Department of Defence & Military Veterans

Annual Report 2012/13

Safeguarding South Africa for a Better Life for All

defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

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Department of Defence
Annual Report

(This Annual Report includes information on the Department of Military Veterans)

1 April 2012 to 31 March 2013

Safeguarding South Africa for a Better Life for All

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Defence
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF DEFENCE AND MILITARY VETERANS ANNUAL REPORT FY2012/13

Ms N.N. Mapisa-Nqakula, MP
Minister of Defence and Military Veterans

Dear Minister,

I have the honour of submitting the Annual Report of the Department of Defence (DOD) for the reporting period 01 April 2012 to 31 March 2013.

(DR S.M. GULUBE)
SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

Foreword by the Honourable Minister of Defence and Military Veterans, Ms N.N. Mapisa-Nqakula, MP

The mandate of the Defence remains that of defence and protection of the Republic, its territorial integrity and its people in accordance with the Constitution of the Republic and the principles on international law regulating the use of force. The fulfilment of the mandate is measured through the state of readiness of the defence force in its ability to execute operations successfully. When the defence force has enhanced defence capabilities, it is in a better position to contribute to the promotion of peace and security in the region, the continent and support the people of South Africa.

The SANDF has consistently maintained an excellent execution of government ordered commitments. With the improvement of the state of readiness, the execution of successful operations will be of higher quality. This relates to the allocation of financial resources to acquire human resources, prime mission equipment, services and commodities.

Stemming from the President's announcement at the State of the Nation a new growth path for the country has been agreed upon through the National Development Plan. This path places people's employment at the centre of government's economic policy. Defence commits itself to support government's intent in terms of inherent available Defence capabilities and initiatives such as the Military Skills Development System. Given our human resources requirements, the SANDF has continued to make use of the MSDS to address its internal HR capacity and renewal whilst simultaneously providing skills for the youth of our country.

Notwithstanding the auditing standards that are continually being enhanced, the Ministry will earnestly pursue the realisation of a clean audit. Some auditable strides have been registered which are a result of the multi-pronged strategy to realise the qualification free audit, of which operation *"Clean Audit"* is but one. Deepening in establishing internal controls that will help to proactively mitigate functions and processes that could lead to an audit qualification will be prioritised. A strong monitoring and evaluation capability has been enhanced.

Our governance structures and approach needs to be continuously improved to make sure that the DOD continues in a positive trajectory. We have attempted to attend to matters raised in the audit as and when it arises. It is encouraging to note that the DOD has started doing what needs to be done early enough to make sure that ground is covered to resolve issues before the next audit takes place. It is very important to note that we are now going to be audited in a more detailed fashion on the movable items, and therefore we must start to ready ourselves for this kind of auditing.

Ms N.N. Mapisa-Nqakula
Minister of Defence and Military Veterans

Our adoption of an outcomes based approach to strategic planning, implementation and performance monitoring and evaluation so as to achieve auditable evidence of the improvement of the quality of life for all our citizens will allow us to achieve more with the little available to us. The successes in identifying outcomes that are selected in a careful manner will go a long way for the DOD to make a greater impact in the most efficient and effective manner.

We must be able to measure ourselves with appropriate performance indicators that will ensure that we are achieving our objectives. This will allow us to ultimately intervene when there is a need and support those outputs which will ultimately lead to the realisation of our outcomes.

It is important that our Annual Performance Plans are developed and informed by the Strategic Plans. This is important for the alignment of our work so that the government outcomes oriented monitoring and evaluation approach can be achieved by working together with all other stakeholders in our environment. Our Annual Performance Plans must deal with the outcomes, outputs, activities and inputs that must provide the norms and standards for us to execute our work and allow us to account at the end of each financial year.

The SANDF contributes with contingent force men and women under the Mission dubbed MONUSCO in the DRC and soldiers under the Mission code named UNAMID in Sudan. Apart from the troop contribution in the Peace Mission in the DRC, SANDF troops also provide post conflict reconstruction in that country with the view to strengthening the weak state apparatus and institutions.

In this respect the focus areas are integration and team building training, transformation process and general military training of the Armed Forces. South Africa pursues the maintenance of peace and stability through both bilateral and multinational means. As most causes of instability transcend international borders, the SANDF has remained committed to and has been part of missions under the UN, AU and SADC as mentioned above. Our defence posture mirrors this approach.

The SANDF has since April 2010 deployed for border safeguarding along the borders of RSA and her neighbouring countries. Currently, the SANDF has already set its footprint along RSA/Zimbabwe Border and RSA/Mozambique border. State resources need to be mobilised more aggressively to ensure the stable roll out of border-safeguarding operations. Currently, Defence is furthermore deployed in the Mozambique Channel to ensure security against piracy in the SADC waters on a Tri-lateral basis between ourselves, Mozambique and Tanzania. Due to this joint operation with our neighbours we have seen a drastic reduction in piracy threats along the east coast and have halted the downwards trend of piracy encroaching our waters.

Over the past two decades we have continued to enhance our many policies that are aimed at positioning the Department of Defence to best deliver on its mandate. We have been hard at work to ensure that we do not falter on our responsibility of fulfilling our mandate. The purpose, therefore, remains unchanged, but our strategies must always be responsive to the changing circumstances.

(MS N.N. MAPISA-NQAKULA)
MINISTER OF DEFENCE AND
MILITARY VETERANS

Introduction by the Secretary for Defence, Dr S.M. Gulube

The Secretary for Defence is the Head of the Department, the Accounting Officer, the Information Officer and the principal adviser to the Minister of Defence on defence policy matters. The Defence Secretariat is established in terms of section 204 of the Constitution, given substance to by section 6 of the Defence Act, 2002 (Act No. 42 of 2002) and executes its functions in terms of section 8.

In implementing government priorities that are linked to its mandate the DOD, is guided by the Ministerial priorities that are embedded in the departmental plans.

Civil Control

Civil control over the military is a key feature of the South African democracy. In line with this, the DOD ensured that the employment of the SANDF was conducted in accordance with the law by preparing employment papers for all operations.

It is often said that no country can survive in isolation and this is specifically true to the security of any country. Throughout the year under review, the DOD continued to strengthen its defence relations with strategic partners throughout the world in support of the South African Foreign Policy. This effort is of long term benefits to the security of the country.

Corporate Governance

As a government department responsible for the defence of the Republic, the DOD is subject to government regulatory frameworks on good corporate governance. To pursue this, the DOD has operated within the parameters of good corporate governance in all its work throughout the reporting period.

To achieve alignment between government priorities and its constitutional mandate, the DOD developed planning instruments that coordinated its activities throughout the reporting period. These planning instruments are tabled in Parliament in accordance with national timelines.

Skills development remains a key driver of the country's socio-economic development. To contribute to this, the DOD has initiatives like National Youth Services and Military Skills Development System. These initiatives were in place throughout the reporting period and equip the youth with the necessary skills that they can use in furthering their careers either in the DOD or elsewhere.

Dr S.M. Gulube
Secretary for Defence

For an organisation to function optimally towards realising its mandate it must be effective in its Strategic Management, Human Resource Management, Governance and Accountability and Financial Management. These are principles advocated by the Management Performance Assessment Tool (MPAT) which is administered by the Department of Performance Monitoring and Evaluation in the Presidency. During the year under review, the DOD complied with the requirement of the MPAT and this serves as a clear indication that the DOD has effective and efficient systems in place.

The acquisition of the DOD specific materiel and technological requirements remains strategic to the effective and efficient functioning of the defence. During the period under review, the DOD completed several strategic acquisi-

tion projects and made notable progress towards completing other projects.

As various government departments' functions are interlinked and there is a need to ensure alignment of these functions in support of government priorities. To address this, the Government Cluster System is established to cluster departments according to certain functions. Throughout the year the DOD has strengthened its participation in the International Cooperation, Trade and Security Cluster; Justice, Crime Prevention and Safety Cluster; the Economic Cluster; and the Governance and Administration Cluster. This enables the DOD to be part of policy matters pertaining to peace and security in the region and on the continent.

Effective, efficient and economic utilisation of resources is of fundamental importance to the sustenance of any organisation. As the DOD is no exception to the above rule, the Operation "*Clean Audit*" Project was introduced to address the audits that resulted in a qualified audit opinion. This project continued throughout the reporting period in order for the DOD to realise its long term objective of maintaining an unqualified audit opinion and moving towards achieving a clean audit. To evidence this, the asset management process has improved tremendously and the DOD has for the first time disclosed intangible assets in its current financial statements.

The effects of the world's financial crisis are felt by the country's revenue base and the DOD is subject to budget cuts that impact on its operations. The DOD, however, made optimal use of its allocation throughout the year under review. This is attributable to the effectiveness of the planning and budgeting systems that the DOD put in place.

Conclusion

Throughout the reporting period the DOD executed its constitutional mandate in line with the relevant government priorities which are guided by Ministerial priorities as detailed in the DOD's planning instruments. In the period ahead the DOD will continue its efforts to doing more with less in safeguarding South Africa for a better life for all.

(DR S.M. GULUBE)
SECRETARY FOR DEFENCE:
DIRECTOR-GENERAL

Introduction by the Chief of the South African National Defence Force, General S.Z. Shoke

A credible defence machinery for our democratic Republic of South Africa (RSA) is understood in the military as a strategic deterrence against internal and external security threats facing the country. Thus, deterrence is a function of, and a total sum of the ability of a military organisation to master its obligations across the full spectrum of conflict from peace missions to combat operations with the likelihood, if not certainty of victory. Essentially, the military instrument of national power in any nation demonstrates this ability with the support of other instruments such as economy, education, environment and politics to which it is subservient. As such the South African National Defence Force (SANDF) remains one of the instruments of government poised with the task to ensure the preponderance of conditions of stability, safety and security conducive for sound socio-economic and political activities in the country, region and continent. This could only be done within the budget baseline as reflected in the SANDF Annual Performance Plan 2012.

It is clear to all in the military that although the defence force exists to defend and protect the territorial integrity of the country and its people, the account of the RSA's interests is expressed in its domestic and foreign policies. The African Agenda is the centrepiece of the RSA's foreign policy. Naturally, the SANDF has a role to play. The current regime of our military strategy embraces this reality and channels the SANDF not only for operations in support of the people and peace support operations but also to preserve its ability to fight and win battles in conventional scenarios. Business processes and systems prescribed by government through National Treasury regulations, Public Finance Management Act (PFMA) and other regulatory framework documents to which the SANDF is indebted, assist in the professional conduct of our business. The professional benevolence of the Accounting Officer as a custodian of government business processes guarantees our continuous compliance.

The SANDF Annual Report for the FY2012/13 is a zealous attempt to communicate challenges and achievements registered during the reporting period to the internal public, oversight and audit institutions, and the public at large.

South Africa, through the SANDF, continues to be the major African troop contributor and important role player

General S.Z. SHOKE,
Chief of the South African National Defence Force

in peace keeping missions in the region and the continent. An average of 2 208 members of the SANDF were deployed in five external operations. These operations were conducted in the Democratic Republic of the Congo (DRC) in support of the UN Mission, Sudan in support of the UN/AU hybrid mission, Mozambique in support of the government effort to combat piracy in the Mozambique channel, disaster relief in the flood-affected areas of Central Mozambique, and capacity building and military training assistance in the Central African Republic (CAR).

The military prowess and combat discipline demonstrated by SANDF Airborne forces of just more than a sub-unit against a brigade size rebel force with an assortment of conventional weapons is commendable. The SANDF has made a serious reflection on the experiences in CAR.

An integrated approach to develop lessons from a range of experiences by the SANDF members was adopted. Lessons of tactical, operational and strategic value emanating from the Battle of Bangui, international military exercises with strategic partners such as Brazil, training exchange programmes and own force training exercises have been integrated to ensure the SANDF maintains the best military practices. Gratitude from the senior command cadre of the SANDF goes to the people of the RSA, the families of the deceased in particular for their co-operation with the SANDF after our tragic loss. The response from government to institute a dispensation through which families are assisted now and in future in the event of similar situations is particularly pleasing.

The utility of specialist services such as the chaplaincy, social work services and the military health discipline in general was fully demonstrated and reflected a caring organisation for its members and their families.

The SANDF is a defence force in a democracy that understands its obligations to the country's citizenry, other state departments and the professional duty to comply with government's imperatives. These include border safeguarding, anti-fraud and corruption activities, youth development, defence diplomacy in support of the country's international relations effort through participation in multi-national institutions.

Phase three of the border safeguarding plan was successfully rolled out, in which the further deployment of three sub-units and support elements to Limpopo, Mpumalanga, KwaZulu-Natal, Free State and the Eastern Cape was realised. The border safeguarding responsibility aims at the employment of joint inter-departmental forces to enforce state authority in the land, air and maritime border domains in support of national security objectives. More than 21 000 illegal immigrants were apprehended, 781 criminals arrested, 105 stolen vehicles recovered, 62 weapons recovered, 2 847 live stock recovered, 20 mandrax tablets and 19 hunting rifles and AK47 assault rifles confiscated. The resource situation allowing, particularly in terms of budget and human resources, the SANDF would have tripled these achievements.

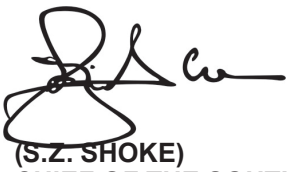
Co-operation with the Department of Rural Development and Land Reform went so well that the SANDF trained more than its planned target of 2 000. A total of 2 891 members of the National Youth Service were trained.

A DOD nodal point and a forum on fraud and corruption were established during the year under review and are now fully functional. More than 50 cases were reported through the whistle-blow channel, of which 20 were detected and investigated. The SANDF did not only support the achievement of Outcome 3 but participated in the Justice Crime Prevention and Security (JCPS) cluster. These and other efforts have been done to retain the clean audit bill obtained in the past financial year.

A learnership programme for exited Military Skills Development System (MSDS) members was finalised within the reporting period through the Tshwane South College with funds sourced from the National Skills Fund. Some of the exited MSDS members enrolled with Further Education Training (FET) Colleges of their choice, thanks to the National Student Finance Aid Scheme.

Notwithstanding these successes, the SANDF continues to battle with challenges on a range of issues that inhibit its ability to deliver on its mandate. Central to these challenges, is the disconnect between our combat and support capabilities with the requirements to deliver on the SANDF's constitutional mandate. The Defence Review, currently in the approval process, will help resolve most of these challenges.

The SANDF, with the support from the leadership of our democratic country will always endeavour to deliver on its role in the country, region, continent and above all, embrace its geo-strategic imperatives.



(S.Z. SHOKE)
CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE: GENERAL

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PART 1
GENERAL INFORMATION

VISION, MISSION AND VALUES

VISION

"*Effective Defence for a democratic South Africa*".

MISSION

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

VALUES

Organisational Values

The Department of Defence (DOD) has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In delivering the defence mission, the DOD is following 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

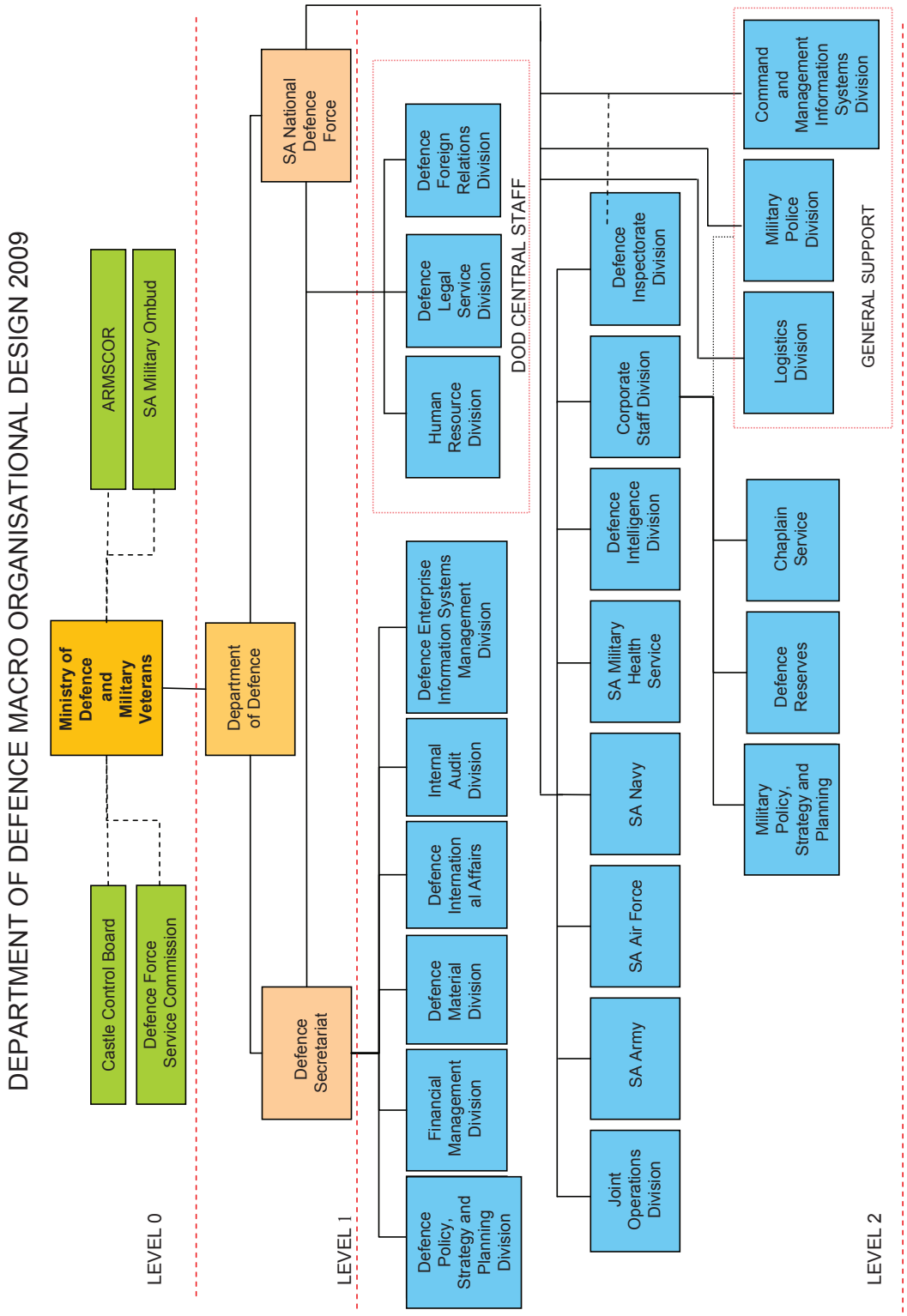
The following individual values are pursued by members of the DOD in support of the Defence Mandate:

- Discipline.
- Transparency.
- Excellence through Leadership.
- Honesty and Integrity.
- Accountability.
- Fairness.
- Teamwork.

ORGANISATIONAL STRUCTURE

Given the complex nature of the defence function, the DOD's force design and force structure are reviewed on

Figure 1: DOD Macro Organisation Structure



a regular basis in order to ensure alignment with the execution of its mandate. Alignment is ensured between the Department's outputs, the budget allocation, ordered commitments and planned operations. The approved DOD Macro Organisation Structure (2009) is represented in Figure 1.

LEGISLATIVE MANDATE

DEFENCE CONSTITUTIONAL MANDATE

The DOD derives its mandate primarily from Section 200(2) of the Constitution of the Republic of South Africa, 1996. Giving substance to this Constitutional mandate, is the Defence Act, 2002 (Act No. 42 of 2002), the White Paper on Defence (1996), the Defence Review (1998) and other national legislation that guide the defence strategy of the DOD. The DOD, as outlined in the macro organisational structure (Figure 1), comprises of the South African National Defence Force (SANDF) and the Defence Secretariat (Def Sec), established in terms of Sections 202 and 204 of the Constitution of the Republic of South Africa (RSA) respectively, and the Defence Act, 2002 (Act No. 42 of 2002).

LEGISLATIVE PROGRESS REPORT FOR FY2012/13

- **Military Ombud Act, 2012.** The Military Ombud Act, 2012 (Act No. 4 of 2012) was signed into law in April 2012 and came into operation on 10 May 2012.
- **Implementation of Geneva Conventions Act, 2012.** The implementation of Geneva Conventions Act, 2012 (Act No. 8 of 2012) came into operation on 1 December 2012. It was signed into law on 11 July 2012 and published in government gazette No. 35513 of 12 July 2012.
- **Prohibition or Restriction of Certain Conventional Weapons Act, 2008.** The Prohibition or Restriction of Certain Conventional Weapons Act, 2008 (Act No. 18 of 2008) was brought into operation by Presidential Minute on 01 December 2012.
- **Defence Laws Repeal and Amendment Bill, 2013.** The Defence Laws Repeal and Amendment Bill, 2013: Chief State Law Adviser has provided Department with pre-certification; the Bill was submitted to the Minister through Cabinet Memo.
- **Military Discipline Bill.** The Chief State Law Adviser and the officials from DLSD are currently reading the Military Discipline Bill to facilitate the pre-certification process by the latter. The Bill is due for cabinet introduction in July 2013.
- **Hydrographic Bill.** The Bill has been referred to Chief State Law Adviser in May 2013 for pre-certification.

SUMMARY OF 2013 BILLS TO PARLIAMENT

- **Defence Laws Repeal and Amendment Bill.** This Bill will repeal and amend Laws that are deemed to be obsolete or unconstitutional. This will bring about compatibility between the Defence Laws and the Constitution.
- **Hydrographic Bill.** The Bill seeks to establish the hydrographic office in the SA Navy to bring about safe and secure navigation within the maritime zones of the RSA and beyond.
- **Military Discipline Bill.** The Bill seeks to maintain and structure the SANDF as a disciplined military force through a just and fair military justice system. A disciplined force will enhance the security of the people and the territory of the RSA as required by the Constitution.

INFORMATION ON THE MINISTRY

INTRODUCTION

The Fiscal Year 2012 has been framed by the strategic perspective adopted by the DOD in 2011, in response to Government's strategic intent as articulated by His Excellency J.G. Zuma, President of the Republic of South Africa (RSA), during his State of Nation Address (SONA).

The priorities reported on for the reporting period include, *inter alia*, a focus on such pivotal elements as the execution of the border safeguarding function, the continued institutionalisation of the new Service Dispensation for SANDF members, and the associated enactment of the requisite amendments to pertinent Acts, the enhancement of the SANDF's Landward Capabilities, the consolidation of the Southern African Development Community (SADC) Maritime Security Strategy, recently ratified within the structures of the SADC and its subsidiary Organs, enhancement of the SANDF's Peacekeeping Formation, and the revitalisation of the Reserve Component.

Other key agendas reported on, include the continued restructuring and support of the defence industry. They also included the formation of the Department of Defence Works Formation, which has, as its end-state, an envisaged internal Departmental capacity for repair and maintenance, as well as a concomitant furthering of the job creation agenda of Government.
The Department of Defence is committed to achieving

the full spectrum of its Constitutional Mandate, ensuring the successful attainment of its outputs, including the meeting of its ordered commitments, mission ready defence capabilities, sound defence direction and defence compliance with the regulatory framework.

ENTITIES REPORTING TO THE MINISTER

The DOD has an oversight role for two Public Entities which fall under Schedule 2 and 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) namely Armaments Corporation of South Africa Limited (ARMSCOR) and the Castle Control Board. The Secretary for Defence (Sec Def) therefore, as the Accounting Officer of the Department, oversees the performance of these Public Entities. ARMSCOR receives allocations from the fiscus while the Castle Control Board generates its own revenue.

Table 1.1: Entities reporting to the MOD&MV

Name of Entity	Legislation	Nature of Business
ARMSCOR	• Public Entity, under Schedule 2 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) • ARMSCOR Act, 2003 (Act No. 51 of 2003)	The mandate of ARMSCOR is derived from the ARMSCOR Act, 2003 (Act No. 51 of 2003) to assist the MOD&MV with the following: • To be a nodal centre for acquisition. • Disposal of equipment.Decision support to defence matériel requirements of the DOD. • Conduct the Defence technology, research, development, analysis, tests and evaluation requirements of the DOD effectively, efficiently and economically. • Act as custodian of Defence Matériel Intellectual Property, including an asset register.
Castle Control Board	• Public Entity, under Schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) • Public Entity, under the Public Finance Management Act, 1999 (Act No. 1 of 1999) Section 1	The Castle Control Board, as a public entity, under the Public Finance Management Act, 1999 (Act No. 1 of 1999) Section 1, has the mandate to manage and protect the Castle of Good Hope on behalf of the MOD&MV having the ultimate ownership responsibility for the Castle of Good Hope.

ORGANS OF STATE REPORTING TO THE EXECUTIVE AUTHORITY

The following organs of State report to the Executive Authority[1]:

- Department of Military Veterans.
- Defence Force Service Commission (DFSC).
- Office of the Military Ombud.
- Reserve Force Council.

MINISTERIAL VISITS ABROAD

Table 1.2: International Visits by the MOD&MV

Date	Country	Purpose
13-18 April 2012	Kuala Lumpur, Malaysia	Attendance of 13th Annual Defence Services Asia Exhibition and Conference from 16 to19 April 2013 in Kuala Lumpur
2-5 July 2012	London, UK	Meeting with Boeing and Airbus management
11-16 July 2012	Addis Ababa, Ethiopia	19th Session of the African Union Summit
28-30 August 2012	Gaborone, Botswana	Accompany the President of the Republic of South Africa on State visit to Botswana

[1] The Executive Authority of the Department of Defence is the Minitster of Defence and Military Veterans (MOD&MV). The term "*Minister*", will refer to the MOD&MV, unless specifically stated otherwise.

Date	Country	Purpose
1-2 September 2012	Addis Ababa, Ethiopia	Attendance of the funeral of the late Prime Minister of Ethiopia, MelesZenawi
4 September 2012	Dar es Salaam, Tanzania	Attendance of SADC Troika meeting
10-17 Sepember	Washington DC and New York, USA	Meeting with US Secretary of Defence
21-29 September 2012	New York, USA	Attendance of meetings during the United Nations General Assembly
18-20 October 2012	Windhoek, Namibia	Attendance of the 12th Session of the Namibia/South Africa Joint Permanent Commission on Defence and Security
6-9 November 2012	Maputo, Mozambique	Attendance of the Operationalisation of the Tripartite MOU on Combined Maritime Patrol
10-15 November 2012	New York, USA	Official visit with UN General Secretary
27 November - 2 December 2012	Dar Es Salaam, Tanzania	Attendance of SADC TROIKA meeting of Ministers of Defence
30-31 December 2012	Bangui, Central African Republic	Meeting with the President of Central African Republic
7-8 January 2013	Kampala, Uganda	Consultation with President Museveni of Uganda on the situation in the Great Lakes Region
13- 14 January 2013	Bangui, Central African Republic	Meeting with the President of Central African Republic
17-22 January 2013	London, UK	Meeting with representatives of the Indian Government
23-26 January 2013	Addis Ababa, Ethiopia	Attendance of AU Summit
11-12 March 2013	Luanda, Angola	Accompany the President of the Republic to the Summit of Heads of State in Luanda, Angola

Table 1.3: International Visits by the Deputy MOD&MV

Date	Country	Purpose
11 – 12 February 2012	Singapore	The 3rd Singapore Airshow
26 March – 01 April 2012	India	The 7th International land and naval systems exhibition – Defexpo India
18 – 22 April 2012	Ethiopia	Commission of the African Union in Ethiopia
05 – 11 May 2012	Bulgaria	20 years of Diplomatic Relations between S.A and Bulgaria
08 – 10 June 2012	Botswana	The events to mark 50 years of the formation of Umkhonto We Sizwe
07-10 July 2012	Tanzania	OR Tambo Annual Educational Tour and Memorial Lecture
20-21 October 2012	Egypt	70th Anniversary Commemoration of the Battle of El Alamein
13-16 November 2012	Republic of Azerbaijan	Meeting with Ministries of Defence and Defence Industries
17-21 November 2012	Qatar	Symposium of High ranking officials for Joint Exercise wounded Falcon
07-09 January 2013	Ethiopia	Ministerial level meeting on Security arrangements in the DRC
04-09 March 2013	Brazil	Inaugural meeting of Brazil/ South Africa Joint Defence Committee
06-11 May 2013	Turkey	International Defence Industry Fair (IDEF 2013)

APPEARANCES BEFORE THE PARLIAMENTARY COMMITTEES

- None

HIGH LEVEL DOD MEETINGS CHAIRED BY MINISTER OF DEFENCE AND MILITARY VETERANS

- 25 April 2012 COD Meeting
- 03 May 2012 COD Meeting
- 20-21 June 2012 COD Meeting
- 25 July 2012 COD Meeting
- 09 October 2012 COD Meeting
- 30 October 2012 COD Meeting
- 30 October 2012 AAC Meeting
- 04 December 2012 COD Meeting
- 12 February 2013 COD Meeting

SUB-PROGRAMME PERFORMANCE

Purpose

To provide political direction to the DOD to ensure the democratic Defence of South Africa by meeting the required Defence commitments and providing appropriate Defence capabilities.

Strategic Objectives (Outputs)

The Sub-programme provides political direction to the DOD through the following:

- To provide political direction to the Department.
- To provide ministerial direction to the Department.

Service Delivery Objectives and Indicators (Overview)

During the year under review, the MOD&MV and the Deputy MOD&MV, as the Executive Authorities, continued to uphold and fulfill 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.

Service Delivery Objectives and Indicators (Output Detail)

Table 1.4: Ministerial Direction Output Detail

Output	*Performance Indicator*	*Annual Target*	*Actual Target Achievement*	*Reason for over/under Achievement*
Sound Defence Direction	Percentage improvement public opinion of the DOD (value for money)	17% improvement to 82%.	14% improvement to 77%	Under Achieved. Public opinion is affected by the media and is difficult to control.
Defence in Compliance with Regulatory Framework	Office of the Military Ombud status	Establishment of the Military Ombud office	Established the Military Ombud office	Achieved

PART 2
INFORMATION ON PREDETERMINED OBJECTIVES

THE DEFENCE VOTE

Aim of the Vote

To defend and protect the Republic of South Africa (RSA), its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

Summary of Programmes

Table 2.1: Defence Budget Programme Structure

Programme	Purpose
Programme 1: Administration	Develop policy, and manage and administer the department.
Programme 2: Force Employment	Provide and employ defence capabilities, including an operational capability, to successfully conduct all operations, including joint, inter-departmental and multi-national military exercises.
Programme 3: Landward Defence	Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.
Programme 4: Air Defence	Provide prepared and supported air defence capabilities for the defence and protection of South Africa.
Programme 5: Maritime Defence	Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.
Programme 6: Military Health Support	Provide prepared and supported health capabilities and services for the defence and protection of South Africa.
Programme 7: Defence Intelligence	Provide a defence intelligence and counter intelligence capability.
Programme 8: General Support	Provide general support capabilities and services to the department.

Voted Funds as contained in the 2012 ENE

Table 2.2: Defence and Military Veterans Vote 22

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000
37,492,954	37,888,542	37,702,218	186,324
Administering Dept	Department of Defence (DOD)		
Excutive Authority (Responsible Minister/MEC)	Minister of Defence and Military Veterans (MOD&MV) - Ms N.N. Mapisa-Nqakula, MP		
Accounting Officer	Secretary for Defence (Sec Def) - Dr S.M. Gulube		

Details of the final Department of Defence (DOD) Medium Term Expenditure Framework (MTEF) budget allocation are reflected in the Defence Vote 22 for the Financial Year 2012/13, as indicated in Table 2.3

Table 2.3: Defence Vote 22

Defence Vote	2012/13	2013/14	2014/15
	R'000	R'000	R'000
Defence Vote per Main Programme			
Administration	3,730,776	4,040,659	4,262,656
Force Employment	2,670,902	2,959,205	3,200,673
Landward Defence	12,686,731	13,751,279	14,253,986
Air Defence	6,749,665	7,204,878	7,709,470
Maritime Defence	2,551,307	2,755,491	3,198,209
Military Health Support	3,316,507	3,515,105	3,692,513
Defence Intelligence	709,663	740,475	778,507
General Support	5,077,403	4,977,568	5,236,095
Total expenditure estimates	**37,492,954**	**39,944,660**	**42,332,109**
Defence Vote per Economic Classification			
Current Payments	30,156,953	31,784,511	33,297,244
Transfers and Subsidies	6,376,133	7,548,372	8,393,426
Payment for Capital Assets	622,164	611,777	641,439
Payment for Financial Assets	337,704	-	-
Total expenditure estimates	**37,492,954**	**39,944,660**	**42,332,109**

Additional Funds Requested

Table 2.4 summarises the policy proposals for additional funding as submitted by the DOD to the National Treasury during the course of the FY2012/13 MTEF process.

Table 2.4: Policy Proposals for Additional Funding

Policy Proposal	2012/13	2013/14	2014/15
	R'000	R'000	R'000
Defence Remuneration Dispensation	581,000	617,500	631,175
Border Safeguarding	4,564,877	6,771,677	7,082,477
Enhancement of the Landward Defence Capability	342,660	676,901	701,565
Maritime Security Strategy	1,230,000	1,466,250	1,533,063
Job Creation	935,180	1,227,981	1,284,722
Enhancement of the SANDF's Peacekeeping Capability	215,500	215,525	215,551
National Youth Service	83,000	168,000	255,000
Revitalisation of the Reserves	385,288	424,456	467,617
Restructuring of and Support to the Defence Industry	155,200	122,985	128,739
Establishment of a Defence Works Capability	462,926	377,024	446,580
Military Health Care	787,000	823,100	861,005
Enhancing Activities towards Clean Audit Outcomes	249,834	241,925	234,172
Other Additional Requirements	1,191,711	1,119,597	1,185,969
Capital Works Requirements	856,000	1,103,000	903,000
Total Policy Proposals	**12,040,176**	**15,355,921**	**15,930,635**

Additional Funds Received

After the FY2012/13 MTEF process was completed the DOD only received additional funding as reflected in Table 2.5. Only two of the policy proposals were partially funded, while the department still had to institute budget reductions.

Table 2.5: Additional Funding Received

Additional Funding Received	2012/13	2013/14	2014/15
	R'000	R'000	R'000
Improvements in Conditions of Service	283,207	315,635	351,828
Border Safeguarding	200,000	250,000	299,198
Defence Strategic Procurement Programme	150,000	200,000	250,000
Military Ombud	5,000	8,000	10,000
Reduction in Military Health Care	-21,190	0	0
Reduction of Military Skills Development System	-495,305	-531,149	-663,221
Total Additional Funding Received	**121,712**	**242,486**	**247,805**

Additions to Main Appropriation

The Defence Vote was increased with Rm395,588 to Rbn37,889 through the Adjustments Vote for the following:

- **Unforeseeable and Unavoidable Expenditure.** An additional Rm63 was allocated to Programme 2: Force Employment for the deployment of members, in conjunction with the Mozambican Defence Force, for counter piracy operations in the Mozambican Channel.
- **Other Adjustments.** Other adjustments include:
  - **Adjustments Due to Significant and Unforeseeable Economic and Financial Events.** An additional Rm190,488 was allocated for higher personnel remuneration increases than the main budget provided for, per programme:
    - 1 - Administration Rm12,301
    - 2 - Force Employment Rm11,699
    - 3 - Landward Defence Rm85,888
    - 4 - Air Defence Rm28,298
    - 5 - Maritime Defence Rm14,155
    - 6 - Military Health Support Rm23,362
    - 7 - Defence Intelligence Rm2,534
    - 8 - General Support Rm12,251
  - **Self-financing Expenditure.** Departmental revenue of Rm142,100 from the sale of equipment and spares procured through the Special Defence Account has been allocated as follows:
    - Programme 3: Landward Defence Rm52,932
    - Programme 4: Air Defence Rm8,572
    - Programme 8: General Support Rm80,596

Virements/Shifts within the Vote

Reasons for additions to or virement between main appropriation allocations:

- **National Treasury (NT) Approved:**
  - The reallocation of Rm53,759 from savings within the Goods and Services to Current Transfers and Subsidies: Public Corporations and Private Enterprises.
  - The reallocation of Rm0,759 from savings within the Goods and Services to Current Transfers and Subsidies: Non Profit Institutions (St John's Ambulance Brigade).
  - The reallocation of Rm353,1 from savings within the Goods and Services and Transfer to Households in order to supplement the shortfall within Compensation of Employees.
- **The Accounting Officer approved:**
  - The reallocation of Rm7,800 from the Force Employment Programme to the Administration Programme (HR Division) for services rendered by the Centre of Conflict Simulation.
  - The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of authorised losses, Compensation of Employees, provision for the contract termination cost of Denel and to balance the expenditure for the 2012/13 financial year.

DEPARTMENTAL REVENUE

Collection of Departmental Revenue. The department had a general improvement in revenue management processes. The substantial increase in transfers received was a result of the collection of arrears re-imbursements from the United Nations for foreign deployments. The department has increased its revenue with an average of 8,8% annually since 2009. Table 2.6 below provides Sources of Revenue for the reporting period.

Table 2.6: Sources of Revenue

Economic Classification	2009/10 Actual R '000	2010/11 Actual R '000	2011/12 Actual R '000	2012/13 Target R '000	2012/13 Actual R '000	% Deviation from Target R '000
Tax Revenue	**0**	**0**	**0**	**0**	**0**	**0**
None	0	0	0	0	0	0
Economic Classification	**2009/10 Actual**	**2010/11 Actual**	**2011/12 Actual**	**2012/13 Target**	**2012/13 Actual**	**% Deviation from Target**
	R '000	**R '000**	**R '000**	**R '000**	**R '000**	**R '000**
Non Tax Revenue	**699,949**	**689,688**	**4,249,010**	**929,435**	**1,044,487**	**12.38%**
Sale of Goods and Services other than Capital Assets	204,916	263,989	345,513	301,788	307,172	1.78%
Fines, Penalties and Forfeits	3,482	4,459	890	13,039	1,297	-90.05%
Interest, Dividends and Rent on Land	2,750	2,628	2,703	36,870	36,776	-0.25%
Sales of Capital Assets	24,413	23,068	25,620	79,503	64,220	-19.22%
Financial Transactions in Assets and Liabilities	236,097	144,777	3,534,078	217,981	64,700	-70.32%
Transfers Received	228,291	250,767	340,206	280,254	570,322	103.50%
Total Revenue Received	**699,949**	**689,688**	**4,249,010**	**929,435**	**1,044,487**	**12.38%**

DEPARTMENTAL EXPENDITURE

The primary aim of the departmental expenditure section is to explore how actual expenditure differed from planned expenditure and how this may have impacted on departmental service delivery. The secondary aim is to provide the department with an opportunity to report on measures that were adopted to improve the economy and efficiency of spending on each programme during the reporting period. Table 2.7 below provides an overview of expenditure per programme for the reporting period.

Table 2.7: DOD Expenditure

Programme	Vote	Total Additional Appro-priation	Adjusted Additional Appro priation	Shifting of Funds	Vire-ment	Final Appro-priation	Actual Expen-diture	Variance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Administration	3,730,776	89,878	3,820,654	0	-33,472	3,787,182	3,781,561	5,621
Force Employment	2,670,902	77,293	2,748,195	0	55,117	2,803,312	2,780,978	22,334
Landward Defence	12,686,731	-372,988	12,313,743	0	54,179	12,367,922	12,367,922	0
Air Defence	6,749,665	369,055	7,118,720	0	-43,776	7,074,944	7,074,944	0
Maritime Defence	2,551,307	310,945	2,862,252	0	32,692	2,894,944	2,894,944	0
Military Health Support	3,316,507	179,947	3,496,454	0	-36,538	3,459,916	3,459,916	0

Programme	Vote	Total Additional Appro-priation	Adjusted Additional Appro priation	Shifting of Funds	Vire-ment	Final Appro-priation	Actual Expen-diture	Variance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Defence Intelligence	709,663	2,484	712,147	0	-7,096	705,051	705,051	0
General Support	5,077,403	-261,026	4,816,377	0	-21,106	4,795,271	4,636,902	158,369
Total	**37,492,954**	**395,588**	**37,888,542**	**0**	**0**	**37,888,542**	**37,702,218**	**186,324**

TRANSFER PAYMENTS

The DOD provided transfer payments to the following institutions during the course of FY2012/13:

- The Armaments Corporation of South Africa Limited (ARMSCOR) to subsidise their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence matériel, related products and services. Audited financial statements for FY2011/12 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 subsidise their administrative expenditure in terms of the Skills Development Act, 1998 (No. 97 of 1998). Audited financial statements for FY2011/12 were submitted according to payment conditions.
- The Reserve Force Council to subsidise 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 FY2011/12 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.
- The Special Defence Account (SDA) to acquire, procure and develop armaments and technology. Audited financial statements for FY2011/12 form part of the annual report of the department.
- To Defence members that are being separated from the department through the Mobility Exit Mechanism in terms of the employment and social benefits due to them.

Table 2.8 below provides the Transfer Payments for the reporting period.

Table 2.8: Transfer Payments

Institution	Amount Transferred R'000	Estimated Expenditure R'000
Special Defence Account	4,846,376	4,846,376
ARMSCOR	1,028,700	1,028,700
Social Benefits	107,232	107,232
Safety and Security Sector Education and Training Authority (SASSETA)	17,162	17,162
Reserve Force Council	6,213	6,213
Department of Military Veterans	96,976	96,976
St John Ambulance Brigade	752	752
Total	**6,103,411**	**6,103,411**

CONDITIONAL GRANTS AND EARMARKED FUNDS

Conditional Grants. None.
Earmarked Funds. Funds earmarked in the Defence Allocation for FY2012/13 are reflected in Table 2.9.

Table 2.9: Earmarked Funds

Earmarked Amounts	2012/13 R'000	2013/14 R'000	2014/15 R'000
Devolution of Funds from Public Works of which:	**1,885,401**	**2,112,534**	**2,242,618**
Accommodation Charges	939,957	1,086,466	1,154,986
Leases	227,507	238,893	253,227
Municipal Charges	717,937	787,175	834,405
Border Safeguarding	**400,000**	**550,000**	**617,198**
Strategic Procurement Programme	**656,590**	**322,199**	**379,531**
Department's Contribution	656,590	322,199	379,531
Total	**2,941,991**	**2,984,733**	**3,239,347**

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Capital Investment

Details of building projects that were undertaken for FY2012/13 are reflected in Table 2.10 below.

Table 2.10: Building Projects Currently in Progress for FY2012/13

Location	Project Description	Progress Status	Expected Completion Date
Pretoria	Waterkloof Air Force Base Runway	Construction complete and functional handover taken place. Only final measurement and payment to be completed.[2]	Completed in January 2013
Bloemfontein	Upgrading of 3 Military Hospital	Under construction. Final measurement and payment will be completed by end of March 2014.	Only final measurement and payment to be completed by FY2013/14
Saldanha	Construction of Saldanha Medical Health Facility	In planning and design phase	To be completed by March 2015
Bloemfontein	Consultant fees at 3 Military Hospital	In process	To be completed in 2014
Various: military installations in Port Elizabeth, Durban and Pretoria	Disability access	Ongoing	To be completed in 2014
Wonderboom	3 Electronic Workshop: disability project	Complete. Only final measurement and payment to be completed	To be completed in 2015
Pretoria	Air Command wheelchair lift	Design in progress	To be completed in 2015
Ladysmith	Military Police Office: Security project	Complete. Only final measurement and payment to be completed	Completed in September 2012
Durban	Security installations at Maisonettes on Bluff	In process	To be completed in March 2014
Thaba Tshwane	Dequar Road Military Police Office: Security project	Complete. Only final measurement and payment to be completed	Completed in May 2012

[2] The last payment of a capital project is normally two years after building was completed and signed off. This is called the final measurement payment (3% to 5% of total cost)

Location	Project Description	Progress Status	Expected Completion Date
Wonderboom	Military Police Office: Security fence project	In process	To be completed in August 2014
Saldanha	SAS16 Saldanha: Construction of security fence	In design phase	To be completed in March 2015
Alexander Bay	Construction of security fence	National Department of Public Works (NDPW) not yet initiated	Unknown. NDPW has not yet activated the project
Durban	Replacement of standby generators at NAVCOM Bluff, SA Navy COMCEN	Complete. SAN own resources	Completed in December 2012
Thaba Tshwane	Northern Military Police Regional Headquarters: Security Installations	Planning phase. Construction commences 2014	To be completed in March 2015
Bloemfontein	Military Police Agency (MPA): Conversion of building into female detention facility	Complete. Only final measurement and payment to be completed.	Completed in September 2011.
Langebaan	4 Special Forces Regiment: Construction of 20 duplex houses	Site clearance, design phase will start during 2013	To be completed in August 2015
Thaba Tshwane	Construction of mess and living-in complex at Training Formation to accommodate 1 200 members: Military Health Training Formation	NDPW not yet initiated	Unknown. NDPW has not activated the project yet
Kimberley	Construction of single quarters at Army Support Base	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Thaba Tshwane	Refurbishment of existing SA Air Force Warrant Officers Mess	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Kimberley	Army Support Base: Upgrading of living-in accommodation at Jack Hindon	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Kempton Park	Upgrading of Jack Frost flats	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Pretoria	Upgrading of SAS Magaliesburg Naval Mess	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Lohatla	Replace temporary buildings with permanent buildings	In process using own resources SA Army Engineer Formation	To be completed in September 2014
Boekenhoutskloof	2 Signal Regiment: Upgrading of water and sewerage reticulation at the residential area.	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Thaba Tshwane	Upgrading and refurbishment of mass transport park offices and hangar	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Lyttelton	Upgrading of buildings 25, 46 and 47 at Log Support Formation Headquarters Unit	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Thaba Tshwane	Upgrading of the Comprehensive Health Assessment centre	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Langebaan	4 Special Forces Regiment: Construction of boat park at Salamander	Complete. Only final measurement and payment to be completed	Completed in March 2013
Pretoria	Refurbishment of 9 ammo stores at 91 Ammunition Depot	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Langebaan	4 Special Forces Regiment: Replacement of boat park fuel tank	Complete. Only final measurement and payment to be completed	Completed in September 2011
Pretoria	91 Ammunition Depot Disposal Centre electrical work	Complete. Only final measurement and payment to be completed	Completed in June 2011

Location	Project Description	Progress Status	Expected Completion Date
Durban	Financial Division: Construction of training facility	NDPW not yet initiated	Unknown. NDPW has not activated the project yet
Murray Hill	Defence Intelligence training facility requirement: SA Defence Intelligence Centre (SADIC)	3 sub-projects to be constructed using own resources via Central Procurement Service Centre (CPSC) during FY2013/14	To be completed in April 2014
Phalaborwa	5 Special Forces Regiment: Upgrading of aquatic training facility	Design phase. Construction to start during this financial year	To be completed in August 2014
Thaba Tshwane	Upgrading of Military Police School	In progress.	To be completed in April 2014
Simon's Town	Construction of Maritime Warfare Training Centre	Site clearance phase and design phase during FY2013/14	To be completed in June 2016
Murray Hill	Special Forces School: Development of master plan	Initial Works Control Number master plan completed in June 2012. Moving to the next phase	Site clearance and legalisation of "*township*" to be completed during FY2013/14
Elandsfontein	Upgrading of selected facilities. (Works Formation Training School)	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Pretoria	Lightning conductors/detectors at SADIC	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Nelspruit	Replacement of kitchen equipment	Construction/installation in final phase. Hand over functional kitchen within this FY	To be completed in April 2014
Saldanha	Construction of Military Skills Development System accommodation at Saldanha	NDPW not yet initiated	Unknown. NDPW has not yet activated the project
Various	Demolition of infrastructure	Approval processes by NDPW. SANDF does not have control over this process. NDPW has not initiated tender on Free State Facilities already approved and funded for demolition.	Unknown. NDPW has not yet activated the project

Plans to Close Down or Downgrade Current Facilities. The Logistics Division currently has no plans to downgrade or close down any facilities indicated on the Immovable Asset Register of the DOD.

Current Maintenance Backlog. Overall, the DOD facilities are in a fair state (1% good, 38% acceptable, 55% fair, 4% poor and 2% very poor) and should not impact too greatly on its service delivery mandate. However, continued deferred maintenance, due to a lack of capacity and skills, will lead to the cost of recovery far outweighing the current cost of repair and that of the medium to long term expenditure framework. It is envisaged that while capacity is grown internally over the medium-term expenditure framework (MTEF) period, the co-operation and involvement of the NDPW will have to be obtained to expedite the maintenance process to all DOD facilities.

Developments relating to Capital Investments Impacting on the DOD's Current Expenditure. While maintenance is deferred, the condition of facilities continuously deteriorates. It is envisaged that such deferred projects will have a huge impact on the DOD's expenditure, once maintenance projects start.

Maintenance

Actual Maintenance Expenditure. On normal maintenance expenditure, the NDPW spent Rm77 out of a total allocation of Rm84, representing 91% expenditure.

Maintenance Backlog. Only 36.4% of the budgeted amount was spent on refurbishment projects, having the effect that the backlog has grown during the reporting period.

Asset Management

Changes in Immovable Asset Holdings. No changes have taken place with regard to immovable asset holdings.

Asset Register. The Immovable Asset Register was verified by the DOD during the year under review and was corrected in the Asset Register.

State of Capital Stock. Immovable assets were 86.5% good, 5.9% fair and 7.6% bad.
Major Maintenance Projects undertaken during FY2012/13. Major maintenance projects that were undertaken during FY2012/13 are reflected in Table 2.11.

Table 2.11: Major Maintenance Projects undertaken during FY2012/13

Location	Project Description	Status
Cape Town	2 Military Hospital: Refurbishment of hospital	Construction phase
Dunnottar	35 Engineer Support Regiment: Refurbishment of facilities	Construction phase
Middelburg	4 SA Infantry Battalion: Refurbishment of facilities	Construction phase
Simon's Town	Refurbishment of Naval Base	Construction phase
Johannesburg	21 SA Infantry Battalion: Refurbishment of facilities	Construction phase
Mafikeng	10 SA Infantry Battalion: Refurbishment of facilities	Construction phase
Pretoria	GSB Garrison A-Mess: Refurbishment of facilities	Construction phase
Lohatla	SA Army Combat Training Centre: Refurbishment of facilities	Construction phase

Facilities closed down or downgraded during the Period. None.
Projects Carried Forward. Details of projects carried forward to FY2012/13 from the previous reporting year are reflected in Table 2.12 below.

Table 2.12: Projects Carried Forward from FY2011/12 to FY2012/13

Location (Province)	Project Description	Reason
Eastern Cape	Refurbishment of 6 SA Infantry Battalion	Planning
Northern Cape	Refurbishment of 8 SA Infantry Battalion	Planning
North West	Refurbishment of School of Artillery	Planning
Free State	Refurbishment of 1 Parachute Battalion	Planning
Northern Cape	Refurbishment of 10 Anti-Aircraft and Air Defence Artillery School	Planning
Free State	Refurbishment of 44 Parachute Regiment	Planning
Free State	Refurbishment of 1 Special Service Battalion	Planning
Limpopo	Refurbishment of 7 SA Infantry Battalion	Planning
Gauteng	Refurbishment of South African Army Office, Dequar Road	Planning
Gauteng	Refurbishment of Boekenhoutskloof communication facility	Planning
Western Cape	Refurbishment of SAS Saldanha	Planning
Gauteng	Refurbishment of Military Veterinary Institute	Planning
Northern Cape	Refurbishment of 3 SA Infantry Battalion	Planning
KwaZulu-Natal	Refurbishment of 121 SA Infantry Battalion	Planning
Gauteng	Refurbishment of Rooiwal communication facility	Planning

New Projects to Commence. Details of projects that commenced during FY2012/13 are reflected in Table 2.13 below.

Table 2.13: New Projects that will commence in FY2012/13

Location (Province)	Project Description
Gauteng	Refurbishment of Thaba Tshwane B Mess
Eastern Cape	Refurbishment of 15 SA Infantry Battalion
Western Cape	Refurbishment of 9 SA Infantry Battalion
Free State	Refurbishment of School of Armour
Gauteng	Refurbishment of Boekenhoutskloof sewerage

Location (Province)	Project Description
Limpopo	Refurbishment of Air Force Base Hoedspruit (base and flood damage)
Western Cape	Refurbishment of Air Force Base Overberg (Test Flight Development Centre – (TFDC))
Western Cape	Refurbishment of Simon's East Yard
Western Cape	Refurbishment of Simon's Town Mountain Klawer Vallei
Western Cape	Refurbishment of SAS Wingfield
KwaZulu-Natal	Refurbishment of SAS Salisbury Island
Gauteng	Refurbishment of Lyttelton Complex (7 Med/SA Communication Service Agency)
Gauteng	Refurbishment of Tech Base Complex (Technical Service Unit/Vehicle Reserve Park/8 Med)
Limpopo	Refurbishment of Lephalale (South African Military Health Service (SAMHS) military training area)
Free State	Refurbishment of Military Health Training Service (MHTS) at Bloemfontein
Western Cape	Refurbishment of Hebron Village
Western Cape	Refurbishment of 18 Married Quarters Langebaan
Limpopo	Refurbishment of 35 Married Quarters Duplex (Phalaborwa)
Western Cape	Refurbishment of 10 km road resurface at Langebaan
Gauteng	Refurbishment of 2 km road resurface at Swartkop
Gauteng	Refurbishment of SADIC / resurface of all roads
Gauteng	Refurbishment of Garrison Fin Office
Western Cape	Refurbishment of Youngsfield Fin Office
Eastern Cape	Refurbishment of Mthatha Fin Office
Eastern Cape	Refurbishment of Grahamstown Fin Office
Eastern Cape	Refurbishment of GSB PE Fin Office
Western Cape	Refurbishment of Military Academy
Gauteng	Refurbishment of Defence College
Western Cape	Refurbishment of Castle Cape Town

Tendering Processes. None.

Immoveable User Asset Management Plan (UIAMP). The UIAMP assisted the department in making informed decisions regarding immovable asset management.

- Accountable, fair and transparent management of immovable assets: Yes.
- Effective, efficient and economic use of immovable assets: Yes.
- Reduced overall cost of service delivery: Yes.
- Reduced demand for new immovable assets: No.

DOD Long-Term Infrastructure and Capital Plan

Table 2.14 provides feedback in repect of the DOD Long-Term Infrastructure and Capital Plan for FY2012/13.

Table 2.14: DOD Long-term Infrastructure and Capital Plan

Project Name	Service Delivery Outputs	Current Project Stage	Total Project Cost (R'000)	Audited Outcome		Adjusted Appropriation	Medium-term Expenditure Estimate	
				2009/10	2010/11	2011/12	2012/13	2013/14
Departmental infrastructure								
Rebuilding of runway at Air Force Base (AFB) Waterkloof	Ripping up existing unserviceable runway, excavation and ground works for new runway, construction of new runway and tar macadam placed, and installation of runway lighting	Construction	1,218.7	402.1	180.0	294.4	159.6	–

Project Name	Service Delivery Outputs	Current Project Stage	Total Project Cost (R'000)	Audited Outcome		Adjusted Appropriation	Medium-term Expenditure Estimate	
				2009/10	2010/11	2011/12	2012/13	2013/14
Upgrading of medical health facilities	Construction of examination rooms, operating theatres, administration sections, wards, and mechanical systems like gas, oxygen, water, and fire detection and prevention	Construction	205.1	–	43.5	31.3	237.1	–
Construction of boat park	Construction of store facilities for boats, mechanical workshops to repair boats, administration section to do planning and rest areas for personnel	Construction	154.4	–	30.5	38.4	7.0	–
Construction of training facilities	Construction of facilities for functional training, like offensive building penetration or defensive building protection, artisan training, like electrical, electronic and construction, and vehicle driving skills	Various	91.6	–	7.5	3.2	217.9	–
Upgrading of infrastructure for disabled members	Upgrading of offices, workshops and pathways by constructing ramps, installation of water closets, hand wash basins, and enlarging toilet cubicles	Various	9.4	–	0.2	3.2	0.5	–
Upgrading of kitchens	Upgrading 6 kitchens, and preparation of floors, walls and ceilings to accommodate the new equipment	Various	7.2	–	–	7.2	0.8	–
Construction of security infrastructure at various units	Installation of security fences, gates, burglar bars, lights and monitor systems	Various	166.1	–	–	9.8	0	–
Construction of ammunition storage facility	Construction of buildings to comply with legislation on the storage of ordinance	Construction	22.3	–	8.3	1.1	4.7	–
Construction of living accom-modation	Construction of single and married houses and flats for military personnel	Identification	107.0	–	–	–	2.2	–

Project Name	Service Delivery Outputs	Current Project Stage	Total Project Cost (R'000)	Audited Outcome		Adjusted Appropriation	Medium-term Expenditure Estimate	
				2009/10	2010/11	2011/12	2012/13	2013/14
Construction of office accommo-dation	Construction of new office accommodation, comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery and site works	Identification	103.1	–	–	0.3	0.6	–
Construction of hangars	Construction of 2 hangars to comply with legislation on the storage of ordinance	Identification	24.0	–	–	–	–	–
Maintenance								
1 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Construction	420.5	81.6	140.7	–	12.0	–
Air Force Base Waterkloof		Identification	279.4	48.2	12.7	–	2.4	–
35 Engineer Support Regiment		Identification	74.9	41.6	11.9	3.5	–	–
2 Military Hospital		Construction	337.1	14.8	46.6	78.6	73.8	–
4 SA Infantry Battalion		Construction	183.1	48.1	26.1	44.0	13.4	–
Naval Dockyard Simon's Town		Tender	339.5	5.6	54.5	131.4	89.7	–
21 SA Infantry Battalion		Tender	466.2	1.1	76.6	183.9	57.7	–
10 SA Infantry Battalion		Tender	246.6	1.5	41.1	98.6	21.6	–
A-mess Thaba Tshwane		Design	88.8	–	13.9	44.4	0.6	–
1 SA Infantry Battalion		Design	25.5	0.5	–	–	0.05	12.0
4 Artillery Regiment		Design	35.2	1.4	–	–	0.007	17.6
6 SA Infantry Battalion		Design	199.4	4.6	–	–	–	79.7
8 SA Infantry Battalion		Design	244.3	1.1	–	–	–	96.4
School of Artillery		Design	63.4	0.9	–	–	–	24.3
1 Parachute Battalion		Identification	7.9	0.2	–	–	–	7.4
10 Anti-Aircraft and Air Defence Artillery School		Design	225.1	2.0	–	–	–	88.8
44 Parachute Regiment		Design	31.5	0.8	–	–	–	11.9

Project Name	Service Delivery Outputs	Current Project Stage	Total Project Cost (R'000)	Audited Outcome		Adjusted Appropriation	Medium-term Expenditure Estimate	
				2009/10	2010/11	2011/12	2012/13	2013/14
School of Engineers		Design	131.0	1.2	–	–	48.7	50.9
2 Field Engineering Regiment		Design	95.8	1.1	–	–	0.001	37.1
South African Army Combat Training Centre (including 16 Maintenance Unit)		Design	893.6	4.3	38.4	85.1	0.6	249.7
1 Special Service Battalion		Design	28.7	0.6	–	–	–	11.2
7 SA Infantry Battalion		Identification	157.2	2.0	–	–	–	30.5
South African Army office, Dequar Road		Identification	186.4	–	–	–	–	37.3
South African Air Force Blenny Complex		Identification	226.1	–	–	–	20.0	45.2
Boekenhouts-kloof commu-nication facility		Identification	47.1	–	–	–	–	23.5
Rooiwal communica-tion facility		Identification	47.1	–	–	–	–	23.5
SAS Saldanha		Identification	165.7	–	–	–	–	66.3
Military Veterinary Institute		Identification	73.5	–	–	–	–	29.4
3 SA Infantry Battalion		Identification	90.0	–	–	–	–	36.0
121 SA Infantry Battalion		Identification	96.8	–	–	–	–	35.0
1 Tactical Intelligence Regiment		Identification	130.6	–	–	–	–	–
Air Force Base Bloemspruit		Identification	630.3	–	–	–	–	–
9 SA Infantry Battalion		Identification	314.2	–	–	–	–	–
Military Police School		Identification	87.0	–	–	–	–	–
Military Base Mussina		Identification	42.6	–	–	–	–	–
Fort Ikapi (Scorpio)		Identification	14.5	–	–	–	–	–

Project Name	Service Delivery Outputs	Current Project Stage	Total Project Cost (R'000)	Audited Outcome		Adjusted Appropriation	Medium-term Expenditure Estimate	
				2009/10	2010/11	2011/12	2012/13	2013/14
Refurbishment of the official residence of C SANDF		Completed	0.2	–	–	–	0.2	0
Payment of a SAMHS Project wrt the building of a Medical Health Base in Salvokop (Pretoria)		Construction	109.1	–	–	–	4.0	105.1
Total			**8,945.1**	**665.0**	**732.7**	**1,058.4**	**926.6**	**1,223.1**

STRATEGIC OUTCOMES

The DOD Medium-Term Strategic Focus

In the medium to long term, the DOD will execute its mandate through focusing on the following:

- To defend and protect South Africa, its sovereignty, its territorial integrity, its national interests and its people in accordance with the Constitution and principles of international law regulating the use of force.
- To contribute to freedom from fear and want, including the promotion of human security, both nationally and internationally.
- To contribute to a better life for the people of South Africa.

Whilst emphasising its obligation, the DOD embraces Government's initiatives and priorities to alleviate poverty and underdevelopment. The DOD support to these Government initiatives requires that:

- Defence capabilities are enhanced and maintained.
- Peace, security and confidence-building in the Southern African Development Community (SADC) region and the rest of the continent are promoted through constructive dialogue aimed at nurturing sound Defence diplomatic relations and projecting South Africa's foreign policy principles and objectives;
- The Government's policy to resolve conflicts peacefully through recognised international instruments and mechanisms be supported by deploying the SANDF in international peace missions;
- The Government's diplomatic engagements are supported through participation in multi-lateral institutions such as the SADC, AU and UN.

Defence Outcomes

Defence outcomes relate to the medium-term results that are the consequence of achieving specifc Departmental outputs. Outcomes are *"what we wish to achieve"*. The Defence Outcomes are as follows:

- RSA is defended and protected.
- Enhanced civil control of Defence.

Defence Outputs

The Defence outputs relate to the DOD's final products, or goods and services produced for delivery. Outputs are defined as *"what we produce or deliver"*. The Defence Outputs are as follows:

- Ordered defence commitments in accordance with government policy and strategy.
- Provide mission ready defence capabilities.
- Provide sound defence direction.
- Ensure defence compliance with the Regulatory Framework.

Defence Activities

Defence activities are the processes or actions that use a range of inputs to produce the desired outputs and ultimately achieve the intended outcomes. In essence, activities describe *"what we do"*. The Defence Activities are as follows:

- Administrate the DOD.
- Enable the DOD.
- Employ the SANDF.

Defence Inputs

- Provide professional and supported DOD Human Resources.
- Provide appropriate and sustained Matériel.
- Provide integrated and reliable Defence Information and Intelligence.
- Provide sound financial management of the DOD.

Building for the Future (Rejuvenation)

- Ensure appropriate Strategic Reserves.
- Renew DOD Main Equipment and Doctrine.
- Undertake Defence Research & Development.
- Promote & appropriate Defence Industry.
- Ensure consensus on Defence.

