
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.12 South African National Defence Force Command And Control									
Current payment	90 028	-	1 985	92 013	92 013	-	100.0%	76 107	76 107
Transfers and subsidies	685	-	(188)	497	497	-	100.0%	1 112	1 112
Payment for capital assets	3 109	-	790	3 899	3 899	-	100.0%	6 387	6 387
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.13 Religious Services									
Current payment	8 950	-	(244)	8 706	8 706	-	100.0%	7 312	7 312
Transfers and subsidies	471	-	(471)	-	-	-	0.0%	596	596
Payment for capital assets	-	-	-	-	-	-	0.0%	12	12
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.14 Defence Reserve Direction									
Current payment	15 267	-	(1 579)	13 688	13 688	-	100.0%	11 917	11 917
Transfers and subsidies	-	-	42	42	42	-	100.0%	229	229
Payment for capital assets	845	-	373	1 218	1 218	-	100.0%	882	882
Payment for financial assets	-	-	1	1	1	-	100.0%	-	-

APPROPRIATION STATEMENT (continued)

Detail per programme 1 - Administration (continued)

for the year ended 31 March 2011

Details per Sub-Programme	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.15 Defence Foreign Relations									
Current payment	145 664	-	(9 353)	136 311	136 311	-	100.0%	112 251	112 251
Transfers and subsidies	904	-	(151)	753	753	-	100.0%	1 185	1 185
Payment for capital assets	1 765	-	1 463	3 228	3 228	-	100.0%	4 147	4 147
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.16 Property Management									
Current payment	1 762 291	-	79 935	1 842 226	1 842 226	-	100.0%	1 544 341	1 544 341
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
Total	3 417 212	-	35 703	3 452 915	3 452 915	-	100.0%	2 914 090	2 914 090



APPROPRIATION STATEMENT (continued)

Detail per programme 1 - Administration (continued)

for the year ended 31 March 2011

Program 1 Per Economic classification	Appropriation per economic classification									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2009/10
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments										
Compensation of employees	1 211 058	-	(76 707)	1 134 351	1 134 351	-	100.0%	950 001	950 001	
Goods and services	2 148 269	-	89 012	2 237 281	2 237 281	-	100.0%	1 878 422	1 878 422	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	13 207	-	1 201	14 408	14 408	-	100.0%	9 938	9 938	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-	
Non-profit institutions	4 827	-	-	4 827	4 827	-	100.0%	4 002	4 002	
Households	20 875	-	(6 940)	13 935	13 935	-	100.0%	25 258	25 258	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	18 962	-	30	30	30	-	100.0%	-	-	
Machinery & equipment	-	-	10 110	29 072	29 072	-	100.0%	35 861	35 861	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	-	-	30	30	30	-	100.0%	-	-	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	14	-	6	20	20	-	100.0%	22	22	
Payment for financial assets										
Total	3 417 212	-	35 703	3 452 915	3 452 915	-	100.0%	2 914 090	2 914 090	2 914 090

APPROPRIATION STATEMENT

Detail per programme 2 - Landward Defence

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.1 Strategic Direction									
Current payment	369 688	-	19 619	389 307	389 307	-	100.0%	335 750	335 750
Transfers and subsidies	2 946	-	1 426	4 372	4 372	-	100.0%	4 984	4 984
Payment for capital assets	784	-	131 603	132 387	132 387	-	100.0%	9 273	9 273
Payment for financial assets	-	-	14	14	14	-	100.0%	8	8
2.2 Infantry Capability									
Current payment	2 988 138	-	59 315	3 047 453	3 047 453	-	100.0%	2 225 595	2 225 595
Transfers and subsidies	330 300	-	7 132	337 432	337 432	-	100.0%	843 881	843 881
Payment for capital assets	2 175	-	3 317	5 492	5 492	-	100.0%	6 389	6 389
Payment for financial assets	-	-	1 949	1 949	1 949	-	100.0%	1 042	1 042
2.3 Armour Capability									
Current payment	288 995	-	4 052	293 047	293 047	-	100.0%	209 690	209 690
Transfers and subsidies	5 160	-	(2 208)	2 952	2 952	-	100.0%	29 652	29 652
Payment for capital assets	464	-	162	626	626	-	100.0%	968	968
Payment for financial assets	-	-	218	218	218	-	100.0%	117	117
2.4 Artillery Capability									
Current payment	291 986	-	11 661	303 647	303 647	-	100.0%	219 623	219 623
Transfers and subsidies	12 325	-	769	13 094	13 094	-	100.0%	106 934	106 934
Payment for capital assets	791	-	(626)	165	165	-	100.0%	1 444	1 444
Payment for financial assets	-	-	696	696	696	-	100.0%	372	372
2.5 Air Defence Artillery Capability									
Current payment	5 494	-	204 811	210 305	210 305	-	100.0%	155 221	155 221
Transfers and subsidies	1 820	-	(466)	1 354	1 354	-	100.0%	232 921	232 921
Payment for capital assets	652	-	(256)	396	396	-	100.0%	490	490
Payment for financial assets	-	-	54	54	54	-	100.0%	28	28



Department of Defence and Military Veterans - Vote 21

APPROPRIATION STATEMENT Detail per programme 2 - Landward Defence (continued) for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
2.6 Engineering Capability									
Current payment	506 001	-	(19 760)	486 241	486 241	-	100.0%	352 934	352 934
Transfers and subsidies	2 377	-	(495)	1 882	1 882	-	100.0%	2 282	2 282
Payment for capital assets	1 620	-	(440)	1 180	1 180	-	100.0%	1 325	1 325
Payment for financial assets	-	-	97	97	97	-	100.0%	52	52
2.7 Operational Intelligence									
Current payment	200 216	-	(45 387)	154 829	154 829	-	100.0%	112 516	112 516
Transfers and subsidies	75 699	-	(1 123)	74 576	74 576	-	100.0%	151 960	151 960
Payment for capital assets	308	-	(134)	174	174	-	100.0%	263	263
Payment for financial assets	-	-	11	11	11	-	100.0%	6	6
2.8 Support Capability									
Current payment	2 561 831	-	(160 932)	2 400 899	2 400 899	-	100.0%	2 017 817	2 017 817
Transfers and subsidies	52 555	-	1 104	53 659	53 659	-	100.0%	944 751	944 751
Payment for capital assets	24 838	-	52 597	77 435	77 435	-	100.0%	58 566	58 566
Payment for financial assets	-	-	948	948	948	-	100.0%	507	507
2.9 General Training Capability									
Current payment	369 900	-	(20 289)	349 611	349 611	-	100.0%	261 525	261 525
Transfers and subsidies	2 973	-	(1 576)	1 397	1 397	-	100.0%	1 927	1 927
Payment for capital assets	4 162	-	(259)	3 903	3 903	-	100.0%	6 010	6 010
Payment for financial assets	-	-	293	293	293	-	100.0%	156	156
2.10 Command And Control Capability									
Current payment	127 798	-	150	127 948	127 948	-	100.0%	95 748	95 748
Transfers and subsidies	3 456	-	(890)	2 566	2 566	-	100.0%	3 104	3 104
Payment for capital assets	100	-	198	298	298	-	100.0%	741	741
Payment for financial assets	-	-	1	1	1	-	100.0%	-	-

APPROPRIATION STATEMENT

Detail per programme 2 - Landward Defence (continued)

for the year ended 31 March 2011

Details per Sub-Programme	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.11 Signal Capability									
Current payment	750 735	-	54 034	804 769	804 769	-	100.0%	620 248	620 248
Transfers and subsidies	4 969	-	(1 640)	3 329	3 329	-	100.0%	3 731	3 731
Payment for capital assets	18 310	-	(13 783)	4 527	4 527	-	100.0%	21 656	21 656
Payment for financial assets	-	-	35	35	35	-	100.0%	19	19
Total	9 009 566	-	286 002	9 295 568	9 295 568	-	100.0%	9 042 226	9 042 226

APPROPRIATION STATEMENT

Detail per programme 2 - Landward Defence (continued)

for the year ended 31 March 2011

Program 2 Per Economic classification	Appropriation per economic classification									
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000	2009/10
Current payments										
Compensation of employees	6 798 803	-	492 235	7 291 038	7 291 038	-	100.0%	5 331 579	5 331 579	
Goods and services	1 661 979	-	(384 961)	1 277 018	1 277 018	-	100.0%	1 275 088	1 275 088	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	414 362	-	-	414 362	414 362	-	100.0%	2 286 916	2 286 916	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	39 000	-	-	39 000	39 000	-	100.0%	-	-	
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-	
Households	41 218	-	2 033	43 251	43 251	-	100.0%	39 211	39 211	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	67	-	91	158	158	-	100.0%	116	116	
Machinery & equipment	54 040	-	171 590	225 630	225 630	-	100.0%	107 009	107 009	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	51	-	744	795	795	-	100.0%	-	-	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	46	-	(46)	-	-	-	0.0%	-	-	
Payment for financial assets										
Total	9 009 566	-	286 002	9 295 568	9 295 568	-	100.0%	9 042 226	9 042 226	2 307
										9 042 226

APPROPRIATION STATEMENT

Detail per programme 3 - Air Defence

for the year ended 31 March 2011

Details per Sub-Programme	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 Strategic Direction									
Current payment	16 987	-	(660)	16 327	16 327	-	100.0%	13 057	13 057
Transfers and subsidies	114	-	93	207	207	-	100.0%	-	-
Payment for capital assets	253	-	(110)	143	143	-	100.0%	668	668
Payment for financial assets	-	-	960	960	960	-	100.0%	95	95
3.2 Operational Direction									
Current payment	99 759	-	29 426	129 185	129 185	-	100.0%	139 994	139 994
Transfers and subsidies	2 090	-	-	2 090	2 090	-	100.0%	-	-
Payment for capital assets	665	-	(591)	74	74	-	100.0%	1 281	1 281
Payment for financial assets	-	-	150	150	150	-	100.0%	15	15
3.3 Helicopter Capability									
Current payment	660 602	-	(130 453)	530 149	530 149	-	100.0%	487 846	487 846
Transfers and subsidies	271 981	-	(22 829)	249 152	249 152	-	100.0%	236 583	236 583
Payment for capital assets	1 845	-	(783)	1 062	1 062	-	100.0%	2 705	2 705
Payment for financial assets	-	-	20	20	20	-	100.0%	2	2
3.4 Transport And Maritime Capability									
Current payment	280 171	-	80 957	361 128	361 128	-	100.0%	336 404	336 404
Transfers and subsidies	260 329	-	(49)	260 280	260 280	-	100.0%	2,378 965	2,378 965
Payment for capital assets	7 266	-	(4 550)	2 716	2 716	-	100.0%	2 715	2 715
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
3.5 Air Combat Capability									
Current payment	260 145	-	(20 543)	239 602	239 602	-	100.0%	182 832	182 832
Transfers and subsidies	520 407	-	24	520 431	520 431	-	100.0%	2,346 454	2,346 454
Payment for capital assets	4 863	-	(1 903)	2 960	2 960	-	100.0%	6 682	6 682
Payment for financial assets	-	-	17	17	17	-	100.0%	2	2

APPROPRIATION STATEMENT (continued)

Detail per programme 3 - Air Defence (continued)

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
3.6 Operational Support And Intelligence Capability									
Current payment	190 640	-	11 971	202 611	202 611	-	100,0%	140 054	140 054
Transfers and subsidies	52 362	-	705	53 067	53 067	-	100,0%	62 348	62 348
Payment for capital assets	526	-	2 172	2 698	2 698	-	100,0%	2 188	2 188
Payment for financial assets	-	-	13	13	13	-	100,0%	1	1
3.7 Command And Control Capability									
Current payment	199 004	-	20 405	219 409	219 409	-	100,0%	183 979	183 979
Transfers and subsidies	77 622	-	1	77 623	77 623	-	100,0%	38 008	38 008
Payment for capital assets	782	-	7 755	8 537	8 537	-	100,0%	1 910	1 910
Payment for financial assets	-	-	118	118	118	-	100,0%	12	12
3.8 Base Support Capability									
Current payment	1 308 980	-	34 161	1 343 141	1 343 141	-	100,0%	1 097 729	1 097 729
Transfers and subsidies	12 307	-	(1 557)	10 750	10 750	-	100,0%	9 335	9 335
Payment for capital assets	2 125	-	13 680	15 805	15 805	-	100,0%	9 714	9 714
Payment for financial assets	-	-	270	270	270	-	100,0%	27	27
3.9 Command Post									
Current payment	44 973	-	4 343	49 316	49 316	-	100,0%	31 626	31 626
Transfers and subsidies	56	-	626	682	682	-	100,0%	1 809	1 809
Payment for capital assets	316	-	(252)	64	64	-	100,0%	431	431
Payment for financial assets	-	-	-	-	-	-	0,0%	-	-

APPROPRIATION STATEMENT Detail per programme 3 - Air Defence (continued) for the year ended 31 March 2011

Details per Sub-Programme	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
3.10 Training Capability									
Current payment	375 940	-	(21 698)	354 242	354 242	-	100.0%	276 214	276 214
Transfers and subsidies	223 997	-	245	224 242	224 242	-	100.0%	106 785	106 785
Payment for capital assets	4 194	-	(2 668)	1 526	1 526	-	100.0%	839	839
Payment for financial assets	-	-	3 447	3 447	3 447	-	100.0%	342	342
3.11 Technical Support Services									
Current payment	651 341	-	(55 477)	595 864	595 864	-	100.0%	537 558	537 558
Transfers and subsidies	1 619	-	331	1 950	1 950	-	100.0%	1 897	1 897
Payment for capital assets	2 156	-	4 325	6 481	6 481	-	100.0%	4 613	4 613
Payment for financial assets	-	-	427	427	427	-	100.0%	42	42
Total	5 536 417	-	(47 481)	5 488 936	5 488 936	-	100.0%	8 643 761	8 643 761

APPROPRIATION STATEMENT

Detail per programme 3 - Air Defence (continued)

for the year ended 31 March 2011

Program 3 Per Economic classification	Appropriation per economic classification							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	2 416 946	-	(66 853)	2 350 093	2 350 093	-	100.0%	1 885 078	1 885 078
Goods and services	1 671 596	-	19 285	1 690 881	1 690 881	-	100.0%	1 542 215	1 542 215
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	1 407 358	-	(23 355)	1 384 003	1 384 003	-	100.0%	5 167 580	5 167 580
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	2 090	-	-	2 090	2 090	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	13 436	-	945	14 381	14 381	-	100.0%	14 604	14 604
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	-	-	37	37	37	-	100.0%	-	-
Machinery & equipment	20 437	-	18 879	39 316	39 316	-	100.0%	33 691	33 691
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	4 554	-	(1 941)	2 613	2 613	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	10	10
Software & other intangible assets	-	-	100	100	100	-	100.0%	45	45
Payment for financial assets									
Total	5 536 417	-	(47 481)	5 488 936	5 488 936	-	100.0%	8 643 761	8 643 761