OVERVIEW OF THE SERVICE DELIVERY AND ORGANISATIONAL ENVIRONMENT

MOD&MV STRATEGIC PRIORITIES

The Minister of Defence and Military Veterans (MOD&MV) provides strategic direction to the department and sets out priorities to be pursued by the department over a given period of time. The execution of these strategic priorities will enhance the effective realisation of the Defence mandate, while contributing to the national priorities of Government. Ongoing monitoring and evaluation of performance against these strategic priorities will test the extent to which the Defence function has been able to *"do things differently and achieve more with less"*. These defence priorities seek, on the one hand, to implement the State of the Nation Address (SONA) pronouncements applicable to the DOD during the period under review, whilst on the other hand, they place a focus on important defence sustained agenda matters. The MOD&MV strategic priorities for the FY2012/13 are as follows:

Enhancement of the SANDF's Landward Defence Capabilities

The under spending by the SA Army is receiving the necessary attention as C Army pointed out that most of the under spending is as a result of external spending hurdles (CPSC, NDPW and ARMSCOR issues) which the SA Army is unable to influence. To address the issue C Army made this transparent to the Defence Headquarters (DHQ) and held two very fruitful bilateral meetings with ARMSCOR to endeavour to resolve the current procurement issues. However, more time is needed to resolve all aspects.

Furthermore, initiatives by the SANDF (specifically the SA Army) to enhance the SANDF landward capabilities in the areas of HR, prime mission equipment (PME) and infrastructure are compromised by a variety of institutional challenges central to which is the limited budget (Defence Vote). The budget allocation for Landward renewal is deemed adequate for the short term. The total budget to address the Strategic Capital Acquisition Master Plan (SCAMP) does however face a challenge in FY2017/18 to FY2019/20 where deficits of Rb1,7 (FY2017/18), Rb1,1 (FY2018/19) and Rm163 (FY2019/20) respectively are projected.

Modernisation of the Landward System has remained stagnant, pending the finalisation of the Defence Review which will inform the required future Landward Defence Capabilities of the SANDF.

Maritime Security

The focus of the SA Navy remained on the preparation of naval forces for operations in support of the Maritime Strategy, including patrols in support of Border Safeguarding Operations, Safety and Security Support Operations and Assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel. Currently, active partners in respect of the execution of Assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel are Mozambique and Tanzania, and a tripartite agreement has been signed. In terms of the strategy, active partners will be expanded to other SADC countries.

Additional funding for the execution of the Maritime Strategy has been obtained from NT by means of a budgetary adjustment commencing in FY2013/14.

The project to ensure the increase in size of Naval Station Durban to that of a Naval Base is in progress. The project study has been completed, a project officer has been appointed and funding has been made available from FY2013/14 onwards.

Job Creation

Job Creation remains a Ministerial priority in support of the government's initiative to enhance job creation. The DOD has, in the reporting period, created job opportunities in the following areas:

- A total of 8 955 young South Africans were recruited to the Military Skills Development System (MSDS) in the reporting year. The planned number of 6673 MSDS members in the system at any given time, was reduced to 4 159 in FY2013/14; and 4,153 in FY2014/15 due to the budgetary cuts by National Treasury.

- A total of 14 285 Defence Reserve members were called up to undertake specific tasks over specific periods of time. The FY2012/13 planning target of 12 400 active Reserves was based on the average number of call-ups during the previous MTEF period, with an upward adjustment for expected larger numbers of call-ups driven by internal and external deployments.
- The creation of job opportunities within the defence industry in accordance with approved DOD projects will continue to be informed by the pending finalisation of the White Paper on Defence Industry (Policy) as well as the subsequent Defence Industry Strategy.

Enhancement of the SANDF's Peacekeeping Capability (SANDF Deployability)

The role of the SANDF in promoting peace and security in the region and on the continent necessitated the enhancement of the SANDF's peacekeeping capability that will include the SANDF's Forward Deployment Capability. The SANDF continued to participate in the UN Peace Support Operation (PSO) in the Democratic Republic of Congo, the UN/African Union (AU) hybrid Peace Support Operation in the Sudan and the provision of training to the Armed Forces of the Central African Republic. The SANDF was tasked to execute counter piracy operations in support of the Mozambican Defence Force (FADM) in the Mozambique Channel.

National Youth Service

The National Youth Service (NYS) programme is an initiative that supports the development and rejuvenation of the Department's human resource capital and contributes to the creation of decent work in South Africa. During the period under review, a total of 2 891 members completed their training, of which 903 were at SAS Saldanha, and 1 988 at 3 South African Infantry Battalion (3 SAI Bn). During February 2013 another intake of 1 047 recruits was received at 3 SAI Bn and are scheduled to complete their training in June 2013.

Revitalisation of the Reserves

As a priority area, the Reserves must be transformed and revitalised so that they are enabled to fulfil their primary role of providing the majority of the conventional landward capability of the SANDF, whilst at the same time supplementing the peace support missions conducted by the Regulars. Additional call-ups were made to supplement peace support operations, border protection, courses as well as support to the Departments of Home Affairs and Military Veterans for the registration of veterans. A total of 14 285 Reserves were called up during the reporting period.

Restructuring and Support of Defence Industry

In order to support the transformation of the Defence Industry, a White Paper on Defence Industry was compiled and submitted to the Defence Review Committee as Chapter 15 of the Defence Review. The drafting process of the Defence Industry Strategy, which is dependent on the White Paper (now Chapter 15 of the Defence Review), has also commenced and gone through several stages of stakeholder consultations on its way forward, but is currently on hold to allow for the constitution of the Defence Industry Council, under the chairmanship of the Deputy Minister, to be promulgated. The restructuring of the Defence Industry will focus on current and future defence capability requirements in support of the Defence mandate, as informed by the pending Defence Review process.

Department of Defence Works Capability

Bilateral engagements between the DOD and the NDPW have as yet not resolved the deadlock, as such facilities continue to deteriorate unabated.

MOD&MV Priorities (Output Detail)

Table 2.15: Output Detail

Performance Indicator	*Programme*	*Projections*		*Actual Achievement*	*Reason(s) for Over/Under Achievement*
		Baseline (2010/11)	*2012/13*	*2012/13*	
Maritime Security					
% compliance with number of ordered commitments[3] (External) (Maritime)	Force Employment	Information classified and depends on resource allocation			

[3] These operations will be of a joint nature and are dependent on the maritime security situation at the time.

Performance Indicator	Programme	Projections		Actual Achievement	Reason(s) for Over/Under Achievement
		Baseline (2010/11)	2012/13	2012/13	
Forward Deployment Capability					
Number of deployments	Force Employment	Information classified and depends on resource allocation			
DOD Works Capability					
% compliance with planned staffing of funded posts (DOD Works Capability)	Administration CHR / Joint Logistic Service	0%	50%	56.72%	Over Achieved. With the closure of Project LEBAKA, students of the Defence Works Formation were also included in the staffing process. This resulted in an over-performance of 6%.
Landward Defence Renewal					
% compliance with the approved force design (Landward Defence)	Landward Defence	Information classified			
Revitalisation of Reserves					
Number of Reserve Force members utilised	Administration CHR	12 362	12 400	14 285	Over Achieved. Deviation due to increased requirement, specifically in the Army for internal and external deployments.
National Youth Service					
Number of National Youth Service programme participants trained per year	Administration CHR	-	2 000	2 891	Over Achieved. Deviation due to capacity available in FY2012/13 to train additional (891) NYS participants.

DOD SELECTED PERFORMANCE INDICATORS

The selected performance information as published in the 2012 Vote 22, Estimate of National Expenditure (ENE), forms the basis of subsequent departmental planning, resource allocations and in-year performance reporting. Table 2.16 below, provides the DOD Selected Performance Indicators and Targets achievement for the reporting year as published in the DOD (Def Sec & SANDF) Annual Performance Plans for FY2012/13.

Table 2.16: Selected Performance Indicators and Targets

Performance Indicator	Programme	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Compliance with the SADC standby force agreements and South African pledge when required	Administration Military Policy, Strategy and Planning Office (MPSPO)	Full compliance subject to resource allocation	Partial compliance subject to resource allocation	Under Achieved. Lack of capacity to fully comply with the SADC standby force agreements and South African pledge when required.
Total number of Defence Attaché Offices	Administration Defence Foreign Relations (DFR)	40	40	Achieved

Performance Indicator	*Programme*	*Annual Target*	*Actual Target Achievement*	*Reason(s) for Over/Under Achievement*
Number of external operations per year[4]	Force Employment	4	5	Over Achieved. Deployments in peace support operations are dependent on requests from the United Nations (UN)/ African Union (AU) and/or RSA government instruction. Given the unpredictability of the operating environment, the SANDF was ordered to provide support to the Mozambique government by providing disaster aid and relief in the flood-affected areas of central Mozambique.
Average number of personnel deployed daily in external operations	Force Employment	2 250	2 176	Under Achieved. The projection of the average number of personnel deployed daily in external operations of 2 250 was under achieved due to the fact that the anti-piracy operation conducted in the Mozambique Channel went into an operational pause on 05 September 2012. Due to an increased threat of piracy actions, a tripartite memorandum of understanding (MOU) was concluded between the RSA, Mozambican and Tanzanian governments to expand this operation. The respective chiefs of navies concluded on 16 May 2012 an Operationalised Maritime Co-operation MOU. In order for proper planning and the realisation of Tanzania and the implications thereof, the decision was made to establish an "*operational pause*" and thus to withdraw all Forces until the new Directive could be implemented. The Operational Pause ended on 25 January 2013.
Number of force employment hours flown per year	Air Defence	10 500	11 696.71	Over Achieved. The increase in flying hours was due to disaster aid and relief operational hours flown during the Mozambique floods.

[4] External operations include peace support operations and general military assistance operations of which one is not funded.

Performance Indicator	*Programme*	*Annual Target*	*Actual Target Achievement*	*Reason(s) for Over/Under Achievement*
Number of hours at sea per year[5]	Maritime Defence	35 000	7 338.55	Under Achieved. The hours under achieved were due to vessels that were delayed in maintenance cycles, operational defects that prevented them from going to sea and longer than anticipated repair times. The requisite presidential authority for deployment on assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel was not received in time and the deployment was delayed. Low requirement received from Chief Joint Operations for force employment hours.
Number of internal operations per year[6]	Force Employment	4	4	Achieved
Number of man days used during internal operations	Force Employment	620 000	825 420	Over Achieved. The performance indicator number of man days used during internal operations projected target of 620 000 man-days was Over Achieved due to the fact that the strength of a sub-unit deployed for border safeguarding was projected as 140 members in 2011. Additional support elements e.g. engineers, operational emergency care practitioners etc were attached, therefore increasing the strength of a sub-unit executing border safeguarding to 172 members. During the planning of the MTEF cycle for FY2012/13 the scale of involvement by the SANDF in safeguarding the African Cup of Nations was not known. This also contributed to an over achievement of the target.
Number of joint, inter-departmental and multi-national military exercises conducted per year	Force Employment	8	5	Under Achieved. Three exercises were cancelled. Two exercises (Exercise TRANSOCEANIC and Exercise BELL BUOY) were cancelled due to a command decision and one exercise (Exercise FAIRWAY BUOY) was cancelled by Angola. The SANDF does not have control over decisions made by foreign forces.
Number of military skills development members in the system per year	Administration CHR	6 673	8 955	Over Achieved. Deviation due to higher than planned intake by SA Navy and SAMHS.

5 This indicator has been changed as from FY2012/13. The previous indicator only captured the sea hours on patrol in the RSA maritime zones, whereas the amended figure is all encompassing as it captures Force Preparations and Force Employment hours both in the RSA maritime zones as well as for missions abroad.

6 This indicator includes border safeguarding, which is only partially funded and operations in support of other government departments.

Performance Indicator	Programme	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Number of active reserves per year	Administration CHR	12 400	14 285	Over Achieved. Deviation due to increased requirement, specifically in the Army for internal and external deployments.
Number of health care activities per year	Military Health Support	2 140 550	2 450 754	Over Achieved. Increased demand for healthcare services.
Level of DOD morale	Administration IG DOD	Satisfactory	Neutral	Under Achieved. It should be noted that morale is influenced by a combination of factors and at any instant a decline in any factor may result in a decline in morale. The Morale Survey that was undertaken during the year under review serves as a clear indication of problem areas on which interventions will be focused, namely dissatisfaction with availability and quality of equipment, dissatisfaction with Career Management, and dissatisfaction with personal training needs. DOD management will therefore prioritise these areas.
Defence Force Service Commission status	Administration	Comprehensive recommendations to Minister and report to Parliament[7]	Comprehensive recommendations given to Minister and report to Parliament when required	Achieved Note: Although the offices are established and almost fully functional, permanent support staff still need to be appointed (awaiting funding for 19 posts)

SANDF Strategic Outcomes and Outputs (Sustained Agenda)

The SANDF's Strategic Outcome as derived from the mandate of the SANDF (Sustained Agenda) is to defend and protect the Republic of South Africa. The SANDF Strategic Outputs related to the Strategic Outcome are as follows:

- Mission-Ready Capabilities.
- Ordered Commitments.
- Defence/Strategic Direction.
- Compliance with the Regulatory Framework.

Table 2.17 provides the achievement of the preparation of mission ready capabilities indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.17: Prepare Mission-Ready Capabilities

Performance Indicator	Programme	Projections		Actual Achievement	Reason(s) for Over/Under Achievement
		Baseline (2010/11)	2012/13	2012/13	
Output 1: Prepare forces as stipulated in the Joint Force Employment Requirement.					
% compliance with the joint force employment requirement	Administration CMPSP	Information classified			

[7] The commission will be delivering recommendations and impact assessment findings to the Minister, as well as regular reports to Parliament. They will address the conditions of service of members of the Defence Force.

Performance Indicator	Programme	Projections		Actual Achievement	Reason(s) for Over/Under Achievement
		Baseline (2010/11)	2012/13	2012/13	
Activity 1.1: Enhance defence capabilities by complying with the approved SANDF Force Design and Structure.					
% compliance with the approved force design	Administration CMPSP	Information classified			
% compliance with the approved force structure	Administration CMPSP	Information classified			
Activity 1.2: Ensure combat ready defence capabilities					
Broader DOD health/fitness status	Surgeon General	Positive trend		Positive trend	Achieved
Trend of deployable status on concurrent health assessments (CHA)	Surgeon General	Positive trend		Positive trend	Achieved
% of approved Capital Works Plan projects completed as scheduled per year	Chief Logistics	100%	100%	100%	Achieved
% Compliance with DOD Refurbishment Programme annual schedule	Chief Logistics	55%	65%	52%	Under Achieved. Due to non compliance to plan by NDPW set targets were not met eg. Army Headquarters Dequar Road, Blenny and Loftus, Army Combat Training Centre, Air Force Base Hoedspruit, 1 SAI Bn and 44 Para Bn, etc.
Activity 1.3: Ensure matériel to satisfy the requirements of the SANDF					
Overarching Logistic Strategy	Chief Logistics	Not approved	Approved	Not Approved	Under Achieved. An Overarching Logistic Strategy has been developed with the establishment of the Logistics Organisation Development Project LORD. However, Log Division is awaiting the finalisation of the Defence Review before submitting for approval.
Activity 1.4: Ensure required level of strategic reserves					
Level of strategic reserves (ammunition)	Force Employment	Information classified			

Table 2.18 provides the achievement of the executing of ordered commitments indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.18: Execute Ordered Commitments

Performance Indicator	Programme	Projection		Actual Achievement	Reason(s) for Over/Under Achievement
		Baseline (2010/11)	2012/13	2012/13	
Output 2.1: Border Safeguarding					
Number of landward sub-units deployed	Force Employment	4	11	11	Achieved

Performance Indicator	Programme	Projection		Actual Achievement	Reason(s) for Over/Under Achievement
		Baseline (2010/11)	2012/13	2012/13	
Output 2.2: Regional Security					
% compliance with force levels for external operations	Force Employment	96%	96%	98%	Over Achieved. This over achievement was achieved due to the fact that the J Ops Div is committed to ensure that all available posts as determined in the memorandum of understanding (MOUs) for UN/AU operations are filled as required.
% compliance with serviceability of equipment for external operations	Force Employment	60%	67%	70%	Over Achieved. The reimbursement costing model was used to project and populate the serviceability of equipment based on UN Verification reports. However a calculation error was detected. The implication of this error in the model is that the original set performance indicator was calculated incorrectly and therefore incorrectly reported.
% of the value of claims reimbursed by the UN/AU	Force Employment	65%	75%	81%	Over Achieved. Due to the lack of new Personnel Troop Cost tariffs within the UN, the UN paid Troop Contributing Countries supplementary personnel payments to compromise for the non-existence of a new model to determine the tariff for troop cost. The UN also paid for Contingent Own Equipment and Self Sustainment items that were not expected.
Activity 1: Employ the SANDF					
Number of internal operations[8]	Force Employment	5	4	4	Achieved
Number of external operations[9]	Force Employment	5	4	5	Over Achieved. Deployments in peace support operations are dependent on requests from the UN/AU and/or RSA government instruction. Given the unpredictability of the operating environment, the SANDF was ordered to provide support to the Mozambique government by providing disaster aid and relief in the flood-affected areas of central Mozambique.

8 One operation is partially funded.
9 One operation is not funded.

Table 2.19 provides the achievement of provision of defence and strategic direction indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.19: Provide Defence and Strategic Direction

Performance Indicator	Programme	Target Projections		Actual Achievement	Reason(s) for Over/Under Achievement
		Baseline (2010/11)	2012/13	2012/13	
Activity 1: Administer the DOD (Direction)					
Total Number of defence attaché offices	Administration DFR	37	40	40	Achieved

Table 2.20 provides the achievement of compliance with the regulatory framework indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.20: Compliance with the Regulatory Framework

Performance Indicator	Programme	Projections		Actual Achievement	Reason(s) for Over/Under Achievement
		Baseline (2010/11)	2012/13	2012/13	
Activity 1: Administer the DOD (control)					
% increase in military court docket readiness rate	Administration CDLS	10%	14%	100%	Over Achieved. The achievement is due to an enhanced capacity to prepare military court dockets for readiness.
% Reduction in military court case backlogs	Administration CDLS	10%	14%	51.6%	Over Achieved. The achievement is due to enhanced capacity to deal with military court backlog cases. The opening cases were 494 and completed 255 (51.6%) cases whereas our target was to reduce by 69 cases (14%).
% of disciplinary cases in the DOD finalised within 120 days as per SANDF order	Administration CDLS	30%	40%	89.7%	Over Achieved. The achievement is due to enhanced capacity to finalise disciplinary cases. The opening cases were 1889 and completed 1695 (89,7%) whereas our target was 250 cases (40%).
% litigation settled in favour of the DOD	Administration CDLS	New Indicator	100%	14.9%	Under Achieved. Cases are ongoing and may sometimes only be finalised over an extended period of time. Some stakeholders (witnesses) do not participate timeously. Court decided the matters against the DOD (14 cases in favour and lost 90 cases).
Number of adverse audit findings	Administration FMD	0	0	0	Achieved

SANDF Strategic Outcomes and Outputs (Change Agenda)

The SANDF is directly involved in the following medium-term strategic framework (MTSF) Outcomes:

- Outcome 2 - A long and healthy life for all South Africans.
- Outcome 3 - All people in South Africa are and feel safe.
- Outcome 5 – A skilled and capable workforce to support an inclusive growth path of the DOD.
- Outcome 11 - Creating a better South Africa and contributing to a better and safer Africa in a better world.
- Outcome 12 - An efficient, effective and development oriented public service and empowered, fair and inclusive citizenship.

Table 2.21 provides the achievement of the strategic outputs and annual targets for MTSF Outcome 2 indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.21: Strategic Outputs and Annual Targets for MTSF Outcome 2

MTSF Outcome 2 - A long and healthy life for all South Africans						
DOD Outcome	**SANDF Outputs**	**Performance Indicator**	**Programme**	**Target**	**Actual Achievement 2012/13**	**Reason(s) for Over/ Under Achievement**
RSA is defended and protected	Mission-ready defence capabilities	Trend of broader SANDF Health/ Fitness Status	Surgeon General	Positive trend	Positive trend	Achieved
	Ordered defence commit-ments	Trend of deployable status on concurrent health assessments (CHA)	Surgeon General	Positive trend	Positive trend	Achieved
		Number of internal operations	Force Employment	Target depends on resource allocation	4	Achieved

Table 2.22 provides the achievement of the strategic outputs and annual targets for MTSF Outcome 3 indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.22: Strategic Outputs and Annual Targets for MTSF Outcome 3

MTSF Outcome 3 - All People in South Africa are and feel Safe						
DOD Outcome	**SANDF Outputs**	**Performance Indicator**	**Programme**	**Target**	**Actual Achievement 2012/13**	**Reason(s) for Over/ Under Achievement**
RSA is defended and protected	Mission-ready defence capabilities	% compliance with the joint force employment requirement	Administration MPSPO	Information classified		
		% compliance with the approved force design	Administration MPSPO	Information classified		
		% compliance with the approved force structure	Administration MPSPO	Information classified		
	Ordered defence commit-ments	Number of internal operations	Force Employment	4	4	Achieved

Table 2.23 provides the achievement of the strategic outputs and annual targets for MTSF Outcome 5 indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.23: Strategic Outputs and Annual Targets for MTSF Outcome 5

MTSF Outcome 5 - Skilled and capable workforce to support an inclusive growth path						
DOD Outcome	**SANDF Outputs**	**Performance Indicator**	**Programme**	**Target**	**Actual Achievement 2012/13**	**Reason(s) for Over/ Under Achievement**
RSA is defended and protected	Military direction	% compliance with DOD training targets (Non-combat professional military development)	Administration CHR	100%	81%	Under Achieved. Deviation due to learners from other Government Departments who failed to report and learners inadequately prepared for higher education.
		% compliance with DOD training targets (re-skilling)	Administration CHR	72%	0%	Under Achieved. Deviation due to decision made by the Defence Works Formation that the Regional Works Unit will no longer be involved with re-skilling. Function transferred to D HR Separation wef 1 Jan 2013.
		% compliance with DOD training targets (National Youth Service)	Administration CHR	100%	145%	Over Achieved. Deviation due to capacity available in FY2012/13 to train additional (891) NYS participants.

Table 2.24 provides the achievement of the strategic outputs and annual targets for MTSF Outcome 11 indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.24: Strategic Outputs and Annual Targets for MTSF Outcome 11

MTSF Outcome 11 - Creating a better South Africa and contributing to a better and safer Africa in a better world						
DOD Outcome	**SANDF Outputs**	**Performance Indicator**	**Programme**	**Target**	**Actual Achievement 2012/13**	**Reason(s) for Over/ Under Achievement**
RSA is defended and protected	Defence direction	Approved force design	Administration MPSPO	Approved	Approved	Achieved
		Approved force structure	Administration MPSPO	Approved	Approved	Achieved
		% compliance with the joint force employment requirements	Administration MPSPO	Information classified		
		Total number of defence attaché offices	Administration DFR	40	40	Achieved

MTSF Outcome 11 - Creating a better South Africa and contributing to a better and safer Africa in a better world						
DOD Outcome	**SANDF Outputs**	**Performance Indicator**	**Programme**	**Target**	**Actual Achievement 2012/13**	**Reason(s) for Over/ Under Achievement**
	Ordered defence commit-ments	% compliance with force levels for external operations	Force Employment	96%	98%	Over Achieved. This overachievement was achieved due to the fact that the J Ops Div is committed to ensure that all available posts as determined in the memorandum of understanding (MOUs) for UN/AU operations are filled as required.
		% compliance with serviceability of equipment for external operations	Force Employment	67%	70%	Over Achieved. The reimbursement costing model was used to project and populate the serviceability of equipment based on UN Verification reports. However a calculation error was detected. The implication of this error in the model is that the original set performance indicator was calculated incorrectly and therefore incorrectly reported.
		% of the value of claims reimbursed by UN/AU	Force Employment	75%	81%	Over Achieved. Due to the lack of new Personnel Troop Cost tariffs within the UN, the UN paid Troop Contributing Countries supplementary personnel payments to compensate for the non-existence of a new model to determine the tariff for troop cost. The UN also paid for Contingent Own Equipment and Self Sustainment items that were not expected.
	Mission-ready defence capabilities	% compliance with the approved force design	Administration MPSPO	Information classified		
		% compliance with the approved force structure	Administration MPSPO	Information classified		
		% compliance with the joint force employment requirements	Administration MPSPO	Information classified		

MTSF Outcome 11 - Creating a better South Africa and contributing to a better and safer Africa in a better world						
DOD Outcome	**SANDF Outputs**	**Performance Indicator**	**Programme**	**Target**	**Actual Achievement 2012/13**	**Reason(s) for Over/ Under Achievement**
	DOD morale	Level of DOD morale	Administration IG DOD	Satisfactory	Neutral	Under Achieved. It should be noted that morale is influenced by a combination of factors and at any instant a decline in any factor may result in a decline in morale. The Morale Survey that was undertaken during the year under review serves as a clear indication of problem areas on which interventions will be focused namely, dissatisfaction with availability and quality of equipment, dissatisfaction with Career Management, and dissatisfaction with personal training needs. DOD management will therefore prioritise these areas.

Table 2.25 provides the achievement of the strategic outputs and annual targets for MTSF Outcome 12 indicator targets during the year under review in accordance with the SANDF Annual Performance Plan FY2012/13.

Table 2.25: Strategic Outputs and Annual Targets for MTSF Outcome 12

MTSF Outcome 12 - An efficient, effective and development oriented public service and empowered, fair and inclusive citizenship						
DOD Outcome	**SANDF Outputs**	**Performance Indicator**	**Programme**	**Target**	**Actual Achievement 2012/13**	**Reason(s) for Over/ Under Achievement**
RSA is defended and protected	Defence in compliance with regulatory framework	Number of adverse audit findings	Administration FMD	0	0	Achieved

DOD POLICY PROPOSALS

In support of the MOD&MV priorities, as already discussed, the DOD undertook the following planned policy proposals:

- *During 2011, the development of a policy frame-work which forms the basis of the Defence Amendment Act, 2010 (Act No. 22 of 2010) and its implementation was developed. The approval of the policy framework will be undertaken during the course of 2012.*

  The Defence Amendment Act Policy Framework which forms the basis of the Defence Amendment Act, 2010 (Act No. 22 of 2010) was already completed and approved during the FY2011/12. Take note that the Defence Amendment Bill 2011 was also tabled in Parliament during the FY2011/12 to include the Chief of Corporate Staff (CCS) as a member of the Military Command Council (MCC), which the Defence Amendment Act, 2010 (Act No. 22 of 2010) omitted.

- *The contribution by Defence during 2011 to the crime prevention strategy of the Government will continue during the course of 2012, which will include support to the priorities and requirements of the Justice, Crime Prevention and Security (JCPS) Cluster.*

  A DOD Nodal Point, and a forum on fraud and corruption were established during the year under review and are now fully functional. The DOD participated in the JCPS Cluster activities and reported on a quarterly basis through the provision of Defence related inputs on crime prevention.

- *During 2011, the investigation of the Research Capability organisation structure design was conducted. During the course of 2012, approval was sought for the structure design. This capability within the Defence Policy, Strategy and Planning Division informs departmental policy development and formulation. In addition, this capability will include resourced, international benchmarking and best practice with other Defence sectors.*

  The development of the structure was moved to the right pending the finalisation of the Defence Review process. This is therefore, still in the development stage for approval of the structure during FY2013/14. This capability, to be established in the Defence Policy, Strategy and Planning Division, will inform departmental policy development and formulation. In addition, this capability will include resourced, international benchmarking and best practice with other Defence sectors.

- *The restructuring of the Defence Industry will focus on required Defence capabilities and the sustainability thereof. The Defence Industry Framework and functions are to be fully aligned in order to ensure synchronisation of these with the requirements and mandate of Defence. The emphasis of the restructuring will focus on the governance, risk management, compliance and accountability framework function applicable within the Defence portfolio.*

  The review of the White Paper on Defence Related Industries and Defence Industry Strategy which is dependent thereon, are both reliant on the outcome of the Defence Review process. A White Paper on Defence Industry was compiled and submitted to the Defence Review Committee as Chapter 15 of the Defence Review. The drafting process of the Defence Industry Strategy has also commenced. To provide impetus to the review process, the Secretary for Defence directed that the Defence Industry Strategy should address the following:
  - The current business model of the Defence Industry is to be performance based and incentive driven.
  - The benefits of positioning the Defence Industry within the DOD are to be ascertained.
  - The location of the Defence Acquisition function is to be decided upon.
  - The capacity building within the Defence Industry to enhance job creation is to be ensured.

  The Defence Industry Council was established on 22 March 2012 under the stewardship of the Dept MOD&MV. This council is the highest consultative body between the Defence Industry and the DOD, which will be responsible for policy formulation, compliance, support and armament acquisition. This council consists of the Sef Def, C SANDF, Deputy Director Generals responsible for acquisition and industry governance, the CEO of ARMSCOR and representatives of the Defence Industry as designated by the Aerospace, Maritime and Defence Board.

- *The investigation into the repositioning of the DOD "Central Staff" will continue to receive attention during the course of 2012 and shall allow for the execution of the distinct yet complementary mandates of the Def Sec and the SANDF.*

  The Position Paper on the repositioning of the

Defence Secretariat was refined to include recommendations and is under consideration by the MOD&MV pending the outcome of the Defence Review process.

- *The Human Resource Development Strategy and Plan was concluded and approved during 2011 with the piloting of the strategy within the DOD during the course of 2012. It is furthermore envisaged that 2012 will see the 25% completion of the DOD skills audit.*

  The HR Development Policy of the DOD is in place and imbedded in various DOD Education, Training and Development (ETD) policies, such as the Overarching policy on ETD, Overarching Process and Procedures for ETD in the DOD, Policy on Accreditation of DOD ETD Providers, Language Policy etc. These policies are reviewed and updated annually. The DOD Skills Audit is dealt with in Project HR CONNECT which commenced in April 2012 and is planned to be concluded by June 2013. The Skills Development Plan will only follow once the Skills Gap has been determined through the Skills Audit. The HR Development Strategy and Plan in support of the HR Development Policy was 75% piloted during the year under review.

- *2011 saw the development and conclusion of a Defence Fiscal and Defence Capability framework. It is, however, expected that the Defence review process will be concluded during 2012 after which alignment between the two latter documents will ensue.*

  The defence budget allocation as a percentage of South Africa's Gross Domestic Product and total annual Government Expenditure has shown a declining trend for the past decade. Several requests have been made to the National Treasury for increases in Defence's budget allocation with minimum success. At the same time, a greater output has been required from Defence in terms of both internal and external deployments to promote peace and stability in both the region and on the African Continent. A draft Defence Fiscal Framework was completed and further development of the Defence Fiscal Framework will be informed through the finalisation of the Defence Review process. The MOD&MV's priorities were presented to the Portfolio Committee on Defence and Military Veterans (PCD&MV) as well as the Medium Term Expenditure Committee (MTEC) in an attempt to secure an additional budget allocation. The DOD only received a total of Rm121.7 additional funding as reflected in Table 2.5. Only two of the policy proposals were partially funded, while the department still had to institute budget reductions.

- *The approval of the DOD Armed Forces Day Policy Framework that facilitates engagements of the armed forces with the national citizenry will be concluded during the course of 2012. Notwithstanding, the President of the RSA, as Commander-in-Chief of the SANDF, declared on 18 January 2012 that henceforth, 21 February, the day of the sinking of the SS Mendi, will be commemorated as National Armed Forces Day.*

  An Armed Forces Day policy framework is being development to facilitate engagements of the armed forces with the national citizenry. Comprehensive work on and approval of the Policy Framework were concluded during the year under review. It is forseen that the implimentation of the Policy Framework will take place during FY2013/14.

YAMAHA

PART 3
PROGRAMME PERFORMANCE

PROGRAMME 1
ADMINISTRATION

INTRODUCTION

The Administration Programme is aimed at facilitating the overall management of the Department of Defence (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. The responsibilities included in this programme 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 and Military Veterans (MOD&MV) as well as departmental direction from the office of the Secretary for Defence (Sec Def) and Chief of the South African National Defence Force (C SANDF).

Administration sub-programmes

The Administration Programme consists of the following sub-programmes:

- **Ministry of Defence:**
  - Ministry.
- **Defence Secretariat:**
  - Departmental Direction.
  - Government Information Technology Officer (GITO).
  - Policy and Planning (Defence Policy, Strategy and Planning).
  - Financial Services.
  - Acquisition Services (Defence Matériel).
  - Defence Supply Chain Integration.
  - Defence International Affairs.
  - Human Resource Support Services[10].
  - Legal Services.
- **South African National Defence Force (SANDF):**
  - SANDF Command and Control.
  - Military Policy, Strategy and Planning Office.
  - Inspection Services.
  - Communication Services.
  - Corporate Staff Office.
  - Religious Services.
  - Defence Reserve Direction.
  - Defence Foreign Relations.

Purpose

Develop policy, and manage and administer the department.

Strategic Objectives (Outputs)

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

Service Delivery Objectives and Indicators

The Service Delivery Objectives and Indicators of the individual sub-programmes are presented below.

Ministry of Defence

SUB-PROGRAMME: MINISTRY

(See Part 1: General Information - Information on the Ministry)

10 Both Human Resource Support Services and Legal Services form part of the Shared Staff component of the DOD.

Defence Secretariat

SUB-PROGRAMME: DEPARTMENTAL DIRECTION

Purpose

The Sec Def, as the Accounting Officer, provides departmental direction to the DOD to ensure the effective, efficient and proper conduct of Defence activities in accordance with legislation and policy.

Strategic Objectives (Outputs)

The Sec Def is the Accounting Officer and the Principal Policy Advisor to the MOD&MV. The Sec Def, in conjunction with the C SANDF, guides the provision of strategic direction to the DOD. The Sub-programme provides corporate direction to the DOD through the following:

- Provision of departmental direction to the DOD.
- Provision of policy advice to the MOD&MV.
- Management of DOD Parliamentary activities and engagements.
- Management of the DOD's participation in governmenr Clusters and the implementation of resultant obligations.
- Management of defence policy within the DOD.
- Management of the National Conventional Arms Control Committee (NCAC) support activities.
- Direction in ensuring effective and efficient procurement and disposal of goods and services in the DOD.

Service Delivery Objectives and Indicators (Overview)

During the period under review, the Sec Def provided departmental direction to the DOD through various actions and interventions. These included, *inter alia*, timeous decision-making on strategic matters, effective consideration and processing of documents, attendance of high-profile Cabinet Makgotla, Cabinet Cluster meetings and the chairing of the various DOD command body meetings. The Sec Def also ensured that the DOD honoured its engagements and obligations with the Parliamentary Committees and oversight bodies, including the National Treasury and the Auditor-General of South Africa.

Service Delivery Objectives and Indicators (Output Detail)

The Service Delivery Objectives and Indicators (Output Detail) are presented in the individual sub-programmes below.

SUB-PROGRAMME: GOVERNMENT INFORMATION TECHNOLOGY OFFICER (GITO)

Purpose

To provide departmental direction to the Department of Defence to ensure the effective, efficient and proper conduct of Defence information and communication system activities in accordance with legislation and policy.

Strategic Objectives (Outputs)

The GITO is responsible for the Strategic governance of the Defence Enterprise Information System (DEIS). The Division seeks to ensure the delivery of effective and efficient Information and Communication System (ICS) strategic direction in order to manage DOD information as a strategic resource and provide guidelines to ensure that correct, 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 the Information and Communication System;
- providing sound policy and administration; and
- systemic monitoring and evaluation.

Service Delivery Objectives and Indicators (Overview)

In accordance with the Division's strategic objective to provide ICS strategic direction to the DOD, the DOD Information and Communication Technology (ICT) Strategy was developed and approved to focus on the enablers for the realisation of the DOD Information Strategy. The ICS Control Plan for the implementation of the DOD Information Strategy was realigned to accommodate all the elements of the DOD ICT Strategy. The ICS Control Plan controls the implementation of the DOD Information Strategy and the DOD ICT 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.

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

The DEIS Control Plan has been completed and approved. The first quarterly report was submitted to the Sec Def during December 2012.

The National Corporate Governance Information and Communication Technology Policy Framework was approved on 19 November 2012 by Cabinet. In support thereof, the Department drafted and successfully presented the Draft Department of Defence Governance of Information and Communication Technology Framework to the Information and Communication Technology Governance Summit held by the Department of Public Service and Administration over the period 07 to 09 November 2012.

The ability to effectively and efficiently conduct all the functions related to Information and Communication Systems Governance, Risk and Compliance, as mandated, remains a challenge. The DEIS Management Directorate has, in consultation with Directorate Integrated Management Services (DIMS), embarked on a project to develop the required business processes to determine the structures required to fully execute these functions. Due to the shortage of Business Analysts and other priority tasks, DIMS could not finalise the project in the financial year 2012/13 and it has been placed on their schedule for the financial year 2013/14.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.1: Output Detail

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
To develop Department of Defence Information and Communication System governance to direct the department to ensure internal and external communication enabling effective and efficient decision-making in achieving departmental goals and objectives.	Promulgated Department of Defence Information Strategy	Monitor and Review	Monitored and Reviewed	Achieved Note: A promulgated DOD Information Strategy must be in place to guide the department and the DOD Information and Communication Technology Strategy to enable Information to be recognised as a strategic resource. A DOD Information and Communication Technology Strategy was promulgated on 24 October 2011. Continuous scanning of the external environment is done to determine the relevance of the Department of Defence Information Strategy and will indicate when it should be revised and tabled for promulgation
	Promulgated Information and Communication systems policy development plan	Monitor and Review	Monitored and Reviewed	Achieved

SUB-PROGRAMME: POLICY AND PLANNING (DEFENCE POLICY, STRATEGY AND PLANNING)

Purpose

To advise on national security policy matters and to co-ordinate the DOD 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.

Strategic Objectives (Outputs)

The Division has the following core outputs:

- Providing credible Defence Policy direction.
- Providing effective Defence Strategic Management.
- Providing secretariat and administrative support to the NCACC.

Service Delivery Objectives and Indicators (Overview)

In the year under review, the Division, notwithstanding

resource-related challenges, successfully achieved most of its core outputs as captured in the Defence Secretariat (Def Sec) Annual Performance Plan (APP) for 2012. The Division also ensured that in the execution of its core outputs, it remained in line with the Medium Term Strategic Framework (MTSF), government priorities, national policy and related prescripts.

The National Treasury Regulations and Framework for developing the Strategic Plan (SP) and APP gave impetus to the development of the Strategic Planning Framework (SPF). This SPF provided the guidelines for the development of the SP and APP in the Department. The DOD Executive Authority's Overarching Annual Strategic Statement for 2013 was compiled to anchor the Def Sec and the SANDF APPs for 2013. The Planning Instruments for 2013 were tabled in Parliament on 13 March 2013.

The DOD Annual Report for FY2011/12 was approved by the Minister of Defence and Military Veterans (MOD&MV) and tabled in Parliament on 28 September 2012, in line with the statutory requirements. The Report was successfully presented to the PCD&MV on 17 October 2012 by the Sec Def. The presentation included an overview of the programmes' performance against targets and the challenges relating to underperformance.
The Management Performance Assessment Tool (MPAT) self-assessment of the Department took place at the Defence Staff Council (DSC) of 08 October 2012. Members from the Department of Performance Monitoring and Evaluation (DPME) in the Presidency introduced and presented an overview of the self-assessment process before the Def Sec and the SANDF commenced with the self-assessment of the DOD. The MPAT self-assessment results, including evidence, were uploaded and submitted to the DPME internet website on 12 November 2012. The DOD received their moderated results on 05 February 2013, with an achieved score of 2.1 (Partial Compliance with Legal/Regulatory Requirements). Although this score is not high, it forms a fair foundation on which to build for the future. The DOD was commended by DPME in the Presidency for completing the entire MPAT process before 23 November 2012.

The highlight in the Risk Management environment for this period is the significant progress that the Department has achieved with regards to the National Treasury maturity level rating. It is noteworthy to mention that, although the Department had planned for a maturity level improvement from level 2 to level 3, the final assessment by National Treasury resulted in a level 4 score.

The Division effectively and efficiently links the DOD with identified Government Clusters and executes all Secretariat responsibilities pertaining to the International Co-operation, Trade and Security (ICTS) cluster at both Director-General (DG) and Ministerial level. The cluster is fully aligned with the Forum of South African Director-Generals (FOSAD) and Cabinet guidelines. The Secretariat's responsibilities cascade down to the various cluster sub-committees, including the African Renaissance Committee, Global Governance Committee, National Office for the Co-ordination of Peace Missions and the Consultative Forum for International Relations.

The ICTS Secretariat co-ordinated and edited all Outcome 11 Programme of Action (POA) Quarterly reports, including the approval process within the Technical Implementation Forum (DGs) and Implementation Forum (Ministers). In accordance with the Presidency (DPME) guidelines, the ICTS Secretariat facilitated the Outcome 11 Delivery Agreement review in July 2012.

The Division participated in SADC Electoral Observer Missions in the Kingdom of Lesotho from 06 to 30 May 2012, the Republic of Angola from 15 to 31 August 2012 and Zimbabwe from 09 to 18 March 2013.

The Division, in terms of a Ministerial Directive, timeously drafted and submitted Employment Papers for authorisation of the employment of the SANDF in 18 deployments.

The Division provided key personnel from the Defence Policy environment to assist with the Defence Review process. Personnel are embedded in the Defence Review Technical Secretariat and the Defence Review Resource Group. This has resulted in very little progress being made with the development and establishment of the Policy Research capability. However, progress has been made with the added support of an employee in the Office of the Sec Def.

In executing the responsibility of effective regulation of arms transfer in South Africa, administrative and secretariat support were provided to the National Conventional Arms Control Committee (NCACC) and 6 149 permits were issued. Furthermore, the Division submitted all four NCACC quarterly reports and the annual report for FY2012/13 for tabling in Parliament.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.2: Output Detail

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence Policy, Strategy and Planning				
Credible Defence Policy direction	Support and resource the Defence Review process	Support requirements are met at 100% according to client's demand	Support requirements were met 100% according to client's demand	Achieved
	% Departmental policies authorised for promulgation	>70%	70%	Achieved Note: Nine out of ten Departmental Policies were authorised by both Sec Def and C SANDF.
	Co-ordinated Defence engagement in Clusters	Cluster related submissions by defined target dates	Cluster related submission submitted by defined target dates	Achieved
Effective Defence Strategic Management	Tabling of DOD (Sec Def and SANDF) APP in Parliament in line with the national prescripts on planning	Tabled by February 2012	The DOD (Sec Def and SANDF) APPs 2013 were tabled in Parliament in line with the national prescripts on planning	Achieved Note: According to the Portfolio Committee on Defence and Military Veterans First Term Programme (14 January 2013 to 28 March 2013) the DOD were requested to table in Parliament by 13 March 2013.
	DOD enterprise risk management maturity level status	Level 4	Level 4	Achieved
	Tabling of the DOD Annual Report in Parliament in line with national prescripts	Tabled by 31 August 2012	The DOD Annual Report for FY2011/12 were tabled in Parliament in line with national prescripts	Achieved Note: The Public Finance Management Act, 1999 (Act No 1 of 1999) Section 40(1) (e) states, *inter alia*, that the Accounting Officer for a department must submit to Parliament the Annual Report and Financial Statements and the Auditor-General's Report on those statements, within one month after the Accounting Officer received the Auditor-General's Audit Report. The DOD Annual Report for FY2011/12 was tabled at the end of September 2012 in line with national prescripts as a result of the Department receiving the Auditor-General's Audit Report at the end of August 2012.
	DOD research capability status	Organisational structure design investigation conducted	Not Achieved	Under Achieved. The further development of the DOD Policy Research capability is on hold until the employees critical to the development of the capability are released from responsibility to the Defence Review process.

SUB-PROGRAMME: FINANCIAL SERVICES

Purpose

To provide a cost-effective financial management service to the MOD&MV, the Sec Def and the SANDF within the evolving regulatory framework, by means of a professional representative civilian financial management corps and an appropriate Financial Management System (FMS).

Strategic Objectives (Outputs)

The Division had the following core outputs:

- Providing a cost effective financial management service to the DOD.
- Ensuring allocations are spent effectively, economically and efficiently.

Service Delivery Objectives and Indicators (Overview)

The FMD continues to assist the DOD in ensuring that the principles of best practice of financial management are upheld.

During the reporting period, the FMD ensured that all prescribed reporting deliverables were achieved. Financial reports such as Estimates of National Revenue and Expenditure, Annual and Interim Financial Statements and internal Financial Management Information, such as Early Warning Reports on expenditure and cash flow as well as those that are submitted to the National Treasury, were submitted on time.

The Operation Clean Audit project has achieved the aim of producing positive annual audit outcomes for the DOD. The monthly Operation *"Clean Audit"* Committee (OCA) meetings are assisting with the creation of a smooth auditing process which will bear fruit for the future.

The investigation into the realignment of the FMD is currently in recess, pending the finalisation of the Defence Review document.

The FMD continues to refine processes, systems and policies with a view to ensure alignment with the Public Finance Management Regulatory Framework. However, the FMD is faced with a significant challenge resulting from the inability of the CMIS (DOD mainframe) to accommodate the disaster recovery plan. Enhancements on the FMS were also a challenge as the DOD mainframe does not have sufficient capacity to accommodate these changes. This impacted negatively on service delivery, as other user requirements for improved service could not be accommodated. The re-structuring process at SITA further affected service delivery, as there were acute shortages of experienced technical personnel supporting the FMD at SITA.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.3: Output Detail

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Financial Services				
To provide cost effective financial management service to the DOD with the evolving regulatory framework by means of a professional, representative civilian financial management corps, which is supported by an appropriate financial management system	Number of Adverse Audit Findings	0	0	Achieved
	Approved DOD Policy Regulating Resource Unit Costing Status.	Approved Policy	A chapter has been included in the Budget Preparations Policy which is due for promulgation in June 2013 (JDP/ FIN/00007/2003)	Achieved
	Defence Fiscal Framework Status	Review of Defence fiscal framework	No progress. Cannot complete or implement before Defence Review is approved by parliament.	Under Achieved. Review milestones once Defence Review is approved.
	Percentage (%) payments in accordance with invoices/claims/ charges etc.	100%	78%	Under Achieved. Delays are primarily within the supply chain management and patient administration respectively. Long Supply Chain and Finance processes. Delays were largely as a consequence of the Receipt Voucher Validation Enhancement Project.

SUB-PROGRAMME: ACQUISITION SERVICES (DEFENCE MATÉRIEL)

Purpose

To optimally direct and manage acquisition of DOD specified matériel and technology requirements by means of competent personnel within the allocated budget and in accordance with policies and prescripts.

Strategic Objectives (Outputs)

The Division had the following core outputs:

- Providing Defence Acquisition Management Services.
- Providing Defence Technology Development Services.

Service Delivery Objectives and Indicators (Overview)

During the year under review, the following strategically important acquisition and technology project-related highlights were achieved:

- The acquisition of a Battlefield Surveillance and Mobile Processing System for the SA Army Intelligence Formation was handed over to the end user on 29 May 2012. The occasion was attended by the Chief of the SA Army, as well as the Army Command Cadre.
- The eleventh and last Rooivalk Mk1 Combat Support Helicopter was delivered to the SA Air Force (16 Squadron, Bloemfontein) on 12 December 2012.
- During February 2013, a Magnetic Treatment Facility was handed over to the SA Navy. This equipment forms part of the Mine Warfare Capability of the SA Navy.
- During FY2012/13, four completed Tactical Command and Control Systems were delivered to the two Brigades of the SANDF, whilst a Static Command and Control System was delivered to Chief of Joint Operations over the same period.
- A training tool to be utilised for the training of Signallers at the School of Signals in Wonderboom was acquired and successfully installed during the period under review.
- Three separate technology projects addressed different aspects of close-in surveillance, up to 2 kilometers alongside, or at anchor, around a ship. These projects were integrated as a system on board the SAS SPIOENKOP in May 2012 for evaluation by the SA Navy, and for gathering relevant data to further improve the image processing capabilities of the system.
- The Radar Research Group was requested to provide quick reaction support to border protection operations in terms of technical advice on the demonstration and evaluation of Battlefield Radars proposed by Industry. Much of the insight required to provide this support has been developed over many years as part of the Electronics Defence Research Institute tasking. In particular, the insight makes use of knowledge from the current Awarenet radar research, as well as the research into Radar Cross Section modelling and target detection and classification.
- The Command and Control Defence Research Institute function at the Defence Peace, Safety and Security section at the CSIR is supporting the Joint Operations Division with respect to command and control in the border protection situation, and they presented a capability demonstration to SANDF members, informing the members of the results already obtained and also explaining the preparation being carried out for a border line control exercise to take place near Musina in February 2013. This was also the first time that a project-developed radio was integrated into net centric exercise situation.
- A demonstration of a Mission Control Simulator Concept to the SA Air Force took place which showed benefits in the training of the Mission Controllers. The concept was received in an extremely positive manner and the benefits to the SAAF were clear. The technology which was used, was developed under the Command and Control Defence Research Institute research programmes with contributions from the Inter-operability Development Environment group. This demonstration highlighted the ability of researchers to integrate complex systems very quickly.
- The Musina Exercise-experiment which took place in February 2013 was successful despite it not being as integrated as initially envisaged. The key technological requirements (sensors and command and control system concept) for that type of operation within the north Limpopo terrain became clear. This has laid the foundation for the planning of the next experiment in the same region. The Border Safeguarding Operation decision makers realised that a more extended and more integrated experiment is required to understand the full impact of new technological concepts on the border security problem.

The most prominent challenge that the Division encountered during the period under review was major non-expenditure/underperformance by projects. This can mainly be attributed to the following reasons:

- Delays in the approvals of project milestone documents.
- Delays in the placement of contracts by ARMSCOR.

- Non-performance by industry.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.4: Output Detail

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Acquisition Services	Strategy on Defence Industry Status	Approved White Paper on Defence Industry	The drafting process of the Defence Industry Strategy has commenced and gone through several stages of stakeholder consultation on the way forward.	Under Achieved. Is currently on hold to allow for the constitution of the Defence Industry Council under the chairmanship of the Deputy Minister.
	Percentage (%) budget allocation received for renewal of the DOD main equipment in relation to the total DOD vote.	30%	9.49%	Under Achieved. Dependent on the Departmental Medium-Term Budget Allocations allocated by the Accounting Officer with respect to Personnel, Operating and Capital Expenditure.
	Percentage (%) DOD expenditure on research and technology[11]	25%	14%	Under Achieved. Dependent on the Departmental Medium-Term Budget Allocations allocated by the Accounting Officer with respect to Personnel, Operating and Capital Expenditure.
	Defence Intangible Capital Assets (ICA) Status	Finalisation, ratification and roll-out of Defence ICA Management policy	Policy completed and in the Departmental approval process.	Achieved

SUB-PROGRAMME: DEFENCE SUPPLY CHAIN INTEGRATION

Purpose

To conduct oversight on Defence Matériel and Supply Chain Processes to ensure compliance with the regulatory framework.

Strategic Objectives (Outputs)

The Sub-programme Defence Supply Chain Integration (DSCI) ensures the governance of all matériel value chain activities to ensure compliance to the applicable regulatory framework.

Service Delivery Objectives and Indicators (Overview)

The performance of the Division is executed on behalf of the Accounting Officer in compliance with the dictates of the Public Finance Management Act (PFMA) in matériel related oversight duties.

The Division is accountable and reports directly to the Secretary for Defence. It ensures that it supports the vision, mission and corporate values of the DOD, as well as the broad strategies, programmes and objectives on governance.

The following significant highlights were achieved during the year under review:

- **Efficient systems and processes for monitoring and evaluation in the supply chain.** Interface meetings were held to investigate ways of improving the logistic and payment systems to improve compliance on payments. The effort allows the DOD to comply with the National Treasury requirement of payment for goods and services within 30 days after delivery.
- **Defence Industry support.** The following activities were executed in support of South African Defence Industry:
  - The Division has visited foreign countries, and has hosted them, with a view to

[11] This indicator is only applicable to technology development on armament acquisition.

supporting South African Defence Industry with business opportunities. The effort has benefited the country by way of supporting its objective to build economic and social infrastructure.

- The DSCI represented the DOD and Ministry of Defence in the following:
  - The drafting of the Brazil, Russia, India, China and South Africa (BRICS) Ethekwini's terms of reference for the anticipated seminar.
  - Supported the displays for the South African Defence Industry declaration.
  - Facilitated the Republic of South Africa Workshop on Defence Industry and invited all the BRICS counterparts.
- **Policy on the Management of the Utilisation of consultants in the DOD.** The policy will be presented to the DOD Policy Board for final approval in May 2013.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.5: Output Detail

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
White Paper on Defence Industry Status	Approved White Paper on Defence Industry	Development phase	Draft White Paper on Defence Industry	Achieved
Compliance with supply value chain regulatory framework	Percentage reduction of non-compliance with supply value chain regulatory framework	4%	4%	Achieved Note: Regular monitoring of the implementation of the latest National Treasury Supply Chain Management Instruction Note has assisted in reaching the set target of 4% reduction in non-compliance.

SUB-PROGRAMME: DEFENCE INTERNATIONAL AFFAIRS

Purpose

To provide policy advice to the Minister and the DOD on key defence international affairs policy issues and ensure such policy accords with the evolving and emerging foreign policy of the country.

Strategic Objectives (Outputs)

The Sub-programme Defence International Affairs (DIA) provides the MOD&MV and the DOD with a foreign relations capability and associated services.

Service Delivery Objectives and Indicators (Overview)

Defence International Affairs Division is mandated to provide policy related products and strategic direction relating to establishing bilateral and multi-lateral relations in the field of defence, as well as to provide advice and support on the formulation of international legal instruments within the context of defence international affairs in accordance with the international legal framework and in accordance with government's foreign policy priorities.

The Defence International Affairs Division provided policy products in the form of drafted, negotiated, facilitated and concluded bi-lateral and multi-lateral agreements with South Africa's foreign allies and international organisations. In order to ensure the DOD's conduct of international relations accords with emerging government policy, the Division also co-ordinated several departmental meetings to properly prepare for the successful convening of bilateral engagements with foreign partners. The Division also co-ordinated and supported the South Africa International Relations Policy through participation in the Department of International Relations and Co-operation led meetings and activities.

- The Division achieved its intended functional objectives as it was instrumental in providing policy direction in the following spheres:
  - Advice to the Minister through the Secretary for Defence, Chief of the South African National Defence Force and the Department of Defence (DOD) on key defence international affairs policy issues and international engagements;
  - African Union (AU);
  - Southern African Development Community (SADC);
  - United Nations (UN);
  - Ensuring that the DOD meets its diplomatic obligations by servicing existing defence co-operation agreements.

The Division facilitated the processing and signing of the Defence Co-operation Agreements/Memoranda of Understanding (MOUs) as follows:

- The renewal of the Arrangements between the RSA and the United Kingdom concerning Mapping/Survey Co-operation and Exchange of Geographic Material and the signing thereof on 02 May 2012.
- The signing of the MOU between the RSA and the Republic of Uganda on Co-operation in Defence on 09 November 2012.
- The signing of the Letter of Assist (LOA) 2011-020 between the RSA and the UN regarding the provision of long-term aviation services to the United Nations Organisation for a stabilisation mission in the DRC (MONUSCO) on 09 November 2012.
- The signing of the Implementation Arrangements between the SANDF and the Namibian Defence Force concerning Co-operation in the field of Training on 29 December 2012.
- The signing of the Implementation Arrangement between the SANDF and the Armed Forces of the Democratic Republic of Congo (FARDC) relating to the training of FARDC recruits at Mura Base and the deployment of FARDC trainers to RSA on 06 February 2013.

The Division led the co-ordination and successful convening of obligatory defence international engagements such as the Bi-National Commissions, Joint Permanent Commission on Defence and Security (JPCDS), Defence Committees and SADC fora such as the Inter-State Defence and Security Committee (ISDSC) as follows:

- Convened Departmental preparatory meetings and participated in the RSA/France Defence Committee meeting that took place in Pretoria, South Africa, over the period 04 to 05 April 2012.
- Convened Departmental preparatory meetings for the inaugural Session of the RSA/Angola Defence Committee meeting that took place in Angola over the period 12 to 14 June 2012.
- Convened Departmental preparatory meetings and participated in the inaugural Session of the RSA/Benin Defence Committee meeting that took place in Cotonou, Benin over the period 23 to 26 April 2012.
- Convened Departmental preparatory meetings and participated in the meeting of the RSA/Nigeria Defence Committee meetings held under the auspices of the 8th session of the RSA/Nigeria Bi-National Commission that took place in Cape Town, South Africa, over the period 21 to 23 April 2012.
- Convened Departmental preparatory meetings and participated in the meeting for the inaugural Session of the RSA/Congo-Brazzaville Defence Committee meeting that took place in Cape Town, South Africa, over the period 29 to 30 May 2012.
- Convened Departmental preparatory meetings and participated in the RSA/People's Republic of China Defence Committee meeting that took place in Johannesburg, South Africa over the period 17 to 18 July 2012.
- Co-ordinated Departmental inputs and participated in the RSA/Vietnam Partnership Forum led by DIRCO in Pretoria over the period 16 to 17 August 2012.
- Convened Departmental preparatory meetings and participated in the RSA/Italy Defence Committee meeting held in Pretoria, South Africa, over the period 28 to 29 August 2012.
- Convened Departmental preparatory meetings and participated in the RSA/USA Defence Committee meeting held over the period 06 to 07 September in Washington, USA.
- Convened Departmental preparatory meetings for the inaugural Session of the RSA/Senegal Defence Committee meeting that took place in Dakar, Senegal over the period 27 to 29 September 2012.
- Participated and prepared background documents for convening the 14th meeting of the Ministerial Committee of the Organ on Politics, Defence and Security Co-operation held in South Africa over the period 30 to 31 July 2012.
- Participated and prepared background documents for the 32nd Summit of the SADC Head of State and Government in Maputo, Mozambique on 18 September 2012.
- Prepared background documents for the Organ Troika Summit held in Dar Es Salaam, United Republic of Tanzania on 04 September 2012.
- Facilitated and prepared background documents for the extraordinary meeting of the ISDSC held in South Africa on 27 July 2012.
- Co-ordinated Departmental preparations and participated in the RSA/Malawi Joint Commission on Co-operation led by DIRCO in Pretoria, South Africa, over the period 06 to 07 September 2012.
- Facilitated and prepared all the necessary work for the RSA/Botswana JPCDS over the period 11 to 15 September 2012 in Gaborone, Botswana.
- Convened Departmental preparatory meetings and participated in the RSA/Zimbabwe JPCDS meeting that took place in Cape Town, South Africa over the period 21 to 23 October 2012.
- Convened a Departmental preparatory meeting for the inaugural Session of the RSA/Uganda Joint Commission on Co-operation meeting that

took place in Pretoria, South Africa over the period 08 to 09 November 2012.

- Co-ordinated and prepared documents for the 12th meeting of the Special Implementation Committee of the RSA/Nigeria Bi-National Commission that took place over the period 19 to 20 November 2012 in Lagos, Nigeria.
- Prepared all documentation (DOD status reports) for the RSA/Argentine Bi-National Commission led by DIRCO in Pretoria, South Africa, over the period 01 to 02 November.
- Co-ordinated and participated in a meeting at DIRCO in preparation for the AU 2050 African Maritime Strategy on 16 November 2012.
- Facilitated and prepared background documents for the SADC extraordinary meeting of the ISDSC held in Tanzania over the period 27 to 29 November 2012. The extraordinary meeting was in preparation for the Extraordinary SADC Head of States and Government Summit which also took place in Tanzania over the period 07 to 08 December 2012.
- Co-ordinated and participated in the 2nd session of the Senior Officials Meeting between the RSA and the Republic of Burundi held in Pretoria, South Africa, over the period 05 to 06 February 2013.
- Convened departmental preparatory meetings and participated in the RSA/Brazil Defence Committee meeting that took place in Brasilia, Brazil over the period 05 to 07 March 2013.
- Convened departmental preparatory meetings and participated in the 6th RSA/Russia Federation Joint Inter-governmental Commission for Military Technical Co-operation meeting in Moscow, Russia over the period 11 to 15 March 2013.
- Prepared and submitted a DOD status report on defence relations with the USA and participated in the RSA/USA Annual Bilateral Forum Meeting hosted by the USA Government in Pretoria, South Africa, on 14 March 2013.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.6: Output Detail

Output	*Performance Indicator*	*Annual Target*	*Actual Target Achievement*	*Reason(s) for Over/Under Achievement*
Sound Defence Direction	Percentage (%) Compliance with AU and UN Requirements, Rules and Regulations for peace missions	100%	100%	Achieved
Defence Compliance with Regulatory Framework	Percentage (%) MOU Compliance with agreed force levels for deployment in UN Missions	85%	85%	Achieved
Concerted approach to build friendly Defence relations utilising students and directing stock exchanges as a key instrument for confidence building	Percentage (%) compliance with outputs of diplomatic missions in line with SA foreign policy	75%	75%	Achieved
Formulation of a foreign relations policy aligned with South Africa's Foreign Strategy	DOD Foreign Relations strategy status	Policy Approved	Not Approved	Under Achieved. Due to human resource capacity constraints. Consultation briefs to command councils were made on the draft policy document.
	% of positions filled against allocated quota for international institutions	20%	20%	Achieved

SUB-PROGRAMME: HUMAN RESOURCE SUPPORT SERVICES (SHARED STAFF)

Purpose

To advise on human resource policy matters and coordinate the strategic direction process by developing, formulating, monitoring and adapting human resource policy, strategy and plans in accordance with government HR policy to enable an effective and efficient HR function.

Strategic Objectives (Outputs)

The Division had the following core outputs:

- Human Resource (HR) Strategic Direction and Policy.
- Transformation Management services.
- Human Resource Management.
- Human Resource Development.
- Professional Military Development Training.
- Occupational Health and Safety - Strategic Direction, Policy, Planning, ETD and monitoring service.
- Physical Training, Sport and Recreation (PTSR) - Strategic Direction and monitoring service[12].
- Divisional Support Services.

Service Delivery Objectives and Indicators (Overview)

During the FY2012/13, the HR Division was faced with many challenges and had to quickly adapt to working not only harder, but also smarter in terms of resources allocated to the Division. Many achievements were accomplished during the financial year, which further motivated the Division to achieve all that it had set out to do.

The Human Resource Chapter, in support of the concept "*Cradle to Grave*", was presented and approved by the Military Command Council in February 2013 for implementation. The implementation of the Public Service Co-ordinating Bargaining Council (PSCBC); Resolution 1/2012, ensured that salary increases and other related benefits for all DOD members were also overseen. The Implementation of Pay Progression for SANDF members on salary grades B1 to D2, whereby the qualifying percentage for the awarding of pay progression changed wef 1 July 2012 to 100%, is another achievement.

National Youth Service Programme. Co-operation with the Department of Rural Development and Land Reform with regards to the National Youth Service Programme (NYSP) is going so well that the Department has Over Achieved on its annual target of 2 000 members. A total of 2 891 members completed their training in FY2012/13, 903 at SAS Saldanha and 1 988 at 3 SAI Bn respectively. During February 2013, another intake of 1 047 was received at 3 SAI Bn and it is envisaged that they will complete their training in June 2013.

Language Training. The HR Division embarked on various language training endeavours during 2012, some of which involved international attendance, such as English language training (Level 1) at the SA Army Gymnasium for 20 Angolan soldiers. An Introductory English NQF Level 1 programme was also presented for four members from Congo-Brazzaville (Air Force), two learners from the People's Republic of China, and one from South Korea. Challenges with regards to the establishment of the Southern African Development Community (SADC) Language Centre of Excellence are, however, being experienced owing to a moratorium on foreign visits and, in particular, to the SADC Office in Harare, Zimbabwe.

Learnership Programmes for Exited MSDS members. As part of an exit mechanism, 122 Exited-MSDS members successfully completed learnership programmes at Tshwane North College funded by the National Skills Fund. Funds were secured from the National Student Finance Aid Scheme to enable Exited-MSDS members to enrol at further education training public colleges of their choice.