APPROPRIATION STATEMENT Detail per programme 4 - Maritime Defence for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
4.1 Maritime Combat Capability									
Current payment	308 558	-	36 162	344 720	344 720	-	100.0%	244 384	244 384
Transfers and subsidies	213 557	-	(26 589)	186 968	186 968	-	100.0%	209 261	209 261
Payment for capital assets	233	-	1 633	1 866	1 866	-	100.0%	822	822
Payment for financial assets	-	-	19	19	19	-	100.0%	15	15
4.2 Maritime Logistic Support Capability									
Current payment	406 253	-	(16 197)	390 056	390 056	-	100.0%	326 318	326 318
Transfers and subsidies	178 299	-	6 394	184 693	184 693	-	100.0%	145 995	145 995
Payment for capital assets	2 269	-	8 664	10 933	10 933	-	100.0%	15 668	15 668
Payment for financial assets	-	-	13	13	13	-	100.0%	10	10
4.3 Maritime Training Capability									
Current payment	272 452	-	38 693	311 145	311 145	-	100.0%	244 167	244 167
Transfers and subsidies	-	-	438	438	438	-	100.0%	587	587
Payment for capital assets	972	-	143	1 115	1 115	-	100.0%	49	49
Payment for financial assets	-	-	119	119	119	-	100.0%	93	93
4.4 Base Support Capability									
Current payment	516 076	-	(24 534)	491 542	491 542	-	100.0%	423 777	423 777
Transfers and subsidies	-	-	2 659	2 659	2 659	-	100.0%	3 242	3 242
Payment for capital assets	41 836	-	(9 763)	32 073	32 073	-	100.0%	54 787	54 787
Payment for financial assets	-	-	254	254	254	-	100.0%	200	200
4.5 Maritime Direction									
Current payment	390 879	-	(16 289)	374 590	374 590	-	100.0%	313 710	313 710
Transfers and subsidies	23 009	-	(19 706)	3 303	3 303	-	100.0%	7 341	7 341
Payment for capital assets	3 908	-	9 062	12 970	12 970	-	100.0%	6 682	6 682
Payment for financial assets	-	-	440	440	440	-	100.0%	346	346
Total	2 358 301	-	(8 385)	2 349 916	2 349 916	-	100.0%	1 997 454	1 997 454



APPROPRIATION STATEMENT

Detail per programme 4 - Maritime Defence (continued)

for the year ended 31 March 2011

Program 4 Per Economic classification	Appropriation per economic classification									
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000	2009/10
Current payments										
Compensation of employees	1 309 929	-	68 351	1 378 280	1 378 280	-	100.0%	1,047 487	1 047 487	
Goods and services	584 289	-	(50 516)	533 773	533 773	-	100.0%	504 869	504 869	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	249 479	-	(26 645)	222 834	222 834	-	100.0%	249 499	249 499	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	142 377	-	6 000	148 377	148 377	-	100.0%	104 853	104 853	
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-	
Households	23 009	-	(16 159)	6 850	6 850	-	100.0%	12 074	12 074	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	29 856	-	(14 394)	15 462	15 462	-	100.0%	33 256	33 256	
Machinery & equipment	18 002	-	25 030	43 032	43 032	-	100.0%	44 752	44 752	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	1 160	-	(697)	463	463	-	100.0%	-	-	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	200	-	(200)	-	-	-	0.0%	-	-	
Payment for financial assets										
	-	-	845	845	845	-	100.0%	664	664	
Total	2 358 301	-	(8 385)	2 349 916	2 349 916	-	100.0%	1 997 454	1 997 454	

APPROPRIATION STATEMENT Detail per programme 5 - Military Health Support for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.1 Strategic Direction									
Current payment	185 383	-	5 632	191 015	191 015	-	100.0%	162 874	162 874
Transfers and subsidies	10 301	-	(6 313)	3 988	3 768	220	94.5%	3 372	3 312
Payment for capital assets	2 346	-	(770)	1 576	1 576	-	100.0%	2 839	2 839
Payment for financial assets	-	-	271	271	271	-	100.0%	2 984	2 984
5.2 Mobile Military Health Support									
Current payment	107 262	-	(19 893)	87 369	87 369	-	100.0%	72 081	72 081
Transfers and subsidies	23 575	-	(156)	23 419	23 419	-	100.0%	867	867
Payment for capital assets	2 453	-	(1 706)	747	747	-	100.0%	1 136	1 136
Payment for financial assets	-	-	1 242	1 242	1 242	-	100.0%	13 678	13 678
5.3 Area Military Health Service									
Current payment	980 021	-	(36 872)	943 149	943 149	-	100.0%	807 210	807 210
Transfers and subsidies	240	-	3 953	4 193	4 193	-	100.0%	1 927	1 927
Payment for capital assets	12 510	-	4 883	17 393	17 393	-	100.0%	13 564	13 564
Payment for financial assets	-	-	122	122	122	-	100.0%	1 342	1 342
5.4 Specialist/Tertiary Health Service									
Current payment	934 860	-	40 562	975 422	975 422	-	100.0%	828 918	828 918
Transfers and subsidies	170	-	4 105	4 275	4 275	-	100.0%	2 928	2 928
Payment for capital assets	27 756	-	29 787	57 543	57 543	-	100.0%	34 113	34 113
Payment for financial assets	-	-	986	986	986	-	100.0%	10 849	10 849

Department of Defence and Military Veterans - Vote 21

APPROPRIATION STATEMENT

Detail per programme 5 - Military Health Support (continued)

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
5.5 Product Support Capability									
Current payment	214 131	-	(47 293)	166 838	166 838	-	100.0%	147 019	147 019
Transfers and subsidies	93	-	569	662	662	-	100.0%	269	269
Payment for capital assets	1 500	-	(1 126)	374	374	-	100.0%	22 498	22 498
Payment for financial assets	-	-	-	-	-	-	0.0%	1	1
5.6 Base Support Capability									
Current payment	207 261	-	13 087	220 348	220 348	-	100.0%	183 845	183 845
Transfers and subsidies	812	-	450	1 262	1 262	-	100.0%	707	707
Payment for capital assets	190	-	97	287	287	-	100.0%	11 230	11 230
Payment for financial assets	-	-	70	70	70	-	100.0%	771	771
5.7 Military Health Training Capability									
Current payment	335 549	-	106 725	442 274	442 274	-	100.0%	252 810	252 810
Transfers and subsidies	565	-	187	752	752	-	100.0%	11	11
Payment for capital assets	2,591	-	2 162	4 753	4 753	-	100.0%	28 304	28 304
Payment for financial assets	-	-	4	4	4	-	100.0%	42	42
Total	3 049 569	-	100 765	3 150 334	3 150 114	220	100.0%	2 608 189	2 608 129

APPROPRIATION STATEMENT

Detail per programme 5 - Military Health Support (continued) for the year ended 31 March 2011

Program 5 Per Economic classification	Appropriation per economic classification									
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000	2009/10
Current payments										
Compensation of employees	2 081 579	-	(1 954)	2 079 625	2 079 625	-	100.0%	1 666 774	1 666 774	
Goods and services	882 888	-	63 902	946 790	946 790	-	100.0%	787 983	787 983	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	24 700	-	-	24 700	24 700	-	100.0%	1 771	1 771	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-	
Non-profit institutions	580	-	-	580	360	220	62.1%	400	340	
Households	10 476	-	2 795	13 271	13 271	-	100.0%	7 910	7 910	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	101	-	825	926	926	-	100.0%	19 980	19 980	
Machinery & equipment	48 534	-	33 142	81 676	81 676	-	100.0%	93 631	93 631	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	554	-	(554)	-	-	-	0.0%	-	-	
Biological assets	100	-	(29)	71	71	-	100.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	57	-	(57)	-	-	-	0.0%	73	73	
Payment for financial assets										
	-	-	2 695	2 695	2 695	-	100.0%	29 667	29 667	
Total	3 049 569	-	100 765	3 150 334	3 150 114	220	100.0%	2 608 189	2 608 129	

APPROPRIATION STATEMENT

Detail per programme 6 - Defence Intelligence

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
6.1 Defence Intelligence Strategic Direction									
Current payment	1 488	-	(1 332)	156	156	-	100.0%	1 360	1 360
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
6.2 Operations									
Current payment	1 137	-	(655)	482	482	-	100.0%	809	809
Transfers and subsidies	396 779	-	-	396 779	396 779	-	100.0%	391 540	391 540
Payment for capital assets	200	-	101	301	301	-	100.0%	157	157
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
6.3 Defence Intelligence Support Services									
Current payment	249 481	-	(27 760)	221 721	221 721	-	100.0%	190 370	190 370
Transfers and subsidies	4 281	-	3 567	7 848	7 848	-	100.0%	7 963	7 963
Payment for capital assets	3 247	-	3 314	6 561	6 561	-	100.0%	2 505	2 505
Payment for financial assets	-	-	5	5	5	-	100.0%	-	-
Total	656 613	-	(22 760)	633 853	633 853	-	100.0%	594 704	594 704

APPROPRIATION STATEMENT Detail per programme 6 - Defence Intelligence (continued) for the year ended 31 March 2011

Program 6 Per Economic classification	Appropriation per economic classification									
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000	2009/10
Current payments										
Compensation of employees	229 928	-	(24 626)	205 302	205 302	-	100.0%	173 342	173 342	
Goods and services	22 178	-	(5 121)	17 057	17 057	-	100.0%	19 197	19 197	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	396 779	-	-	396 779	396 779	-	100.0%	391 540	391 540	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-	
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-	
Households	4 281	-	3 567	7 848	7 848	-	100.0%	7 963	7 963	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-	
Machinery & equipment	3 447	-	3 415	6 862	6 862	-	100.0%	2 662	2 662	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	-	-	-	-	-	-	0.0%	-	-	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-	
Payment for financial assets										
	-	-	5	5	5	-	100.0%	-	-	
Total	656 613	-	(22 760)	633 853	633 853	-	100.0%	594 704	594 704	594 704

APPROPRIATION STATEMENT

Detail per programme 7 - General Support

for the year ended 31 March 2011

Details per Sub-Programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
7.1 Joint Logistic Services									
Current payment	1 405 378	-	(253 182)	1 152 196	1 152 196	-	100.0%	960 407	960 407
Transfers and subsidies	7 951	-	3 556	11 507	11 507	-	100.0%	7 542	7 542
Payment for capital assets	469 389	-	(154 999)	314 390	314 390	-	100.0%	631 727	631 727
Payment for financial assets	-	-	280	280	280	-	100.0%	261	261
7.2 Command And Management Information Services									
Current payment	767 794	-	(82 838)	684 956	684 956	-	100.0%	671 756	671 756
Transfers and subsidies	82 354	-	(62)	82 292	82 292	-	100.0%	107 360	107 360
Payment for capital assets	10 596	-	4 816	15 412	15 412	-	100.0%	50 942	50 942
Payment for financial assets	-	-	4	4	4	-	100.0%	4	4
7.3 Military Police									
Current payment	398 961	-	2 257	401 218	401 218	-	100.0%	318 445	318 445
Transfers and subsidies	550	-	1 421	1 971	1 971	-	100.0%	1 911	1 911
Payment for capital assets	7 717	-	1 088	8 805	8 805	-	100.0%	24 483	24 483
Payment for financial assets	-	-	16	16	16	-	100.0%	15	15
7.4 Technology Development									
Current payment	16	-	(12)	4	4	-	100.0%	65	65
Transfers and subsidies	357 752	-	-	357 752	357 752	-	100.0%	258 193	258 193
Payment for capital assets	-	-	-	-	-	-	0.0%	14	14
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-

APPROPRIATION STATEMENT Detail per programme 7 - General Support (continued) for the year ended 31 March 2011

Details per Sub-Programme	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
7.5 Departmental Support									
Current payment	72 260	-	21 836	94 096	94 096	-	100.0%	88 610	88 610
Transfers and subsidies	544 068	-	-	544 068	544 068	-	100.0%	498 755	498 755
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	134 310	134 310	134 310	-	100.0%	5 517	5 517
7.6 British Peace Support And Training Team									
Current payment	7 931	-	(5 596)	2 335	2 335	-	100.0%	11 336	11 336
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
Total	4 132 717	-	(327 105)	3 805 612	3 805 612	-	100.0%	3 637 343	3 637 343



APPROPRIATION STATEMENT

Detail per programme 7 - General Support (continued)

for the year ended 31 March 2011

Program 7 Per Economic classification	Appropriation per economic classification							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	967 932	-	5 868	973 800	973 800	-	100.0%	769 994	769 994
Goods and services	1 684 408	-	(323 403)	1 361 005	1 361 005	-	100.0%	1 280 625	1 280 625
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	438 288	-	-	438 288	438 288	-	100.0%	365 073	365 073
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	544 068	-	-	544 068	544 068	-	100.0%	498 755	498 755
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	10 319	-	4 915	15 234	15 234	-	100.0%	9 933	9 933
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	440 026	-	(211 001)	229 025	229 025	-	100.0%	544 267	544 267
Machinery & equipment	36 792	-	13 431	50 223	50 223	-	100.0%	162 899	162 899
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	10 884	-	48 463	59 347	59 347	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	12	12	12	-	100.0%	-	-
Payment for financial assets									
	-	-	134 610	134 610	134 610	-	100.0%	5 797	5 797
Total	4 132 717	-	(327 105)	3 805 612	3 805 612	-	100.0%	3 637 343	3 637 343

APPROPRIATION STATEMENT Detail per programme 8 - Force Employment for the year ended 31 March 2011

Details per Sub-Programme	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
8.1 Strategic Direction									
Current payment	84 380	-	(10 757)	73 623	73 623	-	100.0%	54 181	54 181
Transfers and subsidies	5 622	-	(2 991)	2 631	2 631	-	100.0%	5 848	5 848
Payment for capital assets	1 764	-	392	2 156	2 156	-	100.0%	1 085	1 085
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
8.2 Operational Direction									
Current payment	236 772	-	(14 238)	222 534	222 534	-	100.0%	162 871	162 871
Transfers and subsidies	4 733	-	(3 551)	1 182	1 182	-	100.0%	1 855	1 855
Payment for capital assets	7 369	-	(3 029)	4 340	4 340	-	100.0%	4 955	4 955
Payment for financial assets	-	-	20	20	20	-	100.0%	-	-
8.3 Special Operation									
Current payment	376 859	-	(19 607)	357 252	357 252	-	100.0%	278 607	278 607
Transfers and subsidies	97 889	-	339	98 228	98 228	-	100.0%	125 369	125 369
Payment for capital assets	14 042	-	10 701	24 743	24 743	-	100.0%	13 242	13 242
Payment for financial assets	-	-	117	117	117	-	100.0%	-	-
8.4 Regional Security									
Current payment	1 025 516	-	(132 903)	892 613	892 613	-	100.0%	981 727	980 778
Transfers and subsidies	33 135	-	-	33 135	33 135	-	100.0%	33 136	33 136
Payment for capital assets	35 473	-	(1 622)	33 851	33 851	-	100.0%	29 140	29 140
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-

APPROPRIATION STATEMENT

Detail per programme 8 - Force Employment (continued)

for the year ended 31 March 2011

Details per Sub-Programme	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
8.5 Support To The People	339 621	-	115 518	455 139	455 139	-	100.0%	143 172	143 172
Current payment	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	47 245	47 245	47 245	-	100.0%	8 410	8 410
Payment for capital assets	-	-	8	8	8	-	100.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
8.6 Defence Capability Management	10 995	-	(649)	10 346	10 346	-	100.0%	42 648	42 648
Current payment	3 975	-	-	3 975	3 975	-	100.0%	-	-
Transfers and subsidies	4 051	-	(1 732)	2 319	2 319	-	100.0%	1 243	1 243
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	2 282 196	-	(16 739)	2 265 457	2 265 457	-	100.0%	1 887 489	1 886 540

APPROPRIATION STATEMENT Detail per programme 8 - Force Employment (continued) for the year ended 31 March 2011

Program 8 Per Economic classification	Appropriation per economic classification							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	1 195 921	-	(11 312)	1 184 609	1 184 609	-	100.0%	881 324	881 324
Goods and services	878 222	-	(51 324)	826 898	826 898	-	100.0%	781 882	780 933
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	129 354	-	-	129 354	129 354	-	100.0%	156 811	156 811
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	3 975	-	-	3 975	3 975	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	12 025	-	(6 203)	5 822	5 822	-	100.0%	9 397	9 397
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	12 574	-	(7 009)	5 565	5 565	-	100.0%	1 475	1 475
Machinery & equipment	47 772	-	57 805	105 577	105 577	-	100.0%	56 600	56 600
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	2 353	-	1 159	3 512	3 512	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets									
	-	-	145	145	145	-	100.0%	-	-
Total	2 282 196	-	(16 739)	2 265 457	2 265 457	-	100.0%	1 887 489	1 886 540

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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2011**

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 6 to Transfers and subsidies and Annexure 1 (A-E) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities:

Detail of these transactions per programme can be viewed in note 5 to Financial transactions in assets and liabilities to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:

Per programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Military Health Support	3 150 334	3 150 114	220	0.01%

The variance of R220 000 under spending is on Transfers Payments to the Regular Force Medical Continuation Fund that did not occur and have to be surrendered.

4.2 Per economic classification:

Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Transfers and subsidies				
Non-profit institutions	5 407	5 187	220	4.07%

The variance of R220 000 under spending is on Transfers Payments to the Regular Force Medical Continuation Fund that did not occur and have to be surrendered.

4.3 Restatement of prior year figures:

Prior year figures have been restated because of additional sub-programmes in the current year.

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**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2011**

REVENUE	Note	2010/11 R'000	2009/10 R'000
Annual appropriation	1	30 442 591	31 325 256
Departmental revenue	2	689 688	699 949
TOTAL REVENUE		31 132 279	32 025 205
EXPENDITURE			
Current expenditure			
Compensation of employees	3	16 597 098	12 705 579
Goods and services	4	8 890 703	8 069 332
Total current expenditure		25 487 801	20 774 911
Transfers and subsidies	6	3 888 017	9 363 427
Expenditure for capital assets			
Tangible capital assets	7	899 422	1 136 210
Software and other intangible assets	7	132	140
Total expenditure for capital assets		899 554	1 136 350
Payments for financial assets	5	166 999	49 559
TOTAL EXPENDITURE		30 442 371	31 324 247
NET SURPLUS FOR THE YEAR		689 908	700,958
Reconciliation of Net Surplus for the year			
Voted Funds	15	220	1 009
Departmental revenue	16	689 688	699 949
NET SURPLUS FOR THE YEAR		689 908	700 958

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STATEMENT OF FINANCIAL POSITION
as at 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
ASSETS			
Current assets		740 829	915 549
Unauthorised expenditure	8	60 918	60 918
Fruitless and wasteful expenditure	9	29	927
Cash and cash equivalents	10	58 607	70 951
Prepayments and advances	11	74 964	92 237
Receivables	12	533 949	678 154
Loans	14	12 362	12 362
Non-current assets		75 000	75 000
Investments	13	75 000	75 000
TOTAL ASSETS		815 829	990 549
LIABILITIES			
Current liabilities		598 913	784 145
Voted funds to be surrendered to the Revenue Fund	15	220	1 009
Departmental revenue to be surrendered to the Revenue Fund	16	4 139	2 371
Bank overdraft	17	538 000	737 695
Payables	18	56 554	43 070
TOTAL LIABILITIES		598 913	784 145
NET ASSETS		216 916	206 404
Represented by:			
Capitalisation Reserves		75 000	75 000
Recoverable revenue		141 916	131 404
TOTAL		216 916	206 404

**Department of Defence and Military Veterans
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**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2011**

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Capitalisation Reserves			
Opening balance		75 000	75 000
Other movements		-	-
Closing balance		<u>75 000</u>	<u>75 000</u>
Recoverable revenue			
Opening balance		131 404	162 016
Transfers		10 512	(30 612)
Irrecoverable amounts written off	5.4	(3 326)	(5 245)
Debts revised		(5 975)	(52 725)
Debts recovered (included in departmental receipts)		(27 135)	(25 295)
Debts raised		46 948	52 653
Closing balance		<u>141 916</u>	<u>131 404</u>
TOTAL		<u>216 916</u>	<u>206 404</u>

Department of Defence and Military Veterans
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CASH FLOW STATEMENT
for the year ended 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		31 109 211	32 005 724
Annual appropriated funds received	1	30 442 591	31 325 256
Departmental revenue received	2	666 620	680 468
Net decrease/(increase) in working capital		175 860	(22 777)
Surrendered to Revenue Fund		(688 929)	(803 273)
Current payments		(25 487 801)	(20 774 911)
Payments for financial assets		(166 999)	(49 559)
Transfers and subsidies paid		(3 888 017)	(9 363 427)
Net cash flows available from operating activities	19	1 053 325	991 777
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(899 554)	(1 136 350)
Proceeds from sale of capital assets		23 068	19 481
Net cash flows from investing activities		(876 486)	(1 116 869)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		10 512	(30 612)
Net cash flows from financing activities		10 512	(30 612)
Net increase/(decrease) in cash and cash equivalents		187 351	(155 704)
Cash and cash equivalents at beginning of period		(666 744)	(511 040)
Cash and cash equivalents at end of period	20	(479 393)	(666 744)

**Department of Defence and Military Veterans
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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

1. Annual Appropriation
1.1 Annual Appropriation

Programmes	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation Received 2009/10
	R'000	R'000	R'000	R'000
Administration	3 452 915	3 452 915	-	2 914 090
Force Employment	2 265 457	2 265 457	-	1 887 489
Landward Defence	9 295 568	9 295 568	-	9 042 226
Air Defence	5 488 936	5 488 936	-	8 643 761
Maritime Defence	2 349 916	2 349 916	-	1 997 454
Military Health Support	3 150 334	3 150 334	-	2 608 189
Defence Intelligence	633 853	633 853	-	594 704
General Support	3 805 612	3 805 612	-	3 637 343
Total	30 442 591	30 442 591	-	31 325 256

2. Departmental Revenue

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets	2.1	263 989	209 606
Fines, penalties and forfeits	2.2	4 459	3 724
Interest, dividends and rent on land	2.3	2 628	2 750
Sales of capital assets	2.4	23 068	19 481
Transactions in financial assets in liabilities	2.5	144 777	236 097
Transfer received	2.6	250 767	228 291
Departmental revenue collected		689 688	699 949

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	255 338	194 410
Administrative fees	15	53
Other sales	255 323	194 357
Sales of scrap, waste and other used current goods	8 651	15 196
Total	263 989	209 606

2.2 Fines, penalties and forfeits

Fines	4 459	3 724
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2.3 Interest, dividends and rent on land

Interest	2 628	2 750
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2.4 Sales of capital assets

Tangible assets		23 068	19 481
Machinery and equipment	32.2	140	19 481
Specialised military assets	32.2	22 928	-

2.5 Transactions in financial assets and liabilities

Other Receipts including Recoverable Revenue	144 777	236 097
Total	144 777	236 097

Department of Defence and Military Veterans
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Notes to the Annual Financial Statements
for the year ended 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
2.6 Transfers received			
Foreign governments		250 767	228 291
Total		250 767	228 291
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		10 483 192	8 136 264
Performance award		111 480	112 579
Service Based		48 598	40 176
Compensative/circumstantial		1 825 212	998 935
Other non-pensionable allowances		2 371 257	2 012 693
Total		14 839 739	11 300 647
3.2 Social contributions			
3.2.1 Employer contributions			
Pension		1 669 043	1 331 782
Medical		87 650	72 778
Bargaining council		666	372
Total		1 757 359	1 404 932
Total compensation of employees		16 597 098	12 705 579
Average number of employees		77 125	74 560
4. Goods and services			
Administrative fees		10 318	9 668
Advertising		5 553	7 186
Assets less than R5 000	4.1	108 647	126 736
Catering		38 016	39 235
Communication		88 873	107 906
Computer services	4.2	856 280	841 358
Consultants, contractors and agency/outsourced services	4.3	3 940 203	3 517 891
Entertainment		9 170	6 997
Audit cost – external	4.4	49 972	46 442
Inventory	4.5	1 787 881	1 591 843
Operating leases		259 120	222 160
Owned and leasehold property expenditure	4.6	580 930	485 521
Travel and subsistence	4.7	728 501	703 034
Venues and facilities		9 972	14 897
Training and staff development		118 977	110 696
Other operating expenditure	4.8	298 290	237 762
Total		8 890 703	8 069 332

**Department of Defence and Military Veterans
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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

	Note	2010/11 R'000	2009/10 R'000
4.1 Assets less than R5 000	4		
Tangible assets		108 647	126 736
Biological assets		-	43
Machinery and equipment		101 115	121 334
Specialised military assets		7 532	5 359
Intangible assets		-	-
Total		108 647	126 736
4.2 Computer services	4		
SITA computer services		832 677	815 999
External computer service providers		23 603	25 359
Total		856 280	841 358
4.3 Consultants, contractors and agency/outsourced services	4		
Business and advisory services		288 098	311 613
Infrastructure and planning		2 231	10 577
Laboratory services		20 436	11 698
Legal costs		1 568	635
Contractors		3 263 031	2 834 305
Agency and support/outsourced services		364 839	349 063
Total		3 940 203	3 517 891
4.4 Audit cost – external	4		
Regularity audits		41 968	41 227
Performance audits		1 958	415
Other audits		6 046	4 800
Total		49 972	46 442
4.5 Inventory	4		
Food and food supplies		708 875	697 727
Fuel, oil and gas		405 662	312 415
Other consumable materials		166 715	135 503
Maintenance material		122 365	123 545
Stationery and printing		68 762	74 168
Medical supplies		99 388	74 483
Medicine		152 825	143 334
Military stores		63 289	30 668
Total		1 787 881	1 591 843
4.6 Property payments	4		
Municipal services		544 560	451 060
Other		36 370	34 461
Total		580 930	485 521

**Department of Defence and Military Veterans
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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

	Note	2010/11 R'000	2009/10 R'000
4.7 Travel and subsistence	4		
Local		516 724	460 351
Foreign		211 777	242 683
Total		728 501	703 034
4.8 Other operating expenditure	4		
Professional bodies, membership and subscription fees		1 525	1 911
Resettlement costs		42 190	41 677
Other		254 575	194 174
Total		298 290	237 762
5. Payments for financial assets			
Other material losses written off	5.1	158 873	42 409
Debts written off	5.2	2 199	1 389
Forex losses	5.3	5 927	5 761
Total		166 999	49 559
5.1 Other material losses written off			
Nature of losses			
Settlement		4 811	29 361
Legal fees State Attorney		-	74
Motor vehicle losses		1 714	1 765
Other claims against the state		442	724
Legal opinions		4 068	421
Legal fees		18 540	9 458
Interest claims		29	592
Fruitless and wasteful expenditure		880	7
Spectacle losses		3	7
Unauthorised expenditure written off		128 386	-
Total		158 873	42 409
5.2 Debts written off			
Nature of debts written off			
Debt transfer		6	-
Salary related		1 375	1 015
Medical		2	-
State guarantees		71	104
Estates		78	143
Treatment of private patients		1	2
Loss of state property		-	1
Loss of state funds		666	119
Humanitarian		-	5
Total		2 199	1 389

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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

	<i>Note</i>	2010/11 R'000	2009/10 R'000
5.3	Forex losses		
	Nature of loss		
	Foreign exchange losses on operations	<u>5 927</u>	<u>5 761</u>
5.4	Recoverable revenue written off		
	Nature of losses		
	Salary related	8	24
	Contractual Liabilities	1 848	3 748
	State guarantees	70	90
	Estates	62	103
	Motor vehicle accidents	1 179	575
	Loss of state property	36	458
	Sales per tender	35	-
	Treatment of state patients	20	165
	Operations/Marketing Support	54	-
	Private institutions and Other	14	82
	Total	<u>3 326</u>	<u>5 245</u>
	<i>Stat Chg in NA</i>		
5.5	Assets written off		
	Nature of write-off		
	Transport assets	13 209	-
	Computer equipment	52	-
	Other machinery and equipment	442	-
	Specialised military assets	617	-
	Total	<u>14 320</u>	<u>-</u>
6.	Transfers and subsidies		
	Departmental agencies and accounts	<i>Annex 1A</i> 3 024 728	8 629 128
	Public corporations and private enterprises	<i>Annex 1B</i> 737 510	603 608
	Non-profit institutions	<i>Annex 1C</i> 5 187	4 342
	Households	<i>Annex 1D</i> 120 592	126 349
	Gifts, donations and sponsorships made	<i>Annex 1G</i> -	-
	Total	<u>3 888 017</u>	<u>9 363 427</u>
7.	Expenditure for capital assets		
	Tangible assets	899 422	1 136 210
	Buildings and other fixed structures	7.1 251 203	599 093
	Machinery and equipment	7.1 581 388	454 015
	Specialised military assets	7.1 66 760	83 092
	Biological assets	7.1 71	10
	Software and other intangible assets	132	140
	Computer software	7.1 132	140
	Total	<u>899 554</u>	<u>1 136 350</u>

**Department of Defence and Military Veterans
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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

7.1 Analysis of funds utilised to acquire capital assets - 2010/11

	Voted Funds R'000	Aid Assistance R'000	TOTAL R'000
Tangible assets	899 422	-	899 422
Buildings and other fixed structures	251 203	-	251 203
Machinery and equipment	581 388	-	581 388
Specialised military assets	66 760	-	66 760
Biological Assets	71	-	71
Software and other intangible assets	132	-	132
Computer software	132	-	132
Total	899 554	-	899 554

7.2 Analysis of funds utilised to acquire capital assets - 2009/10

	Voted Funds R'000	Aid Assistance R'000	TOTAL R'000
Tangible assets	1 136 210	-	1 136 210
Buildings and other fixed structures	599 093	-	599 093
Machinery and equipment	454 015	-	454 015
Specialised military assets	83 092	-	83 092
Biological Assets	10	-	10
Software and other intangible assets	140	-	140
Computer software	140	-	140
Total	1 136 350	-	1 136 350

<i>Note</i>	2010/11	2009/10
	R'000	R'000

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

Opening balance	60 918	60 918
Amounts approved by Parliament	-	-
Transfer to receivables for recovery (not approved)	-	-
Unauthorised expenditure awaiting authorisation/written off	60 918	60 918

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

Current	60 918	60 918
Total	60 918	60 918

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	60 918	60 918
Total	60 918	60 918

The prior year figures were restated with an amount of R40 292 420 which was previously classified within receivables.

**Department of Defence and Military Veterans
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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

	<i>Note</i>	2010/11 R'000	2009/10 R'000			
9. Fruitless and wasteful expenditure						
9.1 Reconciliation of fruitless and wasteful expenditure						
Opening balance		927	931			
Less: Amounts condoned		(897)	(4)			
Current		(897)	(4)			
Capital		-	-			
Transfers and subsidies		-	-			
Less: Amounts transferred to receivables for recovery		(1)	-			
Fruitless and wasteful expenditure awaiting condonement		29	927			
9.2 Analysis of awaiting condonement per economic classification						
Current		29	927			
Total		29	927			
10. Cash and cash equivalents						
Cash on hand		39 511	48 285			
Cash with commercial banks		19 096	22 666			
Total		58 607	70 951			
<p>In the 2009/10 financial year, an amount R10 635 773,26 was reclassified from cash on hand to staff debtors (salary related). An amount of R3 001 420,95 was also reclassified from cash on hand to current payables.</p>						
11. Prepayments and advances						
Travel and subsistence		74 964	92 237			
Total		74 964	92 237			
12. Receivables						
		Less than one year R'000	One to three years R'000	Older than three years R'000	2010/11 Total R'000	2009/10 Total R'000
Claims recoverable	<i>12.1 & Annex 4</i>	3 423	1 370	2 238	7 031	9 383
Staff debt	<i>12.2</i>	49 095	10 136	7 921	67 152	91 192
Other debtors	<i>12.3</i>	30 217	25 670	403 879	459 766	577 579
Total		82 735	37 176	414 038	533 949	678 154
12.1 Claims recoverable						
National departments					7 031	9 383
Total					7 031	9 383

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Notes to the Annual Financial Statements
for the year ended 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
12.2 Staff debtors			
Description			
Salary related		45 027	69 117
Students		10 167	9 191
Motor vehicle accidents		4 582	4 232
Deposits		5 035	6 184
State guarantees		1 356	1 401
Loss of state money		763	844
Damage to state property		85	75
Private patients		137	148
Total		67 152	91 192

In the 2009/10 financial year, an amount of R10 635 773,26 was reclassified from cash on hand to staff debtors (salary related).