The Human Resource Division has achieved its objectives of placing identified exited and exiting MSDS members in the Private and Public sector for employment. The re-skilling function underperformed as it was only recently moved to the HR Division from the Defence Works Formation. In the process, challenges with regards to the structural capability and budget were experienced.

The Non-Statutory Forces Pension Project (NSF PP). This project performed below expectation during the FY2012/13. It is therefore important to note that NSF PP has not met its planned annual target of 100% (21 374 members). The NSF Pension has achieved 89% (19 124 cases have been submitted for payment). The deviation of 11% includes 1 403 dispute cases, 743 untraceable members, and 104 unreturned application forms.
In light of the above, exited members and beneficiaries of deceased members can expect further delays in the processing and payment of their NSF pension benefits, which might prompt Ministerial intervention should there be grievances. Dispute Resolution Committee meetings have been scheduled weekly to reduce the backlog. Assistance was requested from the Directorate Fingerprint Identification at the Department of Home Affairs for assistance with the tracing of members (deceased/exited).

[12] Function shift from SAMHS is still to be effected. Ministerial approval is awaited.

Challenges with regards to Policy on Incapacity Leave and Ill-Health Retirement (PILIR). In view of the PILIR challenges, staff visits were conducted at various units around the country with the aim to improve the PILIR administration processes in the DOD. The education and training of HR functionaries to ensure accuracy of application forms prior to submission to the appointed Health Risk Manager was one of the focus areas. The first formal PILIR training was launched at Personnel Service School in April 2012. The HR Division, in collaboration with SITA, is also in the process of compiling a PILIR handbook and standards in order to formalise PILIR training in the DOD.

Challenges regarding approval of HR policies. Challenges experienced by the HR Division are that the turnaround time for the approval of departmental policies is long, which negatively impacts on the achievement of targets within the HR Division, as well as the results of Auditor-General assessments and the Audit Report. Within the HR Division, an investigation is being conducted for the introduction of an HR Manual with a new methodology to implement and maintain the Manual.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.7: Output Detail

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Human Resources (HR) strategic direction and policy to the DOD	Percentage of PSAP Disciplinary Cases finalised within 120 days in the DOD.	40%	56%	Over Achieved: Note: However, we are still faced with challenges wrt the non availability of Chairpersons and Departmental Representatives. Restructuring is currently underway to create capacity in this regard.
	Number of MSDS members in the system per year.	6 673	8 955	Over Achieved: Higher than planned intake by SAN and SAMHS. SA Navy recruited more MSDS than planned for. SAMHS also recruited 100 MSD's for Dept of Education.
	Defence Force Service Commission status.	Fully functional and recommen-dations submitted to the MOD&MV	Fully Functional	Achieved: Note: Although the offfice is fully functional, permanent support staff still needs to be appointed (awaiting funding for 19 posts).
	Armed Forces Day policy framework.	Approved	Approval not yet obtained	Under Achieved. The Military Command Council held in February 2013 provided further guidelines on the development of an holistic, comprehensive policy on Military Heritage for the South African National Defence Force that might include the concept of SANDF Armed Forces Day celebrations.
	Percentage of DOD collective grievances and disputes resolved.	80%	75%	Under Achieved. Complexity of grievances received differs and some have an impact on time scales concerned. Outstanding grievances are still under investigation and will be presented at the DOD Bargaining Chamber for finalisation.
	DOD HR Retention Strategy status.	Approved	Not approved	Under Achieved. Lack of resources due to secondment of personnel to Defence Force Service Commission.
	DOD HR Performance Management System status.	One comprehensive system implemented and monitored	One new comprehensive system implemented and monitored	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Level of morale within the Def Sec.	≥3	2.94	Under Achieved. It should be noted that morale is influenced by a combination of factors and at any instant a decline in any factor may result in a decline in morale. The Morale Survey that was undertaken during the year under review serves as a clear indication of problem areas on which interventions will be focused, namely dissatisfaction with availability and quality of equipment, dissatisfaction with Career Management, and dissatisfaction with personal training needs. DOD management will therefore prioritise these areas.
	Percentage Compliance with the DOD funded HR strength.	90%	97%	Over Achieved Attrition fluctuates during each quarter. FY2012/13 saw a higher than initially expected attrition rate.
HR management service to the DOD.	Percentage compliance with annual submission and recording of SMS financial disclosures.	100%	99%	Under Achieved Some members did not comply with target dates for submission - 31 May 2012. HR Division is following up the non-compliance in an attempt to improve set target.
	Percentage achievement of signed and submitted Performance Agreements by DOD SMS members.	100%	89%	Under Achieved. Members did not comply with target date for submission of 31 May 2012. The matter was elevated to the Sec Def and C SANDF for a possible intervention.
Directed, orchestrated and controlled HR development for the DOD.	Number of National Youth Service Programme (NYSP) participants trained per year.	2 000	2 891	Over Achieved. Due to the capacity available, additional NYS participants (891) were trained during FY2012/13.
	Human Resource Development Strategy and Plans status.	Strategy piloted.	Piloting of Strategy 75% completed	Under Achieved. Yet to be approved by the Sec Def and C SANDF.
	Percentage DOD Skills Audit Completion status.	25%	50%	Over Achieved Target date set for completion is June 2013. Additional resources were allocated to speed up the process.
	Number of PSAP attending training programmes.	2 587	3 539	Over Achieved An increase of co-ordinated ETD opportunities were created for PSAP through HRD interventions.

SUB-PROGRAMME: LEGAL SERVICES (SHARED STAFF)

Purpose

To provide professional, legitimate and deployable defence legal services and support commensurate with the needs of the DOD.

Strategic Objectives (Outputs)

The Division had the following core outputs:

- Defence Legal Service capability and services.
- Legal Advice and Support Service to the DOD.
- Military judiciary Service to the SANDF.
- Military Defence Counsel service to the SANDF.
- Military Judicial Review process to the SANDF.
- Defence Legal Services support.
- Military Prosecution Services to the SANDF.

Service Delivery Objectives and Indicators (Overview)

The reporting period saw the Defence Legal Services Division (DLSD) making significant progress. DLSD is still waiting for the result of the Military Legal Audit Committee (MLAC), which was mandated by the Sec Def to investigate the further structural expansion of the DLSD.

The DLSD continues to collaborate with the office of the State Attorney to reduce the number of losses in litigation against the DOD. DLSD identified two additional posts to increase research capacity within the litigation function, but is still waiting for feedback from DIMS. The DLSD is liaising with other government departments and the State Attorney to ensure that all litigation is effectively attended to. The project team proceeded with the objective of monitoring the finalisation of backlog cases. A significant 53.81% of cases (i.e. 254 out of 472) that qualified as backlog cases when the project started in December 2011, have been finalised.

The Court of Military Appeals finalised 54 cases that were set down for hearing. The Military Prosecution received 1 861 dockets and 1 256 boards of inquiry (BOI).

The Division provided law support and legal advice to 76 plans for strategic operations, five ongoing external operations, 43 plans for internal operations, 25 strategic planning exercises, seven multi-national exercises, one combined Inter-departmental exercise, one joint exercise between Services, two single Service exercises, 48 ad hoc deployments/investigations and 63 operational law training lectures. Military law support and legal advice was rendered with the drafting of 19 bilateral and multi-lateral MOUs. A total of 734 requests for legal advice were received, and the Division was able to attend to 719 of those, resulting in the required legal advice given by original deadlines set.

A concerted effort was made to manage the strategy on the management of anti-criminality in the DLSD by finalising a total of 10 out of 22 DLSD BOIs and five out of seven DLSD summary investigations that were convened in FY2012/13. Through efficient management, the Division has spent 100% of the allocated human resources budget and 94% of the allocated operating budget effectively. Of the 294 DLSD Reserve Force members, 149 are fully trained, four members were transferred to the Regular Force and a total of 145 are utilised. The remaining 143 are still to attend courses or receive mentorship training, while two members are currently busy with training.

The DLSD presented three Military Law Courses and one Law of Armed Conflict (LOAC) Course at the School for Military Justice (SMJ) to SANDF members from the Services and Divisions.

The Division provided law support and legal advice to strategic operations, exercise planning, exercises, investigations and the drafting of MOUs in support of the SANDF's operational requirements.

The DLSD successfully attended to the following:

- The Geneva Convention Bill was passed by the National Council of Provinces (NCOP) on 21 June 2012 and was forwarded to the President to be assented to. The Bill was signed on 11 July 2012 and published in Government Gazette No. 35513 of 12 July 2012. Implementation of the Geneva Convention Act, 2012 (Act No. 8 of 2012) came into operation by Presidential Minute on 01 December 2012.
- The Chief State Law Adviser has provided the DOD with pre-certification of the Defence Law Repeal and Amendment Bill. DLSD is in the process of finalising the Cabinet Memorandum for the introduction of the Defence Law Repeal and Amendment Bill in Cabinet for approval.
- DLSD officials are conducting consultative meetings with the Hydrographer, South African Maritime Safety Authority and the Department of Transport regarding the Hydrographic Bill.
- The Prohibition or Restriction of Certain Conventional Weapons Act, 2008 (Act No. 18 of 2008) was brought into operation by Presidential Minute on 01 December 2012.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.8: Output Detail

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence Legal Service capability and services	% litigation settled in favour of the DOD	100%	14.9%	Under Achieved. Cases are ongoing and may sometimes only be finalised over an extended period of time. Some stakeholders (witnesses) do not participate timeously. Court decided the matters against the DOD (14 cases in favour and lost 90 cases).
The administration of military justice in the SANDF	The degree to which DLSD plans and procedures in respect of military judges, presiding officers and assessors comply with the provisions of the Defence Act, 2002 (Act No. 42 of 2002) and the Military Discipline Supplementary Measures Act, 1999 (MDSMA) (Act No. 16 of 1999)	100%	100%	Achieved Note: The achievement is due to an enhanced capacity to deal with the case backlog.
	The degree to which Military Defence Counsel sectoral policy with regard to Military Counsel and procedures comply with the Defence Act, 2002 (Act No. 42 of 2002) and the MDSMA Act, 1999 (Act No. 16 of 1999) and instructions	100%	100%	Achieved
	The degree to which Military Judicial Review policy and procedures comply with the Defence Act, 2002 (Act No. 42 of 2002) and the MDSMA Act, 1999 (Act No. 16 of 1999)	100%	100%	Achieved
	The degree to which military prosecution services are provided to the SANDF	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
The provisioning of operations and force preparation, legal advice and support to the SANDF	% Compliance with Chief of SANDF requirements wrt operational legal advice and support for all external and internal operations.	100%	100%	Achieved
The provisioning of legal advice to the DOD	The degree to which legal advice services and capability are provided to the DOD.	100%	100%	Achieved
	The degree to which operations and force preparations legal advice, policy and procedures comply with DOD legislation and instructions	100%	100%	Achieved
	The timeliness and quality with which HR policy, MOU and legislative legal advice complies with DOD legislation, policy prescripts and instructions.	100%	100%	Achieved
	The degree to which facilitated litigation results in optimum outcome for the DOD expressed as a percentage of achievement. (Expressed ito the total litigation received and attended to)	100%	100%	Achieved
The provisioning of adequate internal systems and support services to the DLSD	The degree to which an Education, Training and Development (ETD) service (legal training) is provided to the DOD and the DLSD	100%	100%	Achieved
	The degree to which adequate internal systems i.e. Log, Fin, HR, Planning and support services are provided to DLSD.	100%	100%	Achieved

SANDF

SUB-PROGRAMME: SANDF COMMAND AND CONTROL

Purpose

To render administrative support to the C SANDF to command and control the SANDF.

Strategic Objectives (Outputs)

The office of the SANDF had the following core outputs:

- Military Policy Adviser to the MOD.
- Command and Control of the SANDF.
- Monitoring standards of the Military Professionalism.

Service Delivery Objectives and Indicators (Overview)

The office of the C SANDF has successfully orchestrated the achievement of SANDF objectives for the year under review, the details of which are contained in different programmes of the SANDF.

Under the capable command of the C SANDF, the organisation broke new ground both internally and externally. The border safeguarding function to which the SANDF has been deployed registered profound achievements and saved the RSA millions of Rands. The collateral utility of the SANDF to the country's citizens through building of bridges received the undivided attention of the office.

Through the stewardship of the C SANDF, the Southern African Development Community (SADC) region has a maritime strategy that streamlines its effort to combat piracy in the SADC international seawaters. In this regard, concrete actions were successfully conducted to apprehend pirates. A Trilateral Agreement with Tanzania and Mozambique was signed and operationalised in the latter part of the reporting period.

For the first time in the history of the continent, an Indian Oceans Naval Symposium (IONS) was held in South Africa in which all the Navies from the Indian Ocean participated. However, envoys and flag officers from all over the globe including the American Navy were received.

During the period under review, the C SANDF continued to strengthen military relations between the SANDF and other foreign armed forces by welcoming top military dignitaries from the United States of America (USA), China, Brazil and Russia. C SANDF also visited the Chiefs of foreign armed forces, namely China, Angola, Mozambique, Zambia, the USA, Tanzania, the Democratic Republic of the Congo (DRC), Uganda, Russia and the United Arab Emirates (UAE). C SANDF successfully hosted the Inter-State Defence and Security Committee (ISDSC) conference in Mpumalanga in which the chiefs of the SADC military forces participated in discussions on SADC regional security issues.

C SANDF continued to support the participation of SANDF military forces in UN/AU peace support operations in the DRC and Sudan. Under the tutelage of the office of C SANDF, especially Team BULISA, the first ever military strategy for the DRC armed forces was promulgated.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.9 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF Annual Performance Plan (APP) FY2012/13.

Table 3.9: SANDF Command and Control Sub-programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Military policy adviser 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 provided as and when required	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
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 maintained in accordance with force employment guidelines	Achieved
	Level of success of ordered commitments	Successful conduct of ordered commitments	Successful conduct of ordered commitments	Achieved
Monitoring standards of military professionalism	Providing ceremonial functions for the offices of the Minister and the President	Successful conduct of commitments	Successful conduct of commitments	Achieved

SUB-PROGRAMME: CORPORATE STAFF OFFICE

Purpose

To manage the provision of a corporate staff capability and service.

Strategic Objectives (Outputs)

The Division had the following core outputs:
Strategic and staff function advice to the C SANDF.

- Staff co-ordination of the Supporting Divisions (Command and Management Information Service (CMIS) and Military Police Division (MPD)) as delegated by the C SANDF.
- Performance management of and support to Team BULISA.
- Command and control of the supporting services provided by the DOD HQ Unit.
- Performance management of the Reserve Force Council (RFC).

Service Delivery Objectives and Indicators (Overview)

The Corporate Staff Office provided continuous administrative support and advice to the C SANDF. This support included strategic direction, policy and strategic advice and support provided by the Corporate Staff sub-divisions as and when required in their respective fields of expertise. C SANDF was further supported by the provision of strategic inputs in preparation for Justice, Crime Prevention and Security (JCPS) cluster meetings.

The SANDF responses to the steady flow of parliamentary questions were managed from the Corporate Staff Office in support of C SANDF and the MOD&MV. The office provided support to C SANDF through administrative support and strategic inputs in preparation for International Co-operation, Trade and Security (ICTS) cluster meetings.

The Corporate Staff Division was prominent in support to the diplomatic role of the SANDF in bilateral and multi-lateral Defence Committee meetings. The Corporate Staff Office represented C SANDF during participation in several Defence Committee meetings attended and hosted in the past year. Of particular significance was the participation in the 34th work session of the UN Committee on Peacekeeping Operations hosted by the UN in New York in March 2013, where several matters pertaining to South African deployed soldiers were discussed.

The Corporate Staff Office provided support to the Department of Social Development by providing logistical support to present a youth camp during the latter part of 2012. This also provided an opportunity to market the SANDF as employer of choice.

The Corporate Staff Office continued to provide administrative support to the RFC and concluded the support provided to Team BULISA, who were deployed as military advisors in the DRC by the end of the financial year. An action plan was drafted on behalf of the Forces Armee's de la Republique Democratique de Congo (FARDC) to align the implementation of the plans that were derived from the military strategy to be implemented in the FARDC. The support provided to Team BULISA will be transferred to and executed by Defence Intelligence as from 1 April 2013. The responsibility of administrative support to RFC has been transferred to the Chief Defence Reserves with effect from 1 April 2013.

Service Delivery Achievements (Output Detail)

Table 3.10 is the report on all outputs, performance measures and targets specified in the output table in the Corporate Staff Office L2 Annual Performance Plan (APP) for FY2012/13.

Table 3.10: Corporate Staff Office Sub-programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Corporate staff capability for C SANDF	Timeliness, relevance and quality of strategic advice to the C SANDF	Strategic advice provided as and when required	Strategic advice provided as and when required	Achieved
	Timeliness, relevance and quality of direction provided to the divisions and 0ffices within the Corporate Staff Division	Direction provided as and when required	Direction provided as and when required	Achieved
	Timeliness, relevance and quality of staff co-ordination of the supporting divisions as delegated by C SANDF	Staff co-ordination provided as and when required	Staff co-ordination provided as and when required	Achieved

SUB-PROGRAMME: INSPECTION SERVICES

Purpose

The Administration Programme executes the Department's overall management, administration and policy development. The Inspection Services is a sub-programme of the Administration Programme and is to ensure the validity and veracity of the management information of the DOD.

Strategic Outputs

The Division had the following core outputs:

- Verify and validate command information to the DOD corporate management.
- Conduct internal audits on performance management and compliance.
- Anti-corruption and fraud prevention services.
- Closing-down audit capability.
- Perception surveys.

Service Delivery Outputs and Indicators (Overview)

The Defence Inspectorate Division (Def Insp Div), as a multi-function Division, conducts internal audits/ inspections on performance management and compliance; closing down audits on redundant Force Structure Elements (FSEs), anti-corruption and anti-fraud awareness services, and perception surveys. Its services contribute to the accomplishment of its objectives by bringing a systematic and disciplined approach to the evaluation and improvement of the effectiveness of risk management, internal controls and governance processes.

The Def Insp Div achieved its outputs for the year under review, notwithstanding the challenges of insufficient human and financial resources.

A noteworthy achievement for the Def Insp Div in the year under review was the successful application for the re-certification of International Standard Organisation (ISO) 9001:2008 (Quality Management Certificate). The Def Insp Div was subjected to annual audits by the South African Bureau of Standards (SABS) to retain its ISO 9001:2008 certification. A re-certification audit was conducted and a new certificate was issued in May 2012 which will be valid until May 2015, as the Def Insp Div satisfied all the applicable requirements to maintain its quality management system certification.

The audit/inspection function consists of compliance and performance audits and the reviewing aspects of economy, efficiency and effectiveness. Auditing is a process carried out to evaluate the control measures, or the lack thereof, put in place by management to ensure that resources have been acquired economically and utilised efficiently and effectively and to report this to management and its legislative body.

The Corruption and Fraud Prevention Plan was reviewed during the period under review. The plan is based on the principles of preventing corruption, combating corruption, building integrity and raising awareness. A DOD Anti-Corruption and Anti-fraud Nodal Point Forum was established with the main focus on dealing with DOD corruption and fraud-related cases. This particular forum was mandated to act as the members of the DOD Corruption and Fraud Risk Committee. A Corruption and Fraud Register, addressing level 2 risks, was finalised and is in the process of being rolled out to lower levels during the next financial year.

54 cases were reported, via the whistle-blow channel, of which 20 were detected and investigated for corruption and/or fraud. These statistics do not include investigations referred or conducted by other entities. 9 536 members attended the awareness training campaigns.

The closing down capability, Project MOUNTING, has audited 26 FSEs/accounting codes for closing down. For the period under review, 74 accounting codes and 27 FSEs were successfully de-activated. The project achieved its mandate and was planned to be terminated by 31 March 2013, but due to the continuous requirements for closing down, a request for extension of the Project was submitted.

40 qualitative perception surveys on morale were completed and one quantitative research where 6 761 members completed the questionnaires. 19 factors were analysed to determine the level of morale. The under mentioned three factors indicated a negative trend:

- Training efficiency in meeting personal needs (self development).
- Career management.
- Logistic support (availability and quality of equipment).

The result of the level of morale in the DOD for the year under review is portrayed as neutral. Mean scores are used to describe the reaction of the respondents as explicitly positive, negative or moderate/neutral. The following parameters are specified: A mean score of 3,0000 (numbered fraction with four decimals) or higher indicates an explicitly positive rating and a mean score of 2,5000 or lower indicates an explicitly negative rating. When a mean score falls between the parameters for a positive reaction (i.e. 3,0000) and the parameters for a negative reaction (i.e. 2,5000), the reaction of the respondents can be regarded as moderate/neutral. The mean score for 2012 was neutral (i.e. 2,9383) compared to the 2010 mean score of 2,9949.

The Def Insp Div was involved with training of the Angolan and Malawi defence forces on aspects of fraud and corruption prevention and inspections as per Defence Committee (DEFCOM) instruction.

Service Delivery Achievements (Output Detail)

Table 3.11 is the report on all outputs, performance measures and targets specified in the output table in the Inspection Services Sub-Programme L2 APP for FY2012/13.

Table 3.11: Inspector Services Sub-programme Output for FY2012/13.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Performance audit / inspections	Number of completed performance audit/ inspection reports as per annual performance audit schedule	30	44	Over Achieved. 14 additional special investigations were conducted
Regulatory audits	Number of completed compliance audit / inspection reports as per the annual compliance audit schedule	103	106	Over Achieved. Additional reports for Chief Audit Executive for Interim AG Report
Anti-fraud and Anti-Corruption Services	Number of members sensitised on the reporting of fraud and corruption in the DOD through an awareness campaign	10 000	9 536	Under Achieved. Less members attended sessions due to training/deployments

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Closing down audits	Number of closing down audits conducted as per the closing down audit requests	16	26	Over Achieved. Target Over Achieved as condonements were received earlier than expected
Perception survey	Number of perception survey reports finalised according to the annual perception survey scheduled	47	41	Under Achieved. One unit was re-scheduled for next cycle upon request and smaller units were combined

SUB-PROGRAMME: COMMUNICATION SERVICES (CORPORATE COMMUNICATION)

Purpose

The Administration Programme executes the Department's overall management, administration and policy development. The Communication Services is a sub-programme of the Administration Programme and provides defence communication policy, strategy and plans in accordance with DOD policy and national (Government Communication and Information System – GCIS) policy, and a centralised corporate communication capability, services and products in order to enable effective, efficient, interactive, two-way communication between the DOD and its stakeholders.

Strategic Objectives (Outputs)

The Division had the following core outputs:

- Corporate Communication Policy, Strategy and specialist advice.
- Corporate communication products and services.

Service Delivery Objectives and Indicators (Overview)

Defence Corporate Communication (DCC) is the custodian for the management and protection of the reputation and image of the DOD. As such 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 be able 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 to showcase the capabilities of the SANDF and portray the DOD as an organisation that is the pride of the nation. These events included the Freedom Day Celebrations on 27 April 2012, South African Air Force (SAAF) Exercise WINTER SOLSTICE and Armed Forces Day on 22 February 2013, to name but a few.

Coverage of the multi-national exercise and other exercises includes Exercise ATLASUR amongst the maritime forces of Argentina, Brazil, Uruguay and South Africa, as well as Exercise IBSAMAR, the maritime exercise between South Africa, India and Brazil. The Exercise SEBOKA open day and Exercise CJAX at the SA National War College further promoted the image of the DOD. Other media coverage events included the inauguration of the Military Ombud, a Military Veterans medal parade that was officiated by the President, the Indian Ocean Naval Symposium, the launch of the 1st Day Cover of 11 Field Postal Unit, SANDF participation in the 70th commemoration of the Battle of El Alamein in Egypt, the tragic air crash of the Dakota C-47 that claimed the lives of 11 SAAF men, Chief of Joint Operations media briefing on the state of external and internal deployments, the Central African Republic (CAR) military protection operation where 13 soldiers of 1 Para Bn died in combat and 27 were injured, and the Augusta air accident in which 2 crew members of the SAAF and 3 Special Forces members died during an Anti-Rhino Poaching Operation in the Kruger National Park .

The SANDF participated in the Rand Easter Show during April 2012 and March 2013. The SANDF received a Platinum Award for the best exhibition at the show. Other shows, events and exhibitions used to promote the role and image of the SANDF, depicting the role of the SANDF in peacekeeping, border control, social responsibility, training, recruitment of women, youth, the Reserves and the Military Veterans in the DOD were the Youth Day Celebrations, SANDF Women's Day Parade, Ekhuruleni Job Fair, AAD exhibition and the Mitchell's Plain festival.

Service Delivery Achievements (Output Detail)

Table 3.12 is the report on all outputs, performance measures and targets specified in the output table in the Corporate Communication Services APP for FY2012/13.

Table 3.12: Corporate Communication Service Sub-programme Output for FY2012/13.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) 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	Not promulgated	Under Achieved. Defence communication policy completed and awaiting C SANDF approval
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

SUB-PROGRAMME: DEFENCE FOREIGN RELATIONS

Purpose

The Administration Programme executes the Department's overall management, administration and policy development. The Defence Foreign Relations (DFR) is a sub-programme of the Administration Programme and is to provide the DOD and MOD&MV with a foreign relations capability and services.

Strategic Objectives (Outputs)

DFR is a sub-programme of the Administration Programme and provides the DOD with a foreign relations capability and services.

Service Delivery Objectives and Indicators (Overview)

The DFR sub-Division has maintained and expanded its representation abroad. Approval was granted for the opening of defence attaché (DA) offices in Turkey, Congo Brazzaville, Ghana, South Sudan and Spain. The DA office in Tunisia will also be re-opened. This will bring the total number of military diplomatic missions abroad to 40. Thus far the offices of Congo Brazzaville and South Sudan have not yet been occupied. Funds for the DA offices in Ghana and the Republic of Congo will be carried by Defence Intelligence for FY2013/14, and the costs are expected to be approximately Rm4.

DFR contributed to the promotion of the South African foreign relations policy by facilitating bilateral meetings with Tanzania, USA and Russia; the Bilateral Joint Permanent Commissions on Defence and Security with Mozambique, Namibia, Zimbabwe and Botswana; as well as the bi-national commission meeting with the DRC. The DAs supported the SA Defence related Industry abroad through facilitation of trade meetings.

The bi-annual Africa Aerospace and Defence (AAD) was held at AFB Waterkloof during September 2012. The exhibition was deemed successful, with 34 countries and 63 delegations attending.

As per guidelines received from CDFR, only one office evaluation was conducted during FY2012/13 against 10 planned. This office evaluation took place in the DRC during March 2013.

The DOD VIP lounge at the O.R. Tambo International Airport (ORTIA) continued to render services to the members of the DOD and visiting foreign delegations. 2 305 persons departed from and 2 366 arrived at the lounge of which 2 213 were foreign visitors.

In spite of the fact that the DFR organisational structure is still not aligned to its roles and responsibilities and the limited budget allocation for the operational requirements

of DA offices, DFR has managed to reach the performance outputs that were within its control. It is believed that defence foreign relations have been maintained through the various actions of Services and Divisions within the broader context of defence diplomacy and that DFR has contributed positively to the purpose of the Administration Programme.

Service Delivery Achievements (Output Detail)

Table 3.13 is the report on all outputs, performance measures and targets specified in the output table in the Defence Foreign Relations L2 APP for FY2012/13.

Table 3.13: Defence Foreign Relations Sub-programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Strategic direction (including Foreign Relations advice and maintenance of bilateral relations)	Number of planned staff visits to DA offices to provide direction and monitor compliance	10	1	Under Achieved. Nine evaluation visits were not approved
	% Expenditure of budget	100%	72%	Under Achieved. Roll over of foreign account, staff visit not conducted and planned staffing of posts not completed.
	Number of statutory multi-lateral meetings to enhance the Africa Agenda.	7	7	Achieved
Representation by DAs abroad	Number of DAs and NCOs to change over	9	12	Over Achieved. Vetting and accreditation
	Number of DA missions	40	40	Achieved
	Number of DA courses presented	1	1	Achieved
	Number of DAs trained	10	8	Under Achieved. Two members were still on course
Defence diplomacy services (consular, protocol & Military Attaché and Advisor Corps (MAAC)	Number of events for the MAAC: • Major tours; • Short Mil & SADI visits; & • MAAC ladies visits	 1 4 4	 1 4 4	Achieved
	Degree to which all DOD members receive a full satisfactory consular service	80%	80%	Achieved
	Degree to which all approved officials who passed through the DOD VIP Lounge at ORTIA were satisfied with the service received (ring-fenced funds)	90%	95%	Over Achieved. More visits through the VIP Lounge took place than expected

SUB-PROGRAMME: RELIGIOUS SERVICES

Purpose

The Administration Programme executes the Department's overall management, administration and policy development. The Religious Services is a sub-programme of the Administration Programme and provides a chaplain service that cares for all SANDF members and their dependents and promotes spiritual growth, social support and ethical conduct.

Strategic Objectives (Outputs)

The Division had the following core outputs:

- Religious policy advice.
- Chaplain capability and service.

Service Delivery Objectives and Indicators (Overview)

The Religious Services achieved their planned objectives during the year under review. The ministry focus of the Chaplain General (Cpln Gen) Division (Religious Services) was on providing a holistic religious approach to all DOD members and their dependents. This included service to deployed members both internally and externally.

The Religious Services, as in the previous year, continued to contribute to the SADC chaplains' development agenda. The Chaplain General was still the chairperson of the Spiritual and Moral Support Workgroup (SMSWG) of the Operations Sub-Subcommittee (OSSC) of the Inter-State Defence and Security Council (ISDSC) during the year under review. In his capacity as chairperson, he compiled a report for the ISDSC that met in Mpumalanga, South Africa on the activities of SADC Chaplains Services. The Chaplain General also chaired the SMSWG conference in Windhoek, Namibia. 14 SADC chaplains were trained by Religious Services during the year under review.

Inter-departmental ties continued between the DOD and the Department of Environmental Affairs (DEA). Support was the same as during the previous year because it was provided during the research missions to the South African Naval Antarctica Expedition (SANAE) bases namely Gough, Antarctica and Marion islands. These voyages were supported by the Religious Services in such a way that each of them had a chaplain, thus ensuring sharing of skills and expertise between the two departments and as such assisting the Department of Environmental Affairs in realising its objectives.

During the year under review, positive interaction continued to take place between the Chaplain Service and African traditional religions which were not previously represented in the DOD. The interaction happened in the form of meetings and invitations to events, thus ensuring religious sensitivity and inclusivity.

With regard to deployment, 11 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, both internally and externally, during which they gave goodwill messages and conducted Christmas-related devotions, thus contributing to the morale of the deployed members and also projecting the SANDF as a caring organisation.

A substantial number of Reserve chaplains attended courses during the financial year under review. Reserve chaplains were also part of the MPhil Chaplaincy Studies programme at the University of Stellenbosch, implying availability of chaplains with the required skills and expertise.

Contribution was also made to the government's Moral Regeneration Programme by the running of specific ethical programmes in all units. This was done through the prescribed monthly ethical themes which chaplains were to address during their periods. The Combating of HIV and AIDS through Spiritual and Ethical Conduct (CHATSEC) programme trained SANDF recruits in their first year of MSDS training. Training was also extended to facilitators where 8 chaplains were trained. Apart from this, training was also extended to NYS participants, thereby contributing towards the building of moral character of young South Africans.

On the international front, the Chaplain Service was invited to the international Chaplains' gatherings. This included the Chaplain General visiting his counterpart in the US Army to discuss matters of mutual interests. The Chaplain Service also took advantage of the international learning opportunities by sending three chaplains to the annual North Atlantic Treaty Organisation (NATO) Chaplains' Peace Operation course in Germany, thereby building Chaplain Service of world class stature.

Strides were also made in maintaining the covenantal relationship with the Religious Advisory Boards (RABs). Meetings with RABs of all recognised religions in the DOD such as Christianity, Islam and Hinduism were conducted and communication was made with African traditional religions, thereby reinforcing the civilian oversight function.

Throughout the year under review, the Chaplain Service has successfully supported the DOD by proactively enhancing the spiritual, moral and ethical level of members of the DOD in order to enhance and maintain the defence capabilities of the SANDF for the people of South Africa. These were achieved despite the challenge

of being understaffed at the Chaplain General Headquarters.

Service Delivery Achievements (Output Detail)

Table 3.14 is the report on all outputs, performance measures and targets specified in the output table in the Religious Services L2 APP for FY2012/13.

Table 3.14: Religious Services Sub-programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Strategic Planning and Direction				
Religious policy	Number of Cpln Gen Staff Council meetings where religious policy matters are discussed.	11	11	Achieved
	Number of religious policy presentations at the four Services and Cpln Gen annual conference	5	5	Achieved
Provide strategic support and advice to SADC Cpln services	Number of training opportunities made available to SADC Cplns	2	2	Achieved
Religious Ministry Direction				
Provide strategic guidance on spiritual, ethical and social support to the DOD	Number of strategic spiritual, ethical and moral guidelines for Services and Divisions issued	1	1	Achieved
	Number of Cpln Gen Staff Council meetings where ministry guidance is offered	11	11	Achieved
	Number of Cpln Gen Annual Conference in which ministry guidance is offered	1	1	Achieved
Staffing				
Provide Cplns to the DOD	% of Cplns posts staffed.	93%	93%	Achieved
Provide specialised training to Cplns	Number of training opportunities presented	23	29	Over Achieved. New opportunities created as a result of needs
Covenantal relationship with stakeholders such as Religious bodies				
To ensure a sound covenantal relationship and good communication with religious organisations to which Cplns belong	Number of visits to Religious Advisory Boards	5	5	Achieved
	Number of annual reports compiled for all the following Religious Advisory Boards: Christians, Islam and Hindu	3	3	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of presentations to the Christian Advisory Board	3	3	Achieved
	Number of presentations to the Muslim and Hindu Advisory Boards	2	2	Achieved
	Number of meetings with prospective Religious Advisory Boards	3	1	Under Achieved. Two scheduled meetings were not conducted due to clash of diaries wrt proposed meeting dates

SUB-PROGRAMME: MILITARY POLICY, STRATEGY AND PLANNING OFFICE

Purpose

The Administration Programme executes the Department's overall management, administration and policy development. The Military Policy, Strategy and Planning Office (MPSPO) is part of the Policy and Planning Sub-programme of the Administration Programme and is to advise on national security policy matters and co-ordinate 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.

Strategic Objectives (Outputs)

The Division had the following core outputs:

- Managing the strategic planning/control and programming process of the SANDF.
- Providing a military strategising capability and service for the C SANDF.

Service Delivery Objectives and Indicators (Overview)

The outputs of the MPSPO have contributed positively to the achievement of C SANDF strategic planning objectives and targets in compliance with the government timelines and the goals of the DOD.

During FY2012/13, the MPSPO compiled the SANDF section of the DOD Annual Report for FY2011/12, the SANDF Quarterly Reports for FY2012/13 and tabled the SANDF APP for FY2013/14.

The MPSPO refined 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 period 2011 to 2015.

The environmental analysis of the DOD for the period FY2015/16 was completed. This process identified clearly formulated trends for the DOD and specifically the SANDF. A secretarial service was also provided to C SANDF.

Service Delivery Achievements (Output Detail)

Table 3.15 is the report on all outputs, performance measures and targets specified in the output table in the MPSPO L2 APP for FY2012/13.

Table 3.15: Military Policy, Strategy and Planning Office Sub-programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Directing the MPSPO	The degree to which direction is provided to the directorates and offices within the MPSPO that ensures C SANDF expectations are met	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	The degree to which the strategic advice on Military Strategy and strategic planning meets the requirements of C SANDF and the SANDF in general	100%	100%	Achieved
Managing the strategic planning/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 timeously	SANDF plans and reports submitted timeously	Achieved
Providing a military strategising capability and service for the C SANDF	The degree of alignment of the Military Strategy with the National Security Strategy imperatives and the successful implementation thereof	Reviewed, fully aligned and approved Military Strategy	The approved Military Strategy is reviewed and aligned	Achieved
Providing a secretarial service for the command bodies.	The degree of accuracy of the minutes	Accuracy of the minutes fully accepted	Minutes accepted as correct	Achieved
	Maintenance of a credible Decision Register	Availability of approved Decision Register in accordance with approved minutes	Available	Achieved

SUB-PROGRAMME: DEFENCE RESERVE DIRECTION

Purpose

The Administration Programme executes the Department's overall management, administration and policy development. The Defence Reserve Direction is a Sub-programme of the Administration Programme and directs the development and maintenance of the Reserve Force system, to provide specialist advice on Reserve matters and to promote/market the Reserves and the volunteer Reserve system.

Strategic Objectives (Outputs)

The Division had the following core outputs:

- **Strategic Direction.** To provide strategic direction for the development of the Reserve System through the development of strategies and plans for the DOD. This also entails the provision of a legislative, regulatory and policy environment which is conducive to participation in the Reserves and which is viable and acceptable to both the military and the broad community of South Africa.
- **Specialist Advice.** To provide specialist policy and related advice on all aspects of the Reserve System to the DOD, the C SANDF and all Services and Divisions.
- **Promotion and Marketing.** To promote and market the Reserve system to all stakeholders and especially the business sector in order to engender community, employer and labour support for service in the Reserves.
- **New York State Partnership and CIOR Military Skills Competition.** To manage the SANDF's participation in the New York State Partnership and in the Inter-Allied Confederation of Reserve Officers (commonly referred to by its French acronym CIOR) Military Skills Competitions.
- **Manage Resources.** To effectively and efficiently manage the resources available to Defence Reserves in order to achieve the maximum output.

Service Delivery Objectives and Indicators (Overview)

The Defence Reserves Division continued its monitoring

role through the Defence Reserve Board to ensure the implementation of the Reserve Strategy by the Services and Divisions. The total strength of the Reserves at the end of the financial year 2012/13 was 19 812 of which 14 285 were called up during the financial year. The external deployments by the Reserves in peace support operations continued and Reserves were also successfully employed in border safeguarding duties.

The plan to revitalise and transform the Reserves as prepared by the Services and Divisions and co-ordinated by the Defence Reserves was approved by the Military Command Council (MCC) in 2012, subject to the availability of funds.

The development and roll-out of the University Reserve Training Programme (URTP) by the Services, takes place under the auspices of the Chief Defence Reserves. During the period under review the URTP was introduced at nine additional universities. Since 2011 the programme has been rolled out to 11 institutions. The programme was well received by the executive management of all the universities. The current status of the programme is as follows:

- 54 members (Free State) completed their training in December 2012 and were appointed as temporary 2nd lieutenants in the Reserves.
- 105 members completed their basic military training (BMT) in the Western Cape in January 2013 (74 from the SA Army, 11 from the SA Navy, 13 from the SAMHS and seven from the Logistics Division (Log Div)). These members are currently busy with their officer training.
- 25 Members of the SAAF are still undergoing BMT in Pretoria.
- During March 2013 a recruitment campaign was launched in Gauteng and the North West province. Students were recruited from eight campuses of five universities. 925 applications from under- and post-graduates were received. From these the SA Army will select 80, SAMHS 40 and the Log Div 20 candidates for training. The BMT of the selected candidates will commence during the June/July 2013 recess period of the universities.

In terms of the Defence Reserves' mandate of promoting and marketing the Reserve Force system, the following were achieved:

- Two editions of the *"Reserve Force Volunteer"* were published and widely distributed while the website www.rfdiv.mil.za has continuously been updated.
- Defence Reserves participated in the Rand Show Defence Exhibition in Johannesburg and the Royal Show in Pietermaritzburg. As part of promotion and marketing, this Division formed part of the Limpopo Career Development Day and the Air Power Capability Shows held in Limpopo and Polokwane. Provincial office (PO) KwaZulu-Natal (KZN) co-ordinated the KZN Military Tattoo and the 2012 Fort Nottingham Highland and Traditional Games. PO Limpopo was part of the Chamber of Commerce market day in Waterberg. Members of the Division attended the Battle of Square Hill service held in Johannesburg. The promotion and marketing team from the Division, manned the exhibition stall during the AAD in Air Force Base Waterkloof. PO Western Cape held a media briefing regarding the Cape Town Military Tattoo and co-ordinated the event, as well as participated in the Mitchell's Plain festival.
- Members of the Division were part of the El Alamein Memorial Service held in Pretoria and facilitated the Freedom of Entry Parade in Johannesburg. The Division was also part of the SS Mendi Memorial Service held in Atteridgeville on 17 February 2013 and took part in the Gunners' Memorial Service held at the Gardens in Cape Town on 10 February 2013. The Reserves Division as well as the RFC members were part of the CIOR, Inter-Allied Confederation of Medical Reserve officers (CIOMR) and National Reserve Forces Committee (NRFC) Mid Winter meeting/ seminar that took place in Wesseling, Germany and the SA Army Combat Rifle Shooting Competition that took place in Bloemfontein where Chief Defence reserves (C Def Res) addressed the competitors.
- A number of captains of Industry, local opinion makers and Defence Provincial Liaison Council (DPLC) members attended marketing and promotional activities of the Reserves, such as the briefing session hosted by C Def Res. These members paid a complimentary visit to the air show at Air Force Base Waterkloof and the DPLC members also attended the Airpower Capability Show in Makhado.
- PO Western Cape rendered support to the SANDF during the Public Participation Programme for the Defence Review held in the Strand, Cape Town. The Division also presented papers during the SA Navy Reserve Indaba held in Simon's Town.
- The Defence Reserves provincial offices assisted the Department of Military Veterans in updating the database of the veterans. The Reserves also assisted the Department of Home Affairs in reducing the backlog with the registration of the Zimbabweans during the Immigration Project.

The main challenges experienced are still the inadequate feeder system to provide the required number of new Reserve members and the limited continuation training

funds. The division was instrumental in providing strategic direction and specialist advice to the MOD&MV, as well as during ministerial, C SANDF, Secretary for Defence, Services' and Divisions' work sessions on matters relating to the Reserve Service system. Input was also provided to the Defence Review Committee.

Service Delivery Objectives and Indicators (Output Detail)

Table 3.16 is the report on all outputs, performance measures and Targets specified in the output table in the Defence Reserve Direction L2 APP for FY2012/13.

Table 3.16: Defence Reserves Direction Sub-programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Policy, Strategy and Planning				
Strategic direction to the development and maintenance of the Reserve system	% Reserves called up compared to requirements	100%	180%	Over Achieved. Internal and external operations caused the overachievement of the Reserve utilisation.
	% Increase in utilisation of active Reserves	60%	180%	Over Achieved. Internal and external operations caused the overachievement of the Reserve utilisation.
	Number of active Reserves (as reflected in SANDF APP 2012)	12 400	14 285	Over Achieved. Internal and external operations caused the overachievement of the Reserve utilisation.
	% Expenditure of the budget	100%	99%	Under Achieved. Delayed in contractual pay.
Planning and reporting	% Compliance with APP guidelines (submission of plans and reports)	100%	100%	Achieved
To market and promote the Reserve System to all stakeholders				
Marketing and promoting the Reserve system to the DOD and all the stakeholders	The number of Defence Provincial Liaison Council structures to be established by the end of the year	9	7	Under Achieved. The outstanding two DPLCs are in the process of being established.
	Number of SHIELD events being facilitated for Services	29	29	Achieved
To manage and sustain the Defence Reserve Offices				
Staffs support capability to C Def Res wrt HR, Log, CMIS and financial administration	The degree (%) to which departmental prescripts iro support environment is achieved	100%	100%	Achieved
To render Administrative Support to the SANDF's participation in the UN National Guard Partnership programme and in the CIOR Military Skills and Writing Competitions				
Administrative services wrt the co-ordination of military skills competition and young Reserve officers writing team	Number of Reserve teams that participate in the skills competitions	2	2	Achieved

Output	*Performance Indicator*	*Annual Target*	*Actual Target Achievement*	*Reason(s) for Over/Under Achievement*
Advice to DOD on the State Partnership Programme iro exchange/ training/other opportunities offered by the New York National Guard	Number of courses utilised in NYS programme	5	0	Under Achieved. Due to budget cuts, there were no members sent to attend courses in New York.
	Number of NYS programme participants accommodated on SANDF courses	2	0	Under Achieved. No request was received for course accommodation from the NYS programme.

PROGRAMME 2
FORCE EMPLOYMENT

Purpose

The Force Employment Programme provides and employs defence capabilities, including an operational capability, to conduct all operations and joint, inter-departmental and multi-national (JIM) military exercises successfully.

Strategic Objectives (Outputs)

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

- providing and employing a special operations capability in accordance with national requirements;
- ensuring full participation in the number of peace missions as instructed by the President;
- conducting 25 joint, inter-departmental and multi-national (JIM) military force preparation exercises over the next three years (excluding Special Forces and multi-national air transport exercises); and
- conducting four operations per year, protecting the territorial integrity and sovereignty of the RSA, supporting other government departments, and complying with international obligations.

Service Delivery Objectives and Indicators (Overview)

The SANDF remains one of the primary instruments of government to promote, establish, maintain and sustain a condition of stability, safety and security that will be conducive for the unhindered and focused economic, social and political development of the RSA, the region and the continent.

The RSAs destiny is inextricably linked to that of the Southern African region and continent, and the focus on human security versus the security of the state has resulted in the development of a new paradigm with regard to the employment of military capabilities to support the achievement of government objectives.

During the past year, the Joint Operations Division (J Ops Div) has played a major role in the SANDF achieving the Military Strategic Objectives namely to enhance and maintain comprehensive defence capabilities, to promote peace, stability and security in the region and on the continent and to support the people of South Africa.

South Africa is still playing a major role in regional conflict resolution and peace building efforts, therefore there was a corresponding increase in the involvement of the SANDF in peace support operations[13] (PSOs). The steadfast contribution to stability and security internally and externally by all SANDF forces deployed remained the enduring highlight in terms of the current employment of the SANDF.

The SANDF deployed on average 2 208 members during five external operations. These operations were executed in the DRC in support of the UN mission, in the Sudan in support of the UN/AU hybrid mission, in Mozambique in support of the Mozambique Government to execute counter piracy operations in the Mozambique Channel, in support of the Mozambique government by providing disaster aid and relief in the flood-affected areas of central Mozambique and in support of the Central African Republic (CAR) with military training and capacity building. Internally, the SANDF employed multi-role military capabilities on request and according to the prescripts of Defence Act, 2002 (Act No. 42 of 2002) in co-operation with other government departments, in pursuance of national strategic objectives related to the defence of the RSA and its people. This is done by providing VIP protection tasks to foreign government visitors and military dignitaries from Brazil, France, Nigeria, China,

[13] Peace support operations include peacemaking, peacekeeping, peace enforcement, peace building, humanitarian assistance and/or disaster relief humanitatian intervention.

Zimbabwe, Senegal, Italy, Tanzania, Vietnam, Angola and Uganda. VIP protection was also provided during the SADC Chief of Defence Forces Meeting, the RSA/China Defence Committee Meeting and the DRC Minister of Defence and the delegation visit to the Rand Easter Show and for the President of South Africa and the Presidents of Malawi and Zimbabwe during the Progressive Women's Movement Conference in South Africa.

The SANDF also provided Safety and Security Support Operations primarily in support of the South African Police Services (SAPS) by providing fixed-wing aircraft, helicopters, ships and personnel during various incidents such as Marikana, North West, by providing an outer cordon for SAPS operations; the national key point at Koeberg Nuclear Power Station by preventing security breaches by the Green Peace Ship (RAINBOW WARRIOR III); Durban Metro during SAPS stability operations; anti-criminality operations in the Western Cape region including backup during the agricultural labour strikes.

Military support was also provided during the opening of Parliament, the Minister of Defence and Military Veterans (MOD&MV) budget speech, the Global African Diaspora Summit, the National Conference of the African National Congress in Mangaung, the Africa Aerospace & Defence Exhibition in Pretoria, the African Cup of Nations and the Brazil, Russia, India, China and South Africa (BRICS) Summit in Durban. Support was also provided to ensure the safety of French naval vessels, to the Maritime and Coastal Management Agency, and the Department of Social Development by providing logistical support for the Youth Development Programme in Bloemfontein.

In support of the people of South Africa, the SANDF provided assistance with fire-fighting in the Western Cape and Northern Cape areas, search-and-rescue at sea and on land in the Western Cape, Eastern Cape and KwaZulu-Natal. Support was also provided during the floods in Limpopo and Mpumalanga by airlifting stranded people to safety.

The border safeguarding responsibility by the SANDF is being executed according to a phased roll-out approach. The SANDF completed phase three of the rollout successfully by deploying three sub-units and support elements to Limpopo (Pontdrift, Musina and Madimbo), three sub-units to Mpumalanga (Sandriver, Macadamia and Zonstraal), two sub-units to KwaZulu-Natal (Ndumu and Pongola), two sub-units to the Free State (Ladybrand and Fouriesburg) and one sub-unit to the Eastern Cape (Maluti). In total, 11 sub-units were deployed to conduct border safeguarding operations. The border safeguarding responsibility has the same strategic end result (mission) as the employment of joint/inter-departmental forces to enforce state authority in the land, air and maritime border domains in support of national security objectives.

The deployment of the SANDF for border safeguarding ensured that 21 244 illegal immigrants were apprehended, 781 criminals were arrested, 105 stolen vehicles were recovered, 62 weapons were recovered, 2 847 livestock were recovered, 420.2kg of copper cable recovered, 20 mandrax tablets and 10 489kg dagga confiscated. The Anti-Rhino Poaching Operations in the Kruger National Park forms part of the border safeguarding operations that are being executed along the RSA/Mozambique border within the Kruger National Park. The deployment of the SANDF resulted in 44 poachers arrested as well as the confiscation of 19 hunting rifles, including one AK47 assault rifle.

The J Ops Div co-ordinated and directed five JIM force preparation activities, excluding Special Forces exercises, in accordance with the joint force employment concept and existing bi-/multi-lateral agreements.

As previously reported, the land claims on the Madimbo training area remain unresolved. Meetings were scheduled and attended by the Department of Rural Development and Land Reform, the Regional Land Claims Commissioner, the claimants and the DOD to resolve the land claims, but with no success. Negotiations will continue to find a solution.

As reported in the J Ops Annual Report for FY2010/11 and FY2011/12, the SANDF's strategic lift capability remained a challenge which impacts negatively on the deployment and sustainment of SANDF external operations, as well as the deployment and sustainment of the SANDF's reaction force. The chartering of aircraft and ships addressed this challenge, but at a very high cost to the DOD.

Service Delivery Achievements (Output Detail)

Table 3.17 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.17: Force Employment Programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Regional Security				
Peace support operations	Number of external operations	4	5	Over Achieved. The SANDF participated in five external operations. Four planned operations were conducted, namely the participation in the SANDF contingent in support of the United Nations Organisation for Stabilisation Mission in the DRC (MONUSCO), participation in SANDF contingent in support of the United Nations for African Union Hybrid Operation in Darfur (UNAMID) (Sudan), providing General Military Assistance (training and capacity building) to the Central African Republic (CAR) and providing assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel. Note: Deployments in peace support operations are dependent on requests from the UN/AU and/or RSA government instruction. Given the unpredictability of the operating environment, the SANDF was ordered to provide support to the Mozambican government by providing disaster aid and relief in the flood-affected areas of central Mozambique.
Support to the People				
Internal operations	Number of sub-units[14] deployed for border safeguarding tasks	11	11	Achieved
	% compliance with number of authorised safety and security support ordered commitments	100%	100%	Achieved
	% compliance with number of authorised disaster aid and disaster relief ordered commitments	100%	100%	Achieved
	% compliance with authorised search and rescue ordered commitments	100%	100%	Achieved

[14] A sub-unit (company) consists of approximately 140 members.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Defence Capability Management				
Executed JIM Exercises[15]	The number of JIM exercises	8	5	Under Achieved. Joint Operations Division did not achieve its target of 8 exercises to be executed in the FY2012/13 with the following three (3) exercises not executed, namely: Ex FAIRWAY BUOY. This was a naval control and guidance of shipping (NCAGS) exercise within the SADC context. Angola was the lead nation for the execution of this exercise. The exercise was originally scheduled to be executed in the 2nd quater of FY2012/13 but execution of the exercise was cancelled by Angola. The SANDF does not have control over decisions made by foreign forces. Ex TRANSOCEANIC. This was a NCAGS exercise that was scheduled for August 2012 whereby the SANDF would have participated in the form of military observers. This participation was cancelled due to a command decision. Ex BELL BUOY. This was a NCAGS exercise scheduled for May 2012 whereby the SANDF would have participated in the form of military observers. This participation was cancelled due to a command decision.

Joint, Inter-departmental and Multi-national Exercises

Table 3.18 provides feedback on Force Employment Programme Joint, Inter-departmental and Multi-national Exercises for FY2012/13.

Table 3.18: Joint, Inter-departmental and Multi-national Exercises for FY2012/13

Exercise Name	Aim	Target	Actual Achievement	Reason(s) for Over/Under Achievement
Inter-departmental Exercises				
Ex WAYSIDE	The maintenance of the provincial chemical, biological and radiological (CBR) response teams and inter-departmental co-operation for the management of CBR incidents.	2	2	Achieved. Two Ex's WAYSIDE were planned for the FY. Ex WAYSIDE scheduled for May 2012 was postponed to August 2012. The postponement was caused by the fact that ARMSCOR contracts were not placed to develop and test technology demonstrators (first phase equipment). This exercise was however incorporated into Ex WAYSIDE executed between 12 and 18 August 2012. The objectives of both exercises were achieved.

15 Excluding Special Forces exercises.

Exercise Name	Aim	Target	Actual Achievement	Reason(s) for Over/Under Achievement
Multi-national Exercises				
Ex TRANS-OCEANIC	The primary aim is to exercise naval control and guidance of shipping (NCAGS) through the conduct of a CPX.	1	0	Under Achieved. This was a NCAGS exercise that was scheduled for August 2012 whereby the SANDF would have participated in the form of military observers. This participation was cancelled due to a command decision.
Ex BELL BUOY	The primary aim is to exercise NCAGS through the conduct of a CPX.	1	0	Under Achieved. This was scheduled for May 2012 whereby the SANDF would have participated in the form of military observers. This participation was cancelled due to a command decision.
Ex FAIRWAY BUOY	The primary aim is to exercise NCAGS through the conduct of a CPX within SADC context.	1	0	Under Achieved. This was a NCAGS exercise within the SADC context. Angola is the lead nation for the execution of the exercise which was scheduled to be executed in the 2nd quarter of FY2012/13. Execution of the exercise was cancelled by Angola. The SANDF does not have control over decisions made by foreign forces.
Ex ATLASUR	The primary aim of the exercise is to maintain and promote maritime co-operation between the SAN and South American countries (Argentina, Brazil and Uruguay).	1	1	Achieved Note: The primary aim of the exercise was to maintain and promote maritime co-operation between the SA Navy and South American countries (Argentina, Brazil and Uruguay). The exercise was executed over the period 19 Sep 2012 – 10 Oct 2012. Force levels: SAS AMATOLA and SAS QUEEN MODJADJI
Ex IBSAMAR	The primary aim of the exercise is to maintain and promote maritime co-operation between the SAN and the navies of Brazil and India.	1	1	Achieved. Note: Maritime exercise between Brazil, India and the RSA. The aim of the exercise is to promote and maintain maritime co-operation between these navies. The exercise was executed over the period 11 - 30 Oct 2012. Force levels: SAS AMATOLA, SAS QUEEN MODJADJI, SAS UMHLOTI and SAS UMZIMKHULU Foreign vessels participating as follows: INS DELHI (Destroyer), India. TANKER AL DEEPAK (Support Vessel), India. BNS BARROSO (Corvette), Brazil.
Ex SEROLANE		1	1	Achieved Note: This was a Bi-lateral training exercise conducted in South Africa between the SANDF and the Royal Netherlands Defence Force over the period 30 May – 22 June 2012. This exercise was originally planned to only provide support to the Royal Netherlands Defence Force. The exercise was expanded to include participation by the SANDF as directed by C SANDF.

PROGRAMME 3
LANDWARD DEFENCE

Purpose

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

Objectives and Measures

Defend and protect South Africa and its territory by

- preparing an infantry capability for external deployment, and a C SANDF reaction force for internal safety and security including border safeguarding;
- exercising a tank and armoured car capability, and providing a squadron for internal deployment per year;
- exercising a composite artillery and a light (airborne) artillery capability, and providing a battery for internal deployment per year;
- exercising an air defence artillery and a light (airborne) air defence artillery capability, and providing a battery for internal deployment per year;
- providing a sustained composite engineer capability for external deployment as well as for internal safety and security, and exercising a light (airborne) engineer squadron and a field engineer capability per year; and
- providing a signal capability for external deployment and internal signal support, and exercising a composite signal capability per year.

Service Delivery Objectives and Indicators (Overview)

The significance of the SA Army as part of the Landward Defence Programme was evident in the defence and protection of South Africa in the FY2012/13. In this regard, the SA Army made a concerted effort to comply with the SANDF activities, performance indicators and targets derived from the government strategic outcomes. Significant achievements manifested through ordered military commitments internally on the borders of South Africa and external deployments on the African continent. The SA Army fulfilled all its Joint Force Employment (JFE) commitments, notwithstanding the fact that it was overstretched, especially in the infantry, engineer, intelligence, signal and support capabilities. Reserve and MSDS members were utilised for both internal and external deployments to alleviate the pressure on Regular units.

The SA Army provided the required forces for deployment as part of UN missions in Africa, i.e. the SANDF contingent in support of the United Nations Organisation for Stabilisation Mission in the DRC (MONUSCO) and the SANDF contingent in support of the United Nations for African Union Hybrid Operation in Darfur (UNAMID) (Sudan) and also supported training and protection requirements in the CAR as part of the General Military Assistance (training and capacity building) Operation. In addition, training support to African countries manifested in Mission THEBE (DRC) with 12 members deployed with the future intention to further deploy an additional 50 instructors for training purposes and 15 headquarter personnel.

During the year under review, the SA Army provided 11 combat-ready sub-units for Border Safeguarding Operations as part of internal deployments. The SA Army progressed well in the revival of the SA Army specialised infantry capability (SAASIC). A sub-unit (+) of this capability (horses, motorcycles and dogs) has since been deployed as part of Border Safeguarding Operations and the SA Army is currently in the process of creating a second sub-unit to be operational early in FY2013/14. Besides the mandatory commitments, one sub-unit of soldiers was utilised internally in support of the SAPS to enforce stability and order during the Marikana unrest. The SA Army gave assistance to other government departments in Safety and Security Support operations, Disaster Aid and Relief Operations, African Cup of Nations Support Operation and Assistance to the Mozambican Defence Force with signal support to Counter Piracy Operations in the Mozambique Channel.

Throughout the financial year, the SA Army embraced the *"one force"* concept by deploying two SA Army Reserve sub-units to support the SANDF contingent in support of the MONUSCO Operation in the DRC and two sub-units of the Reserve component to render support to the SANDF contingent in support of the UNAMID Operation in Darfur, Sudan. Eight SA Army Reserve sub-units were deployed internally in a border safeguarding role. A total of 10 784 Reserve members were called up for a total of 1 647 109 man-days. 65% of the full call-up complement were employed for operational and force preparation related issues. Other members of the SA Army Reserve component were called up for administration duties, guard duties, as part of project teams and a small number of Reserve members (researchers) from the pool of specialists who presented papers on different topics at various forums to enhance the intellectual capacity of SA Army members and the senior command cadre. 30 SA Army Reserves were called up to assist the Department of Military Veterans with the Reserve database clean up, to assist with verification and registration in each province, four senior officers to assist as provincial co-ordinators in four provinces and 23 as instructors to train National Youth Service (NYS) members in Kimberley. The SA Army also assisted the Department of Home Affairs throughout the fiscal year by calling up 136 SA Army Reserve members to man ports of entry during the 2013 Easter period and used 110 SA Army Reserve members to assist with administrative duties at the Department of Home Affairs.

The SA Army continued with its core business of force preparation to position the SA Army to adhere effectively to the force provisioning requirements of the JFE schedule of Chief Joint Operations (CJ Ops). This was managed and co-ordinated by the training fraternity of the SA Army (632 courses presented in total with 17 235 members qualified) and corps-specific training exercises/courses at different corps schools and training units. The SA Army successfully presented Exercises SEBOKA (mobile conventional exercise) and YOUNG EAGLE (airborne conventional/peace support operations exercise) to provide combat-ready forces and capabilities for employment by C SANDF.

During the reporting period the SA Army presented University Reserve Training Programmes (URTPs), which is an initiative by the SA Army Reserves to recruit undergraduate students in appropriate study disciplines to enhance the professional, intellectual and leadership profile of the SA Army Reserves. This endeavour should effectively transform the representivity of the middle and senior level leader group of the SA Army Reserves at unit level. 54 learners graduated as part of the Officers Formative Course presented in Bloemfontein and were awarded temporary ranks of second lieutenants, 99 learners (80 from the SA Army, seven from C Log and 12 from SAMHS) graduated from Basic Military Training (BMT) at the Fort iKapa training facility in Cape Town and 16 members graduated from two additional Education, Training and Development Practitioner (ETDP) courses that were presented. The 2013 ETDP intake is currently in process and 30 members were nominated. Passenger Rail Agency of South Africa (PRASA) executed a recruitment drive within the SA Army Reserves and 99 SA Army Reserves opted to accept future employment with PRASA.

The SA Army was instrumental in the delivery of services to other state departments in FY2012/13 by successfully planning and presenting three NYS intakes (two completed and one to be completed at the end of May 2013) at 3 SAI Bn, Kimberley in FY2013/14. This effort was the result of a mutual agreement between the DOD&MV and the Department of Rural Development and Land Reform and so far 1 885 members have been trained successfully. The objectives to be achieved with those NYS participants included the inculcation of soft skills such as personal discipline, ethical (public) conduct and morality (private), while also helping the participants to become responsible and proud citizens of South Africa through civic education and lectures on patriotism. Additional aspects addressed during training included water orientation, physical training, group work and cultural appreciation and inclusivity. The SA Army was reimbursed for expenses incurred by the Department of Rural Development and Land Reform.

In an endeavour to promote defence diplomacy and strengthen army-to-army relationships, numerous endeavours were embarked upon and entertained. The SA Army hosted high-profile senior military visitors from the Namibian Defence Force, learners from the Tanzanian Armed Forces Staff College and was also responsible for hosting a Saudi Arabian military delegation supported by ARMSCOR and Thales South African System (TSAS), which gave practical demonstrations of the tactical intelligence system (TIS) used by the SA Army. Other training opportunities were exploited for four parachute qualified troops from 1 Tactical Intelligence Regiment on an officer cadet training programme presented by the Botswana Defence Force. 15 members attended a Wild Animal Behaviour Learning Programme in Botswana with the aim of empowering members of the SA Army to address the increasing danger of exposure to wild animals while deployed in internal operations (Border Safeguarding Operations and Anti-Rhino Poaching Operations). A combined exercise, Exercise SEROLANE, was conducted with the Royal Netherlands Defence Force in delivering water purification services to soldiers of the Dutch Army during their training at the Combat Training Centre (CTC) in Lohatlha. The SA Army provided signal equipment support to the biannual multi-national maritime exercises between the navies of South Africa, Brazil, Argentina and Uruguay (Exercise ATLASUR

IX) and between the navies of South Africa, Brazil and India (Exercise IBSAMAR). The SA Army also supported Exercise SHARED ACCORD (a humanitarian and disaster relief exercise) conducted with the United States of America (USA). The SA Army hosted an international sporting/military skills competition event attended by countries such as Denmark, the Netherlands and Norway.

A team of 11 SA Army Reserves participated in the Netherlands International Shooting Competition in October 2012. The South African Army A team achieved an overall second position and also fared exceptionally well in the male and female individual categories. Further international events hosted in South Africa made provision for a South African shooting evaluation, which accommodated 44 SA Army Regular teams and 39 SA Army Reserve and development teams and four international teams, namely Botswana, Zambia and two teams from the United Kingdom (UK). This event created the opportunity for building relations with fellow defence forces in SADC, the rest of the continent and the UK and for fostering mutual understanding and support. The SA Army also participated domestically in an inter-departmental shooting competition with the SAPS and Correctional Service. This allowed for good interaction and building of inter-departmental relationships with other government departments.