12.3 Other debtors			
Unauthorised expenditure not approved by Parliament and to be written off		299 029	427 411
Operations		61 631	44 993
Contractual liabilities		60 221	58 583
Aviation services		4 591	7 653
Suppliers		1 517	2 140
Motor vehicle accidents		4 437	4 143
Estates		829	776
State guarantees		395	586
Medical claims		1 980	2 648
Private patients		229	213
Market support		636	2 833
Humanitarian aid		-	47
Institutions		16	62
Damage to state property		28	30
Miscellaneous		344	42
Loss of state money		13 828	13 734
Fruitless and wasteful expenditure		128	360
State departments		-	29
Salary overpayments		9 927	11 261
Sales per tender		-	35
Total		459 766	577 579

**Department of Defence and Military Veterans
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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

	<i>Note</i>	2010/11 R'000	2009/10 R'000
13. Investments			
Non-Current Shares and other equity			
Armcor		75 000	75 000
Total		<u>75 000</u>	<u>75 000</u>
Analysis of non current investments			
Opening balance		75 000	75 000
Closing balance		<u>75 000</u>	<u>75 000</u>
14. Loans			
Public Corporations		12 362	12 362
Total		<u>12 362</u>	<u>12 362</u>
Analysis of Balance			
Opening Balance		12 362	12 362
Closing Balance		<u>12 362</u>	<u>12 362</u>
<p>This represents a loan to the South African Forces Institute (SAFI) for the purpose of bridging finance. This loan is unsecured. The interest rate is fixed at 0% per annum and was payable by March 2007. Refer to Note 31 for the details on impairment of the SAFI loan.</p>			
15. Voted funds to be surrendered to the Revenue Fund			
Opening balance		1 009	97 741
Transfer from Statement of Financial Performance		220	1 009
Add: Unauthorised expenditure for current year	8	-	-
Voted funds not requested/not received	1.1	-	-
Paid during the year		(1 009)	(97 741)
Closing balance		<u>220</u>	<u>1 009</u>
16. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		2 371	7 954
Transfer from Statement of Financial Performance		689 688	699 949
Paid during the year		(687 920)	(705 532)
Closing balance		<u>4 139</u>	<u>2 371</u>
17. Bank overdraft			
Consolidated Paymaster General account		538 000	737 695
Total		<u>538 000</u>	<u>737 695</u>

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**Notes to the Annual Financial Statements
for the year ended 31 March 2011**

	<i>Note</i>	2010/11 R'000	2009/10 R'000
18. Payables - current			
Amounts owing to other entities	<i>Annexure 5</i>	20	24
Advances received	18.1	13 800	-
Clearing accounts	18.2	1 059	2 844
Other payables	18.3	41 675	40 202
Total		56 554	43 070
18.1 Advances received			
National Rural Youth Service Corps Programme		13 800	-
Total		13 800	-
18.2 Clearing accounts			
Subsistence and Travel Cash Voucher Receipt		1 059	2 791
Foreign Subsistence and Travel not included in Subsistence and Travel Cash Voucher Receipt above		-	53
Total		1 059	2 844
18.3 Other payables			
Unclaimed salaries		9 953	14 758
Debtors in credit		4 200	2 888
Other payables		16 903	14 721
State guarantees		4 660	4 949
Suppliers		5 959	2 886
Total		41 675	40 202

For the financial year 2009/10 an amount of R7 461 654,50 has been reclassified from debtors in credit to other payables and an amount of R832 061,86 has been reclassified from debtors in credit to suppliers.

An amount of R3 001 420,95 was reclassified from cash on hand to other payables (unclaimed salaries) for the 2009/10 financial year.

19. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	689 908	700 958
Add back non cash/cash movements not deemed operating activities	363 417	290 819
(Increase)/decrease in receivables – current	144 205	(24 816)
(Increase)/decrease in prepayments and advances	17 273	(2 073)
(Increase)/decrease in other current assets	898	4
Increase/(decrease) in payables – current	13 484	4 108
Proceeds from sale of capital assets	(23 068)	(19 481)
Expenditure on capital assets	899 554	1 136 350
Surrenders to Revenue Fund	(688 929)	(803 273)
Voted funds not requested/not received	-	-
Other non-cash items	-	-
Net cash flow generated by operating activities	1 053 325	991 777

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Notes to the Annual Financial Statements
for the year ended 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
20. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(538 000)	(737 695)
Cash on hand		39 511	48 285
Cash with commercial banks (Local)		19 096	22 666
Total		(479 393)	(666 744)

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These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999

21. Contingent liabilities

Liable to	Nature	Note	2010/11 R'000	2009/10 R'000
Housing loan guarantees	Employees	Annexure 3A	15 773	19 954
Claims against the department		Annexure 3B	858 272	428 720
Other departments (interdepartmental unconfirmed balances)		Annexure 5	7 077	22 197
Environmental rehabilitation liability		Annexure 3B	129 372	181 845
Other		Annexure 3B	-	11 815
Total			1 010 494	664 531

Included in the claims against the department is an amount of 35 563 211 euro in respect of foreign currency claims. The total outstanding balance as on 31 March 2011 is R343 281 008 (exchange rate as at 31 March 2011 was R9,6527)

22. Commitments

Current expenditure				
Approved and contracted			1 788 316	2 855 899
Approved but not yet contracted			1 892 227	862 610
			3 680 543	3 718 509
Capital expenditure (including transfers)				
Approved and contracted			74 783	141 009
Approved but not yet contracted			119 924	54 685
			194 707	195 694
Total Commitments			3 875 250	3 914 203
Commitments longer than 1 year				
Current expenditure				
Approved and contracted			97 605	
Approved but not yet contracted			100 337	
			197 942	
Capital expenditure				
Approved and contracted			3 861	
Approved but not yet contracted			5	
			3 866	

23. Accruals

Listed by economic classification	30 Days R'000	30+ Days R'000	2010/11 Total R'000	2009/10 Total R'000
Goods and services	193 995	149 860	343 855	333 929
Interest and rent on land	-	-	-	-
Transfers and subsidies	8 237	-	8 237	9 509
Capital assets	2 258	1 612	3 870	689
Other	-	-	-	56
Total	204 490	151 472	355 962	344 183

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Listed by programme level	2010/11 R'000	2009/10 R'000
Administration	64 566	45 437
Landward Defence	22 094	84, 820
Air Defence	88 514	15 552
Maritime Defence	12 303	9 421
Military Health Support	105 278	91 150
Defence Intelligence	57	436
Joint Support	26 046	22 154
Force Employment	37 104	75 213
Total	355 962	344 183

The opening balance has been restated by an amount of (R42 568 662,61) due to a change in estimate.

Confirmed balances with departments	65 905	5 570
Confirmed balances with other government entities	-	-
Total	65 905	5 570

24. Employee benefits

Leave entitlement	359 566	343 051
Service bonus (Thirteenth cheque)	464 437	418 228
Capped leave commitments	987 560	985 049
Other	182 894	219 859
Total	1 994 457	1 966 187

Leave entitlement with negative balances amounting to R31 194 860 for the 2010/11 financial year and R40 805 209 for the 2009/10 financial year were included in the figures above.

25. Lease Commitments

25.1 Operating leases expenditure

2010/11	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equip- ment R'000	Total R'000
Not later than 1 year	-	12 600	180 755	-	193 355
Later than 1 year and not later than 5 years	-	3 857	428 478	-	432 335
Later than five years	-	227	340 780	-	341 007
Total lease commitments	-	16 684	950 013	-	966 697

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2009/10	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equip- ment R'000	Total R'000
Not later than 1 year	-	11 255	167 104	-	178 359
Later than 1 year and not later than 5 years	-	3 005	364 620	-	367 625
Later than five years	-	192	296 490	-	296 682
Total lease commitments	-	14 452	828 214	-	842 666

The amount disclosed in the financial year 2009/2010 with regards to Operating leases has been restated from R662 407 000 to R842 665 407. This was due to the extension of lease contracts which existed in the prior year.

The Department has open-ended contracts on Land and properties and are mainly used as shooting ranges and communication sites.

25.2 Finance leases expenditure	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equip- ment R'000	Total R'000
2010/11					
Not later than 1 year	-	-	-	13 320	13 320
Later than 1 year and not later than 5 years	-	-	-	6 467	6 467
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	19 787	19 787
LESS: finance costs	-	-	-	550	550
Total present value of lease liabilities	-	-	-	19 237	19 237

2009/10	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equip- ment R'000	Total R'000
Not later than 1 year	-	-	-	29 480	29 480
Later than 1 year and not later than 5 years	-	-	-	9 773	9 773
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	39 253	39 253
LESS: finance costs	-	-	-	1 320	1 320
Total present value of lease liabilities	-	-	-	37 933	37 933

The amount disclosed in the 2009/10 financial year for Finance Lease Expenditure has been restated from R37 262 000 to R37 932 128 due to an understatement of the commitment for pool cell phones in the lease register.

Assumptions:

1. Discounting rate: Repo rate at 5.5% in 2011 and 6.5% in 2010.

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	2010/11	2009/10
	R'000	R'000
26. Receivables for departmental revenue		
Sales of goods and services other than capital assets	344	763
Fines, penalties and forfeits	-	-
Sale of capital assets	25 383	22 931
Transactions in financial assets and liabilities	56 501	126 164
Transfers received (incl conditional grants to be repaid by prov depts)	172 770	160 604
Total	254 998	310 462
26.1 Analysis of receivables for departmental revenue		
Opening balance	310 462	351 692
Less: Amounts received	400 625	466 954
Add: Amounts recognised	345 161	425 724
Closing balance	254 998	310 462
27. Irregular expenditure		
27.1 Reconciliation of irregular expenditure		
Opening balance	1 765 277	65 128
Add: Irregular expenditure - relating to prior year	139	723 731
Add: Irregular expenditure - relating to current year	799 349	1 000 874
Less: Amounts condoned	(1 522 522)	(24 423)
Less: Amounts recoverable (not condoned)	(55 440)	(13)
Less: Amounts not recoverable (not condoned)	-	(20)
Irregular expenditure awaiting condonement	986 803	1 765 277
Analysis of awaiting condonement per age classification		
Current	694 888	991 618
Prior years	291 915	773 659
Total	986 803	1 765 277
27.2 Details of Irregular expenditure - Current Year		
Incident	Disciplinary steps taken/criminal proceedings	
Procurement without Financial Authority and Government Order	Under investigation to determine responsible official	13 901
Housing allowance	Under investigation to determine responsible official	89 888
Financial lease payments	Under investigation to determine responsible official	2 564
A400M Airbus: Day-to-day	Under investigation to determine responsible official	101
Payments were made after the contract has expired	Under investigation to determine responsible official	866
Deviation from bidding process	Under investigation to determine responsible official	467 449
Deviation from payment process	Under investigation to determine responsible official	224 580
Total		799 349

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27.3	Details of irregular expenditure condoned	2010/11	2009/10
Incident	Condoned by (condoning authority)	R'000	R'000
Procurement without Financial Authority and Government Order	Central Commercial Procurement Sub-Committee	28 121	
Lease payments	Practice note 5 of NT	2 564	
Housing Allowance	Accounting Officer	1 010 728	
Military Dispensation	Committee of Ministers	480 981	
Exceeding delegated powers	Prosecution and Recovery Committee	50	
Service continued after contract had expired	Central Commercial Procurement Sub-Committee	18	
Other matters	Prosecution and Recovery Committee	60	
		<u>1 522 522</u>	
27.4	Details of irregular expenditure recoverable (not condoned)		
Incident	Condoned by (condoning authority)		
AMG Account: Order number 2H209112	Chief Air Force	55 300	
Incorrect payments to suppliers	Prosecution and Recovery Committee	136	
Double payment for goods, because of fraud	Prosecution and Recovery Committee	4	
		<u>55 440</u>	
27.5	Details of irregular expenditure under investigation		
Incident			
Procurement without Financial Authority and Government Order		22 680	
Contract irregularities		4 055	
Payment BMO Payment schedule without authority		4 225	
A400M Airbus day-to-day operational costs		38 027	
Deviation from payment		224 580	
Exceeding delegation limit		6 859	
AMG Account		106 306	
Deviation from Bidding process		467 449	
Performance incentives		112 002	
Other matters		620	
		<u>986 803</u>	
28.	Fruitless and wasteful expenditure		
28.1	Reconciliation of fruitless and wasteful expenditure		
Opening Balance		10 537	4 587
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		491	6 065
Less: Amounts condoned		(15)	(107)
Less: Amounts transferred to receivables for recovery		(424)	(8)
Fruitless and wasteful expenditure awaiting condonement		<u>10 589</u>	<u>10 537</u>

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	2010/11 R'000	2009/10 R'000
28.2 Analysis of awaiting condonement per economic classification		
Current	6 386	5 973
Capital	4 203	4 564
Total	10 589	10 537
28.3 Analysis of Current Year's Fruitless and wasteful expenditure		
Incident		Disciplinary steps taken/ criminal proceedings
Payment of allowances to members not entitled to it	1	Still under investigation
Deviation from State contract resulting in paying more	1	Still under investigation
Cancellation fees paid on different occasions	54	Still under investigation
Cash withdrawal charges levied twice on the same amount	9	Still under investigation
Payment of interest claim on air services	48	Still under investigation
Payment of finance for late payment of invoices regarding navigation and over flight	378	Still under investigation
Total	491	
29. Related party transactions		
Loans to/from related parties		
Non-interest bearing loans to/(from)	12 362	12 362
Interest bearing loans to/(from)	-	-
Total	12 362	12 362

Identification and nature of related party relationship

As at 31 March 2011 the DOD had the following related parties, namely the:

- President of the RSA;
- Deputy President of the RSA;
- Cabinet of the Government of the RSA, including the Ministers of all National Departments;
- National Departments;
- Public Entities resorting under the National Departments;
- Public Entities resorting under the portfolio of the Minister of Defence and Military Veterans, these being the:
 - Armaments Corporation of South Africa Limited (Armscor) including subsidiaries, joint ventures or units under its control;
 - Castle Control Board (CCB);
 - South African National Defence Force Fund (SANDF Fund); and
 - Reserve Force Council
- Key management personnel of the DOD (members of the Plenary Defence Staff Council); and
- All entities under the control, joint control or significant influence of a key management personnel member of the DOD.

As per clarification letter from the National Treasury dated 31 March 2009, Department of Defence funds (messes, clubs, regimental funds, etc.) are not regarded as related parties.