Notwithstanding the SA Army's successes, certain organisational realities will remain for the foreseeable future. Severe National Treasury budget cuts imposed on the SA Army during FY2012/13 required the organisation to reflect on other ways and means to pursue its core business to deliver effective landward defence. The SA Army will be forced to address its inability to sustain its conventional capability (required force design [strategic risk] and constrained force design [operational risk] in the short-term (ST), medium-term (MT) and long-term (LT)). This reality manifests as a result of aging prime mission equipment (PME) and will obviously influence the SA Army's combat readiness for operations, exercises and continuation training. The SA Army experiences insufficient rejuvenation of its personnel component, which will directly affect the SA Army's ability to provide and sustain its operational obligations in future with the emphasis on SANDF contingents in support of MONUSCO in the DRC, UNAMID in Sudan and Border Safeguarding operations. The inability to sustain its operational support obligations is exacerbated because of structures that are not approved and staffed according to force design, namely 16 and 17 Maintenance Units, 101 and 102 Field Workshops, Hospitality Services and VIP Protectors. Numerous functional responsibilities, e.g. in the Technical Service Corps (TSC) environment, were executed by calling up Reserves to alleviate critical requirements.

FY2012/13 remained a challenging year for the SA Army as a result of ever-increasing costs of the sustainment of PME, facilities, personnel, ammunition for training and operations as well as the creation of a strategic reserve capacity. The serviceability and turnaround times of maintenance and repair of PME and A and B vehicles still remain a challenge due to the long process of acquisition, distribution of spares and shortage of personnel to execute the required workload.

The continued "*prepare, provide and sustain*" requirements for combat-ready FSEs for Border Safeguarding Operations will increase the burden on service delivery, resource availability and allocation.

Although the SA Army remained fully motivated to support the life-cycle management during the operating phase and the readiness of PME, the current realities regarding the requirement process and the procurement support by both procurement agencies, ARMSCOR/ Central Procurement Service Centre (CPSC) remained extremely challenging. The SA Army's final readiness and expenditure performance relied heavily on the performance of both procurement agencies. This created challenges for the SA Army resulting in the underutilisation of National Treasury funding. To date, three bi-lateral agreements have been instituted between ARMSCOR and the SA Army to address issues of concern and future financial bilateral meetings are planned to resolve poor performance.

During the year under review, the SA Army has been confronted with the challenge of 14 land claims lodged by the communities in the different provinces and towns against the DOD. Those land claims had an impact on the SA Army's achievement of force preparation objectives because certain training areas were illegally occupied by communities. However, the SA Army, through Chief of Logistics (C Log), the National Department of Public Works (NDPW), the Land Claims Commission (LCC) and the Department of Rural Development and Land Reform continuously engaged in discussions with the communities to find amicable solutions to the problems.

The SA Army, in conjunction with CJ Ops and the NDPW, is planning to build low cost bridges in the rural areas of the RSA. The reconnaissance of the locations where bridges must be built is at an advanced stage and the addendums to the implementation protocol will be signed in the new financial year between the MOD and the NDPW, after which the task will commence. In this regard, the SA Army will demonstrate its continuous willingness to support the people of South Africa.

Service Delivery Achievements (Output Detail)

Table 3.19 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.19: Landward Defence Programme Outputs for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Infantry Capability				
Mechanised capability	Number of regular battalions	2	2	Achieved
	Number of reserve battalions	5	5	Achieved
Airborne capability	Number of regular battalions	1	1	Achieved
	Number of reserve battalions	1	1	Achieved
Motorised capability	Number of regular battalions	11	11	Achieved
	Number of reserve battalions	21	21	Achieved
Armour Capability				
Tank capability	Number of regular regiments	1	1	Achieved
	Number of reserve regiments	3	3	Achieved
Armoured car capability	Number of regular regiments	1	1	Achieved
	Number of reserve regiments	4	3	Under Achieved. The current SA Army Force Design (FD), as approved on 18 February 2013, provides for 3 Reserve Regiments, and not 4. Measurement against current FD would have resulted in the achievement of the target. Targets will be adjusted accordingly during the next cycle of planning.
	Number of reserve reconnaissance regiments	1	1	Achieved
Artillery Capability				
Composite artillery	Number of regular composite regiments	1	1	Achieved
	Number of regular light regiments	1	0	Under Achieved. According to the SA Army FD, as approved on 18 February 2013, the Arty Mob capability must close down and migrate to a light regiment. The closing down process and migration is not finalised. As such, no Light Regular Regiment exists as yet. The annual target will be aligned with approved FD during the next planning cycle.
	Number of regular field artillery regiments	0	0	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of reserve regiments	5	6	Over Achieved. According to the SA Army FD, as approved on 18 February 2013, Cape Field Artillery is inactive and in a process to be closed. These units are recognised by the current FD. During planning based on the previous FD (1998) and the closing down plan, a target of 5 was set hence the variance. The annual target will be aligned with the approved FD during the next planning cycle.
Air Defence Artillery Capability				
Composite air defence artillery capability	Number of composite regiments	1	1	Achieved
	Number of light (airborne) regiments	1	1	Achieved
	Number of reserve regiments	5	3	Under Achieved. The SA Army FD, as approved on 18 February 2013, provides for 3 Reserve regiments, hence the variance of 2 regiment. During planning the target of 5 reserve regiments was set on the 1998 FD. The annual target will be aligned with the approved FD during the next planning cycle.
Engineer Capability				
Field engineer capability	Number of regular battalions	4	6	Over Achieved. The SA Army FD, as approved on 18 February 2013, recognises that 4 Survey Mapping Regiment and 1 Military Printing Regiment are still in the closing-down process, as they appear on the Structure Management Control System (SMCS). It was projected that they would be successfully closed during the period under review, but the process has not yet been completed.
	Number of reserve battalions	4	3	Under Achieved. The current SA Army FD, as approved on 18 February 2013, provides for 3 Reserve Engineer regiments, and not 4, as initially projected in the 1998 FD. The annual target will be aligned with the approved FD during the next planning cycle.
General Training Capability				
General training for Regular and Reserve members	Number of learners on planned courses	3 720	4 216	Over Achieved. Due to additional training requirements, more learners (4 283) reported to the Army training institutions. As a result, the throughput was correspondingly higher than the planned target (3 720), although 31 learners were withdrawn and 38 were found to be incompetent.

Output	*Performance Indicator*	*Annual Target*	*Actual Target Achievement*	*Reason(s) for Over/Under Achievement*
Signal Capability				
Signal capability	Number of regular signal units	18	19	Over Achieved. According to the SA Army FD, as approved on 18 February 2013, 19 Regular Signal Units (1 Sig Regt, 2 Sig Regt, 21 Sig Unit, MOD Sig Unit, Deq Sig Unit, GT Sig Unit, WC Sig Unit, EC Sig Unit, NC Sig Unit, Lohatlha Sig Unit, FS Sig Unit, NW Sig Unit, N Sig Unit, MP Sig Unit, KZN Sig Unit, 3 Elec Wksp, 4 Sig Regt, 5 Sig Regt and JSB Wonderboom) are recognised. During planning, based on the 1998 FD, and the closing-down plan, a target of 18 Regular Signal Units was set. This provides the reason for the variance in figures. The annual target will be aligned with the approved FD during the next planning cycle.
	Number of reserve signal units	9	5	Under Achieved. According to the SA Army FD, as approved on 18 February 2013, 5 Reserve Signal Units (11 FPO, 6 Sig Regt, 71 Sig Unit, 84 Sig Unit and 7 Sig Gp) are recognised. During the planning based on the 1998 FD, and the closing-down plan, a target of 9 Reserve Signal Units was set. Hence the variance in figures. The annual target will be aligned with the approved FD during the next planning cycle.

PROGRAMME 4
AIR DEFENCE

Purpose

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

Objectives and Measures

Defend and protect South Africa and its airspace by providing

- four helicopter squadrons and one combat support squadron per year;
- three medium transport squadrons (including one VIP squadron), one maritime and transport squadron, one light transport squadron and nine reserve squadrons at the required readiness levels per year;
- one air combat squadron per year; and
- a 24-hour air command and control capability.

Service Delivery Objectives and Indicators (Overview)

During the year under review, the South African Air Force (SAAF) once again demonstrated its dependability in delivering on its mandate despite the challenges encountered during FY2012/13. The SAAF managed to keep combat readiness at the required levels and flew 94.8% of the planned flying hours. A total of 23 636 hours were generated. The success of the SAAF can be attributed to the dedication and commitment of its personnel under challenging circumstances. The achievements however came at a cost in that the future integrity and sustainability cannot be guaranteed and training is behind schedule.

The SAAF experienced a critical mismatch in its financial resources and delegated tasks, which is foreseen to continue in the MTEF period. Only the minimum force preparation hours could be afforded whilst C J Ops mostly covered the cost of force employment hours. However, the slow processing of these payments had a further negative impact on the optimal management of the SAAF's budget. The increasing maintenance backlog reached a critical mass which had a direct impact on the strategic survival of the aviation industry. Efforts have been initiated by means of diplomatic initiatives to assist the aviation industry in this regard.

The SAAF supported numerous joint operations requirements for external operations and internal exercises. Within the external domain, the SAAF provided air capabilities for Search and Rescue Operations, Disaster Aid and Relief Operations, assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel, Border Safeguarding Operations, VVIP Flights, SANDF contingent in support of the United Nations Organisation for Stabilisation Mission in the DRC (MONUSCO) Operation, African Cup of Nations Support Operation and Anti-Rhino Poaching Operations in the Kruger National Park. Within the internal environment, the SAAF provided support for Exercise ATLASUR, Exercise IBSAMAR and Exercise SEBOKA. All government and the DOD requirements were Addressed.

Force Preparation

The final four Gripen aircraft that arrived by ship in Cape Town during the last week of September were flown to AFB Makhado during the first week of October 2012. This completed the delivery of 26 Gripen aircraft to the SAAF. 2 Squadron took part in Exercise LION EFFORT, a multi-national exercise that was held in Sweden over the period 27 March to 4 April 2012. The exercise was extremely successful and valuable experience was gained in the process.

The SAAF continued to make its mark as the flagship air power instrument for the country by providing air defence capabilities during the African Cup of Nations during January and February 2013. Participating SAAF aircraft flew a total of 207.9 hours.

The Africa Aerospace and Defence (AAD) exhibition 2012 was held at AFB Waterkloof. The SAAF received exceptional praise and messages of congratulations from both internal and external visitors for the successful co-

hosting of this important international event. A total number of 16 Air Force Chiefs attend the exhibition. The public attendance was good and the DOD image was further enhanced.

Air Transport and Maritime Systems continued to focus its efforts in balancing force employment output objectives and the hours for force preparation and training to enable aircrew to optimise their required competencies and capabilities.

The Helicopter System had substantial operational commitment levels during the financial year under review. Some of the challenges affecting achievement of planned outputs for the financial year included long lead times wrt components required for aircraft and the continued underfunding of the FY2012/13 budget allocation which resulted in the inability to address many essential elements of support. This led to the erosion of helicopter systems' integrity as no capacity could be built to maintain the systems. Despite these challenges, the ordered commitments, humanitarian support and Search and Rescue Operations were honoured during the year. The impact on sustainability must, however, be addressed.

As of October 2012 the Sector Control Centres (SCC) are providing a 24 hour recognised air picture (RAP) and mission control services. Challenges encountered in this environment were the inadequate post structures for 24-hour operations and the limited fighter aircraft flying activities, which had a negative influence on mission control force preparation. Obsolescence management is being actively managed specifically in terms of certain radar systems. Increasing failure in these systems is a result of the ageing air defence systems and this emphasises the critical need for Projects CHUTNEY and MATZO.

During the financial year under review 16 pilots qualified. The termination of the side-by-side contract has had a massive impact on the budget for the new financial year, as the contract cost was less than the cost of conducting training on the PC 7 Mk II.

A full range of flight safety courses were presented at various Air Force bases with a total of 407 flight safety certificates being issued to SAAF members. Internal safety, health, environment, risk and quality training courses were presented with a total of 333 SAAF members being declared competent. Despite this safety drive, the SAAF suffered four major aircraft accidents during the year namely:

- A SAAF C47TP Cargo Aircraft had an accident on the runway at Mthatha Airport on 07 November 2012, causing major damage to the aircraft. No aircrew or passengers were injured in the accident. A board of inquiry was convened and at the time of reporting was still in process.
- A SAAF C47TP cargo aircraft crashed on 05 December 2012 near Giants Castle in the Drakensberg mountain range, destroying the aircraft and fatally injuring all eleven persons on board. A board of inquiry was convened and at the time of reporting was still in process.
- A SAAF Casa 212 crashed on 17 January 2013 at the Tempe Airfield in Bloemfontein. A board of inquiry was convened and at the time of reporting was still in process.
- A SAAF A109 helicopter crashed in the Kruger National Park on 30 March 2013, destroying the aircraft and fatally injuring all five persons on board. A board of inquiry was convened and at the time of reporting was in process.

Force Development and Support

Within the SAAF strategy focus, the critical challenge in the short and medium-term lies in the domain of HR development and utilisation, affordability, operational readiness and support optimisation. Cutting through all these strategic issues is the challenge of under-funding. Taking the current funding levels into the future MTEF 2013/14 and beyond, it is not possible to envisage any intact air capabilities operating in the SAAF. The severe underfunding has led to the erosion of aircraft systems integrity as no capacity could be built to maintain the systems. No steady state support contracts could be negotiated for Gripen, resulting in 12 aircraft being placed in long-term storage.

Despite the challenges, all the special defence packages, infrastructure and facility upgrade projects were successfully completed, as well as the renovation of the mess, accommodation and training facilities for the Air Force Gymnasium at AFB Hoedspruit.

Written confirmation of the legal acceptance of the Military Aviation Regulations that were drafted in terms of Sections 82(1)(x) and 84(1)(c) of the Defence Act, 2002 (Act No. 42 of 2002) was received from the DLSD. The regulations are in the process of being submitted to the MOD&MV for approval. The approval and promulgation process is expected to be completed in the second quarter of 2013, after which the establishment of the military aviation regulating function can proceed.

The Alternative Manpower Group (AMG) contract ended at the end of March 2013. A new dispensation is being negotiated to cover a period of one year for 139 identified members.

Service Delivery Achievements (Output Detail)

Table 3.20 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.20: Air Defence Programme Output for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Helicopter Capability				
Medium and light transport capability, and combat support capability	Number of mixed (medium and light) squadrons	4	4	Achieved
	Number of combat support squadrons	1	1	Achieved
Transport and Maritime Surveillance Capability				
Very important persons (VIP) transport capability, medium and light transport capability, & maritime capability	Number of transport squadrons	3	3	Achieved
	Number of VIP squadrons	1	1	Achieved
	Number of maritime surveillance and transport squadrons	1	1	Achieved
	Number of light transport squadrons	1	1	Achieved
	Number of Air Force Reserve squadrons	9	9	Achieved
Air Combat Capability				
Fighter capability	Number of combat squadrons	1	1	Achieved
Air Base Support Capability				
Base support capability countrywide	Number of air bases	8	8	Achieved
	Number of air stations	1	1	Achieved
Command and Control Capability				
	% availability of two mission-ready static control centres at all times	95%	98.3%	Over Achieved. The only aspect affecting availability of the two mission-ready static control centres were the loading of the Air Picture Display System (APDS) software and the Radio Switching Network (RSN) audits.
	% availability of air defence radars in continuous operations	90%	94.68%	Over Achieved. The combined effects of system serviceability, availability of supporting systems, availability of staff and reliability of power supply supported the high availability of the air defence radars in continuous operations.
	% availability at all times of seven mission-ready air traffic service units	98%	100%	Over Achieved. 2% deviation due to full services rendered.
Training Capability				
General education, training and development of personnel	Number of learners on planned courses	2 018	1 966	Under Achieved. The under achievement is due to a reduction in recruitment that had an effect on the final number of members trained.

PROGRAMME 5
MARITIME DEFENCE

Purpose

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 and patrol capability of three frigates, one combat support vessel, two offshore patrol vessels and three inshore patrol vessels in each annual operational cycle;
- a sub-surface combat capability of two submarines in each annual operational cycle;
- a mine warfare capability of two vessels in each annual operational cycle to ensure safe access to South African harbours, and where mine clearance may be required;[16]
- a maritime reaction squadron capability comprising an operational boat division, an operational diving division and a naval reaction division; and
- an ongoing hydrographic survey capability to ensure safe navigation in charting areas and to meet international obligation.

Service Delivery Objectives and Indicators (Overview)

The period under review was another challenging financial year of providing prepared and supported maritime defence capabilities for the defence and protection of South Africa. An additional funding allocation of Rm228 assisted greatly in facilitating the SA Navy's outputs and despite the late injection of the above funding, the SA Navy was able to achieve a cash flow close to 100%.

The SA Navy remained steadfast in executing its Force Preparation activities, executing the maritime security strategy and continued focus in the fostering of good relations, promoting co-operation, collaboration and the exchange of information with other navies and stakeholders vital to collectively addressing the maritime security challenges that are being experienced both regionally and globally.

Additionally, the SA Navy also operated six Department of Forestry and Fisheries (DAFF) vessels to fulfil their patrol and research functions and International Fish Survey commitments during the financial year under review. All efforts were focused on ensuring that these vessels were put to sea to support the DAFF's Operational programme in accordance with the inter-ministerial MOU and Service Level Agreement. These vessels are ready to be handed back to DAFF.

The following significant achievements were realised:

- The Indian Ocean Naval Symposium (IONS) was held over the period 10-13 April 2012 in Cape Town. This international event was attended by chiefs of navies of 41 countries. The theme of IONS was *"Regional Maritime Security Initiatives aimed at reducing Modern Maritime Security Threats"*. The Chief of the SA Navy assumed the chair of IONS for the period 2012 – 2014.
- SAS DRAKENSBERG was deployed on the east coast and assisted in the apprehension and arrest of 12 Somalian pirates and six Sri Lankan hostages were released. This operation was conducted in conjunction with the French and Spanish navies and formed part of the larger Assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel.
- SAS AMATOLA and SAS GALESHEWE successfully took part in the East London Port Festival as part of World Hydrographic Day. The celebration of this day afforded the public the opportunity to be educated and informed on the critical role that the SA Navy plays in the provision of a hydrographic service, which is part of its

[16] The capability is being renewed through a project.

international obligation. The main objectives of the hydrographic service were the production of paper charts and nautical publications, issuing navigational warnings as well as the production of electronic navigational charts and maintaining tidal stations along the coast of South Africa. The SA Navy also exercised its right of freedom of the city during that day.

- 903 learners were trained through the NYS programme of the Department of Rural Development and Land Reform at SAS SALDANHA.
- The SA Navy participated in two multi-national exercises and one joint exercise in order to enhance interoperability with other navies through Exercise ATLASUR IX conducted between the Argentinean, Brazilian and Uruguayan Navies; Exercise IBSAMAR III conducted with the Brazilian and Indian Navies; and Exercise GOOD HOPE IV, a joint exercise between the German and SA Navies.
- The SA Navy supported the African Cup of Nations Support Operation by providing maritime security during the African Cup of Nations soccer tournament.
- The successful hosting of the SA Navy's annual prestige ball, which provided an opportunity to the defence related industry to interact on a social basis with senior members of the SA Navy, whilst generating funds for the SA Navy's charitable causes. This charitable initiative has contributed to broadening the horizons and transforming the lives of many previously disadvantaged people in South Africa.
- Social responsibility programmes were implemented to help build cohesive, caring and sustainable communities. Through these programmes, the SA Navy further enhanced efforts of development issues, social cohesion and nation building in surrounding previously disadvantaged communities.

Whilst resource and other challenges persist, a series of targeted initiatives to address them were initiated during the financial year under review. This contributed to partially mitigating the challenges experienced. Prioritisation and re-prioritisation became necessary to ensure that operational priorities were achieved. Despite this the following challenges and obstacles continued to affect the SA Navy in the achievement of objectives during the year under review:

- The lack of necessary resources and capacity at the ARMSCOR Dockyard to support the SA Navy in ship repairs affected the Hull Availability Programme (HAPRO) and thus impacted on the availability of ships. The SA Navy facilitated the transfer of additional departmental funding to the ARMSCOR Dockyard in order to help build capacity.
- The availability of on-time spares affecting the performance of the SA Navy was largely due to insufficient funds in the Maritime Logistic Capability Programme resulting in the outsourcing of work.
- Delays within the NDPW and funding shortfalls continued to impact negatively on infrastructure maintenance in the SA Navy. The SA Navy however, managed to upgrade and repair facilities within the Simon's Town area through the Repair and Management Plan (RAMP) and major improvements to various facilities were realised.
- The most damaging impact experienced in the Naval Engineering Service remains the inability to recruit Public Service Act Personnel (PSAP) to fill vacant posts (35% staffing level currently), and the lack of senior engineering Defence Act Personnel (DAP) to provide guidance and management expertise.
- The ongoing critical shortage of trained specialist staff within the hydrographic office led to not only the printing of charts reaching a critical point, but also the production of electronic navigational charts being affected, since the obsolete equipment at the Naval Printing Unit poses a risk to the ability to meet the supply of paper charts and publications.

Service Delivery Achievements (Output Detail)

Table 3.21 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.21: Maritime Defence Programme Outputs for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Maritime Combat Capability				
Surface warfare capability	Number of frigates operated in the annual operational cycle	3	4	Over Achieved. The refit of one of the frigates that was scheduled for the year under review was postponed for operational reasons.
Submarine warfare capability	Number of submarines operated in the annual operational cycle	2	2	Achieved
Combat support & sealift capability	Number of combat support vessels operated in the annual operational cycle	1	1	Achieved
Mine warfare capability	Number of mine counter-measure vessels operated in the annual operational cycle	2	2	Achieved
Hydrographic services capability	Number of hydrographic vessels operated in the annual operational cycle	1	1	Achieved
	Number of mobile hydrographic survey teams operated in the annual operational cycle	1	1	Achieved
Patrol capability	Number of inshore patrol vessels operated in the annual operational cycle	3	3	Achieved
	Number of off-shore patrol vessels operated in the annual operational cycle	2	2	Achieved
Maritime reaction squadron capability	Number of operational boat divisions in the annual operational cycle	1	0	Under Achieved. Required set criteria for boat divisions not met in some instances.
	Number of operational diving divisions in the annual operational cycle	1	0	Under Achieved. Some of the members did not have the required qualification level in order to constitute a diving division.
	Number of naval reaction divisions in the annual operational cycle	1	0	Under Achieved. Required set criteria for naval reaction divisions not met in some instances.
Maritime Human Resources and Training Capability				
General education, training and development of Navy personnel	Number of learners on planned courses	4 929	2 548	Under Achieved. One MSDS intake and various other learning opportunities for the year under review were cancelled.
Base Support Capability				
Base support capability	Number of naval bases provided, ensuring compliance with force requirements	1	1	Achieved
	Number of naval stations provided, ensuring compliance with force requirements	2	2	Achieved

PROGRAMME 6
MILITARY HEALTH SUPPORT

Purpose

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

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 multi-disciplinary health service to a projected patient population of 293 000 members per year.

Service Delivery Objectives and Indicators (Overview)

The Military Health Support Programme has rendered healthcare and medical support to internally and externally deployed forces as part of the mission of force health protection. Quality healthcare was rendered to deployments such as SANDF contingent in support of the United Nations for African Union Hybrid Operation in Darfur (UNAMID) (Sudan) and Border Safeguarding Operations. The Institute for Maritime Medicine established a medical support team at the diving centre. The sickbay on board the SAS DRAKENSBERG was refurbished in support of the maritime security operation and assistance was provided to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel. Specific mention is made of the significant role of the Military Health Support Programme in rendering quality comprehensive healthcare after the aircraft accidents and during the deployment in the CAR.

Healthcare was also provided within the geographic healthcare facilities to members of the SANDF and eligible patients, i.e. military veterans, as part of force health sustainment. Medical support and real-time healthcare was rendered during exercises such as Exercises ATLASUR and WINTER SOLSTICE. The patient administration function has been re-engineered to enhance service delivery and to comply with National Treasury prescripts.

The government's priority of African relations has been actively promoted by the Military Health Support Programme. International relationships were strengthened through focused engagements with the SADC, especially with regard to health-related matters. Delegations from the defence forces of Namibia, Mozambique, Senegal, and Botswana as well as from China and Vietnam were hosted. The Presidential Medical Unit rendered medical support to foreign heads of state/heads of government who attended the African Diaspora and the BRICS Conference.

A delegation attended the SADC Annual General Meeting of the Military Service Health Group in Zimbabwe during October 2012. Four representatives attended a follow-up conference on HIV and AIDS issues affecting the African continent in Mozambique during May 2012. Representatives of the Military Health Support Programme attended conferences and workshops such as the workshop on Military Ethical Dilemmas in Switzerland during April 2012, and the Force International Conference on Applied Human Factors and Ergonomics in San Francisco, USA during July 2012.

The Chemical and Biological Defence Advisor of the SANDF attended the United Nations International Crime and Justice Research Institute as a member of a panel of experts. The task was to evaluate international chemical, biological, radiological, and nuclear project proposals. The Defence Advisor also represented South Africa at the International Conference on Health Security in Washington. The 8th Protection Course for African States Parties to the Chemical Weapons Convention was presented on behalf of the South African Council for the Non-proliferation of Weapons of Mass Destruction and the Organisation for the Prohibition of Chemical Weapons to representatives from Botswana, Lesotho, Namibia, Zambia and Zimbabwe.

The Military Health Support Programme participated in the World Health Organisation International Health Regulations Risk Communication Capacity Building Training Workshop, facilitated by both the United States Centre for Disease Control and the South African Centre for Disease Control and Prevention. Continuous evaluation of public health trends in the World Health Organisation, the African region and the RSA are discussed at the Multi-national Outbreak Response Team Meetings led by the National Department of Health. Representatives attended the Southern African Regional Network - Roll Back Malaria and Partners General Assembly Annual Constituencies' consultative meeting in Johannesburg.

Technical arrangements with regards to medical referrals and military health training were signed between the defence forces of the RSA and the DRC during the bi-national commission meeting that was held in Pretoria during October 2012.

The Military Health Support Programme hosted the Law of Armed Conflict and Ethics course. The course was presented under the auspices of the International Congress of Military Medicine during October 2012 and attended by 42 members of the DOD. Representatives from Namibia attended the Military Mass Casualty Disaster Medicine course during September 2012. The National Department of Health complimented the Military Health Support Programme on the quality of the two year Emergency Care training programme.

Healthcare support was rendered to the participants in the NYS programme at 3 SA Infantry Battalion in Kimberley and SAS SALDANHA in spite of limited healthcare resources. The participants were trained in first aid by the School for Military Health Training.

The collateral value of the Military Health Support Programme was proved to the state during disaster relief operations in Limpopo, Polokwane and Southern Cape regions and during the floods in Mozambique.

The Military Health Support Programme established a monitoring and evaluation centre to be in line with government prescripts. The initiative supports the MOD&MV in obtaining an unqualified audit through the institutionalisation of controls and the promotion of a culture of good governance. Organisational performance was promoted through the outcomes-based approach. A specific Military Health Support Programme management intervention strategy, was initiated in May 2012 to address 13 critical outcomes paramount to the improvement of direct service delivery. The results of the management intervention strategy are monitored by the Monitoring and Evaluation Centre.

The Military Health Support Programme initiated and participated with other national health structures and non-governmental organisations in national health days, such as the HIV and AIDS Awareness Campaign and 16 Days of Activism for No Violence Against Women and Children.

Service Delivery Achievements (Output Detail)

Table 3.22 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.22: Military Health Support Programme Outputs for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Mobile Military Health Support Capability				
Combat-ready military health support elements for deployed and contingency forces	Number of conventional medical battalion groups	1	1 (minus)	Under Achieved. The situation is unchanged as 8 Medical Battalion Group is a virtual structure and only the headquarters/command element is permanently staffed. The renewal and procurement of deployable prime mission medical equipment (SAMHS unique operational capabilities) are pending the required fund allocations.
	Number of specialist medical battalion groups	1	1 (minus)	Under Achieved. The Specialist Medical Battalion Group, namely 7 Medical Battalion Group, is not fully staffed due to a shortage of healthcare practitioners. Specialised operational medical support was successfully rendered during external and internal operations, i.e. SANDF contingent in support of the United Nations Organisation for Stabilisation Mission in the DRC (MONUSCO) Operation and SANDF contingent in support of the United Nations for African Union Hybrid Operation in Darfur (UNAMID) (Sudan) as well as force preparation exercises and training.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of Reserve medical battalion groups	3	3 (minus)	Under Achieved. The recruitment and retention of healthcare practitioners for utilisation in the Reserve Medical Battalion Groups remain challenging, although progress had been made and the numbers of healthcare practitioners in the Reserves have improved.
Area Military Health Service				
Comprehensive, self supporting, multi-disciplinary geographic military health service	Number of healthcare activities at the 88 geographic healthcare facilities	1 200 000	1 393 612	Over Achieved. The performance exceeded the projected annual target. Demands for healthcare services have increased. Operating hours were extended at selected healthcare facilities to meet the demands. Human resources of Area Military Health Service were utilised to satisfy the requirements for deployment. This has placed additional demands on human resources and quality healthcare service delivery. The utilisation of mid-level healthcare workers such as the clinical associates has augmented the healthcare service.
	Number of health assessment activities executed at the 88 geographic healthcare facilities	50 000	83 884	Over Achieved. The performance exceeded the projected annual target. The requirements to sustain internal and external operations have increased the demand for concurrent health assessment and classifications. The capturing of the data of assessments has also improved.
	Number of medical support activities at the 88 geographic healthcare facilities	4 200	11 586	Over Achieved. The performance exceeded the projected annual target. The projected target was based on the capacity of resources to deliver medical support. The current post establishment on the approved structure is inadequate to meet the increased demand for internal and external deployments as well as force preparation activities. This situation is exacerbated when medical support is required as part of the collateral utility of defence to the state i.e. assistance during natural disasters and disaster relief operations across borders e.g. the floods in Mozambique.
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 healthcare activities at the three military hospitals	784 000	837 465	Over Achieved. The performance exceeded the projected annual target. The demands for healthcare services have increased. The staffing levels of the three military hospitals have improved. The utilisation of clinical associates during their internship and the utilisation of medical officers and specialists on the Reserve Force database have contributed to the exceeding of the projected target.
	Maximum number of aviation healthcare activities	3 000	9 557	Over Achieved. The performance exceeded the projected annual target. The initial target was projected based on funding and capacity. The extensive demands for specialist aviation healthcare services during internal and external operations, disaster relief operations, the Service Level Agreement with the South African Civil Aviation Authority and the requirement to perform the health assessments of the SAAF recruits, has contributed to exceeding the projected target.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Maximum number of maritime healthcare activities	61 000	71 105	Over Achieved. The performance exceeded the projected target. The increased involvement in maritime operations and the additional medical support and healthcare to eight environmental ships of the Maritime Environmental Department has contributed to the increased demands for healthcare services and medical support.
	Maximum number of Military Psychological Institute contacts	9 000	5 276	Under Achieved. The performance deviated slightly from the projected annual target. The demand for specialist services of the Military Psychological Institute are demand driven and has been met, i.e. pre-employment assessments.
	Number of animal health activities	3 260	10 086	Over Achieved. The performance exceeded the projected annual target. The canine capability increased to meet the operational requirements of the SANDF, i.e. the utilisation of dogs in Border Safeguarding Operations. The demands for animal-related clinical services, preventative measures such as de-worming and vaccination schedules for the animals, and training requirements for dogs and dog-handling personnel, have been met. The demand for services to the horses of the newly established Specialised Infantry Capability has also contributed to the increase in animal health activities.
	Number of national and international dignitary and VIP medical support and healthcare activities	620	931	Over Achieved. The performance exceeded the projected annual target. All demands for healthcare services and medical support were met.
Military Health Product Support Capability				
Warehousing of pharma-ceuticals and sundries and military health mobilisation and unique stock	Percentage availability of stock at all times	55%	64%	Over Achieved. Fund reallocation enabled the procurement of pharmaceuticals, sundries and military health mobilisation and unique stock. Continuous liaison with suppliers ensured improved service delivery.
Procurement of unique military health products, materials and services	Percentage compliance with stock procurement and delivery requirements	65%	76.41%	Over Achieved. Fund reallocation enabled the procurement of unique military health products, materials and services.
Military Health Training Capability				
Military health training capability	Number of learners on planned courses	3 200	4 763	Over Achieved. Original achievement was 2 464. Performance deviated from plan as a result of the refurbishment programme at military health training facility. However, there were also additional unplanned courses that were presented to 2 299 learners of the NYS, SA Navy and to members deploying to the CAR and the Department of Health (DOH).

PROGRAMME 7
DEFENCE INTELLIGENCE

Purpose

The Defence Intelligence Programme provides a defence intelligence (DI) and counter-intelligence (CI) capability.

Objectives and Measures

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

Service Delivery Objectives and Indicators (Overview)

Support to other State Departments. DI continues to fulfil its objectives of monitoring the state of security by supporting other state departments such as the SAPS, the Department of Home Affairs and the Hawks.

Foreign Intelligence Exchanges. Intelligence exchange conferences took place between DI and counterparts in various countries as was scheduled and the targets for FY2012/13 were reached. Conferences assisted in confirming DI assessments on global issues, addressed the security concerns of foreign services and maintained sound relations with these services.

Maritime Security and Borderline Control. In mid-2012, an intelligence tripartite meeting on maritime security was held in Tanzania, between South Africa, Tanzania and Mozambique, with the purpose of developing mechanisms for the formulation of the information-sharing modalities. DI, SAAF, SA Navy and Joint Operations Division are responsible for the establishment of the Maritime Domain Awareness Centres (MDACs) as part of the adopted SADC Maritime Security Strategy (MSS). The costing for the two centres was completed but funding is still a challenge.

Project IKHAYA. DI implemented Project IKHAYA with the aim of exercising functional control of CI functionaries and re-establishing CI capability.

Project TORO. DI also directed its efforts towards Project TORO which is aimed at the institutionalisation of security in the DOD by improving knowledge and understanding about CI and security responsibilities of all members and employees.

Project NYONI. DI registered Project NYONI to address internal processes within the fundamental functioning of CI. It is an analytical tool aimed at ensuring that information from different collection agencies is credible, received timeously and relevant. The project was rolled out within DI at Directorate Vetting where e-vetting is in its final stage. The scheduled timelines for the delivery of the solution to DI is 2015. Currently, DI has members undergoing extensive training within the IT environment. Over and above, it is envisaged that the current team will be responsible for rolling out the project to the entire DOD as well as undertaking the cyber security function on behalf of C SANDF.

Service Delivery Achievements (Output Detail)

Table 3.23 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.23: Defence Intelligence Programme Outputs for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Operations				
Intelligence processing capability	Number of defence intelligence products according to the annual schedule and client requirements	324	348	Over Achieved. The increase is as a result of AFCON, BRICS, CAR and DRC situations.
Counter-intelligence capability	Number of vetting decisions taken in accordance with requirement	7 000	8 138	Over Achieved. A high number of confidential clearances were issued during the 4th quarter and effective use of the Western Cape office as a fully fledged vetting office catering for both Eastern and Western Cape.

PROGRAMME 8
GENERAL SUPPORT

OVERVIEW

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

Purpose

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

Objectives and Measures

Provide general support capabilities and services by providing:

- joint logistic support capabilities and services;
- command and management information system capabilities and services; and
- military police capabilities and services.

Sub-Programme: Joint Logistic Services

Purpose

Joint Logistic Services is a sub-programme of the General Support Programme and it provides joint logistic capabilities and services to the department.

Objectives and Measures

Provide joint logistic support capabilities and services by:

- providing appropriate, ready and sustained matériel, facilities, movement and logistic services focusing on supply chain and life cycle management to enable the defence mandate;
- providing new and replacing infrastructure assets through 10 projects, Rm62 in FY2012/13, Rm35 in FY2013/14 and Rm68 in FY2014/15;
- carrying out maintenance and repairs through 15 projects, Rm471 in FY2012/13, Rm141 in FY2013/14 and Rm144 in FY2014/15;
- executing upgrades and additions through 27 projects, Rm696 in FY2012/13, Rm919 in FY2013/14 and Rm1 213 in FY2014/15;
- executing rehabilitation, renovations and refurbishments through 28 projects, Rm657 in FY2012/13, Rm733 in FY2013/14 and Rm886 in FY2014/15; and
- operationalising and capacitating the works capability that will enable the DOD to assume selected custodian responsibilities from NDPW, and creating job opportunities in the process.

Service Delivery Objectives and Indicators (Overview)

Facility Management

- **Disclosure of Defence Endowment Property portfolio.** The Defence Endowment Asset Register was updated during the year under review. All DOD buildings are being verified and coupled to the DOD Immovable Asset Register.
- **Facilities Management Project.** It is envisaged that selected functions and the custodianship of land will be transferred from NDPW to the DOD. A strategic plan was developed outlining the project. However, the MOD&MV will determine the extent of the transfer, as well as the way forward.
- Due to the re-prioritisation of output targets, the budget allocations have changed as indicated below:
  - providing new and replacing infrastructure assets through projects, Rm620 in FY2012/13 (37 projects), Rm104 in FY2013/14 (25 projects) and Rm109 FY2014/15 (36 projects);
  - carrying out maintenance and repairs through projects, Rm471 in FY2012/13 (29 projects) Rm830 in FY2013/14 (46 projects) and Rm144 in FY2014/15 (35 projects);
  - upgrades and additions, executing rehabilitation, renovations and refurbishments are included in the above bullet; and

- the current over-expenditure is due to slow progress on refurbishment projects. The refurbishment funds were utilised to support the over-expenditure on capital projects.

- **Restitution Claims.** Although limited progress has been made due to lack of commitment from certain stakeholders, restitution claims are being processed for the following areas:
  - AFB Hoedspruit.
  - Madimbo Corridor.
  - Middelburg (Doornkop Training Area).
  - Lephalale Reporting Post.
  - Gravelotte (General Ben Viljoen Training Area).
  - Phalaborwa (5 Special Forces Regiment - Farm Schiettoch).
  - Phalaborwa (Sawong Training Area - Farm Sheila).
  - Phalaborwa (7 SAI Bn - Farm Laaste).
  - Lohatlha (SA Army Combat Training Centre).

Environmental Management

- **Environmental Education and Training.** Modules on environmental matters are in the process of being integrated into the training and development of warrant officers and will be presented at the different military training institutions.
- **DOD Encroachment Management.** Environmental impact assessment inputs and conditions for the proposed photovoltaic plant were provided by Eskom to the interested and affected parties to be developed adjacent to the Roodewal Bombing Range in Limpopo.
- **Environmental Support to Border Safeguarding Operations.** Environmentally friendly technologies are being introduced during the maintenance, upgrade and development of mission areas, operational bases and sub-stations which are proving to be beneficial in managing pollution and other negative impacts on the natural environment.
- **Operation VUSELELA.** The joint project on water programme with the Department of Environmental and Water Affairs, especially in the Western Cape, is progressing well despite management challenges encountered by the implementing agent.
- **Environmental Participation in Multi-national Exercises.** Environmental personnel participated in the planning and execution of the following exercises:
  - Exercise IBSAMAR.
  - Exercise ATLASUR.

Revolving Credit Account (RCA). The following matters are reported:

- **New Fuel Contract.** Investigations were conducted on a new contract, strategic reserves and e-fuel to accommodate the latest supply of fuel. Currently the majority of fuel supply tanks in the DOD do not conform to industry standards and do not fully cater for all fuels, especially unleaded petrol and low sulphur content diesel. This matter will be tabled as part of the specifications for the new contract.
- **Challenges with the Supply of Fuel.** The age and condition of current fuel tanks, the negative impact of the fuel on the vehicle fleet, the development of new types of fuel, the problems regarding the maintenance of fuel-related equipment and labour unrest, all impacted negatively on the fuel situation in the DOD.
- **Rations.** Major challenges were experienced with the performance of ration suppliers due to the location of delivery points and quantities ordered. In a bid to find solutions to the problems, the operational bases were excluded from the national ration contracts as a first step.

Logistic Training

- **Foreign Learning Opportunities (FLOs).** Four foreign learners have successfully completed logistics courses at the DOD School of Logistics Training and the School of Munitions.
- **Performance.** Logistic training institutions achieved a 113.25% performance margin regarding courses presented to satisfy needs identified by its clients. This allowed for the Logistic Division to train 731 MSDS members in various courses in logistic disciplines at its respective training establishments. Approximately 100 general/flag officers commanding and officers commanding were trained in logistic matters to ensure that they are empowered to execute their authority from an informed position.
- **Projects.** The first accreditation-based Supply Support Clerk pilot course took place from 11 February 2013 until 27 March 2013.
- **New developments.** On 1 October 2012 the MCC approved the establishment and maintenance of a fire and rescue service training capability under the auspices of Logistics Division.

Asset Management. The following achievements within asset management were achieved:

- **Integration of Logistics and Finance Systems.** The main objective was to automate the generation of accruals for year-end purposes. This has successfully taken place and all accruals are now automatically generated.
- **Establishment of the Operations Centre.** An operations centre had been established and is functioning with all representatives from

Services and Divisions to address the valuation, classification, verification and disposal of assets for FY2012/13. Consultants were utilised to assist due to limited capacity and skill and to ensure that target dates are achievable. This ensured that the DOD will be in a position to produce a credible Asset Register. Matters that were raised as weaknesses by Auditor-General of South Africa (AGSA) during the FY2011/12 audit cycle are being addressed.

- **Policy Development.** The division is busy with the development of the following polices:
  - The Management of Moveable Tangible Assets in the DOD.
  - The Management of Leased Assets in the DOD.
  - The Management of Heritage Assets in the DOD.
  - Inventory Management.
  - The reviewing of the policy on commercialised messes was finalised, presented to the Logistics Board in February 2013 and submitted to the Policy Advisor for submission to the Legal and Finance Management Division for their comments.
  - The draft policy (DODI) on the management of hospitality services in the DOD was accepted by the Logistics Board and will be forwarded to the DOD Policy Board for promulgation.

Disposal

- **Disposal Execution.** All disposal investigations and confirmations for the last quarter were approved. Alienation (sales) did, however, not commence due to administrative challenges.
- **Project UKUHLANZWA.** During the period under review, Project UKUHLANZWA ("clean the house") was launched based upon instructions from the MOD&MV. Crucial to this project was the establishment of the Disposal Steering Committee. The aim of this committee was to identify and speed up the authorisation process of assets identified to be disposed of.
- **Ammunition Management.** Disposal in the munitions progressed well, with 5 500 000 rounds being dismantled by a supplier during the 4th quarter of the period under review, as part of the small arms destruction contract. 1 012 tonnes of ammunition were disposed of during the period.

Defence Works Capability. 345 artisans were trained whilst a further 671 members were still under training by the end of the financial year. Only 56.72% of the posts on the structure of the works capability are staffed.

General. The post of Deputy Chief Logistics was established to alleviate the workload of Chief Logistics. The incumbent will be responsible for the command and control of the specialist directorates at Level 2 by coordinating the integration of specialised activities. The incumbent is the *"governance authority"* of the Logistics Division.

Service Delivery Achievements (Output Detail)

Table 3.24 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.24: Joint Logistics Services Sub-Programme Outputs for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Joint Logistic Services				
Centralised logistic capabilities	Number of logistic divisions	1	1	Achieved
	Number of logistic formations	2	2	Achieved
	Number of joint logistic operational support units	1	1	Achieved
	Number of ammunition depots	3	3	Achieved
	Number of central procurement service centres	2	2	Achieved
	Number of logistics schools	4	4	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
	Number of South African Forces Institutes (SAFI)	1	1	Achieved
	Number of auction centres	1	1	Achieved
	Number of regional works units	9	9	Achieved
	Number of construction units	1	1	Achieved
Appropriate, Ready and Sustained Matèriel				
Codification of items of supply	% requests completed versus total outstanding requests (inclusive of backlog)	80%	85%	Over Achieved. More requests than projected were received and completed.
Disposal of materiél	% requests approved for disposal versus requests received	75%	79%	Over Achieved. Improved working procedures enabled better than expected performance.
Logistic information system	% of asset registers (ARs) completed versus total ARs registered	100%	98.60%	Under Achieved. Due to lack of human resource capacity.
Ammunition disposal	Total number of tonnes disposed versus the number of disposed tonnes planned	600	1 012	Over Achieved. Increased capacity brought about an improved disposal rate.
Appropriate, Ready and Sustained Facilities				
Capital works programme	% of expenditure in accordance with plan	100%	275.02%	Over Achieved. The current over expenditure is due to slow progress on refurbishment projects. The refurbishment funds were utilised to support the over expenditure on capital projects.
Refurbishment programme (RAMP)	% of expenditure in accordance with plan	100%	36.40%	Under Achieved. Under expenditure due to poor performance against plan. This included, among others, Army Headquarters Dequar Road, Blenny and Loftus, Army Combat Training Centre, Hoedspruit Air Force Base, 1 SAI Bn and 44 Para Regt.
Recoverable projects	% of expenditure in accordance with plan	100%	0%	Under Achieved. Measure was terminated by C Log.
Environmental services	% project progress in accordance with project plan	100%	56.25%	Under Achieved. Only 32% environmental posts in new Defence Works Capability structure are staffed. Not all environmental personnel are appropriately qualified. Lack of human capacity.
Office accommo-dation: payment of lease	% of expenditure in accordance with plan	100%	95.23%	Under Achieved. The under-expenditure of Rm10 is due to expired leases that were not renewed by NDPW and as a result the DOD still pays old rental with no escalation rates on a month to month basis. In addition, delays in procurement of DOD facilities by NDPW that included new acquisitions which were projected and budgeted for.
Office accommo-dation: payment of municipal services	% of expenditure in accordance with plan	100%	97.75%.	Under Achieved. Not all invoices for FY2012/13 were paid. Outstanding invoices will be paid in the new financial year.
Office accom-mo-dation: payment of accommo-dation charges	% of expenditure in accordance with plan	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Appropriate, Ready and Sustained Movement and Logistic Services				
Logistic training (logistic, ammunition, hospitality training, facility, fire fighting and codification)	% of courses successfully completed / presented versus the functional training programme plan	100%	113.25%	Over Achieved. 194 courses were presented out of 163 courses scheduled for the year.
Procurement service	% requests fully completed within 60 days	90%	91%	Over Achieved. More requests than expected were received and completed. Improved working procedures enabled better than expected performance.
Heraldry services	% requests completed versus requests received	80%	100%	Over Achieved. Due to more requests being received and completed as planned, as well as the implementation of better working procedures.

SUB-PROGRAMME: COMMAND AND MANAGEMENT INFORMATION SYSTEMS

Purpose

Command and Management Information Systems (CMIS) is a sub-programme of the General Support Programme and it provides command and management information and related service to the department.

Objectives and Measures

Provide the department with key information and communication systems by

- ensuring that the mainframe service, the wide area network (WAN) and telecommunication backbone are available 98% of the time; and
- providing information and communication systems solutions in accordance with the Defence Enterprise Information Systems (DEIS) Master Plan according to programme and project milestones and associated deliverables.

Service Delivery Objectives and Indicators (Overview)

During the year under review, the CMIS Division provided Information Communication Technology (ICT) services as planned, including the provision of joint information warfare (IW) strategic direction to the DOD, despite challenges of infrastructure and personnel deficiencies.

The optimisation of the DOD's ICT, which is addressed by means of the implementation of the DEIS Master Plan, has progressed according to plan. To this end, the integrated ICT system capability of the DOD has been enhanced and maintained in a functioning state for the duration of the financial year under review by achieving 98.97% serviceability of the DOD mainframe service, 98.75% accessibility of the WAN and 97.72% operability of the telecommunication network to the entire DOD at all times.

The governance framework of the IW Master Plan, which indicates the development of the IW strategic direction capability for the DOD, is currently under revision. The first phase of the revision was completed during the financial year under review. The second and third phases are anticipated to be completed during FY2013/14.

The cost implications for the continuation of the DI project for the electronic content management system (ECMS) exceeded the allocated budget during the previous financial year. It has since been placed on hold until a decision is taken to continue or terminate the project, or until a more cost-effective solution is determined.

Due to the large number of records, information and files that need to be stored in the DOD, it has become imperative and crucial for the CMIS Division to obtain additional capacity for archiving. Due to lack of progress in finding a solution on this matter, the challenge was referred to higher management level for intervention and assistance.

The CMIS Division is further striving to upgrade and repair the facility for the location of the DOD mainframe. There is still a lack of progress on this matter.

During the previous financial year, the CMIS Division reported that it was not adequately structured to execute its functions, and this state of affairs still remains. However, the proposed force design and structure can only be realised following the promulgation of the Defence

Review and the finalisation of the DOD Level 1 structure. The lack of an adequate structure for CMIS Division has had a direct impact on CMIS Division's ability to acquire adequate personnel with the right skills and to render required ICT services to the DOD.

The CMIS Division did not procure the DOD Central Server during FY2012/13 as planned because an investigation had to be conducted to ensure that the new server will be able to support all the DOD hosting requirements, including the requirement of the Integrated Financial Management System (IFMS). The new DOD Central Server will be procured during the FY2013/14 after the finalisation of the investigation.

The DEISM Directorate finally accepted the responsibility for the implementation and execution of the Promotion of Access to Information Act (PAIA), 2000 (Act No. 2 of 2000) in the DOD. The risk related to the lack of implementation of this act has therefore been mitigated.

Despite the challenges experienced, the CMIS Division managed to execute its objectives as planned during FY2012/13. The challenges and risks were managed to ensure that all planned outputs were achieved. The CMIS Division will endeavour to continue to provide viable ICT services and a joint IW strategic direction capability to the DOD.

Service Delivery Achievements (Output Detail)

Table 3.25 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.25: Command and Management Information System Sub-programme Outputs for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Command and Management Information Systems				
Integrated information and communication systems (ICS) solutions and enablers for the DOD	% compliance with the six DOD ICS project portfolio (DEIS Master Plan) wrt ICS solutions	100%	100%	Achieved
Supported DOD ICS and joint command and control product system capability	% availability of the mainframe service provided to corporate DOD at all times.	98%	98.97%	Over Achieved. Due to skilled staff, entrenched processes and preventative maintenance
	% availability of the WAN provided to corporate DOD at all times	98%	98.75%	Over Achieved. Due to maintenance and availability of Routers
	% availability of the DOD telecommunication backbone capability at all times	98%	97.92%	Under Achieved. Due to Eskom power outages and dependency on Telkom services
Joint information warfare (JIW) strategic direction capability for the DOD	Number of policies promulgated that provide ISS direction in accordance with the IS policy development portfolio.	4	3	Under Achieved. The annual target was changed in line with DOD Policy guidelines after the compilation of the APP. The ISS policy consisted of four (4) documents, namely the MODD, DODD, DODI and a JDP in line with DOD Policy Guidelines. During 2011 the DOD policy guidelines were changed and the instruction from D Policy was that all JDPs should be incorporated within the DODI. This was done in 2012 leaving only three documents for the ISS policy and not four as originally indicated in the APP.
	Number of promulgated IW plans in accordance with the IW Master Plan.	2	1	Under Achieved. The annual target was changed from 2 to 1 after the compilation of the APP. It was decided during Exercise NDLOVU in November 2012 that there will only be one IW Plan (not two pillars as originally planned for in the APP).

SUB-PROGRAMME: MILITARY POLICE

Purpose

The Military Police is a sub-programme of the General Support Programme and it provides a military policing capability to the department.

Objectives and Measures

Provide a military policing capability to the department by:

- reducing the number of new criminal cases under investigation by the military police by 10% per year;
- sustaining 13 provost company for operational deployments;
- sustaining four regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases; and
- sustaining two military correctional facilities for detention and rehabilitation.

Service Delivery Objectives and Indicators (Overview)

The priority of the Military Police Division (MP Div) in the DOD is crime prevention, which is performed as part of its service delivery agreement. To improve service delivery during the FY2012/13, the MP Div ensured that its training institution prepared and provided MP officials of high calibre that could handle any kind of law enforcement challenges within the DOD environment, including the enforcement of the discipline of SANDF Officials.

In striving towards a crime-free DOD environment, the MP Div was involved in crime-combating efforts in Services and Divisions with the aim of managing criminality in the DOD. An Annual Anti-Criminality Conference was hosted by the MP Div to enhance the crime awareness campaign in the DOD, and to review anti-criminality measures.

A total of 227 members were provided for internal and external deployments. 107 members were externally deployed, 76 were deployed as part of the SANDF contingent in support of the United Nations Organisation for Stabilisation Mission in the DRC (MONUSCO) Operation, two as part of Mission THEBE, two as part of the Assistance to the Mozambican Defence Force with Counter Piracy Operations in the Mozambique Channel. 14 members were deployed as part of the General Military Assistance (training and capacity building) Operation to the Central African Republic (CAR) and 13 members were deployed as part of the SANDF contingent in support of the United Nations for African Union Hybrid Operation in Darfur (UNAMID) (Sudan). 120 members were deployed internally as part of Border Safeguarding Operations. This endeavour is a continuous effort by the MP Div to prepare and provide military police members to Joint Operations Division to participate in joint operations and exercises. In addition, a total of 124 Reserve members were deployed in support of the Department of Home Affairs.

The MP Div procured 138 vehicles and 36 motorcycles to the amount of Rm46, to be utilised during Border Safeguarding Operations. These vehicles will greatly assist the MP Div in the execution of their operational tasks.

The MP Div trained 14 members from the Mozambican Defence Force on Advance Motorcycle Riders course at MP School. The grouping consisted of twelve students and two interpreters. The MP Div played host to a benchmark visit of military police from the Tanzanian Defence Force over the period 04 – 08 March 2013, to strengthen the international relations between the two countries. The MP Div also hosted the Uganda Chief of the Armed Forces visit to South Africa over the period 05 – 07 February 2013. The MP Div was tasked to provide functional and ceremonial escort for the members during the visit.

The MP Div provided a functional escort of aid convoys during disaster aid and relief operations from South Africa to Mozambique during the floods in Mozambique at the beginning of 2013. Four members of the MP Div took part in this operation. The MP Div supported the DOD in its endeavour to subject the members who marched to the Union Buildings in 2009 to internal disciplinary processes by providing 354 members and is committed to continue supporting the operation when required.

Despite the structural inadequacy and budget constraints, the MP Div achieved most of its predetermined plans successfully. A total number of 2 288 cases were finalised during the FY2012/13. In addition, a total of 379 deliberate crime prevention operations were conducted jointly with the SAPS and traffic departments throughout the country, ranging from roadblocks and checkpoints to search and target identified hot spots.

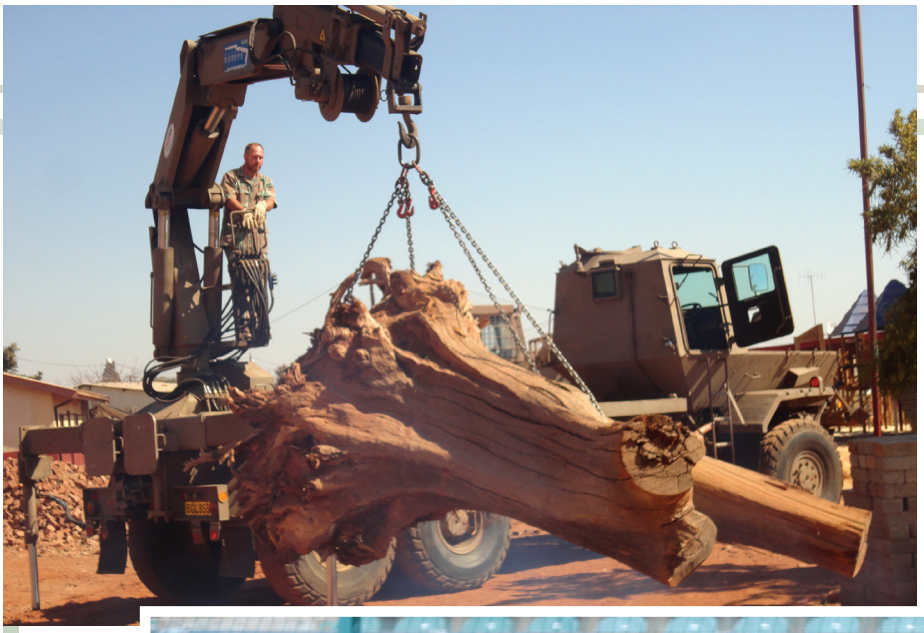
The MP Div provided the ceremonial escort for the President and Deputy President during the opening of Parliament, as well as providing security during the occasion. The MP Div also provided escort services to Services and Divisions as requested and played a significant role during the African Cup of Nations through security and escorting duties.

Service Delivery Achievements (Output Detail)

Table 3.26 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2012/13.

Table 3.26: Military Police Sub-programme Outputs for FY2012/13

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Military Police				
Military policing (MP) capability to the DOD	Number of regional headquarters	4	4	Achieved
	Number of area offices	22	22	Achieved
	Number of detachments	22	22	Achieved
	Number of military correctional facilities	2	2	Achieved
	% reduction in the number of criminal cases under investigation by the MP that go to court	10%	11.4%	Over Achieved. Positive deviation of 1.4% from the set target was due to the effective intervention programme instituted by the PMG in November 2011 to improve the performance of the MP Division as well as the evaluations done by the MP Division HQ and regional HQ at subordinate structures to monitor compliance with higher HQ instructions.
Military policing combat capability	Number of combat-ready provost	1	1	Achieved



PART 3
PROGRAMME PERFORMANCE

APPENDICES

APPENDIX A: DOD DIPLOMACY REPORT FOR FY2012/13

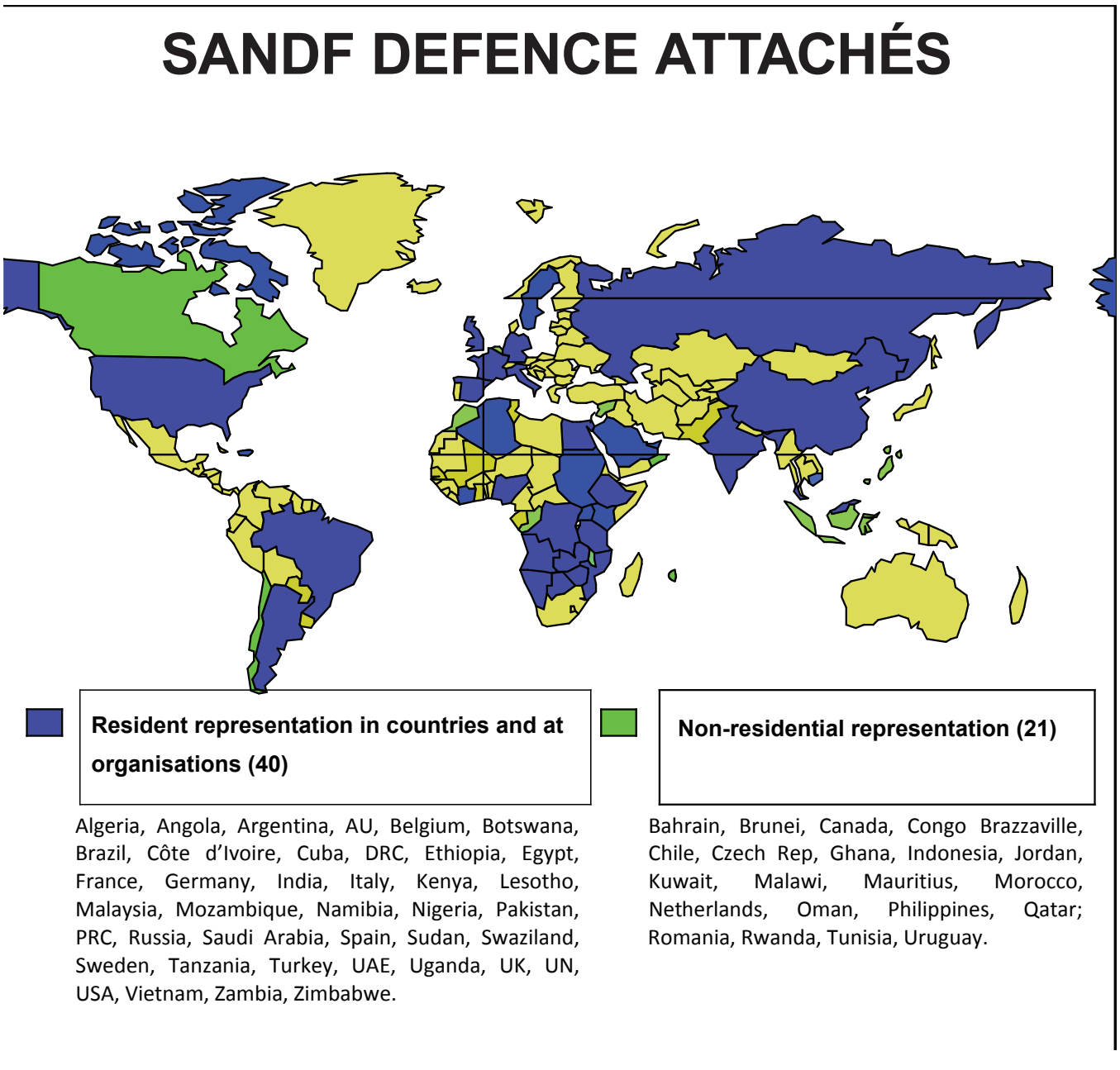
Introduction

Diplomacy actions by the South African National Defence Force (SANDF) varied between focussed efforts and indirect actions which had a defence diplomatic impact. Focused efforts included defence representation abroad, bilateral and multi-lateral meetings. Indirect actions included participation in combined exercises, participation in functional and developmental training with foreign defence forces, and attendance of conferences and seminars. The benefits of international military co-operation give impetus to the defence diplomacy drive of the Department of Defence (DOD).

SANDF Defence Attachés Representation

The following figure indicates SANDF Defence Attaché representation internationally for the FY2012/13.

Figure A-1: Map indicating representation by SANDF Attachés



Military Attaché and Advisor Corps (MAAC) Representation

The following figure indicates MAAC representation in South Africa for the FY2012/13.

Figure A-2: Map indicating MAAC representation in South Africa

Bilateral and Multi-lateral Interaction

The Southern African Development Community (SADC) as a region, together with the African continent as a whole, remains the main focus of the DOD for bilateral and multi-lateral interaction. Table A-1 below indicates the meetings held within the framework of the SADC Inter-State Defence and Security Committee (ISDSC) structures and Table A-2 indicates all DOD bilateral engagements.