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Related party transactions

The Department is not aware of any related party transactions (i.e. transactions not at arms length) that occurred during the period between the Department and the President of the RSA; the Deputy President of the RSA; the Cabinet of the Government of the RSA, including the Ministers of all National Departments; National Departments and public entities falling under these departments. Armscor and the Department are not aware of any related party transactions that occurred during the period between the related parties other than, the use of six South African Military (SAMIL) vehicles. Four SAMIL 50's and two SAMIL 100 vehicles, owned by the Department were allocated to Gerotek (Pty) Ltd, a subsidiary of Armscor, several years ago. Gerotek (Pty) Ltd uses these vehicles in its operations at no consideration to the Department. These vehicles are primarily for Defence purposes. Gerotek (Pty) Ltd carries the responsibility of the maintenance and insurance of the above mentioned vehicles. The age of the vehicles is in excess of 20 years. During the period the following related party transactions occurred between the Department and the Castle Control Board (CCB);

- The CCB is mandated in terms of the Castle Management Act, 1993 (Act 207 of 1993), to govern and manage the Castle of Good Hope on behalf of the Minister of Defence and Military Veterans. The CCB is housed and located in the Castle of Good Hope, Cape Town.
- The following entities and activities occupy or utilise parts of the Castle of Good Hope, at no consideration to the Department however in some instances consideration is paid to the CCB:
 - Die Goewerneur restaurant;
 - Waterblommetjie restaurant;
 - Castle Forge;
 - Carriage rides;
 - Castle Military Museum;
 - Souvenir shop;
 - Iziko Museum of Cape Town;
 - The Western Cape Army Support Base (forming part of the Department) supplied guards to the CCB to guard the Castle of Good Hope and to perform ceremonial duties at no charge.
 - Defence Reserves Provincial Office Western Cape;
 - SA Heritage Resources Agency (SAHRA);
 - Good Hope Art Studio;
 - 5X Reserve Force Regiments.
- The Department provides management and advisory services to the CCB at no consideration. The cost to the Department for the time and subsistence for these services for the period was R2 373 734 (2009/10: R2 270 696).

The Department provides management and administrative support to the SANDF Fund at no consideration. The cost to the Department for the time spent in providing this support for the period was R25 690 (2009/10: R5 772). The Department is not aware of any related party transactions that might have occurred during the period between the Department and the Reserve Force Council. The Department did not identify any related party transaction during the period between the Department and its key management personnel, and the entities under the control, joint control or significant influence of key management personnel of the Department, except for the following:

- Major-General R.C. Anderson, a member of key management personnel (PDSC) of the Department is the chairperson of Murray & Roberts, which provides training services to the Works Regiment of the SANDF at no consideration.

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		2010/11	2009/10
		R'000	R'000
30. Key management personnel			
	No. of Individuals		
Description			
Political Office Bearers:	3	3 499	5 524
Officials			
Level 15 to 16	16	19 166	18 262
Level 14	17	13 484	10 883
Family members of key management personnel	16	3 960	2 978
Total		40 109	37 647
31. Impairment and other provisions			
Potential irrecoverable debts			
Impairment			
Loans		12 362	12 362
Total		12 362	12 362
Other provisions			
Staff Debtors		1 584	1 612
Other Debtors		352 942	478 670
Claims Recoverable		2 238	1 397
		356 764	481 679
Total		369 126	494 041

32. Movable Tangible Capital Assets
MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Current year ad- justments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	-	38 655 027	674 089	235 175	39 093 941
Transport assets	-	7 758 680	218 859	218 407	7 759 132
Computer equipment	-	423 387	49 470	188	472 669
Furniture and office equipment	-	58 706	1 726	841	59 591
Other machinery and equipment	-	30 414 254	404 034	15 739	30 802 549
SPECIALISED MILITARY ASSETS	-	37 758 672	31 567	80 519	37 709 720
Specialised military assets	-	37 758 672	31 567	80 519	37 709 720
BIOLOGICAL ASSETS	-	30	-	-	30
Biological assets	-	30	-	-	30
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	-	76 413 729	705 656	315 694	76 803 691

The amount disclosed for closing balance is stated at a combination of either the historical cost of an asset, or at the last purchase price of assets of a similar type grouped together under one National Stock Number (NSN). It also exclude assets recorded in manual asset registers as well as asset items for which the National Stock Numbers (NSN) are not yet linked to National Treasury Standard Chart of Accounts (SCOA).

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32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Current year ad- justments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	581 388	169 409	(73 595)	(3 113)	674 089
Transport assets	316 073	6 456	(101 881)	(1 789)	218 859
Computer equipment	57 533	8 098	(15 872)	(289)	49 470
Furniture and office equipment	7 712	58	(6 034)	(10)	1 726
Other machinery and equipment	200 070	154 797	50 192	(1 025)	404 034
SPECIALISED MILITARY ASSETS	66 760	22 306	(54 585)	(2 914)	31 567
Specialised military assets	66 760	22 306	(54 585)	(2 914)	31 567
BIOLOGICAL ASSETS	71	-	(71)	-	-
Biological assets	71	-	(71)	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	648 219	191 715	(128 251)	(6 027)	705 656

The amount disclosed for non cash additions includes assets purchased through the Special Defence Account, but recorded in the asset register together with the assets purchased through the General Defence Account.

The amount disclosed for work-in-progress comprises differences in Standard Chart of Accounts (SCOA) classifications as well as differences in additions monetary values between the Financial Management System and the Logistic Systems used for the recording of the Department's assets.

The amount disclosed for total additions excludes purchases not yet posted in the logistic systems as well as purchases for which the National Stock Numbers (NSN's) are not yet linked to the National Treasury Standard Chart of Accounts (SCOA).

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32.2 Disposals
DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total dis- posals R'000	Cash received Actual R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	183 918	51 257	235 175	140
Transport assets	182 224	36 183	218 407	-
Computer equipment	104	84	188	-
Furniture and office equipment	830	11	841	-
Other machinery and equipment	760	14 979	15 739	140
SPECIALISED MILITARY ASSETS	55 000	25 519	80 519	22 928
Specialised military assets	55 000	25 519	80 519	22 928
BIOLOGICAL ASSETS	-	-	-	-
Biological assets	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	238 918	76 776	315 694	23 068

The amount disclosed for disposals is not stated at assets historical cost or fair value but at the last purchase price of assets of a similar type grouped together under one National Stock Number (NSN), and exclude assets for which the National Stock Number (NSN) are not yet linked to National Treasury Standard Chart of Accounts (SCOA). The amount disclosed for cash received excludes monies received for assets sold on auction, these monies are disclosed under another category of Departmental Revenue.

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32.3 Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	-	-	-	-
Transport assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
SPECIALISED MILITARY ASSETS	-	-	-	-
Specialised military assets	-	-	-	-
BIOLOGICAL ASSETS	-	-	-	-
Biological assets	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

32.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	-	-	-
Current Year Adjustments to Prior Yr						
Balances	2 548 244	59	-	5 507 382	242	8 055 927
Additions	15 004	-	-	158 478	58	173 540
Disposals	813	-	-	10 698	3	11 514
TOTAL MINOR ASSETS	2 562 435	59	-	5 655 162	297	8 217 953
Number of R1 minor assets	121 360	99	-	496 138	240	617 837
Number of minor assets at cost	2 213 343	113	-	29 152 533	99	31 366 088
TOTAL NUMBER OF MINOR ASSETS	2 334 703	212	-	29 648 671	339	31 983 925

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

Minor Assets	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	-	-	-
TOTAL NUMBER OF MINOR ASSETS	-	-	-	-	-	-

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33. Intangible Capital Assets
**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2011**

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-	-
COMPUTER SOFTWARE	-	21 447	499	156	21 790
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
OTHER INTANGIBLES	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	-	21 447	499	156	21 790

The amount disclosed for closing balance is stated at the last purchase price of assets of a similar type grouped together under one National Stock Number (NSN). It also exclude assets recorded in manual asset registers as well as asset items for which the National Stock Numbers (NSN) are not yet linked to National Treasury Standard Chart of Accounts (SCOA).

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33.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-cash	(Development work-in- progress current costs)	Received cur- rent, not paid (Paid current year, received prior year) R'000	Total
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-	-
COMPUTER SOFTWARE	132	56	311	-	499
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
OTHER INTANGIBLES	-	-	-	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	132	56	311	-	499

The amount disclosed as work-in-progress comprises differences in Standard Chart of Accounts (SCOA) classifications as well as differences in additions monetary values between the Financial Management System and the Logistic Systems used for the recording of the Department's assets. The amount disclosed as total additions excludes purchases not yet posted in the logistic systems as well as purchases for which the National Stock Numbers (NSN's) are not yet linked to the National Treasury Standard Chart of Accounts (SCOA).

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33.2 Disposals
DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-
COMPUTER SOFTWARE	-	156	156	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
OTHER INTANGIBLES	-	-	-	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	156	156	-

33.3 Movement for 2009/10
MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-
COMPUTER SOFTWARE	-	-	-	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
OTHER INTANGIBLES	-	-	-	-
TOTAL	-	-	-	-

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34. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	102 062	107	20	102 149
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	-	102 062	107	20	102 149
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-	-
Investment property	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	102 062	107	20	102 149

The amount disclosed for closing balance comprises specialised shipping and storage containers, storage tanks, mobile homes etcetera, and is stated at the last purchase price of assets of a similar type grouped together under one National Stock Number (NSN). It also exclude assets recorded in manual asset registers as well as asset items for which the National Stock Numbers (NSN) are not yet linked to National Treasury Standard Chart of Accounts (SCOA).

**Department of Defence and Military Veterans
Vote 21**

**Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2011**

34.1 Additions
ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-cash	(Capital work- in-progress cur- rent costs and finance lease payments)	Received cur- rent, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	251 203	66	(251 162)	-	107
Dwellings	-	-	-	-	-
Non-residential buildings	244 181	-	(244 181)	-	-
Other fixed structures	7 022	66	(6 981)	-	107
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-	-
Investment property	-	-	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	251 203	66	(251 162)	-	107

34.2 Disposals
DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	12	8	20	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	12	8	20	-
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-
Investment property	-	-	-	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	12	8	20	-

Department of Defence and Military Veterans
Vote 21

Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2011

34.3 Movement for 2009/10

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
INVESTMENT PROPERTY	-	-	-	-
Investment property	-	-	-	-
TOTAL TANGIBLE CAPITAL ASSETS	-	-	-	-

*Department of Defence and Military Veterans
Vote 21*

**Disclosure notes to the Annual Financial Statements
for the year ended 31 March 2011**

34.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2011

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Investment property	Total
	R	R	R	R	R
R1 Immovable assets	-	-	-	-	-
TOTAL	-	-	-	-	-

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2010

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Investment property	Total
	R	R	R	R	R
R1 Immovable assets	-	-	-	-	-
TOTAL	-	-	-	-	-

Refer to paragraph 1.1.2.12.7 of the Report of the Accounting Officer concerning the non disclosure of Tangible and Intangible Assets.

Department of Defence and Military Veterans - Vote 21
Annexures to the Annual Financial Statements
for the year ended 31 March 2011

ANNEXURE 1A**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENTS/ AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10 Final Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Safety and Security Sector Education and Training Authority (SASSETA)	9 108	-	5 300	14 408	14 408	100%	9 938
Special Defence Account	3 060 320	-	50 000	3 110 320	3 010 320	97%	8 619 190
TOTAL	3 069 428	-	55 300	3 124 728	3 024 728		8 629 128

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2009/10 Total Available R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Avail- able funds Transferred %	Capital R'000	Current R'000	
PUBLIC CORPORATION									
Armaments Corporation of South Africa	731 510	-	6 000	737 510	737 510	100,0%	-	-	603 608
TOTAL	731 510	-	6 000	737 510	737 510		-	-	603 608

Department of Defence and Military Veterans - Vote 21

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2009/10 Final Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
St John's Ambulance Brigade	360	-	-	360	360	100%	340
Reserve Force Council	4 827	-	-	4 827	4 827	100%	4 002
Medical Fund	220	-	-	220	-	0%	-
TOTAL	5 407	-	-	5 407	5 187		4 342

Department of Defence and Military Veterans - Vote 21

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2009/10 Final Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
DOD members	135 638	-	(15 045)	120 593	120 592	100%	126 349
TOTAL	135 638	-	(15 045)	120 593	120 592		126 349

Department of Defence and Military Veterans - Vote 21
Annexures to the Annual Financial Statements
for the year ended 31 March 2011

ANNEXURE 1E**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2011**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11 R'000	2009/10 R'000
Received in cash			
Various institutions	Sponsorships and donations for sport and/or social events	-	22
Subtotal		-	22
Received in kind			
Old Mutual	Gifts in kind to DOD Units or Officials	-	96
Various institutions	Upgrading of Facilities in unit to accommodate VIP visitors and foreign students	-	80
Various institutions	Gifts in kind to DOD Units or Officials	-	11
British High Commission	4 Toyota Land Cruisers	-	960
Embassy of the Kingdom of Netherlands	Gifts in kind to DOD Units or Officials	-	21
Hlabanyathi Game Reserve	Game	10	-
Eve Graham Marketing	Gift Packs	1	-
Primary Health Care	Labour Saving Devices	2	-
Government of the United States of America	Various Transport assets (vehicles)	945	-
Government of the United States of America	Pistols	70	-
Subtotal		1 028	1 168
Total		1 028	1 190

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2011

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in kind					
Government of the United States of America	Training Courses	-	5 432	5,432	-
Government of the Peoples Republic of China	Training Course	-	910	910	-
Government of the United Kingdom of Great Britain and Northern Ireland	Training Course	-	700	700	-
Government of Kenya	Training Course	-	681	681	-
Government of the Republic of Zimbabwe	Training Course	-	396	396	-
Government of the Federal Republic of Germany	Training Course	-	175	175	-
Government of the United States of America	Sponsorship for the New York National Guard State Partnership Programme planning conference	-	167	167	-
Government of the United States of America	Sponsorship for the Seminar on Security Response Training Course	-	105	105	-
Government of the United State of America	Sponsorship from the HIV/AIDS Strategic planning and policy development conference	-	99	99	-
Government of the United Kingdom of Great Britain and Northern Ireland	Sponsorship for the Global Military Satellite Communication conference	-	90	90	-
Government of the United Kingdom of Great Britain and Northern Ireland	Sponsorship for the participation in Edinburgh Military Tattoo	-	84	84	-
The Government of the Federal State of Switzerland	Sponsorship for the participation in Basel Tattoo	-	80	80	-
The Lung Function Trust Fund	Sponsorship for the European Respiratory Society Annual Congress	-	80	80	-
The Government of the Kingdom of the Netherlands	Sponsorship for the participation in the 18th Netherlands Shooting Competition	-	77	77	-
Government of the United States of America	Sponsorship for the guidebook on environmental auditing in the Military	-	60	60	-
		-	58	58	-

Department of Defence and Military Veterans - Vote 21
**Annexures to the Annual Financial Statements
 for the year ended 31 March 2011**

ANNEXURE 1F (continued)**STATEMENT OF AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2011**

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in kind					
The Non-Proliferation Council (Department of Trade and Industry).	Sponsorship for the workshop on the strengthening of International efforts to prevent the proliferation of Biological Weapons, the role of the Biological and Toxin Weapons Convention in Beijing, China from 2-8 Nov 2010.	-	54	54	-
Wilton Park (Organisers), UK Foreign and Commonwealth Office, Ministry of Defence, Ministry of Foreign Affairs of the Netherlands, US Government	Sponsorship for the Conference on Prospects for the 2011 Biological & Toxic Weapons Convention Review	-	50	50	-
Government of the United States of America	Sponsorship for the Conference on Maritime Security Training Course	-	50	50	-
Government of the Republic of India	Sponsorship for the Symposium for Warrant Officers	-	50	50	-
Government of the United States of America	Sponsorship for the International Military Forum on Emerging Infectious Diseases	-	49	49	-
The International Military Forum on Emerging Infectious Diseases	Sponsorship for the International Military Forum on Emerging Infectious Diseases	-	45	45	-
Government of the United States of America	Sponsorships for the visit of US Military Service Commands for the SANDF Vision 2030 for training and career paths for other ranks	-	45	45	-
Government of Canada	Training Course	-	45	45	-
Government of the United States of America	Sponsorship for the symposium on US Environment, Energy, Security and Sustainability	-	40	40	-
Government of the United States of America	Sponsorship for the US Environment, Energy, Security and Sustainability Symposium	-	40	40	-
Government of the United States of America	Sponsorship for the Conference on New York National Guard State Partnership Programme planning	-	28	28	-
Government of Malaysia	Sponsorship for DSA Expo	-	25	25	-
TOTAL		-	9 715	9 715	-