Table A-1: Meetings of the SADC/ISDSC Structures for the FY2012/13

Committee	Date	Destination/Venue
SADC: C SANDF visit to SADC secretariat	03 – 05 April 2012	Gaborone, Botswana
SADC: Rapid deployment capability concept for SADC: Standby force workshop	11 – 13 April 2012	Gaborone, Botswana
SADC: Personnel work group meeting	25 – 27 April 2012	Maputo, Mozambique
SADC: Aviation Standing Committee meeting	07 – 08 May 2012	Lusaka, Zambia
SADC: Defence Intelligence Standing Committee Meeting	18 – 26 May 2012	Pretoria, RSA
SADC: Technical Steering Committee, table of equipment for PSO operations workshop	21 – 25 May 2012	Gaborone, Botswana
SADC: Defence legal workgroup meeting	23 – 24 May 2012	Pretoria, RSA
SADC: Electoral observer mission to Lesotho	20 – 28 May 2012	Maseru, Lesotho
SADC: Operations sub-sub-Committee meeting and Defence sub-Committee Meeting	05 – 07 June 2012	Hazyview, RSA
SADC: Extraordinary Defence sub-Committee Meeting	26 July 2012	Pretoria, RSA
SADC: Inter-State Defence and Security sub-Committee (ISDSC) and Ministerial Committee of the organ meetings	27 – 31 July 2012	Pretoria, RSA
SADC: SADC Summit	14 – 18 August 2012	Maputo, Mozambique
SADC: Electoral observer mission to Angola	15 Aug – 03 Sep 2012	Luanda, Angola
SADC: Logistics workgroup Meeting	29 – 31 August 2012	Maputo, Mozambique
SADC: Extraordinary Inter-State Defence and Security sub-Committee meeting	20 September 2012	Pretoria, RSA
SADC: Defence Intelligence Standing Committee meeting	25 – 30 November 2012	Maseru, Lesotho
SADC: Technical Steering Committee, Table of Equipment for PSO operations workshop	03 – 07 December 2012	Windhoek, Namibia
SADC: Special Forces Training Conference	03 – 07 December 2012	Pretoria, RSA
SADC: Maritime Standing Committee meeting	18 – 22 February 2013	Dar Es Salaam, Tanzania
SADC: Troika Summit	09 March 2013	Pretoria, RSA
SADC: Electoral observer mission to Zimbabwe (Referendum on adoption on new Constitution)	09 – 18 March 2013	Harare, Zimbabwe

Table A-2: Bilateral Meetings for FY2012/13

Committee	Date	Destination/Venue
Uganda: Chief of Defence Staff visit to RSA	12 – 28 February 2013	Pretoria, RSA
Benin Inaugural Defence Committee meeting	22 – 27 April 2012	Cotonou, Benin
Malaysia: Defence and Services Asia exhibition	13 – 18 April 2012	Langkawi, Malaysia
RSA/Nigeria Bi-National Commission	21 – 22 May 2012	Cape Town, RSA
RSA/Republic of Congo (Brazzaville) Defence Committee meeting	29 – 30 May 2012	Cape Town, RSA
Angola/RSA Defence Committee meeting	11 – 14 June 2012	Luanda, Angola
RSA/France Defence Committee meeting	4 – 5 April 2012	Pretoria, RSA
RSA/Turkey ministerial visit and staff talks	03 – 09 June 2012	Ankarra, Turkey
RSA/Mozambique Operational Border Liaison Forum	16 – 19 July 2012	Durban, RSA
SA Military Police and Chief Logistics delegation to Namibia (capacity building)	8 – 13 July 2012	Windhoek, Namibia
RSA/Uganda	28 – 29 August 2012	Pretoria, RSA
Zimbabwe/RSA Operational Border Liaison Forum	04 – 06 September 2012	Bulawayo, Zimbabwe
RSA/PRC Defence Committee meeting	17 – 18 July 2012	Boksburg, RSA
RSA/Italy Defence Committee meeting	28 – 29 August 2012	Pretoria, RSA
Lesotho/RSA Operational Border Liaison Forum	09 – 12 September 2012	Maseru, Lesotho
Botswana/RSA Joint Permanent Commission on Defence and Security	10 – 14 September 2012	Gaborone, Botswana
Senegal/RSA Defence Committee meeting	24 – 29 September 2012	Dakar, Senegal

Committee	Date	Destination/Venue
Namibia benchmarking visit on structure and academic programme at Faculty of Military Science	01 October 2012	Ondangwa, Namibia
MODMV: El Alamein Commemoration visit to Egypt	12 – 22 October 2012	Cairo, Egypt
Namibia/RSA Joint Permanent Commission on Defence and Security	16 – 20 October 2012	Ondangwa, Namibia
RSA/DRC Bi-National Commission	19 – 23 October 2012	Pretoria, RSA
African Commandants Conference	04 – 08 November 2012	Kaduna, Nigeria
RSA/Uganda Joint Commission on Co-operation	08 November 2012	Pretoria, RSA
Conference and establishment of bilateral research collaboration	11 – 15 November 2012	Dar Es Salaam, Tanzania
NATO Allied Committee meeting	10 – 16 November 2012	Marrakech, Morocco
RSA/Zimbabwe Joint Permanent Commission on Defence and Security	19 – 21 November 2012	Cape Town, RSA
German special forces future bilateral co-operation	03 – 07 December 2012	Langebaan, RSA
World Conference on International Communications	03 – 14 December 2012	Dubai, United Arab Emirates
Working visit: Uganda, DRC and Ethiopia	16 – 24 January 2013	Uganda, DRC and Ethiopia
RSA/Mozambique Operation Border Liaison Forum	20 – 22 February 2013	Pretoria, RSA
Brazil/RSA Defence Committee meeting	03 – 09 March 2013	Rio de Janeiro, Brazil
Russia/RSA Defence Committee meeting	11 – 15 March 2013	Moscow, Russia
BRICS Summit	25 – 29 March 2013	Durban, RSA

- **African Union.** An annual African Union (AU) Chiefs of Defence Forces and the Ministers of Defence Forces meeting did not take place during FY2012/13, due to the fact that the new Chairperson first wanted to be settled.
- **Inter-governmental Meetings.** Defence representatives attended inter-governmental bilateral meetings, i.e. the Joint Permanent Commissions on Defence and Security of Botswana, Namibia and Zimbabwe, as well as the Bi-National Commissions with Nigeria and the Democratic Republic of the Congo (DRC). The DOD also participated in the Brazil, Russia, India, China and South Africa (BRICS) Summit. Participation in these meetings allowed the DOD to support the foreign policy of the South African government.
- **Bilateral Defence Committee Meetings.** During FY2012/13, the following defence committee meetings were held: Inaugural meetings for Benin and Angola, and defence committee meetings with the Republic of Congo Brazzaville, France, Uganda, the People's Republic of China (PRC), Italy, the United States of America (USA), Brazil and Russia. During January 2013, an agreement on defence co-operation was signed with Cuba. During March 2013, an agreement on how to conduct joint maritime patrols was signed between Tanzania, Mozambique and South Africa. An agreement on military co-operation was also signed with Oman during March 2013.
- **Service Level Bilateral Meetings.** The SA Navy hosted the Indian Ocean Naval Symposium as well as staff talks with India in Cape Town. The SA Navy also participated in the Southern Africa and Islands Hydrographic Commission, hosted in Mauritius, and attended the technical visit in the Seychelles.

Foreign Visits

- **Foreign visits to African Countries.** Seventeen visits were undertaken by members from the SANDF to African countries for reasons varying from high-level goodwill visits, planning and debriefing conferences/meetings for combined exercises, support to South African (SA) troops deployed in Africa, and intelligence exchanges. The SA Army is continuing its artillery training in Namibia as part of a bilateral co-operation agreement between the two countries.
- **Visits to the DOD by African Countries.** For reasons varying from benchmarking to comparative studies on training, human resource management or medical matters, intelligence exchange, sport or goodwill visits, the SANDF welcomed 19 delegations from Africa.
- **Foreign Visits to Countries from the Rest of the World.** SANDF members participated in 32 visits to countries from the rest of the world during FY2012/13. These visits entailed acting as 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 SANDF received 23 visiting parties from the rest of the world during FY2012/13,

for reasons ranging from reciprocal goodwill visits, discussions on precise functional topics, study visits by military training institutions and the hosting of workgroups.

Foreign Military Training. Delegations from senior military training institutions of 11 countries chose South Africa as their destination on study visits. South Africa visited ten foreign countries as part of the study tours undertaken by the SANDF senior training institutions. The SAAF continued its multi-year aircraft maintenance apprenticeship training for members from four African countries, and the SA Army is assisting the Namibian Defence Force in Artillery training. Furthermore, 16 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 officers and members on 60 functional courses, while 21 SANDF officers attended senior development courses abroad during the FY2012/13.

Ship Visits. Members from the SA Navy attended the South Africa and Islands Hydrographical Commission and technical visit in the Seychelles and Mauritius. Ships from the USA, UK and France respectively came alongside in Simon's Town, East London and Durban for informal visits to the RSA. SAS ISANDLAWANA relieved the SAS MENDI to continue the work in the Mozambican territorial waters during couter piracy operations. SAS DRAKENSBERG, SAS MENDI and the QUEEN MODJADJI I continued with the annual Exercise, INTEROP EAST.

Specific Defence Diplomacy Actions

- **Military Operations.** Operational co-operation forms a mainstay of military bilateral and multi-lateral relations between countries and enhances the mutually beneficial transfer of knowledge. Although military operations do not commence as a defence diplomacy action, participation in multi-national peace support operations have the advantage of showcasing the RSA's commitment to providing capacity to these operations, and promoting the image of the South African soldier abroad. The SANDF continues to participate in peace support operations in the DRC and in Sudan. Small-scale general military assistance provided by the SANDF included capacity building and provision of close protection to the President of the Central African Republic (CAR), and support to the Mozambique Defence Force in the form of counter-piracy operations, where SA naval vessels patrolled the Mozambique Channel. Through these operations, the SANDF supported the work of the AU and the UN in striving for peace and security on the African continent.
- **Joint Inter-departmental and Multi-national (JIM) Military Exercises.** Although JIM military exercises are reported on in detail under the Force Employment Programme, it is not the intention to neglect the impact of these exercises on defence diplomacy. These JIM exercises include: Exercise CROWN (joint multi-national with Lesotho), Exercise SEROLANE (with the Netherlands in Lohatla), Exercise ATLASUR (over the period September – October 2012 to maintain and promote maritime co-operation between the SA Navy and the South American countries of Argentina, Brazil and Uruguay), as well as Exercise IBSAMAR (maritime exercise between India, Brazil and the RSA during October 2012). Exercise HIGHLANDER (Special Forces) was hosted by Lesotho during the year under review. Planning sessions for Exercise ZAMBEZI (Air Force) and Exercise BLUE TIDINGS (Navy), to be held in Angola during 2013, were conducted.
- **Specialist Advisory Team to Kinshasa, DRC.** During the RSA/DRC meeting held over the period 18 to 23 October 2012, it was agreed that an SANDF Specialist Advisory Team (composed of all Arms of Services) will be sent to the Forces Armee's de la République Démocratique de Congo (FARDC) HQ to assist in the drafting of an action plan in order to reform the Armed Forces of the Democratic Republic of Congo (FARDC). This subsequently led to the signing of the Implementation Arrangement between the SANDF and the Armed Forces of the Democratic Republic of Congo (FARDC) regarding the training of FARDC recruits at Mura Base and the deployment of FARDC trainers to RSA on 06 February 2013.
- **Mission THEBE.** RSA/DRC Bi-national Committee (BNC) discussed the training of a Brigade for the FARDC. The RSA was requested to assist the FARDC in training more new military recruits. This training is to be conducted in the RSA. The FARDC will complete the recruitment of the members by February 2013. This matter will be discussed further at the next meeting in July/October 2013.
- **Secondments to Multi-national Organisations.** Currently, there is one SANDF member seconded to the UN and another officer is seconded to the SADC planning element for the establishment of the main logistic depot in Botswana.

APPENDIX B: DOD FOREIGN AID ASSISTANCE REPORT FOR FY2012/13

Funding in kind mostly takes the form of provisioning of air tickets and/or messing/accommodation and/or a daily stipend. Attendance of military courses is traditionally free. Therefore, the actual cost to the donor is not known and the Rand value is merely an estimate. The following table indicates the foreign aid assistance to the DOD for FY2012/13.

Table B-1: Foreign Aid Assistance to the DOD for FY2012/13

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 DOD President's Emergency Plan for AIDS Relief (PEPFAR)	In kind (funds controlled by USA)	R376 233.17 ($41 073.49) Calculated: 17/4/2013 @ $1 = R9.16	Project: MASIBAMBISANE (HIV and AIDS Prevention Programme for SANDF members)	Registration and travelling fees for Director HIV/AIDS and delegates to specific conferences, workshop, dedicated training, development of training manuals, info systems, training programmes, leadership support programme and the supply and delivery of promotional items.	There has been a slight deviation from the planned programme activities due to insufficient HR capabilities.	On-going project until donor indicates otherwise.

APPENDIX C: DOD ANTI-CRIMINALITY REPORT FOR FY2012/13

Introduction

This report deals with the progress made with implementation of the DOD Anti-Criminality Strategy in FY2012/13.

Reporting is done in terms of the five strategic objectives derived from the DOD Anti-Criminality Strategy, namely

- to manage anti-criminality from a nodal point at corporate level and to ensure the involvement of all role-players;
- to ensure that commanders on all levels accept responsibility for the management of anti-criminality in their areas of responsibility;
- to ensure policy alignment to empower all role-players to manage anti-criminality effectively;
- to ensure the capacity to manage anti-criminality successfully in terms of human resources, facilities, equipment and specialists; and
- to ensure the safeguarding and protection of assets.

Manage Anti-Criminality from a Nodal Point and Ensure Involvement of all Role-Players

The DOD nodal point for anti-criminality has been established. The post of the SSO Nodal Point on Anti-Criminality was staffed and is functioning. Five of the available six posts in the section were also staffed and the members are active. Most Services/Divisions have officially appointed members in their nodal points.

Commanders/Managers Accept Responsibility for the Management of Anti-Criminality in their Area of Responsibility

The majority of Services and Divisions reported that they have included the responsibility of managing criminality in the performance agreements, management directives and/or duty sheets of their commanders and managers.

Anti-criminality is, in most cases, listed as a standing point on all the command and management forums. This issue is important to the Anti-Criminality Strategy as it makes everybody aware and serves to drive the implementation of the strategy.

The DOD Safeguarding Board meets monthly and was attended by the nodal points on anti-criminality representatives of most of the Services and Divisions. A small number of Services/ Divisions did not attend these meetings regularly. The PMG is currently in a process to address this issue with the Services and Divisions Chiefs/ Councils.

DOD Anti-Criminality Policy

A work group was established for the drafting of a departmental policy on anti-criminality which includes content on anti-corruption and anti-fraud, as well as ethics. The draft DOD Anti-Criminality Policy was developed and distributed to key stakeholders for inputs and comments. The policy remains a work in progress.

Capacity to Manage Anti-Criminality Successfully

Adequate Human Resources

Most Services and Divisions have officially appointed nodal point representatives. However, due to a shortage of personnel, the majority of members appointed as Service/ Division nodal points are executing this responsibility as an over-and-above task.

The corporate nodal point on anti-criminality, the Military Police Division (MP Div), offered to provide informal anti-criminality training on request to Services and Divisions. A formal training session is currently planned for October 2013, and will be executed in collaboration with anti-corruption and fraud prevention initiatives.

The Defence Legal Services Division (DLSD) facilitated 63 Operational Law training sessions and lectures, three Military Law courses, 11 Military Legal Practitioner (MLP) refresher courses, one Basic Legislative Drafting course and seven Officer Commanding and Adjutant refresher courses for FY2012/13 to ensure capacity to manage anti-criminality successfully within the Department.

Adequate Facilities/Infrastructure

Currently, most of the facilities in the DOD have the required security measures. However, there are still problems relating to the availability, flow and integrity of crime-related information. The DOD Nodal Point on Anti-Criminality has successfully interacted with the State Information Technology Agency (SITA) and Command and Management Information Systems (CMIS) on designing an information system that will integrate all the fragmented information already available in other systems in the DOD. These systems include the personnel salary system, PERSOL, the Crime Administration System (CAS), Consolidated Control System (CCS) and Loss

Management System. Monthly meetings are currently taking place to resolve this problem. The aim of the new system will be to verify information against the various systems and to make business intelligence available to commanders/managers on all levels, thus enhancing crime-related decision making and data integrity. SITA currently provides manual crime-related reports on a monthly basis, drawn from different systems available to the DOD, e.g. PERSOL, CAS and Loss Control System. Basic information with respect to PERSOL data, offences committed and misconduct dismissals is currently available on the anti-criminality database.

The following data was obtained from PERSOL:

- Misconduct dismissals for FY2012/13.
- Offences for FY2012/13.

Adequate Material Resources.

The tracking capability of A-class items is still lacking in that, if it is not controlled by serial number, it is virtually impossible to identify as DOD property. This being so, the items cannot be tracked and, if found, cannot be confirmed by the Military Police as belonging to the DOD.

Safeguarding and Protection of Assets

Most of the security and control systems concerning the safeguarding and protection of DOD assets are in place and are managed effectively. The process of safeguarding the DOD's vehicles by placing identification markers on the vehicles (especially D-vehicles) in order to make them stand out as military property, is continuing. Fitting vehicles with satellite tracking systems remains problematic and Services/Divisions are waiting for a Chief Logistics (C Log) policy regarding satellite tracking systems.

The MP Div performs a vital service in the safeguarding and protection of assets in the DOD by continuously conducting highly visible policing.

Crime in South Africa is impacting on all sectors of society. The high levels of crime still reported to the Military Police are of concern. The DOD has also suffered its fair share of crime-related losses. Literature reviews clearly indicate that crime prevention is a shared concept between the police and the community as a whole, specifically the responsibility of asset protection. This responsibility is not always clearly understood and the mistaken viewpoint is assumed that the responsibility is solely that of the police. Regrettably, in some instances, this perception also exists within the defence community.

To address the abovementioned problem, the MP Div hosted a one day DOD Anti-Criminality Seminar with all DOD Service and Division Anti-Criminality Nodal Points. The seminar was held at the Schoongezicht Conference Centre on 12 October 2012. The aim of the seminar was to give the Service/Division nodal points a better understanding of criminality and focused on an integrated approach to combating crime in the DOD.

The following papers were presented at this seminar:

- **The Role of Senior Management in the Prevention of Fraud and Corruption (by Prof M. Montesh).** In his paper, Prof Montesh said the challenge of the Military Police is to act as a soldier and to act as a policeman. It is the duty of the Military Police to fight crime and criminal activities so that crime can be reduced in the DOD. It is clear that most, if not all, of the white collar crimes are committed as a result of greed. This factor encourages members to commit fraud and corruption. There is enough legislation on measures to deal with fraud and corruption but the judicial framework is seen to be too weak to punish the perpetrators. Corruption was extensively illustrated in terms of its definition, dimensions and legislation. Among other points put forward, emphasis was placed on the leader as a good role model and people management being given more attention in terms of career development, proper utilisation and empowerment in terms of promotion, etc. so that demoralising factors that may lead to crime and criminal activities are discouraged.

- **Digital Evidence and the Military Police (by Prof M. Grobler).** Digital evidence is information or data, stored or transmitted in binary form, which may be relied upon as evidence. Digital forensics, on the other hand, combines elements of both law and computer science to collect and analyse data, and lastly, the legal acceptance of digital evidence includes, among others, the fact that software does not alter data and provides maximum data access. The DOD is not immune to these criminal activities. Information has become big business and the peddling thereof is on the increase. It is also clear that computer hackers can cause havoc to operating systems. Although there are measures in place to curb cyber-crime, the need for members of the MPD to become skilled in countering this threat is now more imperative than ever before.

- **Risks: Combating Criminality from an Anti-fraud and Corruption Perspective (by Lt Col A. Moll).** This was a short presentation where the risk measures were highlighted and the ethics development and training processes were shown by the presenter.

- **Prevention of Irregular, Fruitless and Wasteful Expenditure (by Ms Karin Neil).** The presentation was an affirmation of issues already known to members. Irregular expenditure was shown to be expenditure other than authorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including the PFMA; or the State Tender Board Act, 1968 (Act No. 86 of 1968). The presenter explained that fruitless and wasteful expenditure is expenditure made in vain, which could have been avoided, had reasonable care been exercised. It was emphasised that, as members of the DOD, we are duty bound to declare our business interests in order to avoid conflict of interests.

- **Combating Criminality from an SAPS perspective (by Lt Col S.J. Steynberg).** The presenter emphasised the fact that the rule of law and the Bill of Rights have to be adhered to in fighting criminality in the country. The definition of crime was put as *"…an anti-social or unlawful act entailing a threat to and a breach or violation of the stability and security of a community and its individuals."* Crime prevention is the stopping of crime from happening. The factors contributing to crime were illustrated as Desire + Ability + Opportunity = Crime.

Conclusion

Good progress was made during the year under review on the management of anti-criminality in the DOD. The revised DOD Anti-Criminality Strategy and action plan is still awaiting approval by C SANDF.

The integrated data system which is currently being developed is providing information that is crucial to the management of anti-criminality. The information obtained provides a better crime picture on which the focus of effort can be based.

Anti-criminality in the DOD is well on its way to achieving the goals of the strategy on anti-criminality. As the management of crime is not solely a MP task, greater effort must be applied to ensure that every member of the DOD buys in and makes the prevention of crime their own. The key to implementing a successful anti-criminality drive lies with the correct management of anti-criminality within the DOD. This implementation is dependent on the acceptance of responsibility by every Chief of Service and Division and implementation of the Anti-Criminality Strategy within the DOD.

APPENDIX D: DOD ANTI-CORRUPTION AND FRAUD PREVENTION REPORT FOR FY2012/13

Introduction

The Directorate Anti-Corruption and Anti-Fraud's (DACAF) mandate is to provide Anti-Corruption and Fraud Prevention services, including serving as the nodal point for forensic auditing, to the DOD. Therefore, the custodianship for Anti-Corruption and Fraud Prevention in the DOD is the sole responsibility of DACAF.

New Reported Cases for Corruption and Fraud for the period: April 2012 to March 2013*

Table D-1: New Cases Reported

Period FY2012/13	*No of New Reported Cases for Corruption and Fraud*
Apr 12 to Mar 13	90

Convictions of Corruption and Fraud related Cases for the period: April 2012 to March 2013

Table D-2: Criminal Cases

Period FY2012/13	*No of Corruption and Fraud Criminal Cases Convictions*
Apr 12 to Mar 13	15

Table D-3: Disciplinary Cases (PSAP)

Period FY2012/13	*No of Disciplinary Corruption and Fraud-related Cases Finalised*
Apr 12 to Mar 13	39

Anti-Corruption and Fraud Prevention Awareness Education for FY2012/13

Table D-4: Anti-Corruption and Fraud Prevention Education for FY2012/13

Month during FY2012/13	*Total audience attended the presentations*
April 2012	1 087
May 2012	2 191
June/July 2012	691
July/August 2012	1 723
September 2012	2 634
November 2012	44
February/March 2013	1 166
Total Members	**9 536**

* Note: Incidents for both PSAP and Uniform members are investigated, but Disciplinary cases are reported on for PSAP members only.

Available Policies

The following Anti-Corruption and Fraud Prevention policies/directives exist:

- Department of Defence Instruction: Anti-Corruption and Anti-Fraud Strategy and Plan, DS/IG DOD/R501/16/B dated 29 March 2001, which includes the policy on corruption and fraud as well as whistle blowing.
- Anti-Corruption and Fraud Prevention Plan DAF/R/501/16/5 dated 02 February 2012 that covers:
  - The role of the Defence Inspectorate Division
  - Responsibilities and activities of other role players in the DOD
  - Responsibilities of Services and Divisions
  - The Implementation Plan

Anti-Corruption and Fraud Prevention Plan

The aim of the Anti-Corruption and Fraud Prevention Plan is to establish a holistic and integrated approach to fighting corruption and fraud in the DOD. This requires a strategic mix of preventative and combative activities and a consolidation of the regulatory capabilities of the department. The plan was reviewed and is now valid until FY2014/15.

Anti-Corruption and Fraud Prevention Risk Register

The Corruption and Fraud Risk Register was finalised for Services and Divisions (Level 2) of the Department. Six risks have been identified, which form the basis for the DOD Risk Register. Currently, the risk register is also being introduced to formations and units of the SANDF and will be finalised in FY2015/16.

DOD Anti-Corruption and Anti-Fraud Nodal Point Forum

A DOD Anti-Corruption and Anti-Fraud Nodal Point Forum was instituted by DACAF under the auspices of IG DOD. One of the forum's main functions is to attend to DOD corruption and fraud related cases. The members of this forum represent the Chiefs of the Services and Divisions of the DOD. This particular forum was also mandated to act as members of the DOD Corruption and Fraud Risk Committee.

Minimum Anti-Corruption Capacity (MACC) Audit

The department achieved a 65% result with the MACC audit by the Justice, Crime Prevention and Security (JCPS) Workgroup. One of the main issues was the application of a specific ethics programme which had to be addressed immediately.

Ethics Office

Ethics form a very important part of anti-corruption and fraud prevention and close co-operation in communicating ethics to the bigger DOD is essential. Even though the DOD has a Code of Conduct for both DAP and PSAP, it lacks an ethics champion or dedicated organisation to rollout ethics programmes in the DOD. A Project Officer was appointed by C SANDF to establish an Ethics Office for the department. This is one of the expected outputs of the Anti-Corruption and Fraud Prevention Plan.

Anti-Corruption and Fraud Prevention Training for Other Defence Forces

Six members from the Angolan Defence Force (Forças Armadas de Angola (FAA)), were trained on corruption and fraud prevention over the period September to November 2012. The training focused on enabling the members to establish their own Corruption and Fraud Prevention capacity in the Angolan Defence Force.

Conclusion

Though the custodianship for Corruption and Fraud Prevention in the DOD is the sole responsibility of DACAF, the fight against corruption and fraud needs to be inculcated at all levels within the DOD in order to be more effective. The current corruption and fraud prevention education campaign, the rolling out of the DOD Risk Register to formations and units, and the establishment of an Ethics Office for the DOD are three initiatives/projects that will increase the knowledge, skills and attitudes of DOD members in the fight against Corruption and Fraud.

APPENDIX E: DOD CORPORATE RISK REPORT FOR FY2012/13

The following table provides the actual achievement of the Enterprise Risks for FY2012/13, in accordance with the Annual Performance Plans for FY2012/13.

Table E-1: Enterprise Risks

Responsible Division	Risk Description	Mitigating Strategy/Action	Progress and Interventions
GITO	The Non integration of DOD IT Systems. Ineffective and inefficient performance as a result of non-integrated and incompatible IT (Enterprise Resource Management) systems.	Analysis of all the systems in the DOD with the intention of integration. Approaching National Treasury for permission to procure DOS integrated system.	The mitigation actions are guided by the Department of Defence Information and Communication System Strategies and progress is monitored and reported on through the Department of Defence Information Communication Systems Control Plan. DOD ICS Strategies "*Control Plan*" has been approved by the Acting Government Information Technology Officer. Second report on the progress for implementation of the DOD ICS Strategies has been submitted to the Secretary for Defence dated 28 March 2013.
DPSP/FMD	Unreliability of DOD Performance Information. Unreliability of DOD Performance Information, inclusive of the DOD financial statements, due to the non-integration of IT systems and non-availability of source documents.	Enhancement of resource management systems to improve internal controls.	Established and maintained interfaces between Logistics and Financial Management systems. This improved internal controls and accuracy of financial management information.
		Alignment of DOD accounting manuals with Generally Recognised Accounting Practice (GRAP) Standards.	The accounting manual has been implemented and is continuously being evaluated for GRAP Accounting Standards compliance.
		Empower staff/employ qualified personnel with emphasis on financial management and performance reporting skills.	The promulgated Defence Review will guide the Services and Divisions on their future roles, functions and structures. The Financial Management Division (FMD) is awaiting the direction to optimally empower/ employ personnel/officials with the required financial management and performance reporting skills. The FMD has pro-actively developed two proposed structures in anticipation of the Defence Review outcomes.
		Implementation Plan for the Interim Performance Information Management Policy system to be developed and rolled out.	The process to convert the IDODI on Performance Information Reporting (M&E) against Plan into a fully fledged DODI on Performance Information Reporting (M&E) against Plan is underway. All inputs received from Services and Divisions were included in the DODI. The evaluation functions, procedures and timelines still need to be added to the DODI to ensure alignment with the National Evaluation Policy Framework.

Responsible Division	*Risk Description*	*Mitigating Strategy/Action*	*Progress and Interventions*
DSCI	Fraud and Corruption. Loss of state assets and damage to reputation due to possible tender irregularities and other forms of corruption and fraud.	Revise policy on Supply Chain Management Good Corporate Governance.	DODI/ACQ/00002/1998: Policy on Procurement and Sales in respect of Commercial Goods and Services (Edition 2) is still being reviewed. The period under review focused on the redrafting of the position paper to serve as a basis for the development of the policy on Governance, Risk and Compliance.
		Enhance effective Supply Chain Management Governance, Risk & Compliance (GRC) performance within the DOD and its Agents, e.g. ARMSCOR, SITA (DOD SCM Communication Plan).	No procurement visits took place during the reporting period due to shortage of staff caused by misalignment of structure. As a result procurement visits aimed at enhancing governance were postponed to the next financial year.
		Implement the latest National Treasury Supply Chain Management Instruction Note.	National Treasury Supply Chain Management Instruction was disseminated to the relevant stakeholders for implementation. Monitoring and evaluation of implementation thereof will commence in the FY2013/14.
		Implementation of DOD Fraud Prevention Plan.	The Defence Corruption and Fraud Prevention Plan was disseminated to all stakeholders for implementation.
DLSD	Legal advice & support. Limited operational legal advice and legal support provided to SANDF during deployments, operations and exercises and costly litigation resulting in ineffectiveness and losses.	Intensify the retention of scarce skills through implementation of Occupation Specific Dispensation for Military Legal Practitioners and ensure that the Defence Legal Services Division is fully capacitated with suitable expertise.	Implementation of OSD was successfully executed based on qualification and experience of legally qualified military law practitioners employed within the DSLD. DSLD has conducted its staffing process in order to appoint suitable candidates to fill vacant funded posts in Ops Law environment thereby contributing to the improvement of capacitating of the DLSD.
		Utilisation of Reserve Force component to supplement the current shortage of expertise.	The DLSD is expanding the current Reserve Force component of 347 to the desired 384 incumbents with 5% growth per financial year.
		Appointment of Chief Defence Legal Services.	The appointment of the most suitable candidate to fill the post of Chief Defence Legal Services is being managed by CHR and is in process.
		Awaiting Ministerial Legal Audit Committee (MLAC) recommendations on how to capacitate the Defence Legal Services Division to execute its function effectively.	The MLAC has released its preliminary Progress Report with recommendations regarding, amongst others, capacity, backlog of cases, transforming the military justice system. Awaiting the MLAC final report for consideration of recommendations made.
		Increase Defence Legal Services Divisions financial baseline.	The increased Defence Legal Services Divisions financial baseline was approved and implemented during the financial year.

Responsible Division	Risk Description	Mitigating Strategy/Action	Progress and Interventions
DMD	Intellectual Property. Inability to secure royalties and revenue from Defence Intellectual Property (IP) and to protect strategic defence intangible assets (specifically Defence IP).	Integrated management of DOD Intangible Capital Assets (ICA) which will result in a central Intellectual Property register for the DOD.	IP Register has been finalised and is now maintained on an ongoing basis. A nodal point for reporting on all DOD ICA has been established. A full work study in this regard is underway. The management of DOD ICA will remain decentralised, however, the reporting and recording of DOD ICA will be centralised.
			The DODI on ICA Management has been completed and is in the Departmental approval process.
			The DOD ICA will be disclosed in the FY2012/13 Annual Financial Statements.
DSCI	Empowerment and support of the RSA Defence Industry. Lack of support to the Defence Industry may result in failure to support DOD's Defence capability.	Develop and implement Defence Industry Strategy by 31 July 2012.	The development and implementation of the Defence Industry Strategy will be finalised once the Defence Review has been approved. The Defence Review will serve as the policy base for the strategy.
		Defence Industry Council led by Deputy Minister of Defence and Military Veterans is to be established by 01 Apr 2013.	The terms of reference were finalised and are in process to be approved by the MOD&MV. The Defence Industry Council's inaugural meeting will convene on approval of the terms of reference.
		Establishment of Directorate Broad Based Black Economic Empowerment.	The work-study for the establishment of Directorate Broad Based Black Economic Empowerment has been finalised and the structure is in the approval process.
CDIA	Influence in the multi-lateral arena. Inadequate influence in the multi-lateral arena, resulting in S.A. national interest not being promoted.	Continued liaison with HR and DIRCO towards implementing the joint approach to fill the SA quota.	As a result of engagements between the DOD and DIRCO, the latter undertook to engage with other affected national departments in order to achieve an integrated approach when negotiating for slots in multi-national institutions.
FMD	Clean Audit. Possible qualified audit report.	DOD Operation "*Clean Audit*" project which contains action plans in the various streams/areas that are prone to be qualified by the Auditor General.	The DOD bi-monthly Operation "*Clean Audit*" meetings have been rescheduled to monthly meetings to address the risks submitted by the Consortium, and also all new adverse findings of the AGSA, inclusive of their quarterly dashboard report on internal controls. This is to ensure sustainability of the FY2011/12 unqualified audit opinion in the current reporting period and the success of these efforts can be seen in the fact that the DOD received a positive FY2012/13 AGSA Interim Management Report. Special Defence Account. A follow up meeting has not been held with National Treasury regarding an accounting framework to be used for the SDA for FY2013/14 due to further investigation of the matter within the DOD.
DPSP	Backlog in Departmental Policies. Non-compliance with Section 7(3)(b) of the Public Service Act, 1994 (Act No. 103 of 1994) which states that the Secretary for Defence as Head and Accounting Officer of the Department of Defence shall be responsible for the efficient management and administration of the DOD.	Draft DODI on HR Turnaround Strategy.	Deliberations on structural requirements were undertaken as part of the long term solution. The results of these deliberations were incorporated in recommendations to the DOD Policy Board.
		Appoint permanent staff as policy writers. Utilise Reserve Force members.	Permanent staff members have not yet been appointed due to administrative delays. Reserve Force members were utilised whilst awaiting appointment of permanent staff.

PART 4
HUMAN RESOURCE MANAGEMENT

OVERVIEW

During Financial Year 2012/13, Human Resource Management (HRM) in the Department continued to be directed by the Department of Defence (DOD) Overarching Human Resource Strategy. The strategy requires that the Department should have human resources of the appropriate quality, quantity, composition and cost enabling the optimal execution of the Department's mandate and mission, that the Department should deliver a human resource client service to its members, employees and the public that is experienced to be accountable and that the Department should deliver appropriate defence-related social responsibility outputs that are aligned with Government's strategic intent for national human resource development.

The approval of the Department's Human Resource Charter was a major achievement to align the Department's human resource practices to deliver professional human resource services in all domains of the human resource management value chain.

Mainly due to improvements in conditions of service, the Department's human resource expenditure continued to escalate from 51% to 53% of total defence expenditure, compared to FY2011/12, despite the actual human resource strength having remained stable. Due to continuing pressure on the Defence budget, including the human resource budget, the Department could not achieve its planned human resource strength of 80 397 employees, but achieved an actual strength of 78 725 employees.

The Department continued to pursue the rejuvenation of its human resource component through the appointment of 2 380 young recruits in the Military Skills Development System. Due to budget constraints, this reflected a downward trend in the size of the intakes, compared to FY2011/12 when 2 446 recruits were appointed.

The overall turnover rate reflected a decline in the number of employees whose service terminated and transferred out of the Department. A total of 3 429 employees exited with an attrition rate of 4.36% compared to 3 989 employees who exited during FY2011/12 with a turnover rate of 5.07%. The number of employees who exited the Department due to resignations remained stable at 451 compared to 453 during FY2011/12. Continuing improvements in conditions of service as well as the state of the employment market were primary drivers in the reduction of the total number of employees who exited the Department. In terms of critical occupations, however, 714 employees' service terminated and transferred out of the Department compared to 675 employees whose service terminated and transferred out of the Department during FY2011/12.

In terms of employment equity, the percentage representation of Africans was 71.8%, Coloureds 12.7%, Asians 1.1% and Whites 14.2%. Overall, the percentage representation in terms of race remained constant, compared to FY2011/12. This can primarily be attributed to the reduced size of intakes and a downward trend in the number of employees exiting the Department. In terms of gender representation, the Department witnessed an increase in the number and percentage of female employees. The number of females increased from 21 822 in FY2011/12 to 22 195, whilst female representation increased from 27.8% in FY2011/12 to 28.2%. There was a slight decline in the number of employees with disabilities, from 464 in FY2011/12 to 452.

Leave trends remained stable with the average number of days that employees used sick leave being seven days, compared to eight days during FY2011/12 and the average number of days that employees used annual leave being 23 days compared to 22,5 days during FY2011/12.

The approval of the Department's Human Resource Development Strategy contributed towards the continuing professionalisation of the Department and will ensure that members have portable skills that can be used in the

employment market once they exit the Department.

The Defence Force Service Commission continued to execute its legislative mandate as contained in Section 62 (A) to (L) of the Defence Act, 2002 (Act No. 42 of 2002), as amended. The Commission made several recommendations to the Minister of Defence and Military Veterans (MOD&MV) in respect of the improvement in conditions of service for SANDF members. By the close of FY2012/13 the appointment of new Commissioners and the approval of an organisational structure for the Commission's Secretariat were in process.

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.

MACRO-PERSONNEL STRENGTH

Table 4.1 – DOD's Average Planned and Actual Strength as at 31 March 2013

Budget Holder	Planned	Actual
SA Army	40,610	39,642
SA Air Force	11,646	11,269
SA Navy	7,532	7,431
SA Military Health Services	8,715	8,804
Defence Legal Service Division	359	345
Defence Corporate Communication	66	55
Defence Reserves	30	30
Defence Foreign Relations Division	133	153
Corporate Staff Division	484	475
Military Policy, Strategy and Planning	26	28
Human Resource Division	1,423	1,463
Ministry of Defence	46	90
Chief of the SANDF Office	20	15
Defence Inspectorate Division	140	136
Chaplain General	17	20
Defence Policy, Strategy and Planning Division	108	95
Financial Management Division	880	833
Defence Secretariat	71	56
Defence International Affairs	25	18
Logistic Division	3,219	3,134
Command and Management Information System Division	156	145
Military Police Division	1,733	1,660
Defence Intelligence Division	819	809
Military Ombudsman	0	10
Internal Audit Division	0	1
Joint Operations Division	2,049	1,939
Defence Material Division	72	69
Total	**80,379**	**78,725**

SERVICE DELIVERY

As the DOD is not a public service provider, we have nothing to report regarding service delivery.

Expenditure

Table 4.2 – Personnel costs by programme, FY2012/13

Programme	Total Expenditure	Personnel Expenditure	Training Expenditure	Professional and Special Services	Personnel Cost as a Percentage of Total Expenditure	Average Personnel Cost per Employee
Administration	3,781,560,279	1,290,236,862	32,479,720.90	17,532,531.52	34%	331,510
Landward Defence	12,367,922,475	8,423,904,293	27,371,475.16	20,157,353.87	68%	212,499
Air Defence	7,074,944,080	2,804,197,919	31,848,079.22	301,642,723.00	40%	248,842
Maritime Defence	2,894,943,825	1,691,517,686	12,863,120.31	16,076,601.06	58%	227,630
Military Health Support	3,459,916,142	2,556,119,590	10,077,751.56	255,757,816.83	74%	290,336
Defence Intelligence	705,050,794	266,025,457	1,467,337.55	59,311.09	38%	328,832
Joint Support	4,636,902,386	1,278,983,131	40,985,295.77	114,389,797.19	28%	258,956
Force Employment	2,780,978,003	1,484,646,392	2,711,090.99	6,939,459.34	53%	765,676
Total	**37,702,217,984**	**19,795,631,330**	**159,803,871**	**732,555,593.90**	**53%**	**251,453**

Note: Personnel expenditure includes payments to the value of R107,231,922.00, which were made to Households in respect of attrition.

Table 4.3 – Personnel costs by salary bands, FY2012/13

Salary Bands	Personnel Expenditure	% of Total Personnel Cost	Average Personnel Cost per Employee
Senior Management (L13 - 16)	295,337,903	1.492%	1,032,650
Senior Professionals	162,602,706	0.821%	1,413,937
Highly Skilled Supervision (L9 - 12)	4,762,516,829	24.058%	489,971
Highly Skilled Production (L6 - 8)	6,671,085,629	33.700%	278,182
Skilled (L3 - 4)	7,281,518,992	36.783%	195,819
Lower Skilled (L1 - 2)	262,681,429	1.327%	96,788
Military Skills Development System	359,685,189	1.817%	76,269
Interns	202,652	0.001%	25,332
Total	**19,795,631,330**	**100%**	**251,453**

Table 4.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, FY2012/13

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
Defence Administration	850,947,060	66%	3,450,198	0.3%	22,610,727	1.8%	15,990,300	1.2%
Landward Defence	5,730,892,850	68%	51,826,728	0.6%	243,166,653	2.9%	42,661,603	0.5%
Air Defence	1,856,119,084	66%	9,648,509	0.3%	63,975,736	2.3%	20,198,758	0.7%
Maritime Defence	1,162,254,649	69%	23,689,175	1.4%	42,321,000	2.5%	15,506,014	0.9%
Military Health Services	1,669,348,026	65%	160,385,055	6.3%	39,579,596	1.5%	8,894,735	0.3%
Defence Intelligence	184,535,401	69%	391,632	0.1%	5,456,200	2.1%	796,513	0.3%
General Support	884,116,098	69%	7,050,753	0.6%	32,446,200	2.5%	6,205,436	0.5%
Force Employment	373,104,166	25%	1,833,603	0.1%	10,154,700	0.7%	1,649,072	0.1%
Total	**12,711,317,334**	**64%**	**258,275,653**	**1.3%**	**459,710,812**	**2.3%**	**111,902,431**	**0.6%**

Table 4.5 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, FY2012/13

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 (L13 - 16)	162,394,172	55%	781,200	0.3%	400	0.0%	0	0.0%
Senior Professionals	78,615,673	48%	32,834,510	20.2%	0	0.0%	0	0.0%
Highly Skilled Supervision (L9 - 12)	3,049,955,805	64%	105,834,036	2.2%	51,541,001	1.1%	4,015,919	0.1%
Highly Skilled Production (L6 - 8)	4,365,929,636	65%	46,280,408	0.7%	159,528,689	2.4%	33,171,506	0.5%
Skilled (L3 - 4)	4,635,467,499	64%	66,377,194	0.9%	231,188,978	3.2%	56,076,411	0.8%
Lower Skilled (L1 - 2)	159,856,282	61%	1,037,936	0.4%	17,451,744	6.6%	18,638,595	7.1%
Military Skills Development System	258,931,082	72%	5,130,369	1.4%	0	0.0%	0	0.0%
Interns	167,186	82%	0	0.0%	0	0.0%	0	0.0%
Total	**12,711,317,334**	**64%**	**258,275,653**	**1.3%**	**459,710,812**	**2.3%**	**111,902,431**	**0.6%**

Employment and Vacancies

Table 4.6 – Employment and vacancies by programme, 31 March 2013

Programme	Number of Posts	Number of Employees	Vacancy Rate
Defence Administration	4,836	3,892	19.52%
Landward Defence	44,369	39,642	10.65%
Air Defence	12,819	11,269	12.09%
Maritime Defence	7,201	7,431	-3.19%
Military Health Services	9,882	8,804	10.91%
Defence Intelligence	1,125	809	28.09%
General Support	5,597	4,939	11.76%
Force Employment	2,430	1,939	20.21%
Total	**88,259**	**78,725**	**10.80%**

Table 4.7 – Employment and vacancies by salary bands, 31 March 2013

Salary Band	Number of Posts	Number of Employees	Vacancy Rate
Senior Management	287	286	0.35%
Senior Professionals	304	115	62.17%
Highly Skilled Supervision	12,032	9,720	19.22%
Highly Skilled Production	32,449	23,981	26.10%
Skilled	32,439	37,185	-14.63%
Lower Skilled	10,748	2,714	74.75%
Military Skills Development System	0	4,716	0.00%
Interns	0	8	0.00%
Total	**88,259**	**78,725**	**10.80%**

Note: Salary Bands have been adopted by the DOD and it includes the military personnel. The majority of the military personnel falls into the skilled (Privates, Lance Corporals and Corporals) and highly skilled production (Sergeants, Staff Sergeants, Warrant Officer Class 2, Lieutenants, Captains and Majors) categories.

Table 4.8 – Employment and vacancies by critical occupation, 31 March 2013

Critical Occupation	Number of Posts	Number of Employees	Vacancy Rate
Air Space Control	537	602	-12.10%
Aircrew	618	519	16.02%
Anti-Aircraft	970	915	5.67%
Artillery	1,292	1,385	-7.20%
Combat Navy	632	517	18.20%
Engineer	179	137	23.46%
Medical Prof*	1,660	1,441	13.19%
Nursing	1,655	1,673	-1.09%
Technical	8,598	7,107	17.34%
Total	**16,141**	**14,296**	**11.43%**

**Note: 1: Occupations included in the Medical Professional category are Medical Practitioners, Pharmacists, Specialists and Ancillary Health.*

2: Posts refer only to approved production posts captured on the post establishment. There are currently 779 MSDS members under training of which 103 are in the Artillery Occupation resulting in a figure of 93 Members as additional to the establishment.

Job Evaluation

Table 4.9 – Job Evaluation, 1 April 2012 to 31 March 2013

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 (L13 - 16)	287	39	13.59%	0	0.00%	0	0.00%
Senior Professionals	304	0	0.00%	0	0.00%	0	0.00%
Highly Skilled Supervision (L9 - 12)	12,032	248	2.06%	0	0.00%	0	0.00%
Highly Skilled Production (L6 - 8)	32,449	172	0.53%	0	0.00%	0	0.00%
Skilled (L3 - 5)	32,439	1170	3.61%	0	0.00%	0	0.00%
Lower Skilled (L1 - 2)	10,748	4312	40.12%	33	0.77%	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	**88,259**	**5941**	**6.73%**	**33**	**0.56%**	**0**	**0.00%**

Table 4.10 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2012 to 31 March 2013

Beneficiaries	African	Asian	Coloured	White	Total
Female	7	0	9	0	16
Male	2	0	0	0	2
Total	**9**	**0**	**9**	**0**	**18**
Employees with a disability					0

Table 4.11 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2012 to 31 March 2013 (in terms of PSR 1.V.C.3)

Occupation	Number of Employees	Job evaluation level	Remuneration level	Reason for deviation
Chief Director	1	14	15	Ministerial approval was granted for the appointment of the SMS member in terms of Section 32 of the Public Service Act, 1994 (Act No. 103 of 1994) and Chapter 1 of the Public Service Regulations, 2001 Part V C.3, as a retention measure given her knowledge, expertise and exposure internationally in the field of defence.
Head of Supply Chain Integration (DDG)	1	15	16	The employee is appointed on contract in terms of Chapter 1 Part III G of the Public Service Regulations, 2001. He is being remunerated on level 16 due to his previous remuneration level and the complexity of the job. The salary was deemed commensurate with the level at which the incumbent is to operate as well as market standards or remuneration.
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2012/13				**2**
Percentage of Total employment				**0%**

Table 4.12 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2012 to 31 March 2013 (in terms of PSR 1.V.C.3)

Profile of employees whose salary level exceed the grade determined by job evaluation	African	Asian	Coloured	White	Total
Female	0	0	0	1	1
Male	1	0	0	0	1
Total	**1**	**0**	**0**	**1**	**2**
Employees with a disability					0

Employment Changes

Table 4.13 – Annual turnover rates by salary band for the period 1 April 2012 to 31 March 2013

Salary Bands	Number of Employees per Salary Band as at 1 April 2012	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Minister/Deputy/Advisors	6	3	1	33.33%
Senior Management Service band D	3	0	0	0.00%
Senior Management Service band C	18	2	4	-11.11%
Senior Management Service band B	58	4	7	-5.17%
Senior Management Service band A	191	10	16	-3.14%
Senior professionals	117	4	8	-3.42%
Highly skilled supervision	9,554	182	472	-3.04%
Highly skilled production	23,869	158	587	-1.80%
Skilled	35,959	128	926	-2.22%
Lower skilled	2,354	566	126	18.69%
Military Skills Development System	6,578	2,380	1,278	16.75%
Interns	10	2	4	-20.00%
Total	**78,717**	**3,439**	**3,429**	**0.01%**

Table 4.14 – Annual turnover rates by critical occupation for the period 1 April 2012 to 31 March 2013

Critical Occupation	Number of Employees per Occupation as at 1 April 2012	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	570	45	14	5.44%
Aircrew	507	45	34	2.17%
Anti-Aircraft	909	57	47	1.10%
Artillery	1,416	53	78	-1.77%
Combat Navy	403	2	23	-5.21%
Engineer	138	14	19	-3.62%
Medical Prof	1,458	196	220	-1.65%
Nursing	1,728	4	55	-2.95%
Technical	6,859	327	224	1.50%
Total	**13,988**	**743**	**714**	**0.21%**

Note: 534 MSDS members are included in the total appointment figure for all critical occupations.

Table 4.15 – Reasons why staff are leaving the department

Termination Type	Number	% of Total
Death	550	16.04%
Resignation	451	13.15%
Contract Expiry	1,493	43.54%
Transfer	73	2.13%
Dismiss - Ops Requirement	1	0.03%
Dismiss - Ill Health	52	1.52%
Dismiss - Misconduct	198	5.77%
Discharge - Incapacity	8	0.23%
Retirement	562	16.39%
MEM/EISP/VSP	41	1.20%
Total Number of Employees who left as a % of the Total Employment as at 31 March 2013	**3,429**	**4.36%**

Table 4.16 – Promotions by critical occupation

Occupation	Employees as at 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Air Space Control	570	71	12.46%	340	59.65%
Aircrew	507	97	19.13%	203	40.04%
Anti-Aircraft	909	43	4.73%	593	65.24%
Artillery	1,416	110	7.77%	918	64.83%
Combat Navy	403	123	30.52%	213	52.85%
Engineer	138	15	10.87%	43	31.16%
Medical Professional	1,458	118	8.09%	143	9.81%
Nursing	1,728	187	10.82%	573	33.16%
Technical	6,859	1,074	15.66%	4,326	63.07%
Total	**13,988**	**1,838**	**13.14%**	**7,352**	**52.56%**

Table 4.17 – Promotions by salary band

Salary Band	Employees as at 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Senior Management (L13 - 16)	276	13	4.71%	8	2.90%
Senior Professionals	117	6	5.13%	6	5.13%
Highly Skilled Supervision (L9 - 12)	9,554	877	9.18%	5,968	62.47%
Highly Skilled Production (L6 - 8)	23,869	1,916	8.03%	17,483	73.25%
Skilled (L3 - 5)	35,959	3,569	9.93%	21,479	59.73%
Lower Skilled (L1 - 2)	2,354	16	0.68%	1,087	46.18%
Military Skills Development System	6,578	0	0.00%	0	0.00%
Interns	10	0	0.00%	0	0.00%
Total	**78,717**	**6,397**	**8.13%**	**46,031**	**58.48%**

Employment Equity

Table 4.18 – Total number of employees in each of the following occupational categories as on 31 March 2013

Occupational Category (SASCO)	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, Snr Officials and Managers	1	0	0	0	1	0	0	0	2
Professionals	788	88	133	462	742	86	217	565	3,081
Technicians and Associate Professionals	3,154	60	422	1,143	1,606	54	307	545	7,291
Clerks	5,762	107	1,466	1,080	3,761	76	710	1,984	14,946
Service and Sales Workers	21,100	186	2,859	1,804	4,746	28	797	477	31,997
Craft and Related Trades Workers	5,070	176	1,097	2,141	1,378	10	216	250	10,338
Plant and Machine Operators and Assemblers	267	1	81	20	11	0	2	0	382
Elementary Occupations	5,409	25	1,080	548	2,780	15	659	172	10,688
Total	**41,551**	**643**	**7,138**	**7,198**	**15,025**	**269**	**2,908**	**3,993**	**78,725**
Employees with Disabilities	208	4	60	105	17	0	5	53	452

Table 4.19 – Total number of employees in each of the following occupational bands as on 31 March 2013

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	21	1	0	2	8	0	0	2	34
Senior Management	152	13	11	105	47	9	5	25	367
Professionally Qualified	2,973	176	853	2,942	1,210	94	256	1,216	9,720
Skilled Technical	10,814	295	2,878	3,007	3,711	104	859	2,313	23,981
Semi-skilled	24,063	108	2,876	907	7,521	40	1,317	353	37,185
Unskilled	1,096	1	213	14	1,088	7	260	35	2,714
Military Skills Development System	2,426	49	307	221	1,438	15	211	49	4,716
Interns	6	0	0	0	2	0	0	0	8
Total	**41,551**	**643**	**7,138**	**7,198**	**15,025**	**269**	**2,908**	**3,993**	**78,725**
Employees with disabilities	208	4	60	105	17	0	5	53	452

Table 4.20 – Recruitment for the period 1 April 2012 to 31 March 2013

Occupational Bands	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	0	0	0	2	0	0	1	5
Senior Management	8	0	0	1	8	0	0	1	18
Professionally Qualified	28	12	4	28	41	20	9	40	182
Skilled Technical	41	1	6	6	81	1	8	14	158
Semi-skilled	39	0	4	5	68	2	4	6	128
Unskilled	235	0	15	4	276	2	30	4	566
Military Skills Development System	1,208	26	143	113	742	10	109	29	2,380
Interns	0	0	0	0	2	0	0	0	2
Total	**1,561**	**39**	**172**	**157**	**1,220**	**35**	**160**	**95**	**3,439**
Employees with disabilities	0	0	0	0	1	0	0	0	1

Table 4.21 – Promotions for the period 1 April 2012 to 31 March 2013

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	7	1	0	4	3	0	0	2	17
Professionally Qualified	367	24	95	131	146	13	34	67	877
Skilled Technical	880	15	132	143	428	8	84	226	1,916
Semi-skilled	1,920	20	317	195	895	7	158	57	3,569
Unskilled	1	0	0	0	7	0	8	0	16
Total	**3,177**	**60**	**544**	**473**	**1,479**	**28**	**284**	**352**	**6,397**
Employees with disabilities	13	0	2	4	0	0	1	4	24

Table 4.22 – Terminations for the period 1 April 2012 to 31 March 2013

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	3	0	0	1	1	0	0	0	5
Senior Management	9	0	0	16	5	0	0	1	31
Professionally Qualified	103	22	23	151	58	20	9	86	472
Skilled Technical	230	11	54	98	79	2	19	94	587
Semi-skilled	591	2	98	40	151	1	34	9	926
Unskilled	59	1	14	5	36	0	10	1	126
Military Skills Development System	624	6	99	47	407	5	68	22	1,278
Interns	1	0	0	0	3	0	0	0	4
Total	**1,620**	**42**	**288**	**358**	**740**	**28**	**140**	**213**	**3,429**
Employees with disabilities	7	0	4	0	2	0	0	1	14

Table 4.23 – Disciplinary action for the period 1 April 2012 to 31 March 2013

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Correctional counselling	3	0	0	0	0	0	0	0	3
Verbal warning	4	0	2	2	1	0	0	1	10
Written warning	21	0	10	1	1	0	2	0	35
Final written warning	8	1	7	0	3	0	1	2	22
Suspended without pay	2	0	0	0	1	0	0	0	3
Demotion	0	0	0	0	0	0	0	0	0
Dismissal	7	1	1	0	1	0	1	2	13
Not guilty	2	0	1	2	0	0	0	1	6
Case withdrawn	2	0	2	0	2	0	0	0	6
Total	**49**	**2**	**23**	**5**	**9**	**0**	**4**	**6**	**98**

Table 4.24 – Skills development for the period 1 April 2012 to 31 March 2013

Occupational categories	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, Snr Officials and Managers	8	1	2	4	1	0	0	0	16
Professionals	64	8	12	24	40	7	7	19	181
Technicians and Associate Professionals	48	0	3	13	102	6	24	52	248
Clerks	80	1	22	4	105	0	19	39	270
Service and Sales Workers	10,431	145	1,764	1,411	3,600	32	582	401	18,366
Skilled Agriculture and Fishery	0	0	0	0	0	0	0	0	0
Craft and Related Trades Workers	1	0	0	0	0	0	0	1	2
Plant and Machine Operators	5	0	3	0	0	0	0	0	8
Elementary Workers	37	0	26	1	34	1	9	1	109
Skills Development Training	10	0	3	0	19	0	1	2	35
Total	**10,674**	**155**	**1,832**	**1,457**	**3,882**	**46**	**641**	**513**	**19,200**
Employees with disabilities	0	0	0	0	0	0	0	0	0

Performance Rewards

Table 4.25 – Performance Rewards by race, gender and disability, 1 April 2012 to 31 March 2013

Race		Beneficiary Profile			Cost	
		Number of beneficiaries	Total number of employees in group	% of Total within Group	Cost (R'000)	Average cost per Employee
African	Male	7,739	41,474	18.66%	74,356,454	9,608
	Female	2,652	14,516	18.27%	25,062,337	9,450
African Total		**10,391**	**55,990**	**18.56%**	**99,418,791**	**9,568**
Asian	Male	147	636	23.11%	2,267,787	15,427
	Female	71	258	27.52%	995,899	14,027
Asian Total		**218**	**894**	**24.38%**	**3,263,686**	**14,971**
Coloured	Male	1,707	7,241	23.57%	18,516,695	10,848
	Female	632	2,881	21.94%	6,036,367	9,551
Coloured Total		**2,339**	**10,122**	**23.11%**	**24,553,062**	**10,497**
White	Male	1,987	7,334	27.09%	33,134,419	16,676
	Female	1,463	4,101	35.67%	21,051,265	14,389
White Total		**3,450**	**11,435**	**30.17%**	**54,185,685**	**15,706**
Grand Total		**16,398**	**78,441**	**20.90%**	**181,421,223**	**11,064**
Employees with Disabilities		127	464	27.37%	1,472,886	11,598

Table 4.26 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2012 to 31 March 2013

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of Total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the Total personnel expenditure
Senior Professionals	29	117	24.79%	1,226,475	42,292	0.75%
Highly Skilled Supervision (L9 - 12)	2,955	9,554	30.93%	60,119,040	20,345	1.26%
Highly Skilled Production (L6 - 8)	6,469	23,869	27.10%	71,802,034	11,099	1.08%
Skilled (L3 - 5)	6,640	35,959	18.47%	47,069,547	7,089	0.65%
Lower Skilled (L1 - 2)	305	2,354	12.96%	1,204,126	3,948	0.46%
Military Skills Development System	0	6,578	0.00%	0	0	0.00%
Interns	0	10	0.00%	0	0	0.00%
Total	**16,398**	**78,441**	**20.90%**	**181,421,223**	**11,064**	**0.92%**

Table 4.27 – Performance Rewards by critical occupations, 1 April 2012 to 31 March 2013

Critical Occupation	Beneficiary Profile			Cost	Average cost per Employee (Rand)
	Number of beneficiaries	Number of employees	% of Total within occupation	Total Cost (Rand)	
Air Space Control	132	487	27.10%	1,834,247	13,896
Aircrew	57	480	11.88%	1,151,241	20,197
Anti-Aircraft	175	797	21.96%	1,680,460	9,603
Artillery	283	1,256	22.53%	2,744,377	9,697
Combat Navy	87	388	22.42%	1,538,924	17,689
Engineer	23	131	17.56%	405,283	17,621
Medical Prof	328	1,449	22.64%	7,518,188	22,921
Nursing	296	1,610	18.39%	4,237,591	14,316
Technical	1,289	6,524	19.76%	16,560,043	12,847
Total	**2,670**	**13,122**	**20.35%**	**37,670,355**	**14,109**

Note: Strength excludes Military Skills Development System

Table 4.28 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of Total within salary bands	Total Cost (Rand)	Average cost per employee (Rand)	Total cost as a % of the Total personnel expenditure
Senior Management Service Band A	8	191	4.19%	252,125	31,516	0.09%
Senior Management Service Band B	0	58	0.00%	0	0	0.00%
Senior Management Service Band C	0	18	0.00%	0	0	0.00%
Senior Management Service Band D	0	3	0.00%	0	0	0.00%
Minister/Deputy/ Advisors	0	6	0.00%	0	0	0.00%
Total	**8**	**276**	**2.90%**	**252,125**	**31,516**	**0.09%**

Foreign Workers

Table 4.29 – Foreign Workers, 1 April 2012 to 31 March 2013, by salary band

Salary Band	1 April 2012		31 March 2013		Change	
	Number	% of Total	Number	% of Total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.30 – Foreign Workers, 1 April 2012 to 31 March 2013, by major occupation

Major Occupation	1 April 2012		31 March 2013		Change	
	Number	% of Total	Number	% of Total	Number	% change
	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Leave Utilisation for the period 1 January 2012 to 31 December 2012

Table 4.31 – Sick leave, 1 January 2012 to 31 December 2012

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of Total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Senior Management (L13 - 16)	745	86%	138	48%	5	1,546,483
Senior Professionals	311	75%	49	43%	6	1,060,397
Highly Skilled Supervision (L9 - 12)	36,164	80%	5,936	61%	6	43,179,972
Highly Skilled Production (L6 - 8)	99,811	81%	15,601	65%	6	69,283,686
Skilled (L3 - 5)	126,714	88%	19,140	51%	7	60,914,026
Lower Skilled (L1 - 2)	12,986	87%	1,687	62%	8	3,343,039
Military Skills Development System	3,906	100%	442	9%	9	1,086,253
Interns	6	55%	1	13%	6	1,045
Total	**280,642**	**85%**	**42,994**	**55%**	**7**	**180,414,901**

Note: Employees are entitled to 36 working days sick leave in a cycle of 3 years on an average norm of 7 working days per year.

Table 4.32 – Disability leave (temporary and permanent), 1 January 2012 to 31 December 2012

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of Total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Senior Management (L13 - 16)	159	100%	12	4%	13	335,345
Senior Professionals	67	100%	6	5%	11	241,219
Highly Skilled Supervision (L9 - 12)	15,807	100%	803	8%	20	19,211,447
Highly Skilled Production (L6 - 8)	44,464	100%	2,470	10%	18	31,876,892
Skilled (L3 - 5)	39,244	100%	2,108	6%	19	20,430,605
Lower Skilled (L1 - 2)	311	100%	19	1%	16	84,464
Military Skills Development System	0	100%	0	0%	0	0
Interns	0	100%	0	0%	0	0
Total	**100,052**	**100%**	**5,418**	**7%**	**18**	**72,179,972**

Table 4.33 – Annual Leave, 1 January 2012 to 31 December 2012

Salary Bands	Total days taken	Average per employee
Senior Management (L13 - 16)	5,849	23
Senior Professionals	2,204	24
Highly Skilled Supervision (L9 - 12)	233,715	25
Highly Skilled Production (L6 - 8)	582,263	24
Skilled (L3 - 5)	758,972	22
Lower Skilled (L1 - 2)	48,105	20
Military Skills Development System	37,472	19
Interns	14	7
Total	**1,668,594**	**23**

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 30 working days annual leave.

Table 4.34 – Capped leave, 1 January 2012 to 31 December 2012

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012
Senior Management (L13 - 16)	27	3	96
Senior Professionals	31	10	54
Highly Skilled Supervision (L9 - 12)	2,807	6	44
Highly Skilled Production (L6 - 8)	4,445	5	24
Skilled (L3 - 5)	4,412	5	27
Lower Skilled (L1 - 2)	87	5	20
Total	**11,809**	**5**	**29**

Table 4.35 – Leave payouts for the period 1 April 2012 to 31 March 2013

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave Payout for FY2012/2013 due to non-utilisation of leave for previous cycle	0	0	0
Leave Payout for FY2012/2013 due to discounting of Leave	57,786,414	4,239	13,632
Leave Payout for FY2012/2013 on Termination of Service	51,768,174	781	66,284
Total	**109,554,588**	**5,020**	**21,824**

HIV and AIDS & health promotion programmes

Table 4.36 – 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	HIV and AIDS workplace programmes. Peer education programmes. Availability first aid kits/boxes/personal protective equipment. Wellness programmes. Condom distribution points for both males and females. Health promotion programmes before and after deployments.
Medium risk: Members on Deployment (Internal to RSA)	All the above programmes and interventions apply. The emphasis is on discipline and conduct of military personnel. HIV and AIDS lectures given during all military courses. Trained operational emergency care practitioners deploy with troops. Mobile clinics deployed to support borders with HIV education and ARV treatment.
High risk: Members on Deployment (External to RSA)	All the programmes and interventions reflected for low and medium risk exposure. Peer education. Trained operational emergency care practitioners. Specific HIV prevention programmes aimed at reducing high risk behaviour. Specific health promotion programmes during deployment.