- Totals do not form part of the totals as on the face of the Statement of Financial Performance

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2011

NATURE OF GIFT, DONATION OR SPONSORSHIPS	2010/11 R'000	2009/10 R'000
Made in kind		
Medical & General Equipment - Uganda	-	285
Obsolete medals and decorations - SA Museum for Military History	-	1
	-	-
	-	-
	-	-
	-	-
	-	-
TOTAL	-	286

- Totals do not form part of the totals as on the face of the Statement of Financial Performance



Department of Defence and Military Veterans - Vote 21

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2011 (Only Public and Private Entities)

Name of Public Entity	State Entity's PFEMA Schedule type (state year end if not 31 March)	% Held 10/11	% Held 09/10	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
				2010/11	2009/10	2010/10	2009/10	2010/11	2009/10	2010/11	2009/10	
National/Provincial Public Entity												
Castle Control Board (under control of the Minister of Defence)	3A	100.0%	100.0%					12 431	11 566	866	1 192	No
Armaments Corporation of South Africa (managed and controlled by a board of Directors appointed by the Minister of Defence)	2	100.0%	100.0%	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence)	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence)	75 000	75 000	553 803	536 772	17 031	(15 785)	No
South African National Defence Force Fund	3A (not listed)	100.0%	100.0%					12 040	11 385	655	747	No
Subtotal						75 000	75 000	578 274	559 723	18 552	(13 846)	
Total						75 000	75 000	578 274	559 723	18 552	(13 846)	

Department of Defence and Military Veterans - Vote 21
Annexures to the Annual Financial Statements
for the year ended 31 March 2011

ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2011
(Only Public and Private Entities)

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of investment R'000	Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2010/11	2009/10		2010/11	2009/10	2010/11	2009/10
Controlled entities South African National Defence Force Fund	The SANDF Fund is established in terms of the Fund Raising Act, Act 107 of 1968. The aim of the fund is to render aid to SA National Defence Force and Auxiliary Services and their dependants who suffer financial hardship and distress as a result of duties in terms of the Defence Act	12 040	11 385	-	-	-	-	
Castle Control Board (under control of the Minister of Defence)	To preserve and protect the military and cultural heritage of the Castle; optimise the tourism potential of the Castle; and maximise the accessibility to the public of the whole or any part, as the case may be, of the Castle which is not used by the SANDF, or any part thereof.	12 431	11 566	-	-	-	-	
Armaments Corporation of South Africa (managed and controlled by a Board of Directors appointed by the Minister of Defence)	To acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manage the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidy companies which directly support technology and acquisition strategies.	75 000	75 000	553 803	536 772	3 911	363	
Total		75 000	75 000	578 274	559 723	3 911	363	7 937



Department of Defence and Military Veterans - Vote 21

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 1 April 2010 R'000	Guarantees drawn down during the year R'000	Guaranteed repayments/cancelled/reduced/released during the year R'000	Revaluations R'000	Closing balance 31 March 2011 R'000	Guaranteed interest outstanding as at 31 March 2011 R'000	Realised losses not recoverable R'000
Housing									
ABSA		-	4 771	137	692	-	4 216	-	-
African Bank		-	95	-	33	-	62	-	-
First National Bank		-	4 435	-	1 082	-	3 353	-	-
Free State Development Corporation		-	981	-	201	-	780	-	-
Greenstar Home Loans		-	552	-	44	-	508	-	-
Ithala Development Financial Corporation		-	383	-	157	-	226	-	-
Masikheni		-	244	-	-	-	244	-	-
Nedbank		-	4 633	-	1 400	-	3 233	-	-
Old Mutual Bank		-	506	-	158	-	348	-	-
Southfin		-	381	-	25	-	356	-	-
Standard Bank		-	3 096	68	996	-	2 168	-	-
Venda Nat Development Corporation		-	122	78	-	-	200	-	-
Other		-	79	-	-	-	79	-	-
Subtotal		-	20 278	283	4 788	-	15 773	-	-
Total		-	20 278	283	4 788	-	15 773	-	-

The amount disclosed for the financial year 2009/2010 with regards to Housing Loan Guarantees has been restated from R19 953 891 to R20 278 510 due to an understatement in the previous financial year. The understatement was due to certain guarantors incorrectly captured or omitted from the PERSOL system.

Department of Defence and Military Veterans - Vote 21

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 1 April 2010 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2011 R'000
Claims against the department					
Civil claims	467 790	399 944	15 132	-	852 602
Motor vehicle accident claims	6 086	3 317	3 733	-	5 670
Subtotal	473 876	403 261	18 865	-	858 272
Environmental Liability					
Environmental Liability	124 845	-	52 473	-	72 372
Aviation Fuel underground contamination rehabilitation	52 500	-	-	-	52 500
Bitumen contamination at Air Force Base	4 500	-	-	-	4 500
Subtotal	181 845	-	52 473	-	129 372
Other					
Regional Services Councils Levies	11 815	-	11 815	-	-
Subtotal	11 815	-	11 815	-	-
Total	667 536	403 261	83 153	-	987 644

The amount disclosed for the financial year 2009/2010 with regards to Civil Claims against the Department has been restated from R414 422 106 to R473 876 394 due to an understatement in the previous financial year.

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2011/03/31	2010/03/31	2011/03/31	2010/03/31	2011/03/31	2010/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Agriculture	-	-	907	906	907	906
Department of Correctional Services	-	-	3	14	3	14
Department of Education	-	-	-	13	-	13
Department of Environmental Affairs and Tourism	-	-	865	21	865	21
Department of Health	-	-	1 485	6 919	1 485	6 919
Department of International Relations and Corporations	-	-	573	-	573	-
Department of Labour	-	-	18	-	18	-
Department of Public Works	-	-	1 636	-	1 636	-
Department of Social Development	-	-	-	5	-	5
Department of Transport	-	-	423	423	423	423
Gauteng Provincial Government	-	-	36	36	36	36
National Treasury	-	-	353	196	353	196
National Intelligence	-	-	22	-	22	-
Ministry of State Security	-	-	683	-	683	-
South African Revenue Service	-	-	-	11	-	11
South African Police Service	-	-	27	839	27	839
Subtotal	-	-	7 031	9 383	7 031	9 383
TOTAL	-	-	7 031	9 383	7 031	9 383

Annexures to the Annual Financial Statements for the year ended 31 March 2011

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2011/03/31	2010/03/31	2011/03/31	2010/03/31	2011/03/31	2010/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Amounts not included in Statement of Financial Position						
Department of Education	-	-	2	34	2	34
South African Police Service	-	5	75	95	75	100
Department of Housing	186	-	14	313	200	313
Department of Social Development	-	-	-	15	-	15
Provincial Administration	-	-	-	25	-	25
Department of International Relations and Corporations	42	1 738	-	-	42	1 738
Department of Labour	-	-	23	25	23	25
Department of Agriculture	-	-	-	7	-	7
Department of Health	-	-	46	4 729	46	4 729
National Prosecuting Authority	-	-	-	2	-	2
Department of Justice and Constitution	555	3 808	1 132	74	1 687	3 882
Department of Public Works	59 254	-	723	15 137	59 977	15 137
Department of Transport	-	-	4 418	352	4 418	352
Department of Finance	-	-	8	-	8	-
National Treasury	-	3	-	940	-	943
The Presidency	-	-	67	-	-	-
PALAMA	-	-	462	449	462	449
Auditor General - Special Defence Account	499	-	-	-	499	-
Auditor General - General Account	5 369	-	-	-	5 369	-
Government Printing Works	-	-	95	-	95	-
Department of Water Affairs	-	-	12	-	12	-
Department of Housing, Local Government and Traditional Affairs	-	16	-	-	-	16
TOTAL	65 905	5 570	7 077	22 197	72 915	27 767

Department of Defence and Military Veterans - Vote 21

Annexures to the Annual Financial Statements
for the year ended 31 March 2011

ANNEXURE 6

INVENTORY

	Note	2010/11		2009/10	
		Quantity	R'000	Quantity	R'000
Inventory					
Opening balance		-	-	-	-
Add/(Less): Adjustments to prior year balances		2 925 032 246	165 287 866	-	-
Add: Additions/Purchases - Cash		88 141 356	2 499 266	-	-
Add: Additions - Non-cash		30 660 096	680 455	-	-
(Less): Disposals		(456 694)	(36 480)	-	-
(Less): Issues		(11 825 735)	(161 727)	-	-
Add/(Less): Adjustments		(2 222 094 469)	(148 468 253)	-	-
Closing balance		809 456 800	19 801 127	-	-

The amount disclosed for closing balance is stated at last purchase price and exclude inventory recorded in manual inventory registers as well as inventory items for which the National Stock Number (NSN) are not yet linked to National Treasury Standard Chart of Accounts (SCOA).

The amount disclosed for non cash additions includes inventory purchased through the Special Defence Account, but recorded in the inventory register together with the inventory purchased through the General Defence Account.



*Department of Defence and Military Veterans
Vote 21*



SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT

for the year ended 31 March 2011

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SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

INTRODUCTION

Background

The SANDF Fund was established in terms of the Fund Raising Act 1978, (Act No. 107 of 1978), as amended. The aim of the Fund is to render aid to members and former members of the South African National Defence Force and Auxiliary Services, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act 2002, (Act No. 42 of 2002) and to provide facilities to such members and former members who perform such services or duties.

STRATEGIC DIRECTION

Vision

The SANDF Fund's vision is aid to all beneficiaries of the Fund suffering hardship or financial distress.

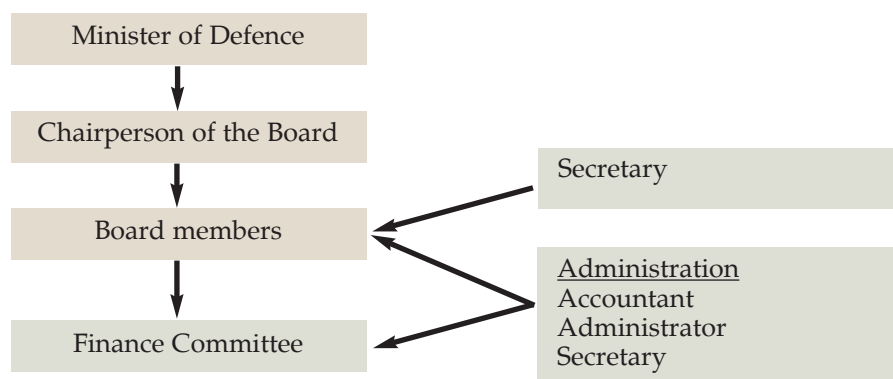
Mission

The SANDF Fund's mission is, with due regard to the financial position of the Fund and the requirements of each case, to render such aid as the Board may deem fair and reasonable to members and former members of the South African National Defence Force and Auxiliary Services established in accordance with the Defence Act, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act 2002, (Act No. 42 of 2002), performed by such members, and to provide facilities to or for such members and former members or dependants who perform such services or duties.

Legislative Mandate

The Fund is mandated in terms of the Fund Raising Act 1978, (Act No. 107 of 1978), as amended.

ORGANISATIONAL STRUCTURE



SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

Board members

The following were the officially appointed members of the Board until new appointments were made during the year under review:

Full Time Members
Lt Gen J.L. Jansen van Rensburg - (Chairperson)
Lt Gen T.T. Matanzima
Maj Gen J.C. van der Poel - (Deputy Chairperson)
Maj Gen L.C. Pepani
Brig Gen J.C. Beukus
Brig Gen N.E. Motumi
R Adm (JG) J.G. Barker
Col M.J. Louw
Col R.C.J. Wood - (Secretary)
Part Time Members
Prof D.F.S. Fourie
Lt Gen (Ret) D.P. Knobel
R Adm (JG) (Ret) L.M. Bakkes

The position of most of the Board members had changed due to internal transfers and appointments and retirement. Subsequent to the official appointment of the Board, there were various persons acting as Board members including the chairpersons Lt Gen Ramlakan and Lt Gen Matanzima.

A submission was forwarded to the Minister of Defence for the appointment of the following persons who were acting as Board members. The Minister formally approved the appointments on 13 August 2010.

Members	Representing
Full Time Members	
Lt Gen D.M. Mgwebi (Chairperson)	
Brig Gen N. Yengeni	SA Army
Maj Gen H.A. Bhembe	SA Air Force
R Adm (JG) A.E. Kubu	SA Navy
R Adm (JG) G. Mbulaheni	HR Division
Col R. Pillay	SA Medical Health Service
Ms F.G. Mabilane	Secretary for Defence
WO1 F.J.S. Scheepers	Warrant Officer of the SANDF
Col M.J. Louw (Minuting secretary)	HR

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

Members	Representing
Part Time Members	
Prof D.F.S. Fourie - Deputy Chairperson	Self
Lt Gen (Ret) D.P. Knobel	Military Veterans
Brig Gen A. Maminza	SAMHS Reserves
R Adm (JG) L.M. Bakkes	Reserve Force
Lt Col (Ret) L. Poorter	Council of Military Organisations
Lt Col M.A. Thulare	Reserve Force
Ms M.N. Tsotsi	Military Veterans
Co opted Members	
Capt (SAN) R.B. Warrin	SA Navy
Asst Dir P.J. du Bois	Accountant

Finance Committee members

Members	Representing
Full Time Members	
Lt Col (Ret) L. Poorter - Chairperson	Council of Military Organisations
Brig Gen N. Yengeni	SA Army
Col R. Pillay	SA Medical Health Service
Capt (SAN) R.B. Warrin	SA Navy

Administration personnel

Personnel	Representing
Vacant	Administrator
Asst Dir P.J. du Bois	Accountant

CORPORATE GOVERNANCE

Audit Committee

Although not a legislative requirement, an Audit Committee has not yet been appointed due to the fact that the Fund is not yet fully operational. However, taking cognisance of best practice in this regard the Fund has already made an approach to the Defence Force Audit Committee to assist with these functions to which they have agreed and will commence with once the Fund is fully operational.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

Internal audit

The Inspector General, DOD (IG DOD) has agreed to provide an internal audit function to the Fund and will commence with such function once the Fund becomes operational. Since the formal appointment of the Board it is anticipated that the Fund will become operational during the 2011/12 financial year thus implying that the internal audit function will become a reality.

Attendance of Board meetings

The Board is established in terms of the Fund Raising Act 1978, (Act No. 107 of 1978), as amended to manage the Fund. The Board is required to meet 4 times per annum. However, the Board has been inactive due to the majority of members serving in an acting capacity awaiting official appointment. Thus the Board was limited in its powers of decision making until such time the members were officially appointed. Notwithstanding, although it is envisaged to hold at least four meetings per year and they are scheduled as such, during the year under review, due to other pressing service exigencies this was not always possible. Only three Board meetings were held during the financial year.