Table 4.37 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

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 E.M. Joseph Director HIV and AIDS Programme SA National Defence Force HIV and AIDS Programme Manager
Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		The Director HIV and AIDS Programme coordinates "*The Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the Department of Defence and Military Veterans (DOD & MV)*". The Director is assisted by an Advisory Board and Coordinating Committee. Two members manage the monitoring and evaluation of the Department of Defence HIV and AIDS programme. HIV prevention and health promotion programmes are planned and implemented throughout the organisation by 12 Regional HIV and AIDS Programme Managers based in the nine provinces of South Africa. Wellness programmes are executed at unit level in the SA Army, SA Air Force, SA Navy and SA Military Health Service through the Military Community Development Committees (MCDCs). All Officers Commanding in the SA National Defence Force have the responsibility to ensure that wellness programmes take place in their respective units. Health care practitioners at primary health care level provide HIV prevention, health promotion and curative HIV and AIDS programmes to all patients/clients throughout the organisation. The HIV and AIDS Programme of the DOD are funded through the departments' optional funding to the SANDF. The budget allocation for FY2012/13 was Rm69 827 940. In addition, donor funding was received from the United States President's Emergency Plan Fund For Aids Relief for prevention programmes in kind and also donor funding from the United States National Institute for Health for research (Project Phidisa).
Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		The Military Health Support Programme has played a key role in intensifying the campaign against communicable diseases and the treatment of patients through the Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the Department of Defence and Military Veterans. These programmes include prevention of HIV and health promotion programmes. Progress has been made with the plan to increase treatment to HIV members and to increase prevention programmes such as workplace programmes to be accessible at all primary military health care facilities. The challenge in executing these plans are as a result of the shortage of health care practitioners and funding. The key elements of the HIV Prevention and Health Promotion Programme are: • HIV Counselling and testing. • Male and female Condom provision. • Peer education training. • Gender based violence training. • Spiritual and ethics based prevention (CHATSEC).

Question	Yes	No	Details if yes
			• HIV and AIDS workplace programmes (includes condom provision, behaviour modification programmes, peer education training, gender-based training, CHATSEC, mass awareness and occupational health and safety). • Mass awareness campaigns. • Management of occupational transmission e.g. supply of personal protective equipment. • Post-exposure prophylaxis. • Prevention of vertical transmission previously known as mother to child transmission. • Prevention of opportunistic infections. • Utilisation of all awareness opportunities (e.g. National Health Days, Health Month, World AIDS Day, Commemoration Days, etc). • Management of sexually transmitted infections. • Health education, HIV and ARV training and development. • Medical male circumcision. • Prevention with positives. • Prevention and treatment of alcohol and drug abuse. • Comprehensive health assessments. • Health programmes targeting women of child bearing age. • Development and provision of HIV related Information and Educational Communication material. • Awareness programmes. • Involvement of non-governmental organisations and communities. • Community development programmes i.e. Thaba Tshwane Project. • Health Fairs and Health Walks. • Three mobile clinics are currently deployed in the provinces of Mpumalanga, Limpopo and KwaZulu-Natal for ARV support of members deployed in border protection operations.
Has the department established (a) committee(s) as contemplated in Part VI.E.5(e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholders that they represent.	x		• The Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the Department of Defence: 2011-2016 is coordinated through the Directorate HIV and AIDS Programme. • Coordination within the SA National Defence Force through bilateral meetings between the SA Military Health Service and the SA Army, the SA Navy and the SA Air Force via the Advisory Board. • The Director HIV and AIDS Programme coordinates matters through the SAMHS HIV and AIDS Coordinating Committee. The committee consists of members representing formations and units that provide health care services.

Question	Yes	No	Details if yes
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.	x		• There are numerous policies that address the issues of discrimination including Human Resource strategy documents. All HIV infected uniformed members of the Department of Defence and Military Veterans are managed according to "*The DOD Instruction on the Management of HIV and AIDS in the DOD*" and "*The Department of Defence Directive on the Health Classification and Deployability of SA National Defence Force Members with HIV and AIDS*". • Department of Defence Directive: Transformation Management in the Department of Defence. • Department of Defence Instruction: Policy on Transformation Management in the Department of Defence. • Joint Defence Publication: Process and Procedures for Transformation Management in the Department of Defence.
Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	x		• The department adheres to the principle of equity and equal 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. **Policy Documents** • No mandatory testing of officials. • HIV testing of any official in the DOD may form part of a comprehensive health evaluation as governed by the Medical Standards for the SANDF and as required by the Surgeon General in terms of Regulation 15 of the Defence Act, 2002 (Act No. 42 of 2002). • Without written consent, no HIV testing may be done and pre- and post test counselling procedures must be part of testing. • Officials with HIV and AIDS may not be unfairly discriminated against in the allocation of employment benefits and are treated like any other official with a comparable life-threatening illness with regard to access to benefits. • Grievance procedures are confidential and do not result in the disclosure of a person's HIV status. • Respecting the privacy and confidentiality of those living with HIV.
Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	x		• Uniformed members of the Department of Defence are required to undergo HIV testing as part of Comprehensive Health Assessments and Concurrent Health Assessments prior to deployments. • In addition, the military participates in the National Department of Health HIV Counselling and Testing (HCT) Campaign.
Has the department developed measures/ indicators to monitor and evaluate the impact of its health programme? If so, list these measures/ indicators.	x		Sources of data are: • Knowledge Attitude and Practice Survey. • Health Informatics System - Clinical Data Management. • Project Feedback Forms submitted following the programme's projects and interventions (all planned HIV prevention interventions are monitored). • Care and treatment indicators have been developed. • Information from staff visits to the various units.

Labour relations

Table 4.38 – Collective agreements, 1 April 2012 to 31 March 2013

Subject Matter	Date
PSCBC Resolution 1 of 2012, Agreement on salary adjustment and improvement on conditions of service in the Public Service for the period 2012/13 to 2014/15	31 July 2012
GPSSBC Resolution 1 of 2012, Amendment of GPSSBC 2 of 2005: Governance rules for Chambers	21 August 2012
GPSSBC Resolution 1 of 2013, Organisational Rights Agreement between the State as Employer in the GPSSBC and admitted Trade unions	04 February 2013

Table 4.39 – Misconduct and disciplinary hearings finalised, 1 April 2012 to 31 March 2013

Outcomes of disciplinary hearings	Number	% of Total
Correctional counselling	3	3%
Verbal warning/reprimand	10	10%
Written warning	35	36%
Final written warning	22	22%
Suspended without pay	3	3%
Dismissal	13	14%
Not guilty	6	6%
Case withdrawn	6	6%
Total	**98**	**100%**

Table 4.40 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of Total
Absence without permission/late coming	46	44%
Theft	6	6%
Fraud	6	6%
Assault	3	3%
Misuse/Damage State Property	4	4%
Disobedience/Insubordination	5	5%
Mismanagement/Loss of State Funds/property	9	9%
Threatening/ Improper/ Disgraceful/ Unbecoming Conduct	9	9%
Non-compliance instructions/policy	3	3%
Negligence	1	1%
Sexual abuse	1	1%
Under the influence/ drinking on duty	8	7%
Racial abuse	1	1%
Unlawfully received social grants	1	1%
Total	**103**	**100%**

Table 4.41 – Grievances lodged for the period 1 April 2012 to 31 March 2013

Grievances	Number	% of Total
Number of grievances resolved	462	53%
Number of grievances not resolved	412	47%
Total number of grievances lodged	**874**	**100%**

Note: Individual grievances lodged may be finalised within 90 working days in accordance with the Individual Grievances Regulations (Government Gazette No 33334 dated 30 June 2010).

Table 4.42 – Disputes lodged with Councils for the period 1 April 2012 to 31 March 2013

Disputes	Number	% of Total
Number of disputes upheld	14	25.93%
Number of disputes dismissed	18	33.33%
Total number of disputes lodged	**54**	**59.26%**

Note: The dispute proceedings operate within the prescripts of the law, similar to court proceedings. Time-frames, set downs, etc. are all dictated by Bargaining Council/CCMA having jurisdiction.

Table 4.43 – Strike actions for the period 1 April 2012 to 31 March 2013

Total number of person working days lost	0
Total cost (R'000) of working days lost	R.00
Amount (R'000) recovered as a result of no work no pay	R.00

Table 4.44 – Precautionary suspensions for the period 1 April 2012 to 31 March 2013

Number of people suspended	47
Number of people whose suspension exceeded 30 days	47
Average number of days suspended	365
Cost (R'000) of suspensions	R11,456,474.38

Skills development

Table 4.45 – Training needs identified 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of Employees as at 1 April 2012	Training Needs Identified at Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	1	0	0	1	1
	Male	1	0	0	1	1
Professionals	Female	1,583	0	950	120	1,070
	Male	1,485	0	800	600	1,400
Technicians and associate professionals	Female	2,531	40	700	440	1,180
	Male	4,898	60	2,200	2,100	4,360
Clerks	Female	6,431	80	6,000	1,100	7,180
	Male	8,477	120	6,500	1,600	8,220
Service and sales workers	Female	6,056	250	3,150	1,400	4,800
	Male	26,457	143	8,500	11,500	20,143
Craft and related trades workers	Female	1,689	0	1,300	479	1,779
	Male	8,162	0	950	1,514	2,464
Plant and machine operators and assemblers	Female	11	4	3	5	12
	Male	374	0	319	132	451
Elementary occupations	Female	3,505	80	1,600	1,300	2,980
	Male	7,056	130	3,500	4,600	8,230
Subtotal	Female	21,807	454	13,703	4,845	19,002
	Male	56,910	453	22,769	22,047	45,269
Total		**78,717**	**907**	**36,472**	**26,892**	**64,271**

4.46 – Training provided 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of Employees as at 1 April 2012	Training Provided within Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	1	0	0	1	1
	Male	1	0	0	1	1
Professionals	Female	1,583	0	950	120	1,070
	Male	1,485	0	800	600	1,400
Technicians and associate professionals	Female	2,531	40	700	440	1,180
	Male	4,898	60	2,200	2,100	4,360
Clerks	Female	6,431	80	6,000	1,100	7,180
	Male	8,477	120	6,500	1,600	8,220
Service and sales workers	Female	6,056	250	3,150	1,400	4,800
	Male	26,457	143	8,500	11,500	20,143
Craft and related trades workers	Female	1,689	0	1,300	479	1,779
	Male	8,162	0	950	1,514	2,464
Plant and machine operators and assemblers	Female	11	4	3	5	12
	Male	374	0	319	132	451
Elementary occupations	Female	3,505	80	1,600	1,300	2,980
	Male	7,056	130	3,500	4,600	8,230
Subtotal	Female	21,807	454	13,703	4,845	19,002
	Male	56,910	453	22,769	22,047	45,269
Total		**78,717**	**907**	**36,472**	**26,892**	**64,271**

Note: CD HRD has conducted 381 learnerships over the FY2012/13.

Injury on duty

Table 4.47 – Injury on duty, 1 April 2012 to 31 March 2013

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only[1]	294	93%
Temporary Total Disablement[2]	18	6%
Permanent Disablement[3]	1	0.3%
Fatal[4]	2	0,7%
Total	**315**	**100%**

Note: 1. ***Required Basic Medical Attention Only.*** *This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.*

2. **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.*

3. **Permanent Disablement.** *This is the permanent alteration of an individual's capacity to meet personal social or occupational demands or statutory or regulatory requirements because of impairment. This status is often coupled to a loss of a limb or sense, chronic pain, disfigurement and other permanent physical or mental disorders.*

4. ***Fatal.*** *An injury, disease or condition causing, or ending in, organ or multi-organ failure and death.*

Utilisation of consultants

Table 4.48 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on project	Duration: Work days	Contract value in Rand	Expenditure during FY2012/13
Defence Works Formation (DW Fmn)	None	None	None	18,499.00
Directorate Engineering Support services - Through life capability management (DESS – TLCM)	2	260	45,180,000.00	4,979,516.00
Total number of projects	**Total individual consultants**	**Total duration: Work days**	**Total contract value in Rand**	**Total expenditure during the FY2012/13**
2	2	260	45,180,000.00	4,979,516.00

Table 4.49 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Defence Works Formation (DW Fmn)	None	None	None
Directorate Engineering Support services - Through life capability management (DESS – TLCM)	29%	100%	None

Table 4.50 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
None	N/A	N/A	N/A
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
None	N/A	N/A	N/A

Table 4.51 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	N/A	N/A	N/A

Note: An amount of R6,158,567.82, which was paid against the consultants item code has not been verified as actual payments on consultant services.

Depatment of Defence and Military Veterans
Vote 22

Part 5
ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF DEFENCE
AND MILITARY VETERANS

FINANCIAL PERFORMANCE
1 April 2012 to 31 March 2013

Department of Defence and Military Veterans
Vote 22

Department of Defence and Military Veterans
Vote 22

REPORT OF THE AUDIT COMMITTEE - DEPARTMENT OF DEFENCE AND MILITARY VETERANS

We are pleased to present our final report for the financial year ended 31 March 2013.

Establishment of the Audit Committee

The Audit Committee is established in terms of section 38(1)(a)(ii) of the Public Finance Management Act, 1999 (Act, No. 1 of 1999) (PFMA) and the National Treasury Regulations 3.1.

The Minister of the Department of Defence (DOD) and Military Veterans (DMV) formally approved the establishment of a shared audit committee for the Department of Defence and Department of Military Veterans on 08 February 2012, made up of independent non - executive members. The Department has been headhunting for the additional members of the Committee in order to comply with the minimum number of members as prescribed in the PFMA and the requirements of governance principles in relation to mixture of skills. Interviews were held in January 2013 and due processes of the pre-employment screening were carried out and the candidates with the following skills were subsequently appointed in July 2013 which is after 31 March 2013:

i. Monitoring and Evaluation ;
ii. Asset Management; and
iii. Information Communication Technology

The department is still headhunting for the following skills:

i. Military (Core Business); and
ii. Legal

Audit Committee Members and Attendance

We operated within formally approved terms of reference. We met four (4) times in the financial year and consisted of the members listed below:

Name of Member	*Number of Meetings Attended*
Mr V Nondabula (Chairperson)	4
Mr S Radebe (Member)	4

Audit Committee Responsibility

Despite the non adherence to the minimum number required the Committee has discharged all its responsibilities and regulated its affairs in compliance with its Charter.

The Committee operates with an independent and objective stance and performs oversight function over the effectiveness of internal audit function, internal controls, risks and governance on the operations of both Departments.

The Committee therefore reports that it has complied with its responsibilities in terms of section 38(1)(a)(ii) of the PFMA and Treasury Regulations 3.1.10.

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The effectiveness of Internal Control

The Committee has not reviewed the internal audit reports from both Departments including Special Defence Account (SDA) as there were no internal audit independent reviews performed, due to lack of adequate resources. This is of great concern to the Committee as we were not able to get adequate level of assurance that we expected, had internal audit been fully capacitated. The Committee however, received limited assurance that the system of internal control is working as intended and relied on assurance given by management and Auditor-General South Africa (AGSA). We also reviewed the Final Management Report (FMR) and internal control drivers dashboard analysis presented by AGSA for DOD (GDA and SDA).

The DOD newly established Internal Audit Division although not yet capacitated had performed state of readiness review of the DOD for statutory audit and assisted the Department to ensure that all AGSA queries are attended to on time. These gave us assurance that the Department is in the process of closing all gaps identified during this process. Accordingly, the Department is in the process of developing implementation plans to close all the gaps identified by AGSA in the previous financial years.

In particular, we were able to review all the quarterly reports as required by the Treasury Regulations including Financial Statements, quarterly performance reports, risk management, Assets, Legal and Human Resources. The IT Governance and related IT controls were not part of the reviews done. We were given assurance by management that an Operation Centre established by the Logistics Division to deal with all asset related weaknesses in order to produce a reliable asset register is functioning adequately. Accordingly, management has worked hard to ensure that the weaknesses identified are addressed.

We have noted that with the assistance of the newly established Internal Audit Division, at the middle of May 2013 and before the submission of the Annual Financial Statements and draft Annual report for statutory audit, that the Department has already addressed and responded to about 80% of the issues raised in the Interim Management Report (IMR).

The DMV made significant progress in filling the vacancies which will continue to strengthen the internal controls and governance systems. Furthermore, for the ensuing 2013/14 financial year, the Committee noted the efforts made by the Department as presented in the Accounting Officer's report.

Despite the above gaps and challenges, we have noted the plans which management has put into place to address the identified weaknesses, and we will be closely monitoring them.

Internal Audit

We are satisfied with the efforts made by the DMV to establish an Internal Audit function, development of internal audit plans, presentation of quarterly reports and risk registers including the appointment of risk management committee members. Furthermore, we are satisfied that the evaluation of processes will be performed to ensure that governance, risk management and internal controls are achieved effectively and value will be added in the financial year 2013/14.

We will ensure that we work in close co-operation and partnership with both internal audit and risk management functions of both Departments in fulfilling our oversight responsibilities.

The Department of Defence appointed the Head of Internal Audit in April 2012. Since this appointment, the state of readiness reviews were made to prepare the Department for the statutory audit in key areas of risks pertaining to the financial statements and performance information. In this regard, the Division used the internal auditors seconded by the Inspector-General for the duration of the audit.

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The AGSA has reported through their quarterly dashboards and the Management reports that effective Internal Audit has not been established by the DOD.

We concur with the AGSA findings and we are also not satisfied with the progress made in resourcing the internal audit of the DOD. This might hamper our responsibility as prescribed by the Treasury Regulations as both management and ourselves might get a very low level of assurance as expected of an effective function.

However, we continued and consistently made some interventions and monitored the process of resourcing of the DOD Internal Audit Division. We are also satisfied with the intervention made by the MOD in this regard, although after the financial year-end. The outcome of such intervention will be visible and reported in the 2013/14 financial year.

Despite the capacity challenges experienced by both internal audit functions, we are however satisfied and particularly encouraged with the progress made by both Chief Audit Executives in laying a strong strategic, technical and professional foundation of co-operation, and creation of partnership with management and other assurance providers in dealing with the challenges relating to internal control, risk management and governance. This has effectively strengthened the newly globally promoted and adopted Internal Audit Combined Assurance approach.

This approach has been implemented through assisting both Departments with the Financial Statement close and performance report reviews and the interaction and co - ordination with AGSA.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA

The Accounting Officer has tabled the In Year Management (IYM) and monthly/quarterly reports to the Minister and to the Committee in compliance with the Act.

We were satisfied with the quality of IYM and monthly management reports. There was no overspending on the budget appropriated to the Department. In areas where there are under spending the Department has surrendered the funds to National Treasury and requested the necessary virements and authorisation for roll over from the Minister.

The Committee is satisfied with the quality of the quarterly reports. Where the Department did not achieve the set targets, corrective measures were put in place. However, in certain areas the quality of the quarterly reports needs to be improved in relation to the objectives to strictly adhere to the SMART principle.

Evaluation of Annual Financial Statements

We have reviewed the Annual Financial Statements presented by Management for submission to the AGSA for audit for the financial year under review. The following specific functions were conducted: We reviewed the:

- Accounting policies;
- Notes to the Annual Financial Statements;
- Department's compliance with legal and regulatory provisions;
- Accounting Officer's report;
- Adjustments effected during the audit including notes.
- Performance Information accompanying the AFS

The DOD received an approval for deviation in relation to the valuation of minor assets from National Treasury.

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REPORT OF THE AUDIT COMMITTEE - DEPARTMENT OF DEFENCE AND MILITARY VETERANS

We are concerned that there are challenges in the timing of compilation and finalisation of accurate Annual Financial Statements including the asset registers to ensure effective readiness of the Department for the statutory audit and to allow us to get the necessary independent assurance before the AFS are submitted for the statutory audit.

As mentioned above, the Department through Internal audit is in the process of implementing and ensuring combined assurance programme, which will ensure that all levels of line of defence are working as intended.

Auditor-General South Africa

We have reviewed the AGSA's Final Management and Audit Report for both DOD General Defence Account (GDA) and Special Defence Account (SDA) and have noted the AGSA findings as well as management responses. We concur with the AGSA's audit findings and recommend that the Annual Report be read in conjunction with the AGSA's audit report.

However, the Committee wishes to point out that due to the unique nature of business at the DOD as compared to other government departments, with regards to assets, we recommend more guidance and direction from the National Treasury and the Accounting Standards Board (ASB) regarding the interpretation and application of certain accounting policies and disclosure of certain balances.

However, despite these obstacles, we are convinced that the DOD is still challenged in many areas of internal control, risk management and governance. A lot of work needs to be done by the department to rectify the internal control deficiencies, including both the tangible and intangible assets.

Management will be putting up implementation plans with concrete milestones and timelines in order to address the findings as reflected in the AGSA Management Report. We will monitor closely on progress regarding the effective implementation of the auditors' recommendations and management commitments.

We also concur with both SDA and GDA audit opinions expressed by the AGSA. The Committee congratulates the Department for the efforts made in achieving a clean audit opinion for SDA and improvement in achieving a higher level of the performance targets for the GDA.

Appreciation

We wish to place on record our gratitude to the Minister and Deputy Minister for their leadership and guidance, Secretary for Defence, Chief of the South African National Defence Force and management for their support during the year, as well as AGSA and Internal Audit for their consistent value-adding contributions.

(V. NONDABULA)
CHAIRPERSON OF THE AUDIT COMMITTEE

26 September 2013

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REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1. Minister of Defence and Military Veterans (MOD&MV) Strategic Priorities as Reflected in the Executive Authority's Overarching Annual Strategic Statement for FY2012/13 and the APPs for FY2012/13. The MOD&MV Strategic Priorities are as follows:

a. Enhancement of the South African National Defence Force's (SANDF's) Landward Defence Capabilities. In order to undertake all required missions, the enhancement of the Landward Defence Capabilities is essential. For the Landward Defence Capability to operate jointly with the Air Defence and Maritime Defence Capabilities, this enhancement is considered a priority. The Landward Defence Capability has not enjoyed the advantage of being part of the Strategic Defence Packages and is thus lacking technologically advanced Primary Mission Equipment. The funding of this priority formed part of the FY2012/13 strategic budgeting function of the DOD.

b. Maritime Security. The defence and security of South Africa is inextricably linked to that of the region and the continent. Being a littoral country, South Africa requires a balanced maritime capability to effectively respond, when so required, to arising maritime security threats affecting South Africa. The South African Maritime Strategy has been developed and is currently in the process of being integrated within the broader Southern African Development Community (SADC) Maritime Security Strategies. For FY2012/13 the SANDF continued to execute counter-piracy operations in support of the Mozambican Defence Force in the Mozambique Channel amidst the ongoing sourcing of appropriate funding levels for such operations.

c. **Job Creation.** In support of the Government's continuation growth-path initiative aimed at job creation, the DOD continued to ensure that job creation, within available resources, was effected through approved projects within the Defence Industry.

d. Enhancement of the SANDF's Peacekeeping Capability (SANDF Deployability). The role of the SANDF in promoting peace and security in the region and on the African continent necessitates the enhancement of the SANDF's peacekeeping capability that will include the SANDF's Forward Deployment Capability. The Landward Defence Capability has not enjoyed the advantage of being part of the Strategic Defence Packages (SDP) and is thus lacking the required human resources, infrastructure and technologically advanced Primary Mission Equipment (PME). The modernisation of the Landward System has remained stagnant as this function remains dependent on the finalisation of the Defence Review process which will inform the future design and associated Landward Defence Capabilities of the South African National Defence Force (SANDF). The landward defence capability requirements shall take into consideration the financial expenditure ability of the SA Army and the overall DOD and ARMSCOR procurement systems and processes capabilities which support such expenditure.

e. National Youth Service (NYS). The Department continued with the execution of the NYS programme, although with reduced intake figures, through the utilisation of core Defence capabilities to provide initial training to select youth prior to absorption into respective Government Institutions.

f. Revitalisation of the Reserves. As part of the one-force concept, the Reserves continued to be transformed and revitalised to fulfil the various Defence roles allocated to them in support of the regulars. The Reserves were transformed to fulfil their primary role of providing the majority of the conventional landward capability of the SANDF, whilst at the same time supplementing the peace support missions conducted by the Regulars.

g. Restructuring and Support of the Defence Industry. The restructuring of the Defence Industry focused on required Defence capabilities and the sustainability thereof. The Defence Industry Framework and Function are to be fully aligned in order to ensure synchronisation of these with the requirements and mandate of Defence. The emphasis of the restructuring focused on the Governance, Risk Management, Compliance and Accountability framework function applicable to the Defence Portfolio. The restructuring of the Defence Industry focused on current and future defence capability requirements in support of the Defence mandate as informed by the pending Defence Review process. The White Paper on the Defence Industry and associated Defence Industry Strategy remained a priority as a means to ensure an appropriate Defence Industry in support of the mandate of defence and key economic imperatives. The work of the Defence Industry Council required strengthening to ensure the realisation of this priority given the impact thereof on current defence capabilities and current DOD expenditure patterns. Further, the process of developing the White Paper on Defence became the responsibility of the Defence Review Committee which awaits the approval of the Defence Review document.

h. Department of Defence Works Capability. The current state of the Defence Facilities Portfolio has called for the review of the existing arrangements for the repair and maintenance programme of Defence facilities. The establishment of the DOD Works Capability within the Support (Logistics) Programme seeks to achieve an end state where the DOD will have a fully functional and resourced in-house capability that will ultimately assume full responsibility for the Defence facilities repair and maintenance programmes. The DOD has steadily progressed with the establishment of the Defence Works Formation which is currently functional and executing identified renovation projects for facilities occupied by the DOD in close co-operation with the National Department of Public Works (NDPW). The Defence Works Formation continued to build capacity in the technical training environment to fully undertake defence facility maintenance projects and functions. The creation of the Works capability has enabled the DOD to assume selected custodian responsibilities from NDPW and in the process created job opportunities. A plan, in conjunction with the Council for Scientific and Industrial Research (CSIR), has been developed to establish a Joint Interim Operations Centre (JIOC) to manage the migration of functions and responsibilities with respect to facilities management and maintenance from the NDPW to the DOD during a period agreed upon by both Departments.

2. Defence Vote: Rm 37 492 954 (Appropriation Act, 2012 (Act No 7 of 2012), Vote 22)

a. Defence's approved budget for the period 1 April 2012 to 31 March 2013 was compiled on a cash basis per programme and amounts to Rm 37 492 954. It includes all entities under control of the Minister of Defence. The original budget was approved in the Appropriation Act, 2012 (Act No 7 of 2012). The original budget objectives and policies per main division of the Vote were published in the 2012/13 Annual Performance Plans of the South African National Defence Force and the Defence Secretariat and will be reported on in detail in the annual report.

b. The 2012/13 Defence Vote increased with Rm 121,8 (0,33%) from the 2011 MTEF allocation for the same year and increased with Rm 2 888 (7,70%) from the previous financial year. Defence's Vote amounts to 1,17% of South Africa's gross domestic product (GDP) or 3,55% of total government expenditure (GE). The overall increase in the allocation is due to the establishment of the Office of the Military Ombud, the execution of border safeguarding tasks, finalisation of the strategic defence procurement programme and improvements in conditions of service.

c. Additional and reduced allocations that influenced the 2012/13 Defence Vote are:

• Improvement in conditions of service	Rm	283
• Strategic Defence Procurement Programme	Rm	150

- Border safeguarding Rm 200
- Military Ombud Rm 5
- Reduction in the military skills development system and health care Rm (516)

d. Landward Defence (33,84%), Air Defence (18%) and General Support (13,54%) are the three largest programmes within the Defence Vote. The year-on year increase in the Landward Defence programme is mainly due to maintenance requirements of the SA Army's ageing operational vehicle fleet, renewal of some landward defence equipment and the procurement of critical ammunition. The increase in the Air Defence programme is largely due to the delivery milestones of the strategic defence procurement programme and the upgrade of the Rooivalk and Oryx helicopter systems. The increase in the General Support programme is largely due to the establishment of the defence works capability, the department's refurbishment programme and a once-off provision for the write-off of unauthorised expenditure that occurred in 1997/98.

e. From an economic classification perspective compensation of employees (50,59%) and transfers and subsidies (16%) amounts to 67,60% of the Vote leaving available 32,40% for operating the department and renewing capital assets. Significant operating costs provided for are contractors (Rb 2, 042), computer services (Rm 897) inventory: food and food supplies (Rm 725) and property payments (Rb 2,130).

3. Defence Adjustment Vote: Rm 395,588 (Adjustment Appropriation Act, 2012 (Act No 17 of 2012)) The Defence Vote was increased with (Rm 395,588) to Rbn 37,889 through the Adjustments Vote for the following:

a. Unforeseeable and Unavoidable Expenditure. An additional Rm 63 was allocated to Programme 2: Force Employment for the deployment of members, in conjunction with the Mozambican Defence Force, for counter piracy operations in the Mozambican Channel.

b. Other Adjustments. Other adjustments include:

i. Adjustments Due to Significant and Unforeseeable Economic and Financial Events. An additional Rm 190,488 has been allocated for higher personnel remuneration increases than the main budget provided for, as follows:

(1) Programme 1: Administration Rm 12,301

(2) Programme 2: Force Employment Rm 11,699

(3) Programme 3: Landward Defence Rm 85,888

(4) Programme 4: Air Defence Rm 28,298

(5) Programme 5: Maritime Defence Rm 14,155

(6) Programme 6: Military Health Support Rm 23,362

(7) Programme 7: Defence Intelligence Rm 2,534

(8) Programme 8: General Support Rm 12,251

ii. Self-financing Expenditure. Departmental revenue of Rm 142,100 from the sale of equipment and spares procured through the Special Defence Account has been allocated as follows:

(1) Programme 3: Landward Defence Rm 52,932

(2) Programme 4: Air Defence Rm 8,572

(3) Programme 8: General Support Rm 80,596

4. Departmental revenue

a. The Department has had a general improvement in revenue management processes. The substantial increase in transfers received was a result of the collection of arrears from the United Nations reimbursements for foreign deployments. The Department has increased its revenue with an average of 8,8% annually since 2009.

b. Sources of revenue for 2012/13:

Sources of Revenue

Economic Classification	*2009/10 Actual R'000*	*2010/11 Actual R'000*	*2011/12 Actual R'000*	*2012/13 Target R'000*	*2012/13 Actual R'000*	*% Deviation from Target*
Tax revenue						
None	0	0	0	0	0	0
Non-tax revenue						
Sale of goods and services other than capital assets	204,916	263,989	292,210	301,788	308,795	2%
Fines, penalties and forfeits	3,482	4,459	894	13,039	1,297	-90%
Interest, dividends and rent on land	2,750	2,628	162,779	36,870	36,776	0%
Sales of capital assets	24,413	23,068	78,919	79,503	62,597	-21%
Financial transactions in assets and liabilities	236,097	144,777	3,374,002	217,981	64,700	-70%
Transfers received	228,291	250,767	360,206	280,254	570,322	104%
TOTAL	699,949	689,688	4,269,010	929,435	1,044,487	12%

i. Spending trends and adjustment estimates.

	2010/2011	*2011/2012*	*2012/2013*
	Rm	*Rm*	*Rm*
Vote	30,442,591	34,349,087	37,888,542
Expenditure	30,442,371	34,331,437	37,702,218
Over Expenditure	-	-	-
Amount overspent as percentage of Vote	-	-	-
Amount surrendered	220	17,650	186,324
Amount surrendered as percentage of Vote	0,001%	0,05%	0.492% 0,492%

ii. Under Spending. The under spending (Rm 186,324) in 2012/13 consists of the following:

(1) Administration. Mainly within Transfers to Departmental Agencies and Account for the Department of Military Veterans (Rm 4,427) and the transfer payment to SASSETA (Rm 1,194) which was less than anticipated.

(2) Force Employment. Mainly within Goods and Services (Rm 7,790) and Payments for Capital assets (Rm 14,544) due to the inability of industry to meet the requirements.

(3) General Support. Mainly for the payment for Financial Assets (Rm 158,056). Funds were earmarked for the payment of the termination cost of the Denel contract which could not be finalised in time due to the uncertainty in terms of the approval/authority required to enable payment.

iii. Virements. The following Virements were approved during the period under review:

a. Approved by the National Treasury (NT):

(1) The reallocation of Rm 53,768 from savings within the Goods and Services to Current Transfers and Subsidies: Public Corporations and Private Enterprises.

(2) The reallocation of Rm 0,752 from savings within the Goods and Services to Current Transfers and Subsidies: Non Profit Institutions (St John's Ambulance Brigade).

(3) The reallocation of (Rm 24,385) from savings within the Goods and Services and Transfers to Households in order to supplement the shortfall within Compensation of Employees.

b. Approved by the Accounting Officer:

(1) The reallocation of Rm 7,800 from the Force Employment Programme to the Administration Programme (HR Division) for services rendered by the Centre of Conflict Simulation.

(2) The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of authorised losses, Compensation of Employees, provision for the contract termination cost of Denel and to balance the expenditure for the 2012/13 financial year.

SERVICES RENDERED BY DEFENCE

5. Services rendered are detailed in Part 2 of the Annual Report.

6. Tariff Policy. Defence's tariff policy consisted of the following elements:

a. tariffs instituted by law;

b. tariffs prescribed by a department that are applicable to all spheres of government; and

c. tariffs unique to the Department of Defence determined by the tariff owner and where the tariff structure is approved by the National Treasury.

REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

CAPACITY CONSTRAINTS

7. The DOD skills' losses continued throughout the period under review, resulting in some critical skills needing to be acquired from industry at exorbitant cost. Although new personnel were recruited and trained, it will take time for these members to gain the necessary experience.

8. 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.

9. The shortage of technical staff and support personnel resulted in peace support missions not being fully staffed. This led to the non-compliance with minimum standards of serviceability of major equipment, and resulted in the DOD not being fully reimbursed by the United Nations.

10. Critical personnel shortages in the financial and logistic management environments are aggravated by the continual development of additional regulatory accounting and financial reporting requirements. The Financial Management Division is currently re-aligning its structures to create capacity in terms of skills, qualifications and personnel. Within the Logistic Division, the macro structure has already been adjusted to make provision for the appointment of senior managers in the specialist areas of asset management, accruals and leases.

UTILISATION OF DONOR FUNDS

11. No Donor funds were received from external sources for Operations during the financial year under review.

PUBLIC ENTITIES

12. The Castle Control Board and the Armaments Corporation of South Africa Limited (ARMSCOR) are reported as listed public entities under ownership control of the Minister of Defence and Military Veterans. Each of these entities are 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. No transfer was made to the Castle Control Board.

REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

ORGANISATIONS TO WHICH TRANSFER PAYMENTS HAVE BEEN MADE

13. Transfer payments were made to the following organisations:

Transferee	*Reason for Payment*	*Accountability Arrangements*	*Budget Vote 2012/13 Rm*	*Annual Expenditure 2012/13 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. 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 2011/12 were submitted according to payment conditions.	1,028,700	1,028,700
St Johns Ambulance Brigade.	To provide accreditation for training of Defence members and make their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency.	Audited financial statements for the financial year 2011/12 were submitted according to payment conditions.	0,752	0,752
Reserve Force Council	To subsidise the Reserve Force Council in their aim to secure community and private sector support for the Reserve Forces and to maintain a sound relationship and communication between the Reserve Forces, the Minister of Defence and the 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 2011/12 were submitted according to payment conditions.	6,213	6,213

Safety and Security Sector Education and Training Authority (SASSETA)	To subsidise the administrative expenditure of the SASSETA, which acts as the Sector Educational and Training Authority (SETA) for Defence in terms of the Skills Development Act, No 97 of 1998.	Audited financial statements for the financial year 2011/12 were submitted according to payment conditions. Non-compliance with Sec 38 (1)(j) of the PFMA was reported by the Auditor-General.	17,162	17,162
Special Defence Account	To acquire, procure and develop armament and technology.	Under control of the Accounting Officer of the Department of Defence.	4,846,376	4,846,376
Household Employer Social Benefits – Cash Resident	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.	107,232	107,232
Department of Military Veterans	To provide national policy and standards on socioeconomic support to military veterans and to their dependents, including benefits and entitlements.	As approved by the National Treasury.	96,663	96,663
TOTAL			**6,103,098**	**6,103,098**

PUBLIC/PRIVATE PARTNERSHIP (PPP)

14. The Department completed feasibility studies for 5 projects. No formal agreements were entered into. A 6th project was in an inception phase when National Treasury determined that this project does not qualify as a PPP.

15. The Department has decided not to continue with the 6 PPP's and has deregistered all PPP's with the National Treasury.

CORPORATE GOVERNANCE ARRANGEMENTS (Serial 8.a.i. and iv.)

16. Description of the risk management approach. An enterprise approach to risk management has been adopted by the Department of Defence (DOD), which means that risks in each part of the programme, sub-programme and functions of the DOD are managed by means of a structured and systematic process of risk management. The basis of the approach includes the Strategic Risk Management Committee (SRMC) which has been established to assist the Accounting Officer to fulfil his risk management and control responsibilities in accordance with the PFMA. In this reporting period, through the effective implementation of the DOD Enterprise Risk Management Framework, aligned to government prescripts and best

practice standards, the DOD has conducted regular risk assessments which have been monitored and reported on quarterly. Risk management is embedded into the planning process, linking the risks to the outcomes and impact of the DOD (Enterprise Risk Registers – level 1), the outputs (Strategic Risk Registers – level 2), as well as the inputs and activities (Operational Risk Registers – levels 3 and 4). Risk management is applied at all levels of the organisation, striving towards good corporate governance.

17. The effectiveness of the adopted risk management approach is reflected in the achievement and maintenance of the National Treasury risk management maturity level of a 4 (above average). Striving towards the improvement of the risk management maturity level, continuous effort is applied to fostering a risk awareness culture in the DOD and the procurement of the most suitable risk management enabler.

18. Corporate governance embraces the concept of sound business practices which is inextricably linked to the DOD's strategic management systems, policies and culture of governance. In addition to the aforementioned, the concept also encompasses ensuring that our stakeholder relations are managed in support of excellence in service delivery. The DOD has, in the year under review, demonstrated its commitment to implementing sound governance principles. This has been achieved through enhanced monitoring by the various DOD management bodies, ranging from the Council on Defence (COD) at Ministerial level and the Defence Staff Council at senior management level, as well as to the lower level management bodies.

19. In the year under review, the management bodies performed according to their set arrangements. Where challenges were experienced, controls were put in place to minimise the effect. All management bodies ensured the Department's planning, implementation, monitoring and evaluation, as well as reporting is buttressed by compliance to applicable legislation and prescripts. This function was spearheaded by the Accountability Management Committee and the Defence Planning and Budgeting Committee. The value added by these committees has significantly contributed to decision-making and continuous improvement.

20. Departmental Direction: In support of the five year electoral cycle, a departmental Strategic Plan (SP) with a five year planning horizon, for the period FY2011/12 to FY2015/16, was developed, approved and implemented by 9 March 2011. The FY2012/13 Executive Annual Overarching Statement (EA OASS) and DOD Annual Performance Plans (Def Sec and SANDF) were tabled in Parliament on 7 March 2012, together with the respective APPs developed by Public Entities (ARMSCOR and Castle Control Board), as in line with national prescripts for planning. Through the Defence Staff Council and the Plenary Defence Staff Council, both the Secretary for Defence and Chief of the National Defence Force continued to provide departmental direction and exchange a range of views to support informed decision-making. This was extended to the Defence Secretariat Council and the Military Command Council, where the Secretary for Defence and Chief of the National Defence Force continued to provide strategic direction to the Defence Secretariat and South African National Defence Force respectively.

21. Defence Review Committee: The Department provided support to the Defence Review Committee. Personnel from Chief of Defence Policy, Strategy and Planning environment continued to provide administrative support to the Committee. This dedicated support has immensely contributed to the progress made thus far. The fact that the task of the Committee is near completion attests to impact of the support provided. The relationship between the Department and the Committee has been based on a sound culture of corporate governance.

22. Strategic Management:

a. Through a consultative process, the Department's strategic management environment ensured that reasonable planning, monitoring and evaluation as well as reporting guidelines were provided to the Services and Divisions. The strategic planning and reporting instruments were timeously and effectively communicated to the entire Department. In underpinning the Department's strategic management integrated approach, the Planning

Board pursued the pertinent planning, monitoring and evaluation and reporting matters.

b. The Department adhered to the planning and reporting statutory requirements, including the provision of the Management Performance Asset Tool (MPAT) report. MPAT is a collaborative initiative led by the Department for Performance Monitoring and Evaluation (DPME), to promote and institutionalise the monitoring and assessment of the public service towards improved service delivery. The Department's moderated score for the FY2012/13 was 2.1 (partial compliance with Legal/Regulatory Requirements). The assessment assisted the Department in identifying areas that require improvement.

23. Financial Management:

a. Operation "*Clean Audit*" Steering Committee (OCASC) as a sub-committee to the Accountability Management Committee, a forum through which the Department pro-actively ensured good governance and accountability regarding the implementation of Auditor-General of South Africa's (AGSA) recommendations. With the assistance of and advice from National Treasury, the OCASC was also responsible for monitoring progress on action plans by Services and Divisions regarding addressing audit findings by AGSA.

b. The Prosecution and Recovery Committee (PRC), a sub-committee of the Accountability Management Committee (AMC), is the mechanism through which the Secretariat for Defence secures accountability by officials of the DOD, for the management of Financial Misconduct, in accordance with the PFMA. The PRC focused on ensuring that where financial misconduct cases were reported, they are investigated and losses are recovered. It also ensures that perpetrators are brought to book. During the reporting period, the Prevention of Irregular and Wasteful Expenditure Strategy was approved and rolled out. Road shows were undertaken to promote the Strategy and enhance implementation and compliance.

24. Defence Supply Chain Management:

a. During the FY2012/13 the Department ensured that its supply chain management activities are conducted according to the approved National Treasury Practice Notes. Oversight was conducted over the Department's supply chain activities to ensure compliance with the regulatory framework. Effective governance of the Department's supply chain activities yielded positive results, such as the 25% increase in employment of Broad Based Black Economic Empowerment (BBBEE) companies through ARMSCOR. This was accepted and adopted by Department of Trade and Industry. Giving preference to companies with a 51% local (South African) ownership was also enforced and achieved. An increase in Indirect Industrial Participation, to ensure transfer of technology and skills, was also achieved. Procurement of services from outsourced activities was monitored to ensure that transfer of skills took place. Inclusion of a costed Transfer of Skills plan as contract condition on all ASD contracts was also implemented and achieved.

b. All contracts were endorsed by the Legal Division prior to the awarding of contracts, as per National Treasury Regulations. Cost-benefit analysis, prior to any service being outsourced was strictly enforced. The culture of quality assurance was implemented through the Alternative Service Delivery (ASD) process with respect to cost-benefit analysis. A full feasibility appreciation of outsourcing was undertaken, with attention to cost effectiveness, efficiency, economic viability as well as ensuring that requirements are only outsourced when it is justifiable. The Consultants Policy was reviewed and aligned to the recommendations by the Auditor-General on the management and the use of consultants. As a result of the aforementioned policy, dependency on outsourcing activities, including the utilization of consultants, was also achieved and reduced. Furthermore, in the reporting period, an estimated cost saving of R 163 264 561.20 regarding outsourcing as compared to in-sourcing was attained. Training on the implementation of the ASD Policy was offered to more than 80 Officers Commanding. In-post training was also provided to end users who requested to utilize ASD. Performance

Monitoring of ASD approved contracts, was evaluated against actual contract values, in relation to over and under expenditure. This also added value from a corporate governance point of view.

25. Armament Acquisition:

a. Acquisition management governance fora {Armaments Acquisition Council (chaired by the Minister of Defence), Armament Acquisition Steering Board (chaired by the Accounting Officer) and Armament Acquisition Control Board (chaired by the Chief of Defence Matériel)} convened as instituted for the verification of process integrity, the authorisation of project phase approvals, allocation and commitment of financial resources. These respective governance fora have provided reasonable assurance that armament acquisition was undertaken with due consideration to effectiveness, efficiency, accountability and economical needs.

b. Based on the SA National Defence Force priorities allocated by Chief of the SANDF through Chief of Joint Operations, combined with the prevalent industrial capability as well as the particular approval status and strategy of individual projects, Defence acquisition projects were executed in accordance with the DAP 1000 prescripts. 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.

26. Policy Direction. Effective and efficient management of the Department's policies and procedures played a major role in ensuring that good corporate governance principles are adhered to. It is noteworthy to mention that the consultative nature of the policy development and review process has an inherent risk of possible delays. Challenges in this regard were addressed through both proactive and reactive measures. However, the Policy Board continued to effectively provide guidance on the revision of the existing policies and development of new policies.

27. Enterprise Risk Management. An integrated approach towards effective and efficient Enterprise Risk Management continued to receive dedicated attention. Risks were assessed on a continuous basis. The Strategic Risk Management Committee (SRMC) provided oversight and quality assurance of the strategic risk registers. The SRMC considered the revised DOD ERM Policy and recommended it for approval through the Department's formal approval process. A close working relationship was maintained between the Risk Management function, Services and Divisions through dedicated risk-coordinators, as well as the relevant management fora. According to the National Treasury Departmental Risk Assessment, the DOD maintained a maturity level of 4, as envisaged.

28. Signing of Performance Agreements and Financial Disclosures. The Department strived to adhere to the performance agreement requirements, as set out by the Department of Public Service and Administration. For the period under review, in some areas, full compliance was not achieved with respect to the management of performance agreements. Efforts to finalise outstanding performance agreements resulted in fair progress.

29. Stakeholder Management. Creating stakeholder wealth is one of the key tenets for good corporate governance. Key relationships that are material to the Department's success, continued to be the cornerstone of our stakeholder engagement process. Active engagement with the society and intelligent regard of our stakeholder interests, sustained positive stakeholder relations. During the period under review, meaningful engagement with all relevant stakeholders was achieved through formal meetings, dialogues with both local and foreign stakeholders, one-on-one meetings, briefings and other means of communication.

30. Audit Committee. The Audit Committee executed its functions as per legislative requirement. All meetings as prescribed in the Audit Committee Charter were successfully held. Useful guidance was received from the Audit Committee, especially regarding the review of financial statements and the external audit report, the management responses, the dash board report and risk management.

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31. The established business planning, implementation, monitoring and review, as well as reporting procedures have ensured that the Department executes its mandate with due regard to corporate governance principles. Clearly defined lines of responsibility, segregation of duties and delegation of authority were the pillars of the Department's business conduct. The Department's business principles will continue to embody the principles of good citizenship and the Department reaffirms its commitment to sound governance.

CORRUPTION AND FRAUD PREVENTION

32. Corruption and fraud (C&F) represents a significant potential risk to the Department of Defence's (DOD) assets and reputation. The department is committed to protecting its funds and other assets. The DOD will not tolerate corruption and fraudulent activities whether internal or external to the Department, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

33. Custodianship for Corruption and Fraud prevention for the Department of Defence is the sole responsibility of the Directorate Anti-Corruption and Anti-Fraud (DACAF). DACAF's main task is to deal with anti-corruption and anti-fraud, integrity, and related matters. DACAF is properly structured with an approved organogram indicating positions, reporting structure and responsibilities.

34. The Anti-Corruption and Fraud Support Strategy and C&F Prevention Plan have been reviewed as a result of the expressed commitment of the Department to fight corruption. It is also an important contribution to the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Departmental Anti-Criminality Strategy.

35. A project is in process to be registered for the establishment of an ethics office for the DOD. This is a result of the C&F Prevention Plan output.

36. The Minimum Anti-corruption Capacity (MACC) requirements were included in the C&F Prevention Plan to ensure implementation at all levels. (2006 DPSA publication 'Anti-corruption Capacity Requirements - Guidelines for implementing the Minimum Anti-corruption Capacity Requirements in the Public Service'). The JCPS Workgroup audited the DOD MACC wrt appliance during 2012. Final report still outstanding.

37. Anti-C&F awareness training was conducted. The training also forms part of the induction training of members (DAP and PSAP). Training of highest risk areas was prioritised and follow up training is being scheduled on an annual basis. Highest risk areas are identified as Finance, Personnel, Acquisition, Procurement and Logistics environments.

38. DOD C&F Nodal Point Forum. This is a consultative forum that effectively deals with C&F matters as contained in the Anti-Criminality Strategy and the C&F Prevention Plan. In the execution of the C&F Prevention Plan, the Budget Holder's representative presents the specific C&F risks, experienced in their respective environments, at the DOD C&F Nodal Point Forum that manage the mitigating actions.

39. This particular forum was also mandated to act as members of the DOD C&F Risk Committee. The DOD C&F Risk Management Committee consist of representatives of the resource risk owners (Chief Human Resources, Chief Logistics, Chief Financial Officer, Chief Management Information, Defence Materiel and Head of Supply Chain Integration).

40. Deliverables. The DOD C&F Risk Management Committee members representing the Services and Divisions give monthly feedback of their C&F Risk Mitigating Actions and Risk Responses. Provide the Service and Division Chiefs with regular reports relative to effectiveness of the risk management process, as well as information on significant risks and the status of the control environment.

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EFFECTIVENESS OF INTERNAL AUDIT: FY12/13

41. The DOD newly established Internal Audit Division had performed state of readiness reviews of the DOD for the statutory audit with the different Services and Divisions from May 2012 to July 2012 and again from February 2013 to March 2013. This therefore gave an assurance that the Department is in the process of closing all gaps identified during this process. The aim being to close all the gaps identified by AGSA in the previous financial years.

42. The Chief Audit Executive (CAE) with limited resources coordinated the high level review of all the quarterly reports as required by the Treasury Regulations including Annual Financial Statements and quarterly performance reports.

43. The CAE coordinated the establishment of the Audit Management Team to address in particular the Requests for Information and Factual Findings from Auditor-General South Africa. This assisted the Department in improving the turnaround time for the submission of supporting documentation to AGSA as agreed in the engagement letter and has ensured better coordination of the information. The accuracy, correctness and quality of submission has improved and as such by end June 2013 the Department has already addressed and responded to about 80% of the issues raised in the Interim Management Report (IMR).

44. Internal Auditing is an independent process aimed at evaluating control measures instituted by the management, or the lack of these measures; ensuring that resources have been acquired economically and are utilised efficiently and effectively. The primary role of the internal audit is to develop audit objectives and to conduct a preliminary assessment of the risks relevant to the activity under review. Verification of the departmental management performance information is conducted to evaluate the data integrity, reliability and integrity of information reported. The combat readiness of the forces is conducted to ensure that deploying forces are ready and well prepared for task ahead.

45. Risk-based internal audit coverage review is based on the process by which risks are identified and managed in various areas, the control environment in various areas, gaps, if any, in control mechanism which might lead to fraud, identification of fraud prone areas, budgetary control and performance reviews and internal, regulatory and statutory compliance.

46. The following components were addressed by the Inspector-General (IG) during the FY2012/13, as the Internal Audit structure was not yet filled and it was therefore not possible for Internal Audit to perform the functions:

a. Performance Information. Thirteen internal audits were conducted on the annual and quarterly reports. The stating of the output, performance indicator and actual targets (performance) achieved, has been reviewed. The maturity of management to mitigate reported risks has resulted in the residual risk exposure being very low.

b. Combat Readiness. Four internal audits were conducted to determine the combat readiness of the SANDF. Areas of concern were identified in the human resource administration, inadequate personal equipment and application of the doctrine. Improvements were noted in medical assessment processes and the preparation of the deploying unit, in general.

c. Mobilisation and Force Deployment. Six mobilisation and deployment for internal and external operations were conducted. The completeness of operational administration of forces to be mobilised require improvement. The serviceability of contingent own equipment require attention. The SANDF has put efforts in ensuring that the UN required personnel numbers for external deployments are addressed.

d. Risk Based Audits. Forty two risk based internal audits were conducted covering a variety of areas, such as management, logistic, dysfunctional workplace and quality risks. Twenty nine ad-hoc audits were conducted, such as projects, ration management, back loading of equipment from Burundi, salary grading for Reserve

Force chaplains. Findings indicated an improvement in the management of internal control.

47. The Audit Committee is established in terms of section 38(1)(a)(ii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the National Treasury Regulations.

48. The Minister of the Department of Defence and Military Veterans formally approved the establishment of a shared Audit Committee for the Department of Defence and Department of Military Veterans on 08 February 2012 made up of independent non - executive members. The Department has been headhunting for the additional members of the Committee in order to comply with the minimum number of members as prescribed in the PFMA and the requirements of governance principles in relation to mixture of skills. Interviews were held in January 2013 and the candidates with the following skills are in the process of being officially appointed based on the results of the pre-employment screening and will be formally appointed in the 2013/14 financial year:

a. Monitoring and Evaluation;

b. Asset Management; and

c. Information Communication Technology

49. The Department is still headhunting for the following skills:

a. Military (Core Business); and

b. Legal

50. The Minister has thus far approved the appointment of the additional three Audit Committee members. The Audit Committee executed its functions as per legislative requirement. All meetings as prescribed in the Audit Charter were conducted. Guidance was received from the Audit Committee, especially regarding the review of financial statements and the audit report, the management responses and the dash board report.

CODE OF CONDUCT

51. The Department of Defence has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In delivering the defence mission, the DOD is following 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 the demands of vested interests. We shall foster fairness and trustworthiness in all that we do.

- **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.

- **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 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 and image of the defence establishment as the best-disciplined profession.

52. The following individual values are pursued by members of the DOD in support of the Defence Mandate:

- Discipline
- Transparency
- Excellence through Leadership
- Honesty and Integrity
- Accountability
- Fairness
- Teamwork

Corporate Governance Arrangements: Environmental Matters

53. Military Integrated Environmental Management (MIEM).

a. Environment for Operations. The planning and execution of multi-national exercises, EX WINTER SOLSTICE 2012 and the planning of EX SHARED ACCORD 2013 incorporated environmental requirements by means of the implementation of environmental support plans.

b. Military Range Clearance. Assistance was provided to the Northern Cape Department of Agriculture in the surface sweeping of the former Smitsdrift Training Area in the Northern Cape as part of the development of this area to the benefit of the community. Awareness documentation in the format of a photo brochure was developed by the ammunition personnel for raising awareness on unexploded ordinance (UXO) with the various communities to be resettled on restituted military training areas.

c. Operation VUSELELA. The joint project under the auspices of the Department of Water Affairs' Working on Water programme is progressing well in the Western Cape Province, however the verification of military

veterans by the Department of Military Veterans (DMV) remains a challenge. Environmental personnel are continuously engaging with the implementing agent, the Independent Development Trust (IDT) regarding implementing proper planning by the various IDT regional project managers in order to schedule project activities within the annual military training plans on shooting ranges and training areas on which projects are being conducted.

d. Environmental Contingent Liabilities. The following environmental contingent liabilities are hereby disclosed.

i. UXO contamination and military debris clearance at the current live fire military training areas – R904,585,000.00

ii. Significant fuel, oil and lubricant spillages – R49,789,000.00.

Departmental Revenue – Sales of Capital Assets: Tangible Assets

54. Land and Subsoil Assets. The ownership and revenue for subsoil assets are vested with the Department of Mineral Resources (DMR) on behalf of the State in accordance with the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) (MPRD Act). The DOD therefore does not recognise subsoil assets in its Financial Statements in accordance with section 48 of the MPRD Act wherein prospecting and mining are prohibited and restricted on any land being used for government purposes or reserved in terms of any other law such as the Defence Act, 2002 (Act No. 42 of 2002).

55. Biological Assets (Wild Animals). The Department does not account for or recognise wild animals as biological assets in its Financial Statements in accordance with Departmental Financial Reporting Framework and the provisions for ownership as required by the Game Theft Act, 1991 (Act No. 105 of 1991) and common law principles. However, the management, control and disposal of game brought in an incidental revenue to the amount of Rm 1,2.

Expenditure for Capital Assets – Tangible Assets

56. Land and Subsoil Assets.

a. Land. The environmentally related maintenance of land asset mostly relates to operational and management intervention through avoidance and minimising of negative military impacts on the land as well as environmental contingent liability and environmental rehabilitation provisions as disclosed in Annexure 3B.

b. Subsoil Assets. The ownership and revenue for subsoil assets are vested with the Department of Mineral Resources (DMR) on behalf of the State in accordance with the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) (MPRD Act). The DOD therefore does not recognise subsoil assets in its Financial Statements in accordance with section 48 of the MPRD Act wherein prospecting and mining are prohibited and restricted on any land being used for government purposes or reserved in terms of any other law such as the Defence Act, 2002 (Act No. 42 of 2002).

57. Biological Assets (Wild Animals). The Department does not account for or recognise biological assets in its Financial Statements in accordance with Departmental Financial Reporting Framework and the provisions for ownership as required by the Game Theft Act, 1991 (Act No. 105 of 1991) and common law principles.

Contingent Liabilities: Environment Rehabilitation Liability

58. See Annexure 3B for disclosure of Contingent Liabilities, Environmental Rehabilitation Liability and supporting documentation.

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Conflict of interest

59. Senior members of the DOD are expected to declare their economic interest annually in terms of Chapter 3 of the Public Service Regulations, 2001 and Chapter 9 of the SMS Handbook, 2003 for submission to the Office of the Public Service Commission. The compliance standard for such annual declarations is high and accountability is enforced through the line of command by means of an annual DOD instruction and presentations at senior management bodies.

60. Members of management bodies dealing with the procurement and acquisition are required to declare potential conflicts before commencement of meetings. In terms of the DOD policy on personal gifts, personal sponsorships personal hospitality and other personal benefits, members are required to declare gifts, sponsorships, hospitality and other benefits. Service and Divisional Chiefs are required to maintain proper registers for such declarations. The DOD in additional strengthened its Internal Audit capacity over the last year and provides assurance and compliance capacity to monitor implementation and any deviation through the Inspector General structures of the DOD and DOD Audit Committee.

61. Furthermore in order to adhere to governance compliance, service providers and suppliers are required to declare their interest with any members of the Department of Defence on registration on the data bases of the procurement entities in the DOD as potential suppliers/service providers as per the SBD 4 form. This requirement is not applicable to contracts for services that are acquired through the State Information Technology Agency (SITA) and those that are procured centrally by National Treasury as on a transversal basis.

King III

62. The framework recommended by King III is principles based and there is no "*one size fits all*" solution and therefore entities (departments) are encouraged to tailor the principles as appropriate to the specific needs of the department. In this regard we need to note that, over and above the requirements already contained in the PFMA and the Treasury Regulations in relation to systems of internal financial controls, internal audit, Audit Committees, IT governance structures, Risk Management, fraud prevention and compliance strategies I believe we can also make mention of the various committees that the DOD has to monitor good governance principles.

63. The proposed GRC model to coordinate the integrated approach of governance, risk and compliance. Reference can be made to the fact that the Department has a dedicated risk management directorate and processes are in place to fill the position of a Chief Compliance Officer. Also a draft Compliance policy has been developed which is in the process of being formalised.

64. Stakeholder relationships platforms (performance information) which provide the opportunity for the general public/ tax payer to measure the performance of the Department.

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED AND NEW / PROPOSED ACTIVITIES (SERIAL 9 AND 10)

65. There were no discontinued activities/activities to be discontinued and new/ proposed activities by the Department during the 2012/13 financial year. However, the following needs to be noted for the foreseeable future:

a. The Defence Review document, that will give direction to the country's defence posture in the foreseeable future, is in the final approval phase. The Defence Review team will cease to exist once the document is approved.

b. In March 2012 Parliament passed the Military Ombud Bill and has since been assented to by the President. The Military Ombud Act, 2012 (Act No. 4 of 2012) makes provision for the establishment of an independent Office of

the Military Ombud and appointment of the Military Ombud. The structure of the Office of the Military Ombud was approved during the reporting period and is under the auspices of the Department of Defence. The Office of the Military Ombud is currently in the process of establishing the Office as an entity.

66. Take note that the promulgation of the Defence Amendment Act, 2010 (Act No. 22 of 2010), which came into operation on 15 April 2011, provided for the establishment of the Permanent Defence Force Service Commission (PDFSC). Support structures to facilitate the mandate of the PDFSC were completed during the FY2011/12.

ASSET MANAGEMENT

67. Accounting policy on Assets covers Major Assets, Biological Assets, Other Machinery and Equipment (OME) and Minor Assets.

ASSET MANAGEMENT CHALLENGES

68. Departures approved by National Treasury. National Treasury approved departures in the following areas for the 2012/13 financial year:

a. That no opening balances for computer equipment, furniture and office equipment, other machinery and equipment, biological assets, intangible capital assets and minor assets be disclosed. Instead they are disclosed in the adjustments column.

b. That only heritage assets relating to specialised military and transport assets be disclosed and the other categories be disclosed with the other asset categories.

c. Minor assets be disclosed at R1.

d. Capital components (spares) to be disclosed as inventory until an International benchmarking exercise has been carried out in conjunction with National Treasury.

SPECIALISED MILITARY ASSETS AND TRANSPORT ASSETS

69. The Department of Defence is valuing its major assets according to date of acquisition as follows:

a. Specialised Military Assets (SMA) and Transport (TPT) assets acquired before 1 April 2002 at R1.

b. SMA and TPT acquired between 1 April 2002 and 31 March 2010 at invoice value. Where the DOD couldn't find invoices, these are valued at fair value.

c. SMA and TPT acquired from 1 April 2010 to date are valued at invoice value.

OTHER MACHINERY AND EQUIPMENT (OME)

70. The Department of Defence is valuing its OME assets as follows:

a. OME acquired before 1 April 2002 valued at R1.

b. OME acquired between 1 April 2002 and 31 March 2012 valued at fair value.

c. OME acquired 1 April 2012 to 31 March 2013 valued at cost.

BIOLOGICAL ASSETS

71. Dogs are valued at R100 which is deemed to be the fair value and horses according to purchase price (cost).

MINOR ASSETS

72. Minor assets are valued at R1. The legacy systems (ledgers) utilised by the DOD to generate the asset register had to be enhanced to enable the unique identification of assets. Over and above that, a verification exercise was carried out using consultants to verify the existence of the assets. Minor assets are currently not included in the asset register.

73. The DOD will continue reporting its minor assets using the ledgers which group the items per NATO stock number.

74. For the DOD to carry out the exercise of verifying and tagging, with the intention of giving them unique numbers for identification purposes and inclusion in the asset register, it is considered that the costs would exceed the benefits. The DOD does have control over the minor assets and with the current systems the DOD is in a position to meet the reporting requirements in the Annual Financial Statements.

75. The policy on minor assets is in accordance with the approval obtained from National Treasury.

76. Establishment of Operations Centre. In order to enable the above objectives of ensuring the DOD is in a position to report on all its categories of assets, an Operations Centre had to be established. This was established under the guidance of Chief of Logistics, Lt Gen Nkonyane. The main objective was to ensure that all the information and processes required for the DOD to produce an assets register are carried out.

ASSET MANAGEMENT CHALLENGES

77. Due to the size and complex nature of the stock of assets and inventory items of the DOD, the requirement to disclose all categories of assets for the first time exacerbated by the existence of out-dated legacy information systems, complicated the DOD abilities to entirely accomplish the reporting requirements of National Treasury. Valuation, classification and completeness proved to be a challenge and will continue to the future if these systems are not replaced.

78. Of the Rm 818 items being indicated in the AG's qualification paragraph, Rm 624 is due to items being classified in the category for inventory as opposed to being classified as assets. The initial process for classification at the DOD starts with the Product System Manager, who determines the nature of the item and codification follows from the item identification. Codification must be in line with the NATO H6 in accordance with the Allied Codification Publication 1 (ACODP1) requirements. These rules are regulated by the NATO Allied Committee 135 (AC 135). In accordance with AC 135 regulations, these items are considered to be capital components.

79. An agreement has been reached between the DOD and National Treasury to perform international benchmarking and best practice research in order to make a policy decision on the classification of these items. Once the benchmarking exercise is finalised a policy decision will be made in agreement with National Treasury who are the standards setters for disclosure and classification of assets. This will determine the future classification of the capital components for the DOD which will be based on best practice of other militaries internationally.

80. Technical publications for military capabilities which are reported in the ledgers of the Department of Defence and therefore reported as inventory items, where the rest of the capital components are classified currently. These will form part of the benchmarking and best practice research to be carried out in conjunction with National Treasury.

81. Furthermore, the DOD is implementing all these amendments on various legacy systems which must be consolidated for reporting purposes. This means that a procedure that would take an advanced system a short period of time ends up taking the DOD a longer period of time and it will usually involve some element of human intervention. This is not an ideal situation and hence the DOD is currently developing a strategy for a single log system which must have minimal human intervention and can produce the required information in a short space of time.

CLASSIFICATION

82. The wide range and uniqueness of product systems within the organisation posed a serious classification challenge for the DOD. As a result the National Treasury allowed the DOD to continue with the current classification on of capital components on condition that a research study and benchmarking exercise against international best practice is carried out, jointly with National Treasury, to determine the best cause of action. Until such time that this exercise is finalised the DOD will continue to report them as inventory.

83. Library material is being reported as inventory in the current financial period due to further research that must be done wrt accurate categorization of this item. Specialised Military systems' technical publications for example do not meet the definition of library material for DOD purposes. Therefore, the DOD presently may not be fully compliant with proper classification of library material.

VALUATION OF ASSETS

84. For the first time the DOD is in a position to report in the financial statements on other machinery and equipment, biological and heritage assets. This provided a challenge regarding the valuation thereof. Some of these items were acquired and are in store for more than the required retention period of documents, some have been discontinued in the market. Therefore, to obtain values on items that have been discontinued proved to be challenging. However, the DOD managed to obtain the best values achievable with the limited resources available. The design of the legacy system added to the inability of the DOD to adequately comply with this assertion.

COMPLETENESS

85. A tagging exercise was commenced which was necessary in order to identify the major assets, with focus on other machinery and equipment, individually for inclusion in the asset register. This meant an exercise had to be carried out going to all units of the DOD to identify the items and ensure that they are tagged and therefore included in the asset register. An error rate was allowed for items that were potentially not going to be tagged and these will be catered for in the 2013/14 financial period.

86. Legacy Systems and Manual Units. The DOD has embarked on a project to phase out some of the legacy systems (UIMS and DIMS) as well as manual units to ensure that the reporting on assets is based only on the information in the OSIS/ CALMIS systems. The plan is that the project will be completed phased by 30 November 2014.

87. The current systems being utilised to report from (OSIS and CALMIS) were not developed to enable the reporting on Assets. Therefore a number of enhancements had to be carried out to ensure that the DOD is in a position to comply with the reporting framework.

88. Disposal of Other Machinery and Equipment. As mentioned above, the systems of the DOD had to be enhanced to enable the unique identification of the other OME. Further physical verification and tagging of assets had to be carried out in order to link the assets on the floor to the ones on the system. Only when these were finalised was the DOD in a position to include the other machinery and equipment in the assets register. Consequently the disclosure of the disposal of OME cannot be uniquely identified. A global figure is however made visible in the AFS but the systems did not have the unique identification

ability of the items disposed in the 2012/13 financial period. For the next financial period these will be identifiable as they are already tagged.

INVENTORY

89. Inventory is reported as an annexure to the financial statements due to the fact that the requirement does not yet exist for the inclusion in the notes to the financial statements.

EVENTS AFTER REPORTING DATE

90. The Arbitration Court made a final award against the DOD during July 2013 regarding a claim by a contractor for the cancellation of a contract. The Department is liable to pay an amount of Rm 300 interest included.

91. The Arbitration Foundation of South Africa made an award against the DOD during July 2013 regarding a claim by a contractor for the cancellation of a contract. The Department is liable to pay an amount of Rm 51 interest included.

92. Gupta: Board of Inquiry of Waterkloof landing has been finalised, however this matter is currently *sub judice*.

93. Management is not aware of any other matter or circumstance, favourable or unfavourable, arising since the end of the financial year

INFORMATION ON PRE-DETERMINED OBJECTIVES (SERIAL 14)

94. Feedback on Information on pre-determined objectives (serial 14.i to 14.iv) for FY2011/12 is as follow:

a. An interim Department of Defence Instruction (IDODI) on the "*Reporting of Performance Information Against Plan*", was developed and approved on 10 April 2012, thereby ensuring the directing, management and reporting of departmental performance information and associated activities related thereto. In addition, a formal User Requirement (UR) was developed to initiate engagements with the SITA to develop an integrated DOD Integrated Strategic Management Enabler (DOD ISME) for the Department to improve the seamless strategic planning, budgeting and reporting processes as well as the reliability of performance information.

b. The DOD Balanced Score Card (BSC) Project during the FY2012/13 was incorporated into the Governmental outcome base planning approach. This requirement by the government as outlined in the National Treasury Strategic Framework for Strategic Plan and Annual Performance Plans and National Treasury Framework for Management of Programme Performance Information was formalised through the development and approval of the DOD SPF in 2012. The DOD SPF has enabled a focus adjustment from that of BSC as a performance tool, to that of performance information management as a basis for reporting and effective decision making. The BSC, through the development of the DOD Level 0 and 1 Strategy Maps, has ensured alignment between the corporate Level 0 and 1 performance information as prescribed within the DOD SPF. The translation of the respective Strategy Maps into departmental planning instruments continues to enable performance information reporting through an electronic software enabler in conjunction with SITA. The on-going refinement and enhancing of the automated reporting system was further developed into the Performance Information Plan and this will continue over the short and medium term.

95. Feedback on Information on pre-determined objectives for FY2012/13 is as follow:

a. Process to Report and Record Performance Information. DOD performance information was collected, collated, evaluated and reported on in accordance with the IDODI pertaining to "*Reporting of Performance*

Information Against Plan". In addition to the guidelines provided by the IDODI, efforts by the DOD were undertaken in the development of performance indicator technical datasheets (definitions of the indicators) as prescribed by the National Treasury Framework on Strategic Plan and Annual Performance Plans, by the relevant functional authorities in the Department. These datasheets serve as a baseline to reporting authorities in the DOD on how performance must be calculated and reported on and are cross-referenced directly to the DOD planning instruments (APP's).

b. Comments on the Process Adopted to Achieve Pre-determined Objectives. DOD Performance results were reported quarterly in alignment with the National Treasury's Planning, Budgeting and Reporting Cycle. This is based on the DOD single source of performance information, and results are calculated in accordance with the technical datasheets. Results were also accompanied by dashboard (red, yellow and green) values as well as trend analysis to highlight potential performance shortfalls.

c. Process Planned. In order to improve the quality of DOD performance information, a DOD Performance Information (PI) Plan was developed as prescribed by the National Treasury Performance Information Handbook, April 2011. This plan outlines how the DOD plans to improve on the following:

i. The indicators used to measure DOD programme performance (PI Framework).

ii. The source data used to construct the indicators.

iii. The storage and accessibility of PI data.

iv. The use of PI in DOD decision making.

d. Reasons why Problems are still Experienced to Properly Record, Report and Measure Performance. The reasons why problems are still experienced are analysed in detail and listed as Performance Information Gaps in the DOD PI Plan. To overcome these gaps a roadmap is outlined in the PI Plan to address and improve the following:

i. DOD Performance Information (PI) Governance.

ii. DOD Mandate Analysis and linkage to PI.

iii. DOD PI Frameworks (strategy maps and sets of indicators).

iv. PI Data Sources.

v. PI software enabler(s); and

vi. PI training and capacity building.

e. Targets not substantially achieved represent 21% of total planned targets for the year under review, which is a substantial improvement from the previous financial year.

SCOPA RESOLUTIONS

96. 2009/2010 FY. The DOD has appeared before SCOPA on 1 March 2011 on its 2009/10 Annual Report and the SCOPA Resolutions were adopted on 28 June 2011 by Parliament. The DOD submitted the action plans on the 2009/10 SCOPA

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Resolutions to Parliament on 11 November 2011. Most of the recommendations by SCOPA have since been successfully implemented whilst a few (asset management, internal audit and the audit committee) are still work in progress.

97. 2010/2011 FY. The DOD was not invited to appear before SCOPA on the 2010/11 Annual Report.

98. 2011/2012 FY. The DOD was not invited to appear before SCOPA on the 2011/12 Annual Report.

99. AGSA Transversal Performance Audit on the Use of Consultants in selected National Departments. The DOD did appear before SCOPA on 26 February 2013 and has submitted a written response to SCOPA in March 2013 on questions raised during the hearing. The DOD is however still awaiting the SCOPA resolutions related to this hearing.

PRIOR MODIFICATIONS TO AUDIT REPORTS

MATTERS REPORTED ON BY THE AGSA IN THE 2011/12 FINANCIAL YEAR

GENERAL DEFENCE ACCOUNT (GDA)

2011/12 AGSA Audit Report Reference	FY first reported	Progress made in clearing/resolving the matter
Page 194, Par 20 - Strategic Planning and Performance Management. The accounting officer did not provide Parliament with the strategic plan and annual performance plan relating to the SANDF programmes at least 10 days prior to the discussion of the Department's budget vote as required by Treasury Regulation (TR) 5.2.2. The plan was subsequently tabled in Parliament on 30 March 2012.	2011/12	The SANDF Strategic Plan (2011/12 – 2015/16) and the SANDF Annual Performance Plan (2011/12) have not been tabled in Parliament on time due to an administrative error. Internal controls have since been instituted to prevent a recurrence. The timely tabling of the SANDF 2012/13 plans serve as proof that the internal controls are functioning effectively and efficiently.
Page 194, Par 21 - Human Resource Management and Compensation. Not all senior managers entered into a performance agreement for the current year as per the requirements of the Public Service Regulations (PSR) 4/III/B.1 and Department of Defence Instruction: POL and PLAN No. 00065/2002 (Edition 2) dated 1 January 2005.	2010/11	The Department of Defence implemented the following measures to enforce compliance to the submission of performance agreements on time: • Requests for submission of performance agreements and declaration of interests are issued at the beginning of each calendar year to ensure that all affected members are aware of the annual submission target dates (i.e. 30 April for Declaration of Interests and 31 May for Performance Agreements). • All HR instructions and templates have been posted on the DOD Intranet. • Notifications of outstanding performance agreements are issued to the Chiefs of Services and Divisions. • The Secretary for Defence and the Chief SANDF are informed about non-compliance by senior managers on a monthly basis as the matter is a standing agenda item on the Accountability Management Committee where CHR provides a progress report.

REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

Page 195, Par 22 - Human Resource Management and Compensation. Some employees received overtime compensation in excess of 30% of their monthly salaries, in contravention of PSR 1/V/D.2(d) and Department of Defence Instruction: POL and PLAN No. 00018/2004 (Edition 1) dated 1 November 2005.	2011/12	In order to ensure compliance, the DOD has implemented the following control measures: • A DOD Instruction was promulgated to inform Services and Divisions about the requirements for the approval of overtime exceeding 30% basic salary. • The South African Military Health Services (SAMHS) also promulgated an instruction to regulate the capturing of overtime above 30% of monthly salary. • The Persol system was enhanced to block the capturing of transactions exceeding 30% of monthly salary with effect from 01 May 2012. • A submission to obtain condonement for the overtime worked is in process to obtain the approval by the Minister of Defence and Military Veterans.
Page 195, Par 23 - Human Resource Management and Compensation. Some employees were appointed without following a proper process to verify the claims made in their applications in contravention of PSR 1/VII/D.8.	2011/12	The DOD implemented the following control measures: • An Implementation Instruction was issued by 31 October 2012 to address the process of PSAP staffing including the required supporting documents for screening purposes. • The revised Staffing policy to address the turnaround time and screening requirements has been completed and is in the formal approval process.
Page 195, Par 24 - Internal Audit. The accounting officer did not ensure that a fully operational internal audit function was in place as per the requirements of the TR. The Inspector General did perform certain compliance and other procedures which were reported to the audit committee. The Head of Internal Audit was appointed subsequent to year-end.	2009/10	The internal audit structure was developed and approved. An Internal Audit Executive was appointed and assumed duty on 2 April 2012. The DOD is busy finalizing the budget and the advertisements for the staffing of the posts on the approved structure.
Page 195, Par 25 - Annual financial Statements, Performance and Annual Report. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1)(a) of the PFMA. Material misstatements of capital assets identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	2010/11	The DOD is in final stages of updating the accounting manual for the preparation of financial statements. In the interim the Department issues an instruction under the signature of the Secretary for Defence to all Services and Divisions and meetings are held with the role players which is chaired by the CD Accounting, assigning responsibilities of what needs to be done and how, also communicating the timelines wrt the financial statements preparation. The FMD is busy restructuring to place financial managers at all Services and Divisions who will in future be responsible for the verification of the accuracy and completeness of financial statement figures. The DOD also appointed an Internal Audit Executive to ensure that audits are conducted on the feeder systems, thereby providing additional assurance and quality control to the CFO and the Accounting Officer regarding completeness and accuracy of figures submitted to AGSA for audit purposes.

Page 195, Par 26 - Procurement and Contract Management. In some instances goods and services of a transaction value above R500 000 were procured without inviting competitive bids as required by TR 16A6.1 and TR 16A6.4.	2010/11	A comprehensive review of the Supply Chain Management Policy Regime is currently in process. The review will include the DOD Instruction on procurement, all relevant procurement regulations and procurement delegations. The vetting of SLA's, contracts, etc are now done by the Legal Services Division prior to signing of procurement contracts. Bidders' details are now published on the DOD website for all requirements above R500k within 10 days after closure of the bid. ID numbers of bidders are now verified against the DOD's post establishment table. Bidders are required to use the revised SBD 4 "Declaration of Interest" document and this must be done for price quotations and bids.
Page 195, Par 27 - Procurement and Contract Management. In some instances employees of the department performed or engaged themselves to perform remunerative work outside their employment in the Department without written permission from the relevant authority as per the requirements of section 30(b) of the Public Service Act and section 52.5 (a) of the Defence Act, 2002 (Act No. 42 of 2002).	2010/11	The DOD implemented the following control measures: • Services and Divisions were requested to instruct their level 3 and 4 officers commanding to ensure that appropriate audit evidence are kept on file where approval was granted to their employees to perform remunerative work outside their employment. • The Interim Implementation Instruction to address the delegation of authority to approve additional remunerative work outside the DOD was tabled and approved at the Weekly Defence Staff Council (WDSC) on 13 May 2013. The document has been amended according to the WDSC inputs and submitted for signatures. • The interim instruction will be further developed into a DOD Policy.

FINANCIAL MISCONDUCT

100. The Auditor-General issued an enquiry regarding the following:

a. Investigations were not conducted into all allegations of financial misconduct committed by officials, as required by Treasury Regulation 4.1.1.

b. Investigations into allegations of financial misconduct against officials were not instituted within 30 days of discovery thereof, as required by Treasury Regulation 4.1.2.

c. The Minister of Defence did not conduct investigations into allegations of financial misconduct committed by the Accounting Officer, as required by Treasury Regulation 4.1.3.

d. The Minister of Defence did not ensure that disciplinary hearings were held for financial misconduct committed by a previous acting Accounting Officer, as required by Treasury Regulation 4.1.3.

101. The DOD's response was that the partial final award was delivered, on the merits, by the Arbitral Tribunal on 20 July2012. In essence the Arbitral found in favour of the Claimant (AMST System-Technik) on the following terms:

a. The Arbitral tribunal found that Respondent (DOD) repudiated the contract and that the Claimant validly cancelled the contract by letter of 1 August 2012, pursuant to Respondent's repudiation.

b. The Arbitral Tribunal found Respondent is in principle liable to pay Claimant damages and loss caused to Claimant by the repudiation and cancellation of the contract, in an amount to be determined.

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102. The Arbitration Court made a final award against the DOD during July 2013 regarding a claim by a contractor for the cancellation of a contract. The Department is liable to pay an amount of Rm 300 interest included.

103. The DOD had to await the outcome of the arbitration proceedings before any action could be taken against the officials involved in the award of the Contract. The Minister has conducted an independent investigation with regard to the circumstances under which this contract was concluded and whether any official of the Department should be held liable in this respect. This investigation must be managed by the Ministry, as the former Accounting Officer reports directly to the Minister in his capacity as the Accounting Officer of the Department of Military Veterans.

104. The Terms of Reference for the appointment of the forensic investigators has been finalised and would be forwarded to the selected service providers. The Minister, after having received the Final Report by the forensic investigators would then be able to take appropriate action against any official, if necessary.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

105. The exemption to apply General Recognised Accounting Practice (GRAP) 104 with regards to the Special Defence Account (SDA) was approved by the Minister of Finance and gazetted in the Government Gazette number 35533 dated 23 July 2012. This exemption applies to the 2012/13 financial statements.

INTERIM FINANCIAL STATEMENTS

106. Interim Financial Statements were submitted for every quarter during the year under review.

APPROVAL

107. The Annual Financial Statements set out in pages 193 to 273 have been approved by the Accounting Officer.

(DR S.M. GULUBE)
SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

Pretoria
26 September 2013

DEPARTMENT OF MILITARY VETERANS: VOTE 22
REPORT OF THE ACCOUNTING OFFICER -
for the year ended 31 March 2013

Department of Military Veterans
(Included in Vote 22)

DEPARTMENT OF MILITARY VETERANS: VOTE 22 REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

1. Introduction

1.1 The aim of the Department is to formulate policies and standards aimed at providing a comprehensive quality service delivery system to military veterans and their dependants in recognition of their role in the democratisation of South Africa.

1.2. The mandate of the Department of Military Veterans is derived from Section 7 of the Bill of Rights, the Constitution of the Republic of South Africa and the Military Veterans Act, 2011 (Act No. 18 of 2011) which prescribes "*amongst other things*" benefits that must be provided to the deserving military veterans and their dependents. There is an urgent need to provide visible rewards and due recognition to all those military veterans who sacrificed their lives and well-beings in ensuring the greater realisation of the freedom. The Department of Military Veterans has committed to ensure the provision of accelerated service delivery benefits to the military veterans and their dependents as espoused in terms of Section 5 of the Military Veterans Act, 2011 (Act No. 18 of 2011).

1.3. The Department of Military Veterans (DMV) signed undertaking with the Department of Defence (DOD) to utilise policies, procedures, information communication technology systems, bank accounts and capacity of DOD during the 2012/13 financial year. All records of transactions concluded in 2012/13 were filed in the DOD filing space. DMV was falling under the Department of Defence and Military Veterans in terms of the 2012/13 Estimates of National Expenditure with the Secretary for Defence as an Accounting Officer and Military Veterans is accounted for under Programme 1: Administration of the DOD Vote 22. It should be noted that no physical amounts were transferred from DOD to DMV in the 2012/13 financial year.

1.4. In light of the above, a resolution was made in concurrence with National Treasury and the Department of Defence that the financial affairs of the Department of Military Veterans will be accounted for under the sub-Programme Military Veterans Management within the main Administration Programme under Vote 22 of the Department of Defence and Military Veterans in 2012/13 financial year. DMV will start to operate independently as transfer payments of the Department of Defence as from 01 April 2013. DMV already have Basic Accounting System, Persal System and LOGIS supported by appropriate policies, procedures, delegations and capacity to be operationalised as from 01 April 2013.

2. General review of the state of financial affairs

2.1. Important policy decisions facing the Department

2.1.1. The Department of Military Veterans is responsible to provide Section 5 service delivery benefits in terms of Military Veterans Act, 2011 (Act No. 18 of 2011) to the deserving Military Veterans and their dependents such as education, health, housing, transport, burials, pensions, Tomb for Unknown Soldiers, honouring and memorialisation of the military veterans and other related benefits. Funds which are meant to provide these benefits are to be sufficiently allocated to the Department of Military Veterans in order for the Department to fully execute its mandate. The overall coordination and collaboration with other government departments and private sector providing the related services took place in 2012/13 by signing service level agreements with them in order to accelerate service delivery benefits to the deserving military veterans and their dependents. The Department was also faced with major financial constraints to fund the posts which were to be filled for it to function effectively. Various meetings were held with National Treasury to request additional allocation of funds in order to finance the operation of the department nationally.

2.1.2. The Department developed regulations for approval by Parliament in terms of the Military Veterans Act, 2011 (Act No. 18 of 2011) to regularise the rolling out of benefits to the deserving military veterans and their dependents. The supporting structures which are required to be established in terms of the Military Veterans Act, 2011 (Act No. 18 of 2011) such as Military Veterans Advisory Council and Military Veterans Appeal Board will be formally operationalised in 2013/14 financial year.

2.2. Significant events which have taken place during the year

2.2.1. The Department held three military veterans honouring functions during the 2012/13 financial year. The education bursaries, burials support and health care & wellness services have also been provided to deserving military veterans in terms of the ministerial approval and delegations for non-contributory aid payments in 2012/13 financial year.

2.3. Major projects undertaken or completed during the year

2.3.1. The first and second phases of a process to update personal information in the National Military Veterans' Database was initiated and completed in 2012. There are 56 505 registered military veterans in the database which are to be subjected to a means test for eligibility of the service delivery benefits as prescribed in terms of the Military Veterans Act, 2011 (Act No. 18 of 2011).

2.4. Spending trends

2.4.1. The Department of Military Veterans was falling under Vote 22: Department of Defence and Military Veterans in terms of the 2012/13 Estimates of National Expenditure with the Secretary for Defence as an Accounting Officer and Military Veterans is accounted for under Programme 1: Administration. It should be noted that no physical amounts were transferred from DOD to DMV in the 2012/13 financial year.

2.4.2. The Department of Military Veterans was allocated an original budget of R51, 2 million during 2012/13 financial year which was finally adjusted by R50, 2 million to R101, 4 million.

2.4.3. The Department of Military Veterans was not allocated funding for service delivery benefits to be rolled out as required in terms Section 5 of the Military Veterans Act, 2011 (Act No. 18 of 2011). The funding allocated was basically for the filling of critical posts and development of information technology systems, procurement of an office building, policies and procedures. However, funds were spent on military veterans honouring functions, education bursaries, health and wellness support and burials support despite no allocation having been made for these to DMV.

2.4.4. The amount of goods and services was fully spent and the balance of RM3,2 are the accruals regarding the services already received in 2012/13 financial year for which invoices were received late from the service providers.

2.4.5. The under-spending of RM1,2 under payments for capital assets was mainly due to the funds which were budgeted for the furniture and computers for the new building which could not be fully spent due to the delay on the side of the Department of Public Works to hand over the office accommodation for occupation.

2.4.6. The rollover request of unspent funds was submitted to National Treasury for these funds to be reallocated back to DMV in the 2013/14 financial year.

REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

The breakdown of budget allocated and the related expenditure are indicated in terms of the table below:

BUDGET AND EXPENDITURE REPORT AS AT 31 MARCH 2013: DMV:VOTE 22						
MILITARY VETERANS MANAGEMENT SUB-PROGRAMME TO BE REPORTED IN THE 2012/13 AFS						
GFS Items	*Actual Ext from April 12 to March 13*	*Projected Exp from April 12 to March 13*	*Original Allocated Budget 2012/13 FY*	*Increased Adjustment of budget 2012/13 FY*	*Total Adjusted Budget 2012/13 FY*	*Available balance as at 31 March 2013 (variance)*
	R'000	*R'000*	*R'000*	*R'000*	*R'000*	*R'000*
Compensation of employees	26 857	26 857	16 451	10 406	26 857	0
Goods and Services	68 634	71 864	33 031	38 833	71 864	3 230
Transfers and Subsidies	182	182	0	182	182	0
Payments of Capital Assets	1 303	2 500	1 725	775	2 500	1 197
TOTAL	**96 976**	**101 403**	**51 207**	**50 196**	**101 403**	**4 427**

2.4.7. The amount of R26, 9 million was spent on 31 permanent officials, 46 contract workers, 13 seconded officials and 14 reserve force members from the Department of Defence. Contract workers and secondments were insourced in order to increase the capacity of DMV in 2012/13 to enable it to deliver on its mandate.

2.4.8. The Department of Military Veterans has built-up the Basic Accounting System, Persal System and LOGIS supported by appropriate policies, procedures and delegations in 2012/13 financial year to deliver on its mandate with effect from the 01 April 2013.

2.5. Virements

2.5.1. The Department of Military Veterans was falling under Vote 22: Department of Defence and Military Veterans in terms of the 2012/13 Estimates of National Expenditure with the Secretary for Defence as an Accounting Officer and Military Veterans is accounted for under Programme 1: Administration. It should be noted that no physical amounts were transferred from DOD to DMV in the 2012/13 financial year. The Department of Military Veterans was allocated an original budget of R51, 2 million during 2012/13 financial year which was finally adjusted up by R50, 2 million to R101, 4 million. These amounts were appropriated under one line item in total to the Department of Military Veterans under the Administration Programme of the Department of Defence and Military Veterans: Vote 22 and therefore the allocations and adjustments of budget under the sub-Programme Military Veterans is accounted for under the Administration Programme of Vote 22 of the Defence and Military Veterans in line with Section 43 of the PFMA and Treasury Regulations Section 6.3.1 as per approval granted by the Secretary for Defence.

3. Services rendered by the Department

There were no chargeable services rendered by the Department of Military Veterans during 2012/13 financial year.

3.1. Tariffs

3.1.1. The tariffs unique to the Department of Defence and Military Veterans determined by the tariff owner and where the tariff structure is approved by National Treasury were applied where applicable. All tariffs charges for the services

rendered were accounted for in the 2012/13 Annual Financial Statements for the Department of Defence and Military Veterans. It should be noted that the Department of Military Veterans (DMV) signed undertaking with the Department of Defence (DOD) to utilise policies, procedures, information communication technology systems for DOD in 2012/13 financial year.

3.2. Free Services

3.2.1. No free services were rendered to the officials during the 2012/13 financial year.

4. Capacity constraints

4.1. The Department of Military Veterans still has the capacity constraints to operate. Only 31 posts were filled out of 169 total posts as at 31 March 2013 due to the funding constraints. Further actions are already taking place to fill other remaining critical posts to enable the Department to function effectively and deliver services to the military veterans. The challenges of capacity were experienced in 2012/13 financial year and the department has taken a route of bringing in additional capacity in order to deliver on its mandate and responsibilities.

4.2. The Department of Military Veterans was also making use of the detached members from the Navy to assist with service delivery to the military veterans. The DMV offices are not adequate to accommodate the recruited personnel and request was sent to the Department of Public Works to procure sufficient accommodation for the Department.

4.3. The contract is already signed between the Landlord, Department of Public Works and the Department of Military Veterans and refurbishment of the building is about to commence to prepare for occupation. The capacity constraints and shortage of accommodation are negatively impacting a lot on the ability of the Department to deliver on its mandates and responsibilities to the military veterans.

5. Utilisation of Donor Funds

5.1. There was no inflow or outflow of the donor funds in the Department of Military Veterans during 2012/13 financial year.

6. Trading and Public Entities

6.1. There was no registered trading or public entity operating under the control of the Department of Military Veterans in 2012/13 financial year. There were also no losses suffered as no transfer of funds took place to any trading and public entity in 2012/13 financial year.

7. Organisations to whom transfer payments have been made

7.1. There were no transfers of funds made to any organisation in 2012/13 financial year.

8. Public Private Partnership (PPP)

8.1. The Department of Military Veterans did not enter into Public Private Partnership agreement during 2012/13 financial year.

Department of Military Veterans
(Included in Vote 22)

REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

9. Corporate governance arrangements

9.1. The Department is implementing a Public Service Risk Management Framework. The risk assessment has been completed and risk register has been developed. Internal control and other risk mitigation strategies are in progress for implementation. The annual internal audit plan which is risk based was approved by a shared audit committee for Defence and Military Veterans in 2012/13 financial year.

9.2. The major risk identified relate to insufficient allocated budget to fund the filling of all critical posts, critical operational requirements and Section 5 benefits in terms of Military Veterans Act, 2011 (Act No. 18 of 2011) to be provided to the deserving military veterans. The full requirements supported by costing and motivations were submitted to National Treasury for sufficient funds to be allocated but not all funds requested have been received.

9.3. The accommodation which is insufficient to accommodate all recruited staff members is a major risk identified. The contract is already signed between the Landlord, Department of Public Works and the Department of Military Veterans and refurbishment of the building is about to commence to prepare for occupation very soon.

9.4. Audit of the Military Veterans Database

9.4.1. The reliability, accuracy and completeness of the military veterans beneficiary database information had also been identified as one of the major risks. The first and second phases of a process to update personal information in the National Military Veterans' Database was initiated and completed in 2012. There are 56 505 registered military veterans in the military veterans database which are to be subjected to a means test for eligibility of the service delivery benefits as prescribed in Section 5 of the Military Veterans Act, 2011 (Act No. 18 of 2011). The department initiated a database clean-up exercise by inviting both statutory and non-statutory military veterans to re-register and currently it is embarking on a project of verifying members of the former Non-Statutory Forces who did not integrate into the South African National Defence Force to ensure complete, reliable, verifiable and accurate database information.

9.5. The Department is complying with the Fraud Prevention policy for the Department of Defence. The Department of Military Veterans is currently sharing audit committee services with the Department of Defence. The audit committee meets at least four times a year. Action will be taken to fill the occupational health and safety personnel in 2013/14 financial year to deal with occupational health and safety issues at the work place. There were no cases of injury on duty reported in 2012/13 financial year.

9.6. All senior management personnel are expected to get approval from the Executing Authority before they engage in the remunerated work outside public service and also required to disclose their outside business interest on the yearly basis before the end of April. The senior managers have signed the code of conduct to abide by the rules and regulations governing public service in the execution of their duties. The disclosure information is coordinated by the Human Resources Management Directorate and ultimately forwarded to the Public Service Commission.

10. Discontinued activities / activities to be discontinued

10.1. There were no activities which were discontinued or to be discontinued by the Department during 2012/13 financial year.

11. New / proposed activities

11.1. The Military Veterans Act, 2011 (Act No. 18 of 2011) requires the provision of the Section 5 benefits to the deserving military veterans for which funds have not been adequately received from National Treasury in order to fully execute the mandate of the department.

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REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

12. Asset Management

12.1. The assets were procured through the procurement system of the Department of Defence (DOD) and included in the DOD Asset Register in terms of DOD Asset Management Policy. The assets were disclosed in the 2012/13 Annual Financial Statements for the Department of Defence and Military Veterans. The Department of Defence is expected to hand over the assets to the Department of Military Veterans in 2013/14 financial year by signing the handing over certificates between the two accounting officers. The assets to be handed over from the Department of Defence will then captured as additions in the LOGIS System of the Department of Military Veterans.

13. Inventories

13.1. Inventories were procured through the procurement system of the Department of Defence (DOD) and included in the DOD Inventory Register. The inventories were disclosed in the 2012/13 Annual Financial Statements for the Department of Defence and Military Veterans. The Department of Defence is expected to hand over the inventories list to the Department of Military Veterans for capturing in the LOGIS system of the Department of Military Veterans in 2013/14 financial year by signing the handing over certificates between the two accounting officers.

14. Events after the reporting date

14.1. There were no events after the reporting date.

15. Information on predetermined objectives

15.1. The 2013/14 Annual Performance Plan for the Department of Military Veterans was tabled in March 2013. The Department will also develop and finalise the policy on the reporting of the performance information in 2013/14 financial year for implementation. The quarterly performance information reports for 2012/13 financial year were presented to the Executive Authority for consideration. The meetings were regularly held to review, evaluate and monitor progress made against the achievements of planned targets and objectives included in the 2012/13 Annual Performance Plan. The management of performance information in the Department of Military Veterans was guided by the National Treasury's Framework for the Management of Performance Information. The Performance Monitoring and Evaluation Framework will be developed in 2013/14 financial year to ensure that the structured approach is applied in the monitoring and evaluation of performance information.

15.2. Department of Military Veterans has taken a direction from the Executive Authority and the Accounting Officer to improve its resources base as well as to maximise the efficient, economic and equitable accountability on the utilisation of resources. During the period under review, the following progress was made in the realisation of a dignified, unified, empowered and self-sufficient Military Veterans Community.

15.3. The strategic performance of the Department of Military Veterans for the 2012/13 financial year was mainly driven by the Executive Authorities Priorities as follows:

15.3.1. Ensuring a fully functional Department of Military Veterans with an independent vote, systems and processes.

15.3.2. Provision of immediate social relief of distress to the most vulnerable military veterans.

15.3.3. Provision, subject to availability of resources, comprehensive support services to military veterans and where applicable, to their dependents.

15.3.4. Promotion of empowerment programmes for the military veterans.

15.3.5. Promotion of heritage of military veterans, memorialisation and honouring of military veterans.

15.3.6. Maintenance of a credible and secured national military veteran's database.

15.3.7. Implementation of a high impact communication and marketing strategy and plan.

15.4. The Department of Military Veterans finalised legal instruments in 2012/13 financial year to inform infrastructure development that underpins quality service delivery to military Veterans with the State Information Technology Agency (SITA) and the Department of Public Works (DPW). The aforementioned legal instruments will guide the implementation of the transversal systems, speed-up the allocation of office accommodation and other property management services required by the Department of Military Veterans. This achievement will enable DMV to build up its strength towards the allocation of an independent vote. The budget of the department has also been increased to R1, 3 billion over the medium term period in order to fund the delivery of benefits to military veterans in line with Section 5 of the Military Veterans Act, 2011 (Act No. 18 of 2011).

15.5. DMV initiated a process to develop systems that will form the basis of empowerment programs for military veterans in 2012/13 financial year. A comprehensive military veterans empowerment strategy was developed which provides a comprehensive framework and a basis for skilling and empowerment of military veterans.

15.6. DMV developed the Memoranda of Understanding (MOUs) with the Departments of Water Affairs and Environmental Affairs in 2012/13 financial year for the provision of jobs for military veterans in selected work areas in these departments. Whilst the MOUs are being finalised for approval, an interim process is underway to provide about 700 job opportunities to military veterans. The process is also underway to identify and ensure placements of military veterans in these projects in consultations with their representatives.

15.7. DMV concluded a Memoranda of Understanding (MOU) with the Department of Rural Development and Land Reform in 2012/13 financial year which will also include business opportunities for military veterans. DMV and the Department of Rural Development and Land Reform will facilitate access of military veterans to various opportunities that are provided by Rural Development Programs including, the Rural Enterprise, Infrastructure Development Program and Land Acquisition & Recapitalisation Program. In addition, the Department of Rural Development and Land Reform has undertaken to utilise military veterans skills in the implementation of these programs, especially unemployed military veterans.

15.8. The three military veterans honouring functions were held during 2012/13 financial year to acknowledge the contributions that the military veterans had made in the realisation of our democracy and freedom.

16. SCOPA resolutions

16.1. There are no outstanding SCOPA resolutions for the Department of Military Veterans.

17. Prior modification of audit reports

17.1. There was no audit performed on the Department of Military Veterans by the Auditor-General South Africa during 2012/13 and previous years as financial affairs of the DMV were audited as part of the Annual Financial Statements of DOD.

Department of Military Veterans
(Included in Vote 22)

REPORT OF THE ACCOUNTING OFFICER - for the year ended 31 March 2013

18. Exemptions and deviations received from National Treasury

18.1. There were no exemptions and deviations received from National Treasury.

18.2. Resolution which was made between the Department of Military Veterans, Department of Defence and National Treasury on the 22 March 2013.

18.2.1. A resolution was made in concurrence with National Treasury and the Department of Defence that the financial affairs of the Department of Military Veterans will be accounted for under the sub-Programme Military Veterans Management within the main Administration Programme under Vote 22 of the Department of Defence and Military Veterans in 2012/13 financial year. DMV will start to operate independently as transfer payments of the Department of Defence as from 01 April 2013. DMV already have Basic Accounting System, Persal System and LOGIS supported by appropriate policies, procedures, delegations and capacity to be operationalised as from 01 April 2013.

19. Performance bonuses payments

19.1. The Department of Military Veterans did not pay any performance bonuses to employees in 2012/13 financial year.

(T.E. MOTUMI)
ACCOUNTING OFFICER: DEPARTMENT OF MILITARY VETERANS

26 September 2013

Department of Defence and Military Veterans
Vote 22

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE No. 22: DEPARTMENT OF DEFENCE AND MILITARY VETERANS for the year ended 31 March 2013

Introduction

1. I have audited the financial statements of the Department of Defence and Military Veterans set out on pages 193 to 251, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the 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 the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. 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.

4. 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 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.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified audit opinion

Movable tangible capital assets

6. The department did not disclose all movable tangible capital assets in accordance with the Departmental Financial Reporting Framework prescribed by National Treasury. Consequently movable tangible capital assets as disclosed in disclosure note 33 to the annual financial statements are understated by approximately R818 million.

Department of Defence and Military Veterans
Vote 22

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE AND MILITARY VETERANS for the year ended 31 March 2013

Intangible capital assets

7. I was unable to obtain sufficient appropriate audit evidence that all intangible assets, as disclosed in note 34 to the annual financial statements, were disclosed in accordance with the Departmental Financial Reporting Framework prescribed by National Treasury. I was also not able to perform alternative audit procedures due to non-compliance with the framework and the lack of internal controls. Consequently I could not determine the extent of the misstatement.

Qualified opinion

8. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements have been prepared, in all material respects, to reflect the financial position of the Department of Defence and Military Veterans as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting as set out in note 1 to the financial statements and the requirements of the PFMA.

Emphasis of matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Financial reporting framework

10. As disclosed in note 33 to the financial statements, the National Treasury has granted the department departures from the Departmental Financial Reporting Framework. In terms of these departures, the Department is not required to disclose opening balances for computer equipment, furniture and office equipment, other machinery and equipment, biological assets, intangible capital assets and minor assets. The departures granted further provide that only certain categories of heritage assets can be included in the asset register and minor assets be valued at R1. These departures are set out in the accounting policy note.

Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

12. The supplementary information set out on pages 252 to 273 does not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion thereon.

Financial reporting framework

13. The financial reporting framework prescribed by the National Treasury and applied by the Department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "*present fairly*". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

Department of Defence and Military Veterans
Vote 22

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE AND MILITARY VETERANS for the year ended 31 March 2013

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 22 to 97 of the annual report.

16. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information (FMPPI)*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

17. There were no material findings on the annual performance report concerning the usefulness of the information. The material findings on reliability are as follows:

Reliability of information

18. The *FMPPI* requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented for significantly important targets with respect to the Force Employment Programme.

This was due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the programme as a result of inadequate internal control and record keeping.

Additional matters

19. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

20. Of the total number of 247 targets planned for the year, 51 of the targets were not substantially achieved during the

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE AND MILITARY VETERANS for the year ended 31 March 2013

year under review. These 51 targets not substantially achieved represent 21% of total planned targets for the year under review. This was mainly due to budget constraints.

Material adjustments to the annual performance report

21. Material misstatements were identified in the annual performance report submitted for audit purposes on 31 May 2013. Some of the material misstatements identified were corrected by management and those not recorded have been reported on accordingly.

Compliance with laws and regulations

22. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Internal audit

23. The accounting officer did not ensure that an operational internal audit function was in place as required by the Treasury Regulations 3.2.2. A structure and budget has been approved for the 2013/2014 financial year and the process of advertising and filling positions has begun subsequent to year end.

Audit committee

24. The audit committee was not constituted as required by section 77(a) of the PFMA as the audit committee did not consist of at least three persons. Three external members have been appointed subsequent to year end.

Human resource management and compensation

25. Some employees were appointed without following a proper process to verify the information in their applications, in contravention of PSR 1/VII/D.8.

Transfer of funds

26. The accounting officer transferred funds to entities without obtaining written assurance that the entity implements effective, efficient and transparent financial management and internal control systems, as required by section 38(1)(j) of the PFMA.

Financial statements, performance and annual report

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA.

28. Material misstatements identified by the auditors in the submitted financial statements and performance report were subsequently corrected and the supporting records were provided. However, the uncorrected material misstate-

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE AND MILITARY VETERANS for the year ended 31 March 2013

ments and related supporting records that could not be provided resulted in a qualified audit opinion on the financial statements.

Expenditure management

29. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.

Procurement and contract management

30. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

31. Contracts and quotations were awarded to suppliers whose tax clearance certificates from the South African Revenue Services had not been submitted as required by Treasury Regulation 16A9.1(d) and the Preferential Procurement Regulations.

32. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulations 16A6.3(b).

33. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or related to any person employed by the state/department and who may be involved with the evaluation and/or adjudication of bids.

Internal control

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

35. The department did not exercise sufficient oversight responsibility regarding financial reporting over capital assets, reliability of performance information, compliance and related internal controls. The department did not have sufficient monitoring controls over the overall process of reporting, and regular reviewing of information to ensure the accuracy and completeness of financial and performance information.

36. Management did not always have approved updated policies and procedures to guide management at the lower levels to ensure compliance with National Treasury disclosure requirements and the *FMPPI*.

Department of Defence and Military Veterans
Vote 22

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE AND MILITARY VETERANS for the year ended 31 March 2013

Financial and performance management

37. Existing manual and automated controls were not designed to ensure adequate record keeping to support accurate and complete financial reporting on assets and reliability of performance reporting which is accessible and available, as required by National Treasury.

Governance

38. The department is still in the process of capacitating the internal audit component.

OTHER REPORTS

Performance audits

39. The performance audit on the use of consultants was completed and the report was tabled in Parliament on 24 January 2013. The report covered the period April 2008 to March 2011.

Auditor - General

Pretoria
26 September 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Department of Defence and Military Veterans
Vote 22

ACCOUNTING POLICIES
for the year ended 31 March 2013

The Annual 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, 1999 (Act No. 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 a 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.

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 are 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.

ACCOUNTING POLICIES
for the year ended 31 March 2013

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 of 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 of each year).

No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National 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.

ACCOUNTING POLICIES
for the year ended 31 March 2013

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 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 consist of cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

ACCOUNTING POLICIES
for the year ended 31 March 2013

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.

ACCOUNTING POLICIES
for the year ended 31 March 2013

4.8 Capital assets

National Treasury has approved departures in the 2012/13 financial year as follows:

a. No opening balances for computer equipment, furniture and office equipment, other machinery and equipment, biological assets, intangible assets and minor assets will be disclosed.

b. Only heritage assets relating to specialised military and transport assets will be disclosed and the other categories will be disclosed with the other asset categories.

c. Minor assets will be disclosed at R1.

d. Capital components (spares) are to be disclosed as inventory.

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.

Capital components (spares) are to be disclosed as "*inventory*" until an international benchmarking exercise has been carried out jointly between the DOD and National Treasury.

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.

National Treasury has approved a departure on the disclosure of minor assets allowing the DOD to value these at R1. This includes library material which are minor assets.

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.

National Treasury has approved a departure on the disclosure of minor assets allowing the DOD to value these at R1.

Repairs and maintenance is expensed as current "*goods and services*" in the statement of financial performance.

4.8.3 **Intangible assets**

Initial recognition
An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 are included in the asset register at R1.

Subsequent expenditure
Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "*expenditure for capital asset*" and is capitalised in the asset register of the department.

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 Department.

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.

ACCOUNTING POLICIES
for the year ended 31 March 2013

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 year-end. 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/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.

8. Related party transactions

Specific information with regard 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
Vote 22

ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF DEFENCE AND MILITARY VETERANS for the year ended 31 March 2013

APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per Programme

		2012/13							2011/12	
	Programme	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
1.	**Administration**									
	Current payment	3 708 264	-	(134 984)	3 573 280	3 573 280	-	100.0%	3 669 353	3 652 874
	Transfers and subsidies	93 242	-	47 175	140 417	134 796	5 621	96.0%	34 012	32 841
	Payment for capital assets	19 148	-	19 185	38 333	38 333	-	100.0%	34 017	34 017
	Payment for financial assets	-	-	35 152	35 152	35 152	-	100.0%	27 386	27 386
		3 820 654	**-**	**(33 472)**	**3 787 182**	**3 781 561**	**5 621**		**3 764 768**	**3 747 118**
2.	**Force Employment**									
	Current payment	2 503 963	-	(91 230)	2 412 733	2 404 943	7 790	99.7%	2 037 234	2 037 234
	Transfers and subsidies	169 570	-	(3 467)	166 103	166 103	-	100.0%	202 787	202 787
	Payment for capital assets	74 662	-	149 691	224 353	209 809	14 544	93.5%	118 484	118 484
	Payment for financial assets	-	-	123	123	123	-	100.0%	10	10
		2 748 195	**-**	**55 117**	**2 803 312**	**2 780 978**	**22 334**		**2 358 515**	**2 358 515**
3.	**Landward Defence**									
	Current payment	9 911 213	-	(148 735)	9 762 478	9 762 478	-	100.0%	8 867 194	8 867 194
	Transfers and subsidies	2 056 909	-	(11 427)	2 045 482	2 045 482	-	100.0%	1 795 945	1 795 945
	Payment for capital assets	345 621	-	211 470	557 091	557 091	-	100.0%	295 063	295 063
	Payment for financial assets	-	-	2 871	2 871	2 871	-	100.0%	3 991	3 991
		12 313 743	**-**	**54 179**	**12 367 922**	**12 367 922**	**-**		**10 962 193**	**10 962 193**
4.	**Air Defence**									
	Current payment	5 316 338	-	(188 685)	5 127 653	5 127 653	-	100.0%	4 599 263	4 599 263
	Transfers and subsidies	1 781 950	-	(956)	1 780 994	1 780 994	-	100.0%	1 869 640	1 869 640
	Payment for capital assets	20 432	-	144 950	165 382	165 382	-	100.0%	58 414	58 414
	Payment for financial assets	-	-	915	915	915	-	100.0%	425	425
		7 118 720	**-**	**(43 776)**	**7 074 944**	**7 074 944**	**-**		**6 527 742**	**6 527 742**
5.	**Maritime Defence**									
	Current payment	2 467 783	-	(54 345)	2 413 438	2 413 438	-	100.0%	2 095 632	2 095 632
	Transfers and subsidies	361 164	-	56 055	417 219	417 219	-	100.0%	443 590	443 590
	Payment for capital assets	33 305	-	30 560	63 865	63 865	-	100.0%	35 240	35 240
	Payment for financial assets	-	-	422	422	422	-	100.0%	252	252
		2 862 252	**-**	**32 692**	**2 894 944**	**2 894 944**	**-**		**2 574 714**	**2 574 714**

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Programme	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
6.	**Military Health Suppport**									
	Current payment	3 477 763	-	(117 156)	3 360 607	3 360 607	-	100.0%	3 292 936	3 292 936
	Transfers and subsidies	17 129	-	(2 453)	14 676	14 676	-	100.0%	16 326	16 326
	Payment for capital assets	1 562	-	81 638	83 200	83 200	-	100.0%	89 278	89 278
	Payment for financial assets	-	-	1 433	1 433	1 433	-	100.0%	1 556	1 556
		3 496 454	**-**	**(36 538)**	**3 459 916**	**3 459 916**	**-**		**3 400 096**	**3 400 096**
7.	**Defence Intelligence**									
	Current payment	283 319	-	(7 743)	275 576	275 576	-	100.0%	239 947	239 947
	Transfers and subsidies	425 387	-	(788)	424 599	424 599	-	100.0%	409 345	409 345
	Payment for capital assets	3 441	-	1 348	4 789	4 789	-	100.0%	3 719	3 719
	Payment for financial assets	-	-	87	87	87	-	100.0%	102	102
		712 147	**-**	**(7 096)**	**705 051**	**705 051**	**-**		**653 113**	**653 113**
8.	**General Support**									
	Current payment	3 362 554	-	(695 595)	2 666 959	2 666 646	313	100.0%	2 452 366	2 452 366
	Transfers and subsidies	1 173 547	-	(54 004)	1 119 543	1 119 543	-	100.0%	1 107 368	1 107 368
	Payment for capital assets	132 178	-	623 092	755 270	755 270	-	100.0%	343 276	343 276
	Payment for financial assets	148 098	-	105 401	253 499	95 443	158 056	37.7%	204 936	204 936
		4 816 377	**-**	**(21 106)**	**4 795 271**	**4 636 902**	**158 369**		**4 107 946**	**4 107 946**
	Total	**37 888 542**	**-**	**-**	**37 888 542**	**37 702 218**	**186 324**	**99.5%**	**34 349 087**	**34 331 437**
Reconciliation with Statement of Financial Performance										
Add: Departmental receipts					1 044 487				4 269 010	
Actual amounts per Statement of Financial Performance (Total Revenue)					**38 933 029**				**38 618 097**	
Actual amounts per Statement of Financial Performance Expenditure						**37 702 218**				**34 331 437**

APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
	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	19 346 063	-	342 336	19 688 399	19 688 399	-	100.0%	17 577 366	17 568 980
Goods and services	11 685 134	-	(1 780 809)	9 904 325	9 896 222	8 103	99.9%	9 676 559	9 668 466
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	4 966 133	-	-	4 966 133	4 960 512	5 621	99.9%	4 879 109	4 877 938
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	974 932	-	53 768	1 028 700	1 028 700	-	100.0%	890 749	890 749
Non-profit institutions	6 213	-	752	6 965	6 965	-	100.0%	6 317	6 317
Households	131 620	-	(24 386)	107 234	107 234	-	100.0%	102 838	102 838
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payments for capital assets									
Buildings & other fixed structures	111 110	-	577 164	688 274	685 274	3 000	99.6%	279 685	279 685
Machinery & equipment	468 644	-	705 686	1 174 330	1 162 786	11 544	99.0%	697 108	697 108
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	49 546	-	(26 904)	22 642	22 642	-	100.0%	-	-
Biological assets	-	-	4 050	4 050	4 050	-	100.0%	622	622
Land & subsoil assets	-	-	-	-	-	-	100.0%	-	-
Software & other intangible assets	1 049	-	1 939	2 988	2 988	-	100.0%	76	76
Payment for financial assets	148 098	-	146 404	294 502	136 446	158 056	46.3%	238 658	238 658
Total	**37 888 542**	**-**	**-**	**37 888 542**	**37 702 218**	**186 324**	**99.5%**	**34 349 087**	**34 331 437**

DETAIL PER PROGRAMME 1 - ADMINISTRATION
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
1.1	**Ministry**									
	Current payment	76 417	-	12 863	89 280	89 280	-	100.0%	121 807	121 807
	Transfers and subsidies	1 388	-	(336)	1 052	1 052	-	100.0%	-	-
	Payment for capital assets	697	-	1 117	1 814	1 814	-	100.0%	515	515
	Payment for financial assets	-	-	1 164	1 164	1 164	-	100.0%	1 904	1 904
1.2	**Departmental Direction**									
	Current payment	56 800	-	(8 578)	48 222	48 222	-	100.0%	39 580	39 580
	Transfers and subsidies	306	-	(137)	169	169	-	100.0%	44	44
	Payment for capital assets	571	-	413	984	984	-	100.0%	443	443
	Payment for financial assets	-	-	118	118	118	-	100.0%	-	-
1.3	**Policy and Planning**									
	Current payment	91 530	-	(4 521)	87 009	87 009	-	100.0%	73 299	73 299
	Transfers and subsidies	6 803	-	478	7 281	7 281	-	100.0%	7 936	7 936
	Payment for capital assets	609	-	(109)	500	500	-	100.0%	323	323
	Payment for financial assets	-	-	4	4	4	-	100.0%	50	50
1.4	**Financial Services**									
	Current payment	279 426	-	(19 992)	259 434	259 434	-	100.0%	262 238	262 238
	Transfers and subsidies	3 123	-	(745)	2 378	2 378	-	100.0%	155	155
	Payment for capital assets	3 000	-	9 600	12 600	12 600	-	100.0%	1 445	1 445
	Payment for financial assets	-	-	2 192	2 192	2 192	-	100.0%	420	420
1.5	**Human Resources Support Services**									
	Current payment	592 854	-	(20 878)	571 976	571 976	-	100.0%	533 842	533 842
	Transfers and subsidies	26 386	-	(2 664)	23 722	22 528	1 194	95.0%	23 485	22 314
	Payment for capital assets	4 105	-	7 127	11 232	11 232	-	100.0%	11 302	11 302
	Payment for financial assets	-	-	2 839	2 839	2 839	-	100.0%	10 612	10 612

DETAIL PER PROGRAMME 1 - ADMINISTRATION (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
1.6	**Legal Services**									
	Current payment	196 507	-	(12 243)	184 264	184 264	-	100.0%	155 125	155 125
	Transfers and subsidies	558	-	1 906	2 464	2 464	-	100.0%	897	897
	Payment for capital assets	4 022	-	975	4 997	4 997	-	100.0%	2 081	2 081
	Payment for financial assets	-	-	16 666	16 666	16 666	-	100.0%	10 544	10 544
1.7	**Inspection Services**									
	Current payment	76 765	-	(3 420)	73 345	73 345	-	100.0%	66 766	66 766
	Transfers and subsidies	487	-	18	505	505	-	100.0%	732	732
	Payment for capital assets	1 584	-	(712)	872	872	-	100.0%	1 028	1 028
	Payment for financial assets	-	-	20	20	20	-	100.0%	-	-
1.8	**Acquisition Services**									
	Current payment	45 336	-	(1 980)	43 356	43 356	-	100.0%	42 737	42 737
	Transfers and subsidies	-	-	39	39	39	-	100.0%	365	365
	Payment for capital assets	192	-	66	258	258	-	100.0%	1 114	1 114
	Payment for financial assets	-	-	10 621	10 621	10 621	-	100.0%	3 688	3 688
1.9	**Communication Services**									
	Current payment	29 858	-	1 687	31 545	31 545	-	100.0%	28 861	28 861
	Transfers and subsidies	198	-	(164)	34	34	-	100.0%	3	3
	Payment for capital assets	26	-	1 040	1 066	1 066	-	100.0%	1 063	1 063
	Payment for financial assets	-	-	1	1	1	-	100.0%	-	-
1.10	**South African National Defence Force Command And Control**									
	Current payment	150 222	-	258	150 480	150 480	-	100.0%	102 713	102 713
	Transfers and subsidies	906	-	(665)	241	241	-	100.0%	167	167
	Payment for capital assets	456	-	1 734	2 190	2 190	-	100.0%	4 850	4 850
	Payment for financial assets	-	-	-	-	-	-	0.0%	50	50

DETAIL PER PROGRAMME 1 - ADMINISTRATION
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
1.11	**Religious Services**									
	Current payment	10 026	-	(731)	9 295	9 295	-	100.0%	9 493	9 493
	Transfers and subsidies	1 130	-	(1)	1 129	1 129	-	100.0%	65	65
	Payment for capital assets	592	-	321	913	913	-	100.0%	113	113
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
1.12	**Defence Reserve Direction**									
	Current payment	21 273	-	(3 931)	17 342	17 342	-	100.0%	16 128	16 128
	Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
	Payment for capital assets	233	-	(73)	160	160	-	100.0%	768	768
	Payment for financial assets	-	-	7	7	7	-	100.0%	4	4
1.13	**Defence Foreign Relations**									
	Current payment	195 849	-	(46 274)	149 575	149 575	-	100.0%	152 970	152 970
	Transfers and subsidies	554	-	(554)	-	-	-	0.0%	163	163
	Payment for capital assets	3 061	-	(2 314)	747	747	-	100.0%	6 498	6 498
	Payment for financial assets	-	-	115	115	115	-	100.0%	114	114
1.14	**Office Accommodation**									
	Current payment	1 885 401	-	(27 244)	1 858 157	1 858 157	-	100.0%	2 020 900	2 020 900
	Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
	Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
	Payment for financial assets	-	-	1 405	1 405	1 405	-	100.0%	-	-
1.15	**Military Veterans Management**									
	Current payment	-	-	-	-	-	-	0.0%	42 894	26 415
	Transfers and subsidies	51 403	-	50 000	101 403	96 976	4 427	95.6%	-	-
	Payment for capital assets	-	-	-	-	-	-	0.0%	2 474	2 474
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
	Total	**3 820 654**	**-**	**(33 472)**	**3 787 182**	**3 781 561**	**5 621**	**99.9%**	**3 764 768**	**3 747 118**

DETAIL PER PROGRAMME 1 - ADMINISTRATION (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 1 Per Economic classification	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	1 320 377	-	(45 861)	1 274 516	1 274 516	-	100.0%	1 187 342	1 178 956
Goods and services	2 387 887	-	(89 123)	2 298 764	2 298 764	-	100.0%	2 482 011	2 473 918
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	69 759	-	50 000	119 759	114 138	5 621	95.3%	16 452	15 281
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	6 213	-	-	6 213	6 213	-	100.0%	5 917	5 917
Households	17 270	-	(2 825)	14 445	14 445	-	100.0%	11 643	11 643
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	-	-	42	42	42	-	100.0%	22	22
Machinery & equipment	19 133	-	19 158	38 291	38 291	-	100.0%	33 995	33 995
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	15	-	(15)	-	-	-	0.0%	-	-
Payment for financial assets	-	-	35 152	35 152	35 152	-	100.0%	27 386	27 386
Total	**3 820 654**	**-**	**(33 472)**	**3 787 182**	**3 781 561**	**5 621**	**99.9%**	**3 764 768**	**3 747 118**

DETAIL PER PROGRAMME 2 - FORCE EMPLOYMENT
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
2.1	**Strategic Direction**									
	Current payment	105 079	-	(8 492)	96 587	96 587	-	100.0%	88 003	88 003
	Transfers and subsidies	2 386	-	(1 761)	625	625	-	100.0%	99	99
	Payment for capital assets	2 888	-	209	3 097	3 097	-	100.0%	4 444	4 444
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
2.2	**Operational Direction**									
	Current payment	222 664	-	18 589	241 253	241 253	-	100.0%	223 640	223 640
	Transfers and subsidies	1 097	-	(833)	264	264	-	100.0%	2 097	2 097
	Payment for capital assets	12 505	-	4 026	16 531	16 531	-	100.0%	10 732	10 732
	Payment for financial assets	-	-	68	68	68	-	100.0%	6	6
2.3	**Special Operation**									
	Current payment	434 451	-	(12 440)	422 011	422 011	-	100.0%	395 566	395 566
	Transfers and subsidies	153 500	-	(873)	152 627	152 627	-	100.0%	156 918	156 918
	Payment for capital assets	17 120	-	13 154	30 274	30 274	-	100.0%	23 572	23 572
	Payment for financial assets	-	-	55	55	55	-	100.0%	4	4
2.4	**Regional Security**									
	Current payment	1 158 839	-	(13 900)	1 144 939	1 137 326	7 613	99.3%	984 605	984 605
	Transfers and subsidies	-	-	-	-	-	-	0.0%	32 000	32 000
	Payment for capital assets	16 292	-	(1 484)	14 808	10 151	4 657	68.6%	17 164	17 164
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
2.5	**Support To The People**									
	Current payment	577 135	-	(71 201)	505 934	505 757	177	100.0%	339 316	339 316
	Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
	Payment for capital assets	21 893	-	135 054	156 947	147 060	9 887	93.7%	59 856	59 856
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-

DETAIL PER PROGRAMME 2 - FORCE EMPLOYMENT (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
2.6	**Defence Capability Management**									
	Current payment	5 795	-	(3 786)	2 009	2 009	-	100.0%	6 104	6 104
	Transfers and subsidies	12 587	-	-	12 587	12 587	-	100.0%	11 673	11 673
	Payment for capital assets	3 964	-	(1 268)	2 696	2 696	-	100.0%	2 716	2 716
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
	Total	**2 748 195**	**-**	**55 117**	**2 803 312**	**2 780 978**	**22 334**	**99.2%**	**2 358 515**	**2 358 515**

DETAIL PER PROGRAMME 2 - FORCE EMPLOYMENT (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 2 Per Economic classification	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	1 372 927	-	110 062	1 482 989	1 482 989	-	100.0%	1 184 008	1 184 008
Goods and services	1 131 036	-	(201 292)	929 744	921 954	7 790	99.2%	853 226	853 226
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	150 582	-	-	150 582	150 582	-	100.0%	186 867	186 867
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	12 587	-	-	12 587	12 587	-	100.0%	11 673	11 673
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	6 401	-	(3 467)	2 934	2 934	-	100.0%	4 247	4 247
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	1 797	-	40 976	42 773	39 773	3 000	93.0%	3 157	3 157
Machinery & equipment	69 667	-	111 861	181 528	169 984	11 544	93.6%	115 327	115 327
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	3 198	-	(3 146)	52	52	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	123	123	123	-	100.0%	10	10
Total	**2 748 195**	**-**	**55 117**	**2 803 312**	**2 780 978**	**22 334**	**99.2%**	**2 358 515**	**2 358 515**

DETAIL PER PROGRAMME 3 - LANDWARD DEFENCE
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
3.1	**Strategic Direction**									
	Current payment	256 770	-	103 202	359 972	359 972	-	100.0%	315 253	315 253
	Transfers and subsidies	7 248	-	1 698	8 946	8 946	-	100.0%	6 775	6 775
	Payment for capital assets	156	-	2 815	2 971	2 971	-	100.0%	29 392	29 392
	Payment for financial assets	-	-	125	125	125	-	100.0%	18	18
3.2	**Infantry Capability**									
	Current payment	3 357 479	-	133 564	3 491 043	3 491 043	-	100.0%	3 082 276	3 082 276
	Transfers and subsidies	300 022	-	(1 703)	298 319	298 319	-	100.0%	270 967	270 967
	Payment for capital assets	2 423	-	34 016	36 439	36 439	-	100.0%	5 310	5 310
	Payment for financial assets	-	-	518	518	518	-	100.0%	2 269	2 269
3.3	**Armour Capability**									
	Current payment	327 063	-	10 334	337 397	337 397	-	100.0%	302 436	302 436
	Transfers and subsidies	9 624	-	(972)	8 652	8 652	-	100.0%	3 124	3 124
	Payment for capital assets	458	-	174	632	632	-	100.0%	170	170
	Payment for financial assets	-	-	79	79	79	-	100.0%	66	66
3.4	**Artillery Capability**									
	Current payment	341 536	-	(13 400)	328 136	328 136	-	100.0%	303 568	303 568
	Transfers and subsidies	154 832	-	(2 048)	152 784	152 784	-	100.0%	70 822	70 822
	Payment for capital assets	173	-	290	463	463	-	100.0%	291	291
	Payment for financial assets	-	-	78	78	78	-	100.0%	212	212
3.5	**Air Defence Artillery Capability**									
	Current payment	244 305	-	(1 252)	243 053	243 053	-	100.0%	213 916	213 916
	Transfers and subsidies	347 771	-	(721)	347 050	347 050	-	100.0%	163 421	163 421
	Payment for capital assets	563	-	223	786	786	-	100.0%	625	625
	Payment for financial assets	-	-	14	14	14	-	100.0%	47	47