The meetings were attended as follows:

Members	No of meetings attended	Meetings held
Lt Gen D.M. Mgwebi (Chairperson)	2	3
Brig Gen N. Yengeni	1	3
Maj Gen H.A. Bhembe / Maj Gen J.D. Pelser	3	3
R Adm (JG) A.E. Kubu / Capt (SAN) R.B. Warrin	3	3
R Adm (JG) G. Mbulaheni / Col M.F. Dibetso / Col E. Yon	3	3
Col R. Pillay / E.C. Moremi	3	3
WO1 F.J.S. Scheepers	1	3
Prof D.F.S. Fourie - Deputy Chairperson	3	3
Lt Gen (Ret) D.P. Knobel	2	3
Brig Gen (Dr) K.O.P. Matseki / Col A. Mamunza	2	3
R Adm (JG) L.M. Bakkes	2	3
Lt Col L. Poorter	2	3
Lt Col M.A. Thulare	0	3
Ms F.G Mabilane / Mr I. van der Walt	2	3
Ms M.N. Tsotsi	1	3
Col M.J. Louw (Minuting Secretary)	3	3
Co opted Members		
Capt (SAN) R.B. Warrin	3	3
Mr P.J. du Bois	3	3

The objective of the Board is, with due regard to the financial position of the Fund and the requirements of each case, to render such aid as the Board may deem fair and reasonable to members and former members of the South African National Defence Force and Auxiliary Services established in accordance with the Defence Act, and their dependants who suffer hardship or finan-

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

cial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act 2002, (Act No. 42 of 2002) performed by such members, and to provide facilities to or for such members and former members who perform such services or duties.

Statement of responsibility

The Board members are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this Annual Report.

The Auditor-General South Africa is responsible for auditing and reporting on the financial statements.

The financial statements are prepared in accordance with statements of South African Generally Recognised Accounting Practice (GRAP) and incorporate disclosure in line with the accounting philosophy of the entity. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board members believe that the entity will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the entity's annual financial statements.

PERFORMANCE

Strategic objectives

A Strategic Plan for the Fund has been prepared and submitted to the Interim Board for consideration. Once the appointment of the members of the Board has been confirmed and the Fund resumes its activities, the plan will be formally approved and the strategic objectives therein pursued.

The objective of the Board is, with due regard to the financial position of the Fund and the requirements of each case, to render such aid as the Board may deem fair and reasonable to members and former members of the South African National Defence Force and Auxiliary Services established in accordance with the Defence Act, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act 2002, (Act No. 42 of 2002), performed by such members, and to provide facilities to or for such members and former members who perform such services or duties.

	Strategy	Performance Indicator	Quarterly targets	Actual performance
Members Provide aid to qualifying members and dependants.	To enable military social workers and veterans' organisations to identify and process the need and applications for aid.	No of persons aided.	30 Jun 2010 3 persons	R0.00 The Fund was not operational due to the following reasons: Board members were not officially appointed and thus lacked an official mandate. The Board was only appointed on 13 August 2010. The SANDF Order is still under review after which it will be promulgated.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

	Strategy	Performance Indicator	Quarterly targets	Actual performance
		No of persons aided.	30 Sep 2010 3 persons	R0.00 The Fund was not operational due to the following reasons: Board members were not officially appointed and thus lacked an official mandate. The Board was only appointed on 13 August 2010. The SANDF Order is still under review after which it will be promulgated.
			31 Dec 2010 3 persons	R0.00 The Fund was not operational due to the following reasons: Board members were not officially appointed and thus lacked an official mandate. The Board was only appointed on 13 August 2010. The SANDF Order is still under review after which it will be promulgated.
			31 Mar 2011 3 persons	R0.00 Applications for aid were not approved.
Facilities Provide financial aid for provision of facilities	To enable military social workers and veterans' organisations to identify and process the need and applications for aid on behalf of beneficiaries.	No of Facilities aided.	30 Jun 2010 Nil	R0.00 Not a present priority.
			30 Sep 2010 Nil	R0.00 Not a present priority.
			31 Dec 2010 Nil	R0.00 Not a present priority.
			31 Mar 2011 Nil	R0.00 Not a present priority.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

ACCOUNTING AUTHORITY'S REPORT FOR THE YEAR ENDED 31 MARCH 2011

The Board presents their Annual Report, which form part of the audited financial statements of the Fund for the year ended 31 March 2011.

Nature and aim of the SANDF Fund

The SANDF Fund was established in terms of the Fund Raising Act 1978, (Act No. 107 of 1978) as amended. The aim of the Fund is to render aid to members and former members of the South African National Defence Force and Auxiliary Services, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result of any service or duties in terms of the new Defence Act 2002, (Act No. 42 of 2002) and to provide facilities and matters connected therewith to such members and former members who perform such services or duties.

General review

The activities in the SANDF Fund were still at a low level for the year under review. Isolated requests for aid were reviewed but not approved. The newly appointed Board has finally been officially approved by the Minister of Defence and Military Veterans. With the Board in place and the finance committee functioning, it is anticipated that activities of the Fund will increase and the Fund will render aid to the beneficiaries of the Fund during the 2011/2012 financial year.

Financial results

Income for the financial year consisted of interest received mainly on investments. Interest on investments was capitalised. This resulted in the investment capital increasing by 5.97 %. (7.39 % in 2009/2010). The growth of the investment is lower than the prior year due to the lower interest rates during the current year and the transfer of capital (R16 000) to the current account to finance operating costs.

Expenditure for the financial year consisted mainly of audit fees, honorarium of the accountant and travelling expenses for Board members attending Board meetings.

Events after the reporting date

There were no events, favourable and unfavourable, that occurred after the reporting date.

Interest of the Board members

Board members do not have any interest in the SANDF Fund.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND ANNUAL REPORT for the year ended 31 March 2011

Auditors

The Auditor of the SANDF Fund is the Auditor-General South Africa.

Address

Armcor Building, Nossob Street, Erasmusrand.



LIEUTENANT GENERAL D.M. MGWEBI
CHAIRPERSON OF THE SANDF FUND BOARD

31 July 2011

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the South African National Defence Force Fund, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on pages 278 to 279 and 282 to 294.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and the requirements of the Fund-Raising Act, 1978 (Act No. 107 of 1978) and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Defence Force Fund as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of section 22 (7) of the Fund Raising Act 1978, (Act No. 107 of 1978).

Additional matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 276 to 277 and material non-compliance with laws and regulations applicable to the fund.

Predetermined objectives

There are no material findings on the annual performance report.

Compliance with laws and regulations

Strategic planning and performance management

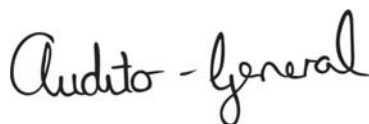
No predetermined measurable objectives, expected outcomes and targets were set at the beginning of the financial year, and no evidence could be obtained that these objectives were agreed on by the executive authority as required by the 2010/11 Audit Directive - (*General Notice 1111* issued in *Government Gazette 33872*).

INTERNAL CONTROL

In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the finding on compliance with laws and regulations included in this report.

Leadership

Oversight responsibility was not exercised regarding performance reporting and compliance, as the Board was only appointed during August 2010.



Pretoria

31 July 2011



AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2011

	<i>Note</i>	2010/2011	2009/10
		R	R
ASSETS			
Current assets			
Cash and cash equivalents	2	24 976	47 000
Investments	3	<u>12 021 035</u>	<u>11 343 333</u>
Total assets		<u><u>12 046 011</u></u>	<u><u>11 390 333</u></u>
LIABILITIES			
Current liabilities			
Payable		418	614
Provision		<u>6 000</u>	<u>5 000</u>
Total liabilities	4	<u><u>6 418</u></u>	<u><u>5 614</u></u>
Net assets		<u><u>12 039 593</u></u>	<u><u>11 384 719</u></u>
NET ASSETS			
Accumulated surpluses		<u>12 039 593</u>	<u>11 384 719</u>
Total net assets		<u><u>12 039 593</u></u>	<u><u>11 384 719</u></u>

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

STATEMENT OF FINANCIAL PERFORMANCE

as at 31 March 2011

	<i>Note</i>	2010/11 R	2009/10 R
Revenue			
Other operating revenue	5	693 836	781 891
Total revenue		<u>693 836</u>	<u>781 891</u>
Expenses			
Administration expenses		38 729	34 872
Interest		233	-
Total expenses		<u>38 962</u>	<u>34 872</u>
Surplus for the period		<u>654 874</u>	<u>747 019</u>
Attributable to Net asset holders		<u>654 874</u>	<u>747 019</u>

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2011

	2010/11 R
	Accumulated surpluses
Balance at 31 March 2008	9 574 917
Surplus for the period	1 062 783
Balance at 31 March 2009	10 637 700
Surplus for the period	747 019
Balance at 31 March 2010	11 384 719
Surplus for the period	654 874
Balance at 31 March 2011	12 039 593

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

CASH FLOW STATEMENT

for the year ended 31 March 2011

	<i>Note</i>	2010/11 R	2009/10 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Other payments	7	(37 925)	(34 259)
Net cash flows from operating activities		<u>(37 925)</u>	<u>(34 259)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Income from investments		693 702	780 698
Increase in investments		(677 702)	(780 698)
Finance income		134	1 193
Finance expenses		(233)	-
Net cash flows from investing activities		<u>15 901</u>	<u>1 193</u>
Net increase in cash and cash equivalents		(22 024)	(33 066)
Cash and cash equivalents at beginning of period	2	<u>47 000</u>	<u>80 066</u>
Cash and cash equivalents at the end of period		<u><u>24 976</u></u>	<u><u>47 000</u></u>

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1. Accounting Policy

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board. The measurement base applied is historical cost.

The financial statements was prepared on a going concern basis in accordance with GRAP, issued by the Accounting Standards Board.

1.2 Investments in Financial Instruments

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the fund's management has the positive intention and ability to hold to maturity. Held to maturity is included in non-current assets, except for those with maturities less than 12 months from the reporting date, these are classified as current assets.

1.2.1 Recognition

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

1.2.2 Measurement

Financial instruments are initially measured at fair value. Subsequent measurement of financial instruments is determined based on the category of financial instruments. Held to maturity investments are subsequently measured at amortised cost.

1.2.3 Investment in Financial Assets

The Fund's principle financial assets are investments and cash and cash equivalents.

1.3 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised where the right to receive cash flows from the asset has expired or matured.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled.

1.4 Revenue

1.4.1 Other income

Other income is measured at the fair value of consideration received or receivable. Other income is recognised when it is probable that future economic benefits will flow to the Fund and these benefits can be measured reliably.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.4.2 Revenue

Revenue is measured at fair value of consideration received or receivable. Revenue comprises of donations received.

1.5 Provisions

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. The amount recognised shall be the best estimate of expenditure required to settle the present obligation at the reporting date.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1.6 Cash and cash equivalents

Cash and cash equivalents are stated at the fair value.

1.7 Related parties

Related parties represent those transactions which have been entered into between the SANDF Fund and related parties.

1.8 Unauthorised, irregular, fruitless and wasteful expenditure

The financial statements must, in terms of the Public Finance Management Act, 1999 (Section 55(2)(h)(1)), include particulars of any such expenditure. When such expenditure is incurred, it would be charged against income when incurred.

1.9 Budgets

The SANDF Fund prepares the budget on the cash basis for a period of twelve months which coincides with the reporting period.

The SANDF Fund does not budget for interest income because of the fluctuation of interest rates and because the income from interest is not the core business of the Fund.

Budget for expenditure is limited to 90% of the prior year interest earned on investments.

1.10 Use of Estimates, Judgements and Assumptions

Management is required to make estimates and assumptions in preparing the annual financial statements. These assumptions and estimates are made on the best available information relating to provisions.

1.11 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

1.11.1 Adjusting events

Adjusting events are those that provide evidence of conditions that existed at the reporting date (adjusting events); and

1.11.2 Non-adjusting events

Non-adjusting events are those events that are indicative of conditions that arose after the reporting date (non-adjusting events).

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

2. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

	<i>Note</i>	2010/11 R	2009/10 R
Cash on hand and balances with banks		24 976	47 000
		24 976	47 000

3. Investments in financial assets

3.1 Fixed term deposit

3.1.1 Maturity date: 26/05/10

Interest rate: 6.5%

Opening balance

1 022 719

Interest accrued

6 010

Closing balance

1 028 729

Opening balance

1 028 729

Interest earned

10 199

Closing balance transferred to Investment (refer 3.1.3)

1 038 928

3.1.2 Maturity date: 31/05/10

Interest rate: 7%

Opening balance

10 073 124

Interest accrued

241 480

Closing balance

10 314 604

Opening balance

10 314 604

Interest earned

117 841

Closing balance transferred to Investment (refer 3.1.5)

10 432 445

3.1.3 Maturity date: 26/08/2010

Interest rate: 5.85%

Opening balance

1 038 928

Interest earned

15 320

Closing balance transferred to Investment (refer 3.1.4)

1 054 248

3.1.4 Maturity date: 30/11/2010

Interest rate: 5.65%

Opening balance

1 054 248

Interest earned

15 667

Closing balance transferred to Investment (refer 3.1.7)

1 069 915

3.1.5 Maturity date: 30/11/2010

Interest rate: 6.1%

Opening balance

10 432 445

Interest earned

319 061

Closing balance transferred to Investment (refer 3.1.6)

10 751 506

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

	<i>Note</i>	2010/11 R	2009/10 R
3.1.6	Maturity date: 31/05/2011 Interest rate: 5.50%		
	Opening balance	10 751 506	
	Interest accrual	197 651	
	Closing balance at year end 31/03/2011	<u>10 949 157</u>	
3.1.7	Maturity date: 31/01/2011 Interest rate: 5%		
	Opening balance	1 069 915	
	Interest earned	9 086	
	Closing balance transferred to Investment (refer 3.1.8 and 3.1.10)	<u>1 079 001</u>	
3.1.8	Maturity date: 28/02/2011 Interest rate: 4.95%		
	Opening balance	69 915	
	Interest earned	265	
	Closing balance transferred to Investment (refer 3.1.9)	<u>70 180</u>	
3.1.9	Maturity date: 31/03/2011 Interest rate: 5.05%		
	Opening balance	70 180	
	Interest earned	301	
	Closing balance transferred to Investment (refer 3.1.11)	<u>70 481</u>	
3.1.10	Maturity date: 31/3/2011 Interest rate: 5%		
	Opening balance	1 009 087	
	Interest earned	8 156	
	Closing balance	1 017 243	
	Transferred to current account	(16 000)	
	Closing balance transferred to Investment (refer 3.2.2)	<u>1 001 243</u>	
3.1.11	Maturity date: 30/6/2011 Interest rate: 5.25%		
	Opening balance	1 071 724	
	Interest earned	154	
	Closing balance at year end 31/03/2011	<u>1 071 878</u>	

4. Provisions

A provision for accounting fees has been recognised to be incurred in the 2010/11 financial year.

The accounting fees relate to an Honorarium fee for meetings attended, monthly accounting work and compilation of annual financial statements. The accounting fee and the timing of the payment are determined based on the discretion of the Board (no fix contract exist between the accountant and the Board) subsequent to the year end and preparation of financial statements.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

	<i>Note</i>	2010/11 R	2009/10 R
Accountant fees			
Opening balance		5 000	5 000
Additions		6 000	5 000
Used		(5 000)	(5 000)
Closing balance		6 000	5 000
5. Other operating revenue			
Investment income on held to maturity investments		693 702	780 698
SA National Defence Force Fund		4	18
SA National Defence Force Welfare Fund		130	1 175
Interest earned on investment is capitalised		693 836	781 891
6. Profit for the year			
Profit for the year includes expenditure for:			
Audit fees		26 816	25 258
		26 816	25 258
7. Cash flow from operating activities			
Surplus for the year		654 874	747 019
Adjusted for:			
Interest received on investments		(693 702)	(781 891)
Interest paid		(134)	-
Interest paid		233	-
Increase in payables		804	613
		(37 925)	(34 259)

8. Financial instruments

8.1 Financial risk factors

8.1.1 Market risk

Market risk is the risk that changes in market prices. Interest rates will affect the SANDF Fund. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising return. The SANDF Fund does not manage this risk aggressively as the investments of funds are determined by the Minister of Defence and the Minister of Finance. Within these parameters, funds are invested with reputable commercial banks.

8.1.2 Credit risk

Credit risk is the risk of financial loss to the SANDF Fund if a financial institution to a financial instrument fails to meet its contractual obligations.

The SANDF Fund's exposure to credit risk is influenced only by the individual characteristics of the financial institutions where funds are deposited or invested. Reputable financial institutions are used for investing and cash handling purposes.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

	<i>Note</i>	2010/11 R	2009/10 R
ABSA Bank	2	24 976	47 000
Rand Merchant Bank (RMB)	3	<u>12 021 035</u>	<u>11 343 333</u>
		<u>12 046 011</u>	<u>11 390 333</u>

The investment contractual maturities for all borrowings and payables outstanding at 31 March 2011 are 12 months or less.

8.1.3 Liquidity risk

Liquidity risk is the risk that the SANDF Fund will not be able to meet its financial obligations as they fall due. The SANDF Fund's approach to managing liquidity is to ensure that investment terms chosen will ensure that it will always have sufficient liquidity to meet its liabilities when due.

The liquidity risk is considered being low, because the SANDF Fund has adequate funds at their disposal.

Cash and cash equivalents	24 976	47 000
Investments	<u>12 021 035</u>	<u>11 343 333</u>
	12 046 011	11 390 333
Current liabilities	<u>(6 418)</u>	<u>(5 614)</u>
	<u>12 039 593</u>	<u>11 384 719</u>

8.1.4 Interest risk

The SANDF Fund's exposure to changes in interest rates is limited to that of the reputable financial institutions. Interest earned on cash and cash equivalents are not material and does not pose a risk. Investment funds are invested for short terms.

	2010/11 Effective Rate %	2009/10 Effective Rate %	Change
Investment	5.97	7.39	(1.42)

8.1.5 Interest risk sensitivity analysis

	2010/11 R	2009/10 R
Investments	<u>12 021 035</u>	<u>11 343 333</u>
1% interest fluctuation impact	<u>120 210</u>	<u>113 433</u>

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

8.1.6 Capital managements

The policy of management is to maintain a strong capital base so as to maintain aid in the future. There were no changes in management's approach to capital management during the year.

	Interest bearing	Non-Interest bearing	Total
	R	R	R
2011			
ASSETS			
Cash and cash equivalents	24 976	-	24 976
Investments	12 021 035	-	12 021 035
	12 046 011	-	12 046 011
Current liabilities	-	(6 418)	(6 418)
Net financial assets (liabilities)	12 046 011	(6 418)	12 039 593
2010			
ASSETS			
Cash and cash equivalents	47 000	-	47 000
Investments	11 343 333	-	11 343 333
	11 390 333	-	11 390 333
Current liabilities	-	(5 614)	(5 614)
Net financial assets (liabilities)	11 390 333	(5 614)	11 384 719

8.1.7 Currency risk

The SANDF Fund does not enter into forward exchange contracts and therefore have no currency risk.

8.2 Fair value estimation

The face values of cash, and trade payables less any estimated credit adjustments, are the approximate fair values on 31 March 2011, as a result of the short-term maturity of these assets and liabilities.

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

9. Related parties

The SANDF related parties and the Department of Defence are related because of common control under the Minister of Defence. Board members are related parties.

The related party transactions for the year under review are as follows:

	2010/11	2009/10
	R	R
Attendance allowance for attendance of meetings of non Department of Defence (DOD) Board Members:		
Prof D.F.S. Fourie	300	100
Lt Gen (Ret) D.P. Knobel	200	100
R Adm (JG) L.M. Bakkes	600	300
Lt Col L. Poorter	2 400	2 100
 Department of Defence (DOD) personnel serving on the Board or representatives who provide services to the SANDF Fund during DOD official working hours without compensation from the SANDF Fund.	 25 691	 10 772
	29 191	13 372

10. Budget and actual amounts

- 10.1 The Fund did not plan for any fund raising events for the year under review and consequently no budget was prepared. The income from interest is not the core business of the Fund and does not require a budget.
- 10.2 Budget for expenditure is limited to 90% of the prior year interest earned on investments. The increase of administrative expenses were due to the significant increase of audit fees.

Reconciliation of budget deficit with the surplus in the statement of financial performance

	<i>Note</i>	2010/11
		R
Net surplus per the statement of financial performance		654 874
Adjusted for:		
Administration expenses	10.2	(11 462)
Members aid	10.2	(653 278)
Other operating revenue	10.1	(693 278)
Net deficit per approved budget		(703 702)

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

Reconciliation of budget with the actual

	<i>Note</i>	Approved budget	Actual	Difference: Budget less Actual
		2010/2011	2010/2011	2010/2011
		R	R	R
RECEIPTS				
Other operating revenue	10.1	-	693 836	(693 836)
		-	693 836	(693 836)
PAYMENTS				
Administration expenses		50 424	38 962	11 462
Members aid		653 278	-	653 278
	10.2	703 702	38 962	664 740

ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON COMPLIANCE WITH SECTION 4 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT OF 2002, FOR THE YEAR ENDED 31 MARCH 2011

Introduction

I have performed my limited assurance engagement on the compliance by the National Conventional Arms Control Committee (NCACC) with section 4 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002) (the Act), as required by section 12 of the Act.

To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than Parliament for my work, for this report, or for the conclusions I have formed.

NCACC's responsibility

The NCACC is responsible for compliance with the Act and related regulations.

Auditor-General's responsibility

As required by section 12 of the Act, my responsibility is to conclude on compliance by the NCACC with section 4 of the Act. I performed my assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000), (*Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*). That standard requires me to comply with the ethical requirements and plan and perform my assurance engagement to obtain sufficient appropriate evidence regarding the subject matter of the engagement to support my assurance conclusion expressed below.

Summary of work performed

As the auditor of the NCACC, I have also audited the Department of Defence, which provides the secretariat to the NCACC, for the period ended 31 March 2011. My limited assurance procedures included the following specific procedures:

- Inspecting the processes and structures established by the NCACC for effective control of trade in conventional arms.
- Inspecting the guidelines, structures and processes established by the NCACC for the scrutiny and assessment of the application for a permit.
- Confirming that the committee liaises with relevant government agencies regarding the enforcement of the Act.

ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON COMPLIANCE WITH SECTION 4 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT OF 2002, for the year ended 31 March 2011

- Inspecting cases where the issue of a permit was refused by the NCACC and confirming that this had been done as required by section 14 of the Act.
- Inspecting on a sample basis permits issued to ensure that the conditions under which a permit is issued are complied with as detailed in the regulations.
- No compliance procedures were performed in the following areas of the NCACC's responsibilities:
 - The evaluation of end user certificates received.
 - Control evaluation at development and manufacturing companies.
 - Compliance visit reports, conclusion and recommendations.
- Inspecting the register that must be kept in the prescribed form, indicating persons involved in the trade in conventional arms.
- Inspecting the register for all permits issued and undertaking the following:
 - Selecting a sample of permits issued and following it through to the register.
 - Selecting a sample of entries in the register and following it through to the issued permits.
- Confirming that all reports issued had been issued as required by section 23 of the Act.
- An analysis to identify anomalies in reported data.
- Determining whether information supplied is relevant, reliable, comparable and understandable.

For the purpose of my limited assurance conclusion, my evidence-gathering procedures were more limited than for a reasonable assurance engagement, and therefore less assurance was obtained than in a reasonable assurance engagement.

I believe that the evidence obtained as part of my assurance engagement with the NCACC for the period ended 31 March 2011 is sufficient and appropriate to provide a basis for my conclusion expressed below.

Conclusion

In my opinion, except for non-compliance with section 23(1)(b) of the Act as described in the finding below, nothing came to my attention to indicate that the NCACC did not comply with section 4 of the Act in all material respects.

ASSURANCE REPORT OF THE AUDITOR-GENERAL
TO PARLIAMENT ON COMPLIANCE WITH SECTION 4
OF THE NATIONAL CONVENTIONAL ARMS CONTROL
ACT IN TERMS OF SECTION 12 OF THE NATIONAL
CONVENTIONAL ARMS CONTROL ACT OF 2002,
for the year ended 31 March 2011

Finding

Non-compliance with section 23(1)(b) of the Act

The NCACC did not submit three quarterly reports (April to June 2010, July to September 2010 and October to December 2010) on all conventional arms export concluded during the preceding quarters to a committee of Parliament, as required in terms of section 23(1)(b) of the Act.

Auditor-General

Pretoria

28 July 2011



AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

AAD	African Aerospace and Defence
AACB	Armaments Acquisition Control Board
AASB	Auditing and Assurance Standards Board
FI5 AC	FI5 Aircraft
ACCORD	African Centre for the Constructive Resolution of Disputes
AFB	Air Force Base
ALFA	Advanced Light Fighter Aircraft
AMC	Accountability Management Committee
AMD	Aerospace, Maritime and Defence Industries Association
AMHU	Area Military Health Unit
ARMSCOR	Armaments Corporation of South Africa Ltd
ARV	Antiretroviral
ASB	Army Support Base
ASGISA	Accelerated and Shared Growth Initiative for South Africa
AU	African Union
BEE	Black Economic Empowerment
BOST	Basic Operational Sea Training
BPST	British Peace Support Training
BSC	Balanced Scorecard
C²	Command and Control
CAR	Central African Republic
C Def Mat	Chief Defence Matériel
CD HR	Chief Director Human Resource
CFO	Chief Financial Officer
C HR	Chief of Human Resources
CHATSEC	Combating HIV/Aids through Spiritual and Ethical Conduct
CI	Counter-Intelligence
C⁴I³RS	Command and Control, Communications, Computers, Information, Intelligence, Infrastructure, Reconnaissance and Surveillance
CJ Ops	Chief Joint Operations
C Log	Chief Logistics
CMIS	Command and Management Information Systems
COTS	Commercial Off-the-Shelf
CPX	Command Post Exercise
C SANDF	Chief of the South African National Defence Force

CSIR	Council for Scientific and Industrial Research
CSND	Council for Support to National Defence
CSS	Core Service System
DCAC I&A	Directorate Conventional Arms Control Audits and Inspections
DEIS	Defence Enterprise Information System
DEISM	Defence Enterprise Information System Management
DERI	Defence Evaluation and Research Institute
DFR	Defence Foreign Relations
DI	Defence Intelligence
DICTA	Defence information Communication Technology Architectures
DIMS	Directorate Integrated Management Systems
DISC	Defence Intelligence Standing Committee
DI Div	Defence Intelligence Division
DLSD	Defence Legal Services Division
DOD	Department of Defence
DPBEC	Departmental Programme and Budget Evaluation Committee
DPE	Department of Public Enterprise
DPSA	Department of Public Service and Administration
DPSP	Defence Policy, Strategy and Planning
DPW	Department of Public Works
DRC	Democratic Republic of the Congo
DRI	Defence-Related Industry
DSA	Defence Services Asia
DSC	Defence Staff Council
DST	Department of Science and Technology
DTI	Department of Trade and Industry
EFQM	European Foundation for Quality Management
EIS	Enterprise Information System
ENE	Estimates of National Expenditure
ETD	Education, Training and Development
EX	Exercise
FAZSIO	Forces Armées de la Zone Sud de l'Océan Indien (French Armed forces in the Southern Indian Ocean)
FIFA	Fédération Internationale de Football Association
FMD	Financial Management Division
FMS	Financial Management System
FOSAD	Forum of South African Directors-General
FSE	Force Structure Element
FTX	Field Training Exercise
FY	Financial Year

GEPF	Government Employees' Pension Fund
GITO	Government Information Technology Officer
GOCs	General Officers Commanding
HQ	Headquarters
HR	Human Resources
IBSA	India, Brazil and South Africa
ICS	Information and Communications System
ICT	Information and Communication Technology
ICTS	International Cooperation, Trade and Security Cluster
IFMS	Integrated Financial Management System
IG DOD	Inspector General Department of Defence
IP	Intellectual Property
ISDSC	Inter-State Defence Security Committee
ISS	Information Security System
IT	Information Technology
JCPS	Justice, Crime Prevention and Security Cluster
JD	Joint Defence Committee
JIM	Joint, Interdepartmental and Multinational
JIPSA	Joint Initiative for Priority Skills Acquisition
LHD	Landing Helicopter Dock
LIALLS	Lessons Identified and Lessons Learned System
LIRP	Logistic Intervention and Realignment Programme
LPD	Landing Platform Dock
MAAC	Military Attaché and Advisor Corps
MAB	Military Arbitration Board
MDSMA	Military Discipline Supplementary Measure Act
MEDUNSA	Medical University of Southern Africa
MOD	Ministry of Defence
MOU	Memorandum of Understanding
MP	Member of Parliament
MP Div	Military Police Division
MPSPPO	Military Policy, Strategy and Planning Office
MRCC	Maritime Rescue Coordination Centre
MSDS	Military Skill Development System
MSF	Mission Success Factors
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NATO	North Atlantic Treaty Organisation

NB SMST	Naval Base Simon's Town
NCACC	National Conventional Arms Control Committee
NCAGS	Naval Coordination and Guidance of Shipping
NDOT	National Department of Transport
NDPW	National Department of Public Works
NEPAD	New Partnership for African's Development
NICOC	National Intelligence Co-ordinating Centre
NIAID	National Institute of Allergy and Infectious Disease
NQF	National Qualification Framework
NSI	National System of Innovation
OBS	Operational Boat Squadron
OC	Officer Commanding
OHS	Occupational Health and Safety
OSD	Occupational Specific Dispensation
Para	Parachute
PCD	Portfolio Committee on Defence
PDSC	Plenary Defence staff Council
PEPFAR	President's Emergency Plan for Aids Relief
PFMA	Public Finance Management Act
PME	Prime Mission Equipment
PMTC	Peace Mission training Centre
POA	Programme of Action
PSO	Peace Support Operations
PXD	Post-Exercise Discussion
R&D	Research and Development
RAB	Religious Bodies and Advisor Boards
RAMP	Repair and Maintenance Programme
Regt	Regiment
RSA	Republic of South Africa
SAAF	South African Air Force
SABS	South African Bureau of Standards
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Community
SADC BRIG	Southern African Development Community Brigade
SADESO	South African Defence Export Support Organisation
SADRI	South African Defence-Related Industry
SAI	South African Industry
SAMHS	South African Military Health Service
SAN	South African Navy
SANAD	South African Naval Armaments Depot

SANDF	South African National Defence Force
SAMVA	South African Military Veterans' Association
SAPS	South African Police Service
SAQA	South African Qualification Authority
SASSETA	Safety and Security Sector Education and Training Authority
SBP	Strategic Business Plan
SC	Secretariat Council
SCAMP	Strategic Capital Acquisition Master Plan
SCOA	Standard Chart of Accounts
Sec Def	Secretary of Defence
SG	Surgeon-General
SITA	State Information Technology Agency
SME	Small and Medium-Sized Enterprises
SMS	Senior Management Service
SMJ	School of Military Justice
SSR	Security Sector Reform
TBD	To Be Determined
UK	United Kingdom
UN	United Nations
UNISA	University of South Africa
USA	United States of America
USAF	United States Air Force
UNSC	United National Security Council
VIP	Very Important Person
WAN	Wide Area Network
WATC	West African Training Cruise
WHO	World Health Organisation
YFTP	Youth Foundation Training Programme