DETAIL PER PROGRAMME 3 - LANDWARD DEFENCE (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
3.6	**Engineering Capability**									
	Current payment	544 965	-	13 477	558 442	558 442	-	100.0%	506 025	506 025
	Transfers and subsidies	3 683	-	(1 263)	2 420	2 420	-	100.0%	2 052	2 052
	Payment for capital assets	1 047	-	1 877	2 924	2 924	-	100.0%	862	862
	Payment for financial assets	-	-	261	261	261	-	100.0%	15	15
3.7	**Operational Intelligence**									
	Current payment	158 057	-	(3 669)	154 388	154 388	-	100.0%	154 758	154 758
	Transfers and subsidies	81 315	-	(2 175)	79 140	79 140	-	100.0%	23 787	23 787
	Payment for capital assets	52	-	269	321	321	-	100.0%	105	105
	Payment for financial assets	-	-	86	86	86	-	100.0%	4	4
3.8	**Command and Control Capability**									
	Current payment	161 985	-	(4 255)	157 730	157 730	-	100.0%	140 350	140 350
	Transfers and subsidies	-	-	119	119	119	-	100.0%	87	87
	Payment for capital assets	190	-	621	811	811	-	100.0%	375	375
	Payment for financial assets	-	-	46	46	46	-	100.0%	149	149
3.9	**Support Capability**									
	Current payment	3 183 384	-	(345 643)	2 837 741	2 837 741	-	100.0%	2 678 499	2 678 499
	Transfers and subsidies	1 149 345	-	(3 367)	1 145 978	1 145 978	-	100.0%	1 251 181	1 251 181
	Payment for capital assets	333 354	-	97 434	430 788	430 788	-	100.0%	246 079	246 079
	Payment for financial assets	-	-	978	978	978	-	100.0%	952	952
3.10	**General Training Capability**									
	Current payment	400 864	-	(59 200)	341 664	341 664	-	100.0%	317 993	317 993
	Transfers and subsidies	504	-	(152)	352	352	-	100.0%	1 007	1 007
	Payment for capital assets	4 017	-	1 106	5 123	5 123	-	100.0%	4 082	4 082
	Payment for financial assets	-	-	505	505	505	-	100.0%	172	172

DETAIL PER PROGRAMME 3 - LANDWARD DEFENCE (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
3.11	**Signal Capability**									
	Current payment	934 805	-	18 107	952 912	952 912	-	100.0%	852 120	852 120
	Transfers and subsidies	2 565	-	(843)	1 722	1 722	-	100.0%	2 722	2 722
	Payment for capital assets	3 188	-	72 645	75 833	75 833	-	100.0%	7 772	7 772
	Payment for financial assets	-	-	181	181	181	-	100.0%	87	87
	Total	12 313 743	-	54 179	12 367 922	12 367 922	-	100.0%	10 962 193	10 962 193

DETAIL PER PROGRAMME 3 - LANDWARD DEFENCE (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 3 Per Economic classification	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	8 259 505	-	127 813	8 387 318	8 387 318	-	100.0%	7 538 029	7 538 029
Goods and services	1 651 708	-	(276 548)	1 375 160	1 375 160	-	100.0%	1 329 165	1 329 165
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	1 955 279	-	-	1 955 279	1 955 279	-	100.0%	1 710 674	1 710 674
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	53 617	-	-	53 617	53 617	-	100.0%	51 295	51 295
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	48 013	-	(11 427)	36 586	36 586	-	100.0%	33 976	33 976
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	131	-	836	967	967	-	100.0%	1 830	1 830
Machinery & equipment	318 465	-	212 998	531 463	531 463	-	100.0%	292 652	292 652
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	27 000	-	(6 426)	20 574	20 574	-	100.0%	-	-
Biological assets	-	-	4 039	4 039	4 039	-	100.0%	581	581
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	25	-	23	48	48	-	100.0%	-	-
Payment for financial assets	-	-	2 871	2 871	2 871	-	100.0%	3 991	3 991
Total	**12 313 743**	**-**	**54 179**	**12 367 922**	**12 367 922**	**-**	**100.0%**	**10 962 193**	**10 962 193**

DETAIL PER PROGRAMME 4 - AIR DEFENCE
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
4.1	**Strategic Direction**									
	Current payment	16 493	-	1 756	18 249	18 249	-	100.0%	13 866	13 866
	Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
	Payment for capital assets	-	-	1 254	1 254	1 254	-	100.0%	381	381
	Payment for financial assets	-	-	116	116	116	-	100.0%	-	-
4.2	**Operational Direction**									
	Current payment	219 700	-	12 491	232 191	232 191	-	100.0%	206 372	206 372
	Transfers and subsidies	2 260	-	-	2 260	2 260	-	100.0%	2 929	2 929
	Payment for capital assets	178	-	2 102	2 280	2 280	-	100.0%	422	422
	Payment for financial assets	-	-	11	11	11	-	100.0%	-	-
4.3	**Helicopter Capability**									
	Current payment	797 090	-	(43 873)	753 217	753 217	-	100.0%	687 921	687 921
	Transfers and subsidies	116 780	-	(539)	116 241	116 241	-	100.0%	206 760	206 760
	Payment for capital assets	1 253	-	1 707	2 960	2 960	-	100.0%	1 053	1 053
	Payment for financial assets	-	-	2	2	2	-	100.0%	4	4
4.4	**Transport And Maritime Capability**									
	Current payment	685 984	-	(148 091)	537 893	537 893	-	100.0%	506 773	506 773
	Transfers and subsidies	9 629	-	(375)	9 254	9 254	-	100.0%	46 502	46 502
	Payment for capital assets	1 750	-	2 946	4 696	4 696	-	100.0%	2 015	2 015
	Payment for financial assets	-	-	24	24	24	-	100.0%	-	-
4.5	**Air Combat Capability**									
	Current payment	332 872	-	(32 556)	300 316	300 316	-	100.0%	270 128	270 128
	Transfers and subsidies	1 292 020	-	(61)	1 291 959	1 291 959	-	100.0%	1 080 626	1 080 626
	Payment for capital assets	8 037	-	(6 215)	1 822	1 822	-	100.0%	1 466	1 466
	Payment for financial assets	-	-	39	39	39	-	100.0%	-	-

DETAIL PER PROGRAMME 4 - AIR DEFENCE (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
4.6	**Operational Support And Intelligence Capability**									
	Current payment	225 900	-	33 579	259 479	259 479	-	100.0%	220 640	220 640
	Transfers and subsidies	201 614	-	(331)	201 283	201 283	-	100.0%	97 547	97 547
	Payment for capital assets	611	-	2 040	2 651	2 651	-	100.0%	2 249	2 249
	Payment for financial assets	-	-	22	22	22	-	100.0%	10	10
4.7	**Command And Control Capability**									
	Current payment	295 925	-	(35 797)	260 128	260 128	-	100.0%	238 647	238 647
	Transfers and subsidies	110 564	-	(268)	110 296	110 296	-	100.0%	126 056	126 056
	Payment for capital assets	5 811	-	93 843	99 654	99 654	-	100.0%	11 155	11 155
	Payment for financial assets	-	-	87	87	87	-	100.0%	12	12
4.8	**Base Support Capability**									
	Current payment	1 590 594	-	25 521	1 616 115	1 616 115	-	100.0%	1 453 862	1 453 862
	Transfers and subsidies	8 786	-	1 885	10 671	10 671	-	100.0%	23 047	23 047
	Payment for capital assets	1 975	-	35 405	37 380	37 380	-	100.0%	17 728	17 728
	Payment for financial assets	-	-	347	347	347	-	100.0%	236	236
4.9	**Command Post**									
	Current payment	44 599	-	5 956	50 555	50 555	-	100.0%	15 772	15 772
	Transfers and subsidies	726	-	(701)	25	25	-	100.0%	171	171
	Payment for capital assets	304	-	218	522	522	-	100.0%	468	468
	Payment for financial assets	-	-	3	3	3	-	100.0%	-	-
4.10	**Training Capability**									
	Current payment	284 303	-	(112 369)	171 934	171 934	-	100.0%	164 251	164 251
	Transfers and subsidies	36 807	-	(13)	36 794	36 794	-	100.0%	283 313	283 313
	Payment for capital assets	46	-	4 234	4 280	4 280	-	100.0%	2 984	2 984
	Payment for financial assets	-	-	241	241	241	-	100.0%	112	112

DETAIL PER PROGRAMME 4 - AIR DEFENCE (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
4.11	**Technical Support Services**									
	Current payment	822 878	-	104 698	927 576	927 576	-	100.0%	821 031	821 031
	Transfers and subsidies	2 764	-	(553)	2 211	2 211	-	100.0%	2 689	2 689
	Payment for capital assets	467	-	7 416	7 883	7 883	-	100.0%	18 493	18 493
	Payment for financial assets	-	-	23	23	23	-	100.0%	51	51
	Total	7 118 720	-	(43 776)	7 074 944	7 074 944	-	100.0%	6 527 742	6 527 742

DETAIL PER PROGRAMME 4 - AIR DEFENCE (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 4 Per Economic classification	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	2 754 288	-	36 693	2 790 981	2 790 981	-	100.0%	2 497 147	2 497 147
Goods and services	2 562 050	-	(225 378)	2 336 672	2 336 672	-	100.0%	2 102 116	2 102 116
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	1 765 517	-	-	1 765 517	1 765 517	-	100.0%	1 852 556	1 852 556
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	2 260	-	-	2 260	2 260	-	100.0%	2 929	2 929
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	14 173	-	(956)	13 217	13 217	-	100.0%	14 155	14 155
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	18	-	34	52	52	-	100.0%	145	145
Machinery & equipment	12 381	-	151 680	164 061	164 061	-	100.0%	58 269	58 269
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	8 033	-	(6 764)	1 269	1 269	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	915	915	915	-	100.0%	425	425
Total	**7 118 720**	**-**	**(43 776)**	**7 074 944**	**7 074 944**	**-**	**100.0%**	**6 527 742**	**6 527 742**

DETAIL PER PROGRAMME 5 - MARITIME DEFENCE
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
5.1	**Maritime Direction**									
	Current payment	548 243	-	(105 279)	442 964	442 964	-	100.0%	425 591	425 591
	Transfers and subsidies	9 593	-	(174)	9 419	9 419	-	100.0%	7 777	7 777
	Payment for capital assets	4 378	-	10 429	14 807	14 807	-	100.0%	12 023	12 023
	Payment for financial assets	-	-	58	58	58	-	100.0%	61	61
5.2	**Maritime Combat Capability**									
	Current payment	423 222	-	(4 739)	418 483	418 483	-	100.0%	347 192	347 192
	Transfers and subsidies	120 394	-	19 391	139 785	139 785	-	100.0%	212 283	212 283
	Payment for capital assets	518	-	(518)	-	-	-	0.0%	345	345
	Payment for financial assets	-	-	25	25	25	-	100.0%	22	22
5.3	**Maritime Logistic Support Capability**									
	Current payment	697 871	-	3 141	701 012	701 012	-	100.0%	537 026	537 026
	Transfers and subsidies	226 084	-	35 248	261 332	261 332	-	100.0%	216 252	216 252
	Payment for capital assets	1 396	-	25 211	26 607	26 607	-	100.0%	8 784	8 784
	Payment for financial assets	-	-	7	7	7	-	100.0%	75	75
5.4	**Maritime HR and Training Capability**									
	Current payment	304 658	-	9 238	313 896	313 896	-	100.0%	301 833	301 833
	Transfers and subsidies	2 290	-	(2 213)	77	77	-	100.0%	1 579	1 579
	Payment for capital assets	2 313	-	(164)	2 149	2 149	-	100.0%	689	689
	Payment for financial assets	-	-	167	167	167	-	100.0%	11	11
5.5	**Base Support Capability**									
	Current payment	493 789	-	43 294	537 083	537 083	-	100.0%	483 990	483 990
	Transfers and subsidies	2 803	-	3 802	6 605	6 605	-	100.0%	5 699	5 699
	Payment for capital assets	24 700	-	(4 397)	20 303	20 303	-	100.0%	13 399	13 399
	Payment for financial assets	-	-	165	165	165	-	100.0%	83	83
	Total	**2 862 252**	**-**	**32 692**	**2 894 944**	**2 894 944**	**-**	**100.0%**	**2 574 714**	**2 574 714**

DETAIL PER PROGRAMME 5 - MARITIME DEFENCE (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 5 Per Economic classification	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	1 639 123	-	33 406	1 672 529	1 672 529	-	100.0%	1 517 298	1 517 298
Goods and services	828 660	-	(87 751)	740 909	740 909	-	100.0%	578 334	578 334
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	104 117	-	-	104 117	104 117	-	100.0%	231 153	231 153
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	240 344	-	53 768	294 112	294 112	-	100.0%	194 048	194 048
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	16 703	-	2 286	18 989	18 989	-	100.0%	18 389	18 389
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	9 580	-	4 293	13 873	13 873	-	100.0%	8 866	8 866
Machinery & equipment	22 716	-	26 927	49 643	49 643	-	100.0%	26 355	26 355
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	1 009	-	(659)	350	350	-	100.0%	19	19
Payment for financial assets	-	-	422	422	422	-	100.0%	252	252
Total	**2 862 252**	**-**	**32 692**	**2 894 944**	**2 894 944**	**-**	**100.0%**	**2 574 714**	**2 574 714**

DETAIL PER PROGRAMME 6 - MILITARY HEALTH SUPPORT
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
6.1	**Strategic Direction**									
	Current payment	390 429	-	(193 442)	196 987	196 987	-	100.0%	213 545	213 545
	Transfers and subsidies	3 211	-	(330)	2 881	2 881	-	100.0%	3 451	3 451
	Payment for capital assets	341	-	2 997	3 338	3 338	-	100.0%	8 691	8 691
	Payment for financial assets	-	-	32	32	32	-	100.0%	-	-
6.2	**Mobile Military Health Support**									
	Current payment	116 086	-	(16 956)	99 130	99 130	-	100.0%	92 363	92 363
	Transfers and subsidies	3 337	-	939	4 276	4 276	-	100.0%	5 070	5 070
	Payment for capital assets	-	-	1 849	1 849	1 849	-	100.0%	114	114
	Payment for financial assets	-	-	6	6	6	-	100.0%	-	-
6.3	**Area Military Health Service**									
	Current payment	1 010 529	-	127 702	1 138 231	1 138 231	-	100.0%	1 021 450	1 021 450
	Transfers and subsidies	3 960	-	(2 180)	1 780	1 780	-	100.0%	4 517	4 517
	Payment for capital assets	237	-	2 384	2 621	2 621	-	100.0%	13 587	13 587
	Payment for financial assets	-	-	1 242	1 242	1 242	-	100.0%	99	99
6.4	**Specialist/Tertiary Health Service**									
	Current payment	1 150 913	-	58 526	1 209 439	1 209 439	-	100.0%	1 105 547	1 105 547
	Transfers and subsidies	5 874	-	(1 761)	4 113	4 113	-	100.0%	1 967	1 967
	Payment for capital assets	-	-	1 492	1 492	1 492	-	100.0%	25 805	25 805
	Payment for financial assets	-	-	61	61	61	-	100.0%	1 397	1 397
6.5	**Military Health Maintenance Capability**									
	Current payment	201 120	-	58 659	259 779	259 779	-	100.0%	233 159	233 159
	Transfers and subsidies	620	-	516	1 136	1 136	-	100.0%	661	661
	Payment for capital assets	-	-	524	524	524	-	100.0%	35 836	35 836
	Payment for financial assets	-	-	85	85	85	-	100.0%	40	40

DETAIL PER PROGRAMME 6 - MILITARY HEALTH SUPPORT (continued)
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
6.6	**Military Health Training Capability**									
	Current payment	377 126	-	(46 557)	330 569	330 569	-	100.0%	372 883	372 883
	Transfers and subsidies	55	-	320	375	375	-	100.0%	660	660
	Payment for capital assets	984	-	856	1 840	1 840	-	100.0%	3 136	3 136
	Payment for financial assets	-	-	7	7	7	-	100.0%	15	15
6.7	**Military Health Product Support Capability**									
	Current payment	231 560	-	(105 088)	126 472	126 472	-	100.0%	253 989	253 989
	Transfers and subsidies	72	-	43	115	115	-	100.0%	-	-
	Payment for capital assets	-	-	71 536	71 536	71 536	-	100.0%	2 109	2 109
	Payment for financial assets	-	-	-	-	-	-	0.0%	5	5
	Total	3 496 454	-	(36 538)	3 459 916	3 459 916	-	100.0%	3 400 096	3 400 096

DETAIL PER PROGRAMME 6 - MILITARY HEALTH SUPPORT (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 6 Per Economic classification	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	2 495 149	-	51 458	2 546 607	2 546 607	-	100.0%	2 324 773	2 324 773
Goods and services	982 614	-	(168 614)	814 000	814 000	-	100.0%	968 163	968 163
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	4 411	-	-	4 411	4 411	-	100.0%	7 135	7 135
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	752	752	752	-	100.0%	400	400
Households	12 718	-	(3 205)	9 513	9 513	-	100.0%	8 791	8 791
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	330	-	(286)	44	44	-	100.0%	-	-
Machinery & equipment	1 227	-	78 903	80 130	80 130	-	100.0%	89 237	89 237
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	5	-	742	747	747	-	100.0%	-	-
Biological assets	-	-	11	11	11	-	100.0%	41	41
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	2 268	2 268	2 268	-	100.0%	-	-
Payment for financial assets	-	-	1 433	1 433	1 433	-	100.0%	1 556	1 556
Total	**3 496 454**	**-**	**(36 538)**	**3 459 916**	**3 459 916**	**-**	**100.0%**	**3 400 096**	**3 400 096**

DETAIL PER PROGRAMME 7 - DEFENCE INTELLIGENCE
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
7.1	**Strategic Direction**									
	Current payment	32	-	(32)	-	-	-	0.0%	29	29
	Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
	Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
	Payment for financial assets	-	-	-	-	-	-	0.0%	81	81
7.2	**Operations**									
	Current payment	3 441	-	(3 190)	251	251	-	100.0%	673	673
	Transfers and subsidies	420 565	-	-	420 565	420 565	-	100.0%	406 696	406 696
	Payment for capital assets	-	-	-	-	-	-	0.0%	48	48
	Payment for financial assets	-	-	70	70	70	-	100.0%	-	-
7.3	**Defence Intelligence Support Services**									
	Current payment	279 846	-	(4 521)	275 325	275 325	-	100.0%	239 245	239 245
	Transfers and subsidies	4 822	-	(788)	4 034	4 034	-	100.0%	2 649	2 649
	Payment for capital assets	3 441	-	1 348	4 789	4 789	-	100.0%	3 671	3 671
	Payment for financial assets	-	-	17	17	17	-	100.0%	21	21
	Total	712 147	-	(7 096)	705 051	705 051	-	100.0%	653 113	653 113

DETAIL PER PROGRAMME 7 - DEFENCE INTELLIGENCE (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 7 Per Economic classification	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	261 968	-	24	261 992	261 992	-	100.0%	224 723	224 723
Goods and services	21 351	-	(7 767)	13 584	13 584	-	100.0%	15 224	15 224
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	420 565	-	-	420 565	420 565	-	100.0%	406 696	406 696
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	4 822	-	(788)	4 034	4 034	-	100.0%	2 649	2 649
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	3 441	-	1 348	4 789	4 789	-	100.0%	3 719	3 719
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	-	-	87	87	87	-	100.0%	102	102
Total	**712 147**	**-**	**(7 096)**	**705 051**	**705 051**	**-**	**100.0%**	**653 113**	**653 113**

DETAIL PER PROGRAMME 8 - GENERAL SUPPORT
for the year ended 31 March 2013

Appropriation per Programme										
		2012/13							2011/12	
	Details per Sub-Programme	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
8.1	**Joint Logistic Services**									
	Current payment	2 007 549	-	(596 299)	1 411 250	1 411 250	-	100.0%	1 274 904	1 274 904
	Transfers and subsidies	8 749	-	(4 556)	4 193	4 193	-	100.0%	7 465	7 465
	Payment for capital assets	113 750	-	566 581	680 331	680 331	-	100.0%	294 419	294 419
	Payment for financial assets	-	-	384	384	384	-	100.0%	173	173
8.2	**Command And Management Information Services**									
	Current payment	829 597	-	(93 227)	736 370	736 370	-	100.0%	683 744	683 744
	Transfers and subsidies	89 400	-	(97)	89 303	89 303	-	100.0%	130 338	130 338
	Payment for capital assets	11 936	-	12 195	24 131	24 131	-	100.0%	21 543	21 543
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
8.3	**Military Police**									
	Current payment	443 589	-	5 755	449 344	449 344	-	100.0%	413 827	413 827
	Transfers and subsidies	2 017	-	649	2 666	2 666	-	100.0%	2 043	2 043
	Payment for capital assets	6 492	-	44 007	50 499	50 499	-	100.0%	26 388	26 388
	Payment for financial assets	-	-	68	68	68	-	100.0%	128	128
8.4	**Technology Development**									
	Current payment	1 886	-	(1 875)	11	11	-	100.0%	17	17
	Transfers and subsidies	326 661	-	-	326 661	326 661	-	100.0%	339 848	339 848
	Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
	Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
8.5	**Departmental Support**									
	Current payment	79 933	-	(9 949)	69 984	69 671	313	99.6%	79 874	79 874
	Transfers and subsidies	746 720	-	(50 000)	696 720	696 720	-	100.0%	627 674	627 674
	Payment for capital assets	-	-	309	309	309	-	100.0%	926	926
	Payment for financial assets	148 098	-	104 949	253 047	94 991	158 056	37.5%	204 635	204 635
	Total	**4 816 377**	**-**	**(21 106)**	**4 795 271**	**4 636 902**	**158 369**	**96.7%**	**4 107 946**	**4 107 946**

DETAIL PER PROGRAMME 8 - GENERAL SUPPORT (continued)
for the year ended 31 March 2013

Appropriation per Economic Classification									
	2012/13							2011/12	
Program 8 Per Economic classification	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	1 242 726	-	28 741	1 271 467	1 271 467	-	100.0%	1 104 046	1 104 046
Goods and services	2 119 828	-	(724 336)	1 395 492	1 395 179	313	100.0%	1 348 320	1 348 320
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	495 903	-	(50 000)	445 903	445 903	-	100.0%	467 576	467 576
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	666 124	-	-	666 124	666 124	-	100.0%	630 804	630 804
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	11 520	-	(4 004)	7 516	7 516	-	100.0%	8 988	8 988
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	99 254	-	531 269	630 523	630 523	-	100.0%	265 665	265 665
Machinery & equipment	21 614	-	102 811	124 425	124 425	-	100.0%	77 554	77 554
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	11 310	-	(11 310)	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	322	322	322	-	100.0%	57	57
Payment for financial assets	148 098	-	105 401	253 499	95 443	158 056	37.7%	204 936	204 936
Total	**4 816 377**	**-**	**(21 106)**	**4 795 271**	**4 636 902**	**158 369**	**96.7%**	**4 107 946**	**4 107 946**

Department of Defence and Military Veterans
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NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):
Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (A-D) 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 payments for financial assets
Detail of these transactions per programme can be viewed in note 5 (Payments for financial assets) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:

Per Programme	*Final Appropriation*	*Actual Expenditure*	*Variance*	*Variance as a % of Final Approp.*
	R'000	*R'000*	*R'000*	*%*
Administration	3 787 182	3 781 561	5 621	0.15%
Administration Programme within Transfers to Departmental Agencies and Account for the Department of Military Veterans (Rm 4,427) and the transfer payment to SASSETA (Rm 1,194) which was less than anticipated.				
Force Employment	2 803 312	2 780 978	22 334	0.80%
Force Employment Programme within Goods and Services (Rm 8,103) and Payments for Capital assets (Rm 14,544) due to the inability of industry to meet requirements.				
General Support	4 795 271	4 636 902	158 369	3.30%
Mainly for the payment of Financial Assets (Rm 158,056). Funds were earmarked for the payment of the termination cost of the Denel contract which could not be finalised in time due to the uncertainty in terms of the approval/authority required to enable payment.				

Department of Defence and Military Veterans
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NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

4.2

Per economic classification:	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Current expenditure				
Goods and services	9 904 325	9 896 222	8 103	0.08%
Transfers and subsidies				
Departmental agencies and accounts	4 966 133	4 960 512	5 621	0.11%
Payments for capital assets				
Buildings and other fixed structures	688 274	685 274	3 000	0.44%
Machinery and equipment	1 174 330	1 162 786	11 544	0.98%
Payments for financial assets	294 502	136 446	158 056	54%

Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Current expenditure	9 904 325	9 896 222	8 103	0.08%

Force Employment Programme within Goods and Services (Rm 8,103) and Payments for Capital assets (Rm 14,544) due to the inability of industry to meet requirements.

Transfers and subsidies	4 966 133	4 960 512	5 621	0.11%

Administration Programme within Transfers to Departmental Agencies and Account for the Department of Military Veterans (Rm 4,427) and the transfer payment to SASSETA (Rm 1,194) which was less than anticipated.

Payments for financial assets	294 502	136 446	158 056	54%

Mainly for the payment of Financial Assets (Rm 158,056). Funds were earmarked for the payment of the termination cost of the Denel contract which could not be finalised in time due to the uncertainty in terms of the approval/authority required to enable payment.

Department of Defence and Military Veterans
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STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	1	37 888 542	34 349 087
Departmental revenue	2	1 044 487	4 269 010
TOTAL REVENUE		**38 933 029**	**38 618 097**
EXPENDITURE			
Current expenditure			
Compensation of employees	3	19 688 399	17 568 980
Goods and services	4	9 896 222	9 668 466
Total current expenditure		**29 584 621**	**27 237 446**
Transfers and subsidies	6	**6 103 411**	**5 877 842**
Expenditure for capital assets			
Tangible capital assets	7	1 874 752	977 415
Software and other intangible assets	7	2 988	76
Total expenditure for capital assets		**1 877 740**	**977 491**
Payments for financial assets	5	**136 446**	**238 658**
TOTAL EXPENDITURE		**37 702 218**	**34 331 437**
NET SURPLUS FOR THE YEAR		**1 230 811**	**4 286 660**
Reconciliation of Net Surplus for the year			
Voted Funds		186 324	17 650
Departmental revenue	16	1 044 487	4 269 010
NET SURPLUS FOR THE YEAR		**1 230 811**	**4 286 660**

Department of Defence and Military Veterans
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STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current assets		**620 019**	**669 026**
Unauthorised expenditure	8	-	60 918
Fruitless and wasteful expenditure	9	20	20
Cash and cash equivalents	10	109 535	64 557
Prepayments and advances	11	182 703	131 620
Receivables	12	315 399	399 549
Loans	14	12 362	12 362
Non-current assets		**75 000**	**75 000**
Investments	13	75 000	75 000
TOTAL ASSETS		**695 019**	**744 026**
LIABILITIES			
Current liabilities		**412 049**	**492 376**
Voted funds to be surrendered to the Revenue Fund	15	186 324	17 650
Departmental revenue to be surrendered to the Revenue Fund	16	106 227	2 639
Bank overdraft	17	-	403 800
Payables	18	119 498	68 287
TOTAL LIABILITIES		**412 049**	**492 376**
NET ASSETS		**282 970**	**251 650**
Represented by:			
Capitalisation Reserves		75 000	75 000
Recoverable revenue		207 970	176 650
TOTAL		**282 970**	**251 650**

Department of Defence and Military Veterans
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STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance		75 000	75 000
Other movements		-	-
Closing Balance		**75 000**	**75 000**
Recoverable revenue			
Opening balance		176 650	141 916
Transfers		31 320	34 734
Irrecoverable amounts written off		(5 922)	(2 329)
Debts revised		(3 174)	(7 207)
Debts recovered (included in departmental receipts)		(82 441)	(106 249)
Debts raised		122 857	150 519
Closing balance		**207 970**	**176 650**
TOTAL		**282 970**	**251 650**

Department of Defence and Military Veterans
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CASH FLOW STATEMENT
for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**38 868 809**	**38 539 178**
Annual appropriated funds received	1	37 888 542	34 349 087
Departmental revenue received	2	980 267	4 190 091
Net decrease/(increase) in working capital		145 196	86 161
Surrendered to Revenue Fund		(958 549)	(4 270 730)
Current payments		(29 584 621)	(27 237 446)
Payments for financial assets		(136 446)	(238 658)
Transfers and subsidies paid		(6 103 411)	(5 877 842)
Net cash flows available from operating activities	19	**2 230 978**	**1 000 663**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(1 877 740)	(977 491)
Proceeds from sale of capital assets		64 220	78 919
Net cash flows from investing activities		**(1 813 520)**	**(898 572)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		31 320	34 734
Net cash flows from financing activities		**31 320**	**34 734**
Net increase/(decrease) in cash and cash equivalents		448 778	136 825
Cash and cash equivalents at beginning of period		(339 243)	(476 068)
Cash and cash equivalents at end of period	20	**109 535**	**(339 243)**

Department of Defence and Military Veterans
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Notes to the Annual Financial Statements for the year ended 31 March 2013

1. Annual Appropriation

1.1 Annual Appropriation

Programmes	Final Appropriation	2012/13 R'000 Actual Funds Received	Funds not requested/ not received	Appropriation Received 2011/12
	R'000	R'000	R'000	R'000
Administration	3 787 182	3 787 182	-	3 764 768
Force Employment	2 803 312	2 803 312	-	2 358 515
Landward Defence	12 367 922	12 367 922	-	10 962 193
Air Defence	7 074 944	7 074 944	-	6 527 742
Maritime Defence	2 894 944	2 894 944	-	2 574 714
Military Health Support	3 459 916	3 459 916	-	3 400 096
Defence Intelligence	705 051	705 051	-	653 113
General Support	4 795 271	4 795 271	-	4 107 946
Total	**37 888 542**	**37 888 542**	**-**	**34 349 087**

2. Departmental Revenue

	Note	2012/13 R'000	2011/12 R'000
Sales of goods and services other than capital assets	2.1	307 172	292 210
Fines, penalties and forfeits	2.2	1 297	894
Interest, dividends and rent on land	2.3	36 776	162 779
Sales of capital assets	2.4	64 220	78 919
Transactions in financial assets and liabilities	2.5	64 700	3 374 002
Transfer received	2.6	570 322	360 206
Departmental revenue collected		**1 044 487**	**4 269 010**

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	**304 877**	**286 108**
Administrative fees	17	21
Other sales	304 860	286 087
Sales of scrap, waste and other used current goods	2 295	6 102
	307 172	**292 210**

2.2 Fines, penalties and forfeits

	1 297	**894**

2.3 Interest, dividends and rent on land

Interest	**36 776**	**162 779**

2.4 Sales of capital assets

Tangible assets		**64 220**	**78 919**
Machinery and equipment	32.2	2 717	53 536
Specialised military assets	32.2	61 503	25 383

2.5 Transactions in financial assets and liabilities

Loans and advances	4 787	4 110
Forex gain	534	487 535
Other Receipts including Recoverable Revenue	59 379	2 882 357
Total	**64 700**	**3 374 002**

Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
2.6	**Transfers received**			
	Foreign governments		570 322	360 206
	Total		570 322	360 206
3.	**Compensation of employees**			
3.1	**Salaries and wages**			
	Basic salary		12 261 544	11 220 960
	Performance award		312 946	215
	Service Based		87 671	50 464
	Compensative/circumstantial		1 977 994	1 716 919
	Other non-pensionable allowances		2 987 038	2 704 915
	Total		**17 627 193**	**15 693 473**
3.2	**Social contributions**			
3.2.1	Employer contributions			
	Pension		1 948 630	1 773 449
	Medical		111 902	101 379
	Bargaining council		674	679
	Total		**2 061 206**	**1 875 507**
	Total compensation of employees		**19 688 399**	**17 568 980**
	Average number of employees		**78 216**	**78 824**
4.	**Goods and services**			
	Administrative fees		9 128	6 243
	Advertising		11 986	6 874
	Assets less then R5 000	*4.1*	132 700	130 850
	Catering		17 631	35 936
	Communication		92 938	94 130
	Computer services	*4.2*	896 605	861 234
	Consultants, contractors and agency/outsourced services	*4.3*	2 773 668	4 220 838
	Entertainment		10 781	10 620
	Audit cost – external	*4.4*	56 993	56 432
	Fleet services		32 705	-
	Inventory	*4.5*	2 246 472	1 929 175
	Operating leases		311 439	248 777
	Property payments	*4.6*	2 130 010	761 584
	Rental and hiring		56	-
	Travel and subsistence	*4.7*	778 498	733 171
	Venues and facilities		13 230	19 515
	Training and staff development		109 897	127 520
	Other operating expenditure	*4.8*	271 485	425 567
	Total		**9 896 222**	**9 668 466**

Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
4.1	**Assets less than R5,000**			
	Tangible assets		**132 607**	**130 834**
	Buildings and other fixed structures		54	-
	Biological assets		4	35
	Machinery and equipment		127 063	124 097
	Transport assets		271	94
	Specialised military assets		5 215	6 608
	Intangible assets		93	16
	Total		**132 700**	**130 850**
4.2	**Computer services**			
	SITA computer services		862 019	837 657
	External computer service providers		34 586	23 577
	Total		**896 605**	**861 234**
4.3	**Consultants, contractors and agency/outsourced services**			
	Business and advisory services		133 303	219 675
	Infrastructure and planning		4 783	6 796
	Laboratory services		21 655	21 697
	Legal costs		-	1 029
	Contractors		2 041 642	3 619 466
	Agency and support/outsourced services		572 285	352 175
	Total		**2 773 668**	**4 220 838**
4.4	**Audit cost – external**			
	Regularity audits		54 841	51 228
	Performance audits		-	236
	Computer audits		2 152	4 968
	Total		**56 993**	**56 432**
4.5	**Inventory**			
	Food and food supplies		725 205	697 656
	Fuel, oil and gas		534 448	461 763
	Other consumable materials		221 036	182 053
	Materials and supplies		152 248	162 540
	Stationery and printing		79 293	77 349
	Medical supplies		76 756	78 517
	Medicine		195 578	159 245
	Military stores		261 908	110 052
	Total		**2 246 472**	**1 929 175**

Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
4.6	**Property payments**			
	Municipal services		705 741	726 152
	Property Maintenance and Repairs		1 380 171	-
	Other		44 098	35 432
	Total		**2 130 010**	**761 584**
4.7	**Travel and subsistence**			
	Local		501 007	518 169
	Foreign		277 491	215 002
	Total		**778 498**	**733 171**
4.8	**Other operating expenditure**			
	Professional bodies, membership and subscription fees		3 549	19 848
	Resettlement costs		30 024	34 907
	Other		237 912	370 812
	Total		**271 485**	**425 567**
5.	**Payments for financial assets**			
	Other material losses written off	*5.1*	133 404	235 572
	Debts written off	*5.2*	2 952	2 585
	Forex losses	*5.3*	90	501
	Total		**136 446**	**238 658**
5.1	**Other material losses written off**			
	Nature of losses			
	Settlement		1 628	1 575
	Sundry losses		2 888	2
	Motor vehicle losses		2 210	1 569
	Other claims against the state		250	358
	Legal opinions		-	2 462
	Legal fees		31 127	25 471
	Interest claims		332	-
	Fruitless and wasteful expenditure		70	1
	Spectacle losses		8	-
	Unauthorised expenditure written off		94 891	204 134
	Total		**133 404**	**235 572**

Miscelllaneous has been amended to read as Sundry Losses, from prior year

Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
5.2	**Debts written off**			
	Nature of debts written off			
	Debt transfer		-	17
	Salary related		959	2 037
	Medical		-	7
	State guarantees		36	40
	Estates		95	100
	Treatment of private patients		-	1
	Loss of State Property		1 848	-
	Loss of State Funds		-	383
	Suppliers		14	-
	Total		**2 952**	**2 585**

Salary overpayments and salary related losses are combined into one line item to be Salary Related

5.3	Forex losses			
	Nature of losses			
	Foreign exchange losses on operations		**90**	**501**

6. Transfers and subsidies

Departmental agencies and accounts	Annex 1A	4 960 514	4 877 938
Public corporations and private enterprises	Annex 1B	1 028 700	890 749
Non-profit institutions	Annex 1C	6 965	6 317
Households	Annex 1D	107 232	102 838
Total		6 103 411	5 877 842

7. Expenditure for capital assets

Tangible assets	7.1	**1 874 752**	**977 415**
Buildings and other fixed structures		685 274	279 685
Machinery and equipment		1 162 786	697 108
Specialised military assets		22 642	-
Biological Assets		4 050	622
Software and other intangible assets	7.1	**2 988**	**76**
Computer software		2 988	76
Total		**1 877 740**	**977 491**

7.1 Analysis of funds utilised to acquire capital assets - 2012/13	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	**1 874 752**	**-**	**1 874 752**
Buildings and other fixed structures	685 274	-	685 274
Machinery and equipment	1 162 786	-	1 162 786
Specialised military assets	22 642		22 642
Biological Assets	4 050	-	4 050
Software and other intangible assets	**2 988**	**-**	**2 988**
Computer software	2 988	-	2 988
Total	**1 877 740**	**-**	**1 877 740**

Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
7.2	**Analysis of funds utilised to acquire capital assets - 2011/12**	*Voted Funds R'000*	*Aid assistance R'000*	*TOTAL R'000*
	Tangible assets	977 415	-	**977 415**
	Buildings and other fixed structures	279 685	-	279 685
	Machinery and equipment	697 108	-	697 108
	Specialised military assets	-	-	-
	Biological Assets	622	-	622
	Software and other intangible assets	76	-	**76**
	Computer software	76	-	76
	Total	977 491	-	**977 491**

8. Unauthorised expenditure

		2012/13 R'000	2011/12 R'000
8.1	**Reconciliation of unauthorised expenditure**		
	Opening balance	60 918	60 918
	Amounts approved by Parliament	(60 918)	-
	Transfer to receivables for recovery (not approved)	-	-
	Unauthorised expenditure awaiting authorisation/written off	-	**60 918**
8.2	**Analysis of unauthorised expenditure awaiting authorisation per economic classification**		
	Current	-	60 918
	Total	-	**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
	Total	-	**60 918**

9. Fruitless and wasteful expenditure

		2012/13 R'000	2011/12 R'000
9.1	**Reconciliation of fruitless and wasteful expenditure**		
	Opening balance	20	29
	Less: Amounts condoned	-	(9)
	Current	-	(9)
	Capital	-	-
	Transfers and subsidies	-	-
	Less: Amounts transferred to receivables for recovery	-	-
	Fruitless and wasteful expenditure awaiting condonement	**20**	**20**
9.2	**Analysis of awaiting condonement per economic classification**		
	Current	20	20
	Total	**20**	**20**

Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
10.	**Cash and cash equivalents**			
	Consolidated Paymaster General Account		42 930	-
	Cash on hand		37 334	42 566
	Investments (Domestic)		29 271	21 991
	Total		**109 535**	**64 557**
11.	**Prepayments and advances**			
	Staff advances		42 786	33 381
	Travel and subsistence		131 413	98 239
	Prepayments		8 504	-
	Total		**182 703**	**131 620**

12. Receivables

	Note	Less than one year R'000	One to three years R'000	Older than three years R'000	2012/13 Total R'000	2011/12 Total R'000
Claims recoverable	*12.1 & Annex 4*	7 468	31 357	2 481	41 306	58 238
Staff debt	*12.2*	65 862	10 354	12 973	89 189	82 471
Other debtors	*12.3*	47 827	67 985	69 092	184 904	258 840
Total		**121 157**	**109 696**	**84 546**	**315 399**	**399 549**

		Note		
12.1	**Claims recoverable**	*12*		
	National departments		41 284	35 905
	Provincial departments		22	22 333
	Total		**41 306**	**58 238**
12.2	**Staff debtors**			
	Description			
	Salary related		51 903	51 416
	Students		19 208	17 657
	Motor vehicle accidents		4 688	4 010
	Deposits		10 225	6 690
	State guarantees		1 315	1 337
	Loss of State money		1 076	1 090
	Damage to State property		232	159
	Private patients		523	103
	Miscellaneous		19	9
	Total		**89 189**	**82 471**

Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
12.3	**Other debtors**			
	Unauthorised expenditure not approved by Parliament and to be written off		-	94 891
	Operations		95 333	64 289
	Contractual liabilities		52 421	52 849
	Loss of State funds not included in loss of State money		-	-
	Salary related (ex-members)		-	-
	Aviation services		1 131	1 690
	Suppliers		1 158	2 753
	Motor vehicle accidents		4 697	4 130
	Estates		804	1 122
	State guarantees		229	313
	Medical Claims		3 788	3 980
	Private Patients		219	156
	Market Support		-	3 993
	Aviation fuel		269	-
	Institutions		52	19
	Damage to State Property		18	32
	Miscellaneous		172	4 118
	Loss of State Money		11 796	13 801
	Fruitless and Wasteful Expenditure		55	124
	State Departments		16	15
	Salary Overpayments		12 746	10 565
	Total		**184 904**	**258 840**
13.	**Investments**			
	Non-Current			
	Shares and other equity			
	ARMSCOR		75 000	75 000
	Total		**75 000**	**75 000**
	Analysis of non current investments			
	Opening balance		75 000	75 000
	Closing balance		**75 000**	**75 000**
14.	**Loans**			
	Public Corporations		12 362	12 362
	Total		**12 362**	**12 362**
	Analysis of Balance			
	Opening Balance		12 362	12 362
	Closing Balance		**12 362**	**12 362**

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.

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Notes to the Annual Financial Statements for the year ended 31 March 2013

		Note	2012/13 R'000	2011/12 R'000
15.	**Voted funds to be surrendered to the Revenue Fund**			
	Opening balance		17 650	220
	Transfer from Statement of Financial Performance		186 324	17 650
	Add: Unauthorised expenditure for current year	*8*	-	-
	Voted funds not requested/not received	*1.1*	-	-
	Paid during the year		(17 650)	(220)
	Closing balance		**186 324**	**17 650**
16.	**Departmental revenue to be surrendered to the Revenue Fund**			
	Opening balance		2 639	4 139
	Transfer from Statement of Financial Performance		1 044 487	4 269 010
	Paid during the year		(940 899)	(4 270 510)
	Closing balance		**106 227**	**2 639**
17.	**Bank overdraft**			
	Consolidated Paymaster General Account		-	403 800
	Total		**-**	**403 800**
18.	**Payables - current**		*Total*	*Total*
	Amounts owing to other entities		-	4
	Advances received	*18.1*	-	8 740
	Clearing accounts	*18.2*	2 907	1 516
	Other payables	*18.3*	116 591	58 027
	Total		**119 498**	**68 287**
18.1	**Advances received**			
	National Departments		-	8 740
	Total		**-**	**8 740**
18.2	**Clearing accounts**			
	Subsistence and Travel Cash Voucher Receipt		2 661	1 322
	Other		246	194
	Total		**2 907**	**1 516**
18.3	**Other payables**			
	Unclaimed salaries		11 666	8 307
	Debtors in credit		13 134	3 273
	Other payables		12 212	12 467
	State guarantees		4 391	4 423
	Suppliers		75 188	29 557
	Total		**116 591**	**58 027**

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Notes to the Annual Financial Statements for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
19. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		**1 230 811**	**4 286 660**
Add back non cash/cash movements not deemed operating activities		**1 000 167**	**(3 285 997)**
(Increase)/decrease in receivables – current		84 150	131 261
(Increase)/decrease in prepayments and advances		(51 083)	(56 327)
(Increase)/decrease in other current assets		60 918	9
Increase/(decrease) in payables – current		51 211	11 218
Proceeds from sale of capital assets		(64 220)	(78 919)
Expenditure on capital assets		1 877 740	977 491
Surrenders to Revenue Fund		(958 549)	(4 270 730)
Voted funds not requested/not received		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		2 230 978	**1 000 663**
20. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		42 930	(403 800)
Cash on hand		37 334	42 566
Cash with commercial banks (Local)		29 271	21 991
Total		**109 535**	**(339 243)**

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Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

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	2012/13 R'000	2011/12 R'000
Housing loan guarantees	Employees	Annexure 3A	5 203	9 588
Claims against the Department		Annexure 3B	566 257	952 982
Intergovernmental payables (unconfirmed balances)		Annexure 5	10 333	7 052
Environmental rehabilitation liability		Annexure 3B	954 375	961 586
Total			**1 536 168**	**1 931 208**

22. Commitments

	2012/13 R'000	2011/12 R'000
Current expenditure	2 109 516	1 675 842
Approved and contracted	791 611	1 823 096
Approved but not yet contracted	**2 901 127**	**3 498 938**
Capital expenditure (including transfers)	137 006	121 309
Approved and contracted	35 468	163 770
Approved but not yet contracted	**172 474**	**285 079**
Total Commitments	**3 073 601**	**3 784 017**

Commitments longer than 1 year

Current expenditure	
Approved and contracted	264 712
Approved but not yet contracted	221 171
	485 883
Capital expenditure	
Approved and contracted	5 023
Approved but not yet contracted	6 525
	11 548

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

23. Accruals

Listed by economic classification	30 Days R'000	30+ Days R'000	2012/13 R'000 Total	2011/12 R'000 Total
Goods and services	216 869	146 241	363 110	276 584
Interest and rent on land	-	-	-	-
Transfers and subsidies	9 293	-	9 293	10 922
Captial assets	8 733	11 525	20 258	6 131
Other	210	-	210	1 099
Total	**235 105**	**157 766**	**392 871**	**294 736**

Listed by programme level			
Administration		82 930	98 072
Landward Defence		86 514	24 905
Air Defence		55 815	31 768
Maritime Defence		20 885	10 159
Military Health Support		60 111	49 494
Defence Intelligence		413	184
Joint Support		20 005	47 097
Force Employment		66 198	33 057
Total		**392 871**	**294 736**

	Note		
Confirmed balances with departments	*Annex 5*	1 304	3 702
Total		**1 304**	**3 702**

24. Employee benefits

Leave entitlement	666 549	434 735
Service bonus (Thirteenth cheque)	570 999	517 506
Performance awards	-	130 884
Capped leave commitments	983 459	983 011
Other	161 101	170 510
Total	**2 382 108**	**2 236 646**

Leave entitlement with negative balances amounting to R32 358 137 for the 2012/13 finanancial year and R54 109 840 for the 2011/12 financial year were included in the figures above.

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

25. Lease Commitments

25.1 Operating leases expenditure

2012/13	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	5 551	257 735	-	263 286
Later than 1 year and not later than 5 years	-	1 232	537 425	-	538 657
Later than five years	-	1 446	100 561	-	102 007
Total lease commitments	**-**	**8 229**	**895 721**	**-**	**903 950**

2011/12	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	5 109	243 728	-	248 837
Later than 1 year and not later than 5 years	-	2 557	452 687	-	455 244
Later than five years	-	1 496	73 202	-	74 698
Total lease commitments	**-**	**9 162**	**769 617**	**-**	**778 779**

25.2 Finance leases expenditure

2012/13	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	29 616	29 616
Later than 1 year and not later than 5 years	-	-	-	15 547	15 547
Later than five years	-	-	-	-	-
Total lease commitments	**-**	**-**	**-**	**45 163**	**45 163**

2011/12	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	25 148	25 148
Later than 1 year and not later than 5 years	-	-	-	20 006	20 006
Later than five years	-	-	-	-	-
Total lease commitments	**-**	**-**	**-**	**45 154**	**45 154**
Less: Finance costs	-	-	-	1 502	1 502
Total present value of lease liabilities	**-**	**-**	**-**	**43 652**	**43 652**

Assumptions:
1. Discounting rate: Repo rate at 5.0% in 2013 and 5.5% in 2012.

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

		2012/13 R'000	2011/12 R'000
26.	**Receivables for departmental revenue**		
	Sales of goods and services other than capital assets	749	562
	Fines, penalties and forfeits	15 789	30 576
	Interest, dividends and rent on land	-	33 293
	Sale of capital assets	24 562	61 480
	Transactions in financial assets and liabilities	9 258	16 190
	Transfers received (incl conditional grants to be repaid by prov depts)	76 497	121 624
	Total	**126 855**	**263 725**
26.1	**Analysis of receivables for departmental revenue**		
	Opening balance	263 725	254 998
	Less: Amounts received	(712 423)	(442 435)
	Add: Amounts recognised	575 553	451 162
	Closing balance	**126 855**	**263 725**

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.

The opening balance of transfers receivable from the UN Operations has been restated due to the previous MOU's not signed and additional payments made by the UN in excess of what was agreed upon.
Due to the presentation format of the current financial statements, the restatement was included as part of the amounts recognised.

27.	**Irregular expenditure**		
27.1	**Reconciliation of irregular expenditure**		
	Opening balance	718 806	876 029
	Add: Irregular expenditure - relating to prior year	8 354	64 313
	Add: Irregular expenditure - relating to current year	316 963	350 364
	Less: Amounts condoned	(28 915)	(571 890)
	Less: Amounts recoverable (not condoned)	-	(10)
	Less: Amounts not recoverable (not condoned)	(20)	-
	Irregular expenditure awaiting condonement	**1 015 188**	**718 806**
	Analysis of awaiting condonement per age classification		
	Current year	316 071	340 518
	Prior years	699 117	378 288
	Total	**1 015 188**	**718 806**

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Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

			2012/13 R'000
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	12 916
	Deviation from Bidding process	In the process to submit submission for condonement to NT	302 570
	Contract Irregularities	Under investigation to determine responsible official	455
	Other	Under investigation to determine responsible official	939
	Exceeding delegation limits	Under investigation to determine responsible official	84
			316 964
27.3	**Details of irregular expenditure condoned**		
	Incident	**Condoned by (condoning authority)**	
	Procurement without Financial Authority and Government Order	Central Commercial Procurement Sub-Committee, Supply Chain Irregular Expenditure Control Committee	12 712
	Payment bmo payment schedule without authority	Prosecution and Recovery Committee	4 225
	Splitting of requirement	Prosecution and Recovery Committee	1 877
	Deviation from Bidding process	Prosecution and Recovery Committee	75
	No declaration bmo 5BD4 form	Prosecution and Recovery Committee	9 359
	Non-declaration of interest	Prosecution and Recovery Committee, Supply Chain Irregular Expenditure Control Committee	629
	Contract irregularities	Supply Chain Irregular Expenditure Control Committee	38
			28 915
27.4	**Details of irregular expenditure not recoverable (not condoned)**		
	Incident	**Condoned by (condoning authority)**	
	Criminal investigation in process	Supply Chain Irregular Expediture Control Committee	**20**

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

			2012/13 R'000
27.5	**Details of irregular expenditure under investigation**		
	Incident		
	Procurement without Financial Authority and Government Order	Under investigation to determine responsible official	23 426
	Contract irregularities	Under investigation to determine responsible official	659
	Unauthorised changes to scope of work	Under investigation to determine responsible official	677
	Sub-delegation	Under investigation to determine responsible official	20
	Deviation from SCM process SITA/DOD	Under investigation to determine responsible official	5 927
	Deviation from Bidding process	Under investigation to determine responsible official	850 420
	Deviation from Payment process	Under investigation to determine responsible official	2 049
	Exceeding delegation limit	Under investigation to determine responsible official	123
	Subdivision of requirement	Under investigation to determine responsible official	862
	No declaration of interest by members	Under investigation to determine responsible official	21 361
	Sourcing of Aircraft	No disciplinary action required Submission to National Treasury in process	109 509
	Other matters	Under investigation to determine responsible official	155
			1 015 188

		2012/13 R'000	2011/12 R'000
28.	**Fruitless and wasteful expenditure**		
28.1	**Reconciliation of fruitless and wasteful expenditure**		
	Opening balance	9 633	10 589
	Fruitless and wasteful expenditure – relating to prior year	9	13
	Fruitless and wasteful expenditure – relating to current year	81	788
	Less: Amounts resolved	(122)	(1 727)
	Less: Amounts transferred to receivables for recovery	(70)	(30)
	Fruitless and wasteful expenditure awaiting condonement	9 531	9 633
28.2	**Analysis of awaiting condonement per economic classification**		
	Current	5 470	5 517
	Capital	4 061	4 116
	Total	**9 531**	**9 633**

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

			2012/13 R'000	2011/12 R'000
28.3	**Analysis of current year's fruitless and wasteful expenditure**			
	Incident	**Disciplinary steps taken/criminal proceedings**		
	Non-attendance of event	Negative office orders and recovery of funds	24	
	No show fees for accommodation	No disciplinary action. Operational requirement	13	
	Interest paid	Under investigation to determine person responsible	10	
	Incorrect payment	No disciplinary action, money was recovered	9	
	Deposit forfeit	Under investigation to determine person responsible	1	
	Other matters	Negative office orders and recovery	24	
	Total		**81**	

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 2013 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.

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.

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

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 570 988 (2011/12: R2 601 204).

The Deparment 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 R42 909 (2011/12: R23 445).

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. Andersen, 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.

30. Key management personnel

Description	*No. of Individuals*	*2012/13 R'000*	*2011/12 R'000*
Political Office Bearers:	3	3 686	3 244
Officials			
Level 15 to 16	19	22 130	18 195
Level 14	12	9 326	9 964
Family members of key management personnel	11	1 308	3 182
Total		**36 450**	**34 585**

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

31. Impairment and other provisions

	2012/13 R'000	2011/12 R'000
Potential irrecoverable debts		
Impairment		
Loans	12 362	12 362
Total	**12 362**	**12 362**
Other provisions		
Staff Debtors	2 595	2 456
Other Debtors	13 818	110 311
Claims Recoverable	2 481	2 240
Claims against the Department	353 852	-
	372 746	**115 007**
Total	**385 108**	**127 369**

32. Non-adjusting events after reporting date

Gupta: Board of Inquiry of Waterkloof landing has been finalised, however this matter is currently *sub judice*.	-

33. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	-	-	-	-	**-**
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	1 752 618	750 533	1 111 499	3 152	**3 611 498**
Transport assets	1 752 618	(110 842)	578 988	3 152	2 217 612
Computer equipment	-	240 079	193 125	-	433 204
Furniture and office equipment	-	58 989	21 659	-	80 648
Other machinery and equipment	-	562 307	317 727	-	880 034
SPECIALISED MILITARY ASSETS	18 070 419	1 618 841	23 117 130	-	**42 806 390**
Specialised military assets	18 070 419	1 658 841	23 117 130	-	42 806 390
BIOLOGICAL ASSETS	-	385	4 046	-	**4 431**
Biological assets	-	385	4 046	-	4 431
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**19 823 037**	**2 369 759**	**24 232 675**	**3 152**	**46 422 319**

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

33.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	*Non-cash*	*(Capital work-in-progress current costs and finance lease payments)*	*Received current, not paid (Paid current year, received prior year)*	*Total*
	R'000	*R'000*	*R'000*	*R'000*	*R'000*
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	1 091 127	5 304	-	15 068	**1 111 499**
Transport assets	573 684	5 304	-	-	578 988
Computer equipment	193 125	-	-	-	193 125
Furniture and office equipment	21 659	-	-	-	21 659
Other machinery and equipment	302 659	-	-	15 068	317 727
SPECIALISED MILITARY ASSETS	7 384	23 109 746	-	-	**23 117 130**
Specialised military assets	7 384	23 109 746	-	-	23 117 130
BIOLOGICAL ASSETS	4 039	7	-	-	**4 046**
Biological assets	4 039	7	-	-	4 046
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	**1 102 550**	**23 115 057**	**-**	**15 068**	**24 232 675**

33.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	*Transfer out or destroyed or scrapped*	*Total disposals*	*Cash received Actual*
	R'000	*R'000*	*R'000*	*R'000*
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	**3 152**	-	**3 152**	**2 833**
Transport assets	3 152	-	3 152	2 833
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
SPECIALISED MILITARY ASSETS	-	-	-	**59 880**
Specialised military assets	-	-	-	59 880
BIOLOGICAL ASSETS	-	-	-	-
Biological assets	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	**3 152**	-	**3 152**	**62 713**

33.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	*Additions R'000*	*Disposals R'000*	*Closing balance R'000*
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	1 361 036	391 629	47	**1 752 618**
Transport assets	1 361 036	391 629	47	1 752 618
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
SPECIALISED MILITARY ASSETS	18 068 378	2 041	-	**18 070 419**
Specialised military assets	18 068 378	2 041	-	18 070 419
BIOLOGICAL ASSETS	-	-	-	-
Biological assets	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**19 429 414**	**393 670**	**47**	**19 823 037**

33.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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	-	-	-	1 316	-	**1 316**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	**-**	**-**	**-**	**1 316**	**-**	**1 316**

	Specialised military assets	*Intangible assets*	*Heritage assets*	*Machinery and equipment*	*Biological assets*	*Total*
Number of R1 minor assets	-	-	-	1 315 646	30	1 315 676
Number of minor assets at cost	-	-	-	-	-	-
TOTAL NUMBER OF MINOR ASSETS	**-**	**-**	**-**	**1 315 646**	**30**	**1 315 676**

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

34 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	*Curr year adjustments to prior year balances* R'000	*Additions* R'000	*Disposals* R'000	*Closing balance* R'000
COMPUTER SOFTWARE	-	202 923	23 885	-	**226 808**
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	**-**
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	101 663	108 566	-	**210 229**
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	1	(5 796)	-	**(5 795)**
SERVICES AND OPERATING RIGHTS	-	-	-	-	**-**
TOTAL INTANGIBLE CAPITAL ASSETS	**-**	**304 587**	**126 655**	**-**	**431 242**

34.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash R'000	*Non-cash* R'000	*(Development work-in-progress current costs)* R'000	*Received current, not paid (Paid current year, received prior year)* R'000	*Total* R'000
COMPUTER SOFTWARE	-	203 863	(179 987)	-	**23 885**
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	**-**
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	108 566	-	-	**108 566**
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	1	(5 797)	-	**(5 796)**
SERVICES AND OPERATING RIGHTS	-	-	-	-	**-**
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	**-**	**312 430**	**(185 775)**	**-**	**126 655**

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

34.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash R'000	*Transfer out or destroyed or scrapped R'000*	*Total disposals R'000*	*Cash received Actual R'000*
COMPUTER SOFTWARE	-	-	-	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	-	-	-

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

35 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	*Curr year adjustments to prior year balances* R'000	*Additions* R'000	*Disposals* R'000	*Closing balance* R'000
BUILDINGS AND OTHER FIXED STRUCTURES	15 421 191	(2 980 461)	-	-	**12 440 730**
Dwellings	-	-	-	-	-
Non-residential buildings	15 421 191	(5 528 340)	-	-	9 892 851
Other fixed structures	-	2 547 879	-	-	2 547 879
HERITAGE ASSETS	-	3 002 303	-	-	**3 002 303**
Heritage assets	-	3 002 303	-	-	3 002 303
LAND AND SUBSOIL ASSETS	13 789 620	-	-	-	**13 789 620**
Land	13 789 620	-	-	-	13 789 620
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**29 210 811**	**21 842**	**-**	**-**	**29 232 653**

35.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash R'000	*Non-cash* R'000	*(Capital work-in-progress current costs and Finance lease payments)* R'000	*Received current, not paid (Paid current year, received prior year)* R'000	*Total* R'000
BUILDINGS AND OTHER FIXED STRUCTURES	685 274	-	(685 274)	-	-
Dwellings	-	-	-	-	-
Non-residential buildings	685 274	-	(685 274)	-	-
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	**685 274**	**-**	**(685 274)**	**-**	**-**

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2013

35.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash R'000	*Transfer out or destroyed or scrapped R'000*	*Total disposals R'000*	*Cash received Actual 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	-	-	-	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

35.3 Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	*Additions R'000*	*Disposals R'000*	*Closing balance R'000*
BUILDINGS AND OTHER FIXED STRUCTURES	15 421 191	-	-	**15 421 191**
Dwellings	-	-	-	-
Non-residential buildings	15 421 191	-	-	15 421 191
Other fixed structures	-	-	-	-
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS	13 789 620	-	-	**13 789 620**
Land	13 789 620	-	-	13 789 620
Mineral and similar non-regenerative resources	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**29 210 811**	-	-	**29 210 811**

Department of Defence and Military Veterans
Vote 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

DEPARTMENTS/AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Final Appropriation Act R'000
Safety and Security Sector Education and Training Authority (SASSETA)	18 355	-	-	18 355	17 162	94%	15 281
Military Veterans Management	51 403	-	50 000	101 403	96 976	96%	-
Special Defence Account	4 896 376	-	(50 000)	4 846 376	4 846 376	100%	4 862 657
TOTAL	**4 966 134**	**-**	**-**	**4 966 134**	**4 960 514**		**4 877 938**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2011/12
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Capital R'000	Current R'000	Final Appropriation Act R'000
PUBLIC CORPORATION									
Armaments Corporation of South Africa	974 932	-	53 768	1 028 700	1 028 700	100.0%	-	-	890 749
TOTAL	**974 932**	**-**	**53 768**	**1 028 700**	**1 028 700**		**-**	**-**	**890 749**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %	Final Appropriation Act R'000
Transfers							
St John's Ambulance Brigade	-	-	752	752	752	100%	400
Reserve Force Council	6 213	-	-	6 213	6 213	100%	5 917
TOTAL	**6 213**	**-**	**752**	**6 965**	**6 965**		**6 317**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %	Final Appropriation Act R'000
Transfers							
DOD members	131 617	-	(24 385)	107 232	107 232	100%	102 838
	131 617	**-**	**(24 385)**	**107 232**	**107 232**		**102 838**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13 R'000	2011/12 R'000
Received in kind			
Government of Japan	Toyota Hilux, Quantum, 4 Land Cruisers and Trailer Cargo	3 161	-
Milners	Sponsorship to attend dental clinical congress	-	20
Royal canine	DVD's	-	1
Royal canine	Book the Search and Rescue Dog and Encylopedia	-	2
Tanja Slyper	Dog Belgian Shepard Male (King)	-	5
Mrs R. Buitendach	Dog Rottweiler Male (Samson)	-	5
Dr G.J.J Smit	Xerox Phaser Fax	-	2
2 Mil Hosp Interns 2010/11	K.I.C Refrigerator	-	2
		-	-
Total		**3 161**	**37**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2013

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI-TURE R'000	CLOSING BALANCE R'000
Received in kind					
Total		-	-	-	-
		-	-	-	-
		-	**-**	**-**	**-**

- 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 2013

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 2013

NATURE OF GIFT, DONATION OR SPONSORSHIPS	2012/13 R'000	2011/12 R'000
Made in kind		
The Kingdom of Jordan - Obsolete Warelic Crusader Tank	1	-
RSA Neighbouring contries - Unservicable alloutte III Helicopters and spares	96 012	-
TOTAL	**96 013**	**-**

- 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 2013

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2013

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 12/13	% Held 11/12	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
				2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	Yes/No
National/Provincial Public Entity												
Castle Control Board (under control of the Minister of Defence)	3A	100%	100%			-	-	3 220	12 880	112	449	No
Armaments Corporation of South Africa (managed and controlled by a board of Directors appointed by the Minister of Defence) Profit/(loss) for the year is for the ARMSCOR Group	2	100%	100%	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence)	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence)	75 000	75 000	1 792 300	627 092	1 388 111	73 289	No
South African National Defence Force Fund	3A (not listed)	100%	100%					13 282	12 656	627	616	No
Total						**75 000**	**75 000**	**1 808 802**	**652 628**	**1 388 850**	**74 354**	

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2013

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	
		2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Controlled entities									
South African National Defence Force Fund	The SANDF Fund is established in terms of the Fund Raising Act, 1968 (Act No. 107 of 1968). The aim of the fund is to render aid to SA National Defence Force and Auxillary Services and their dependants who suffer financial hardship and distress as a result of duties in terms of the Defence Act, 2002 (Act No. 42 of 2002).	-	-	13 275	12 656	-	-	-	-
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.	-	-	14 155	12 880	-	-	-	-
Armaments Corporation of South Africa (managed and controlled by a board of Directors appointed by the Minister of Defence)	To acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manage the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidiary companies which directly support technology and acquisition strategies.	75 000	75 000	1 792 300	627 092	-	446	-	3 993
Total		**75 000**	**75 000**	**1 819 730**	**652 628**	**-**	**446**	**-**	**3 993**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 1 April 2012 R'000	Guarantees drawdowns during the year R'000	Guaranteed repayments/cancelled/ reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2013 R'000	Guaranteed interest outstanding as at 31 March 2013 R'000	Realised losses not recoverable R'000
	Housing								
ABSA		-	1 846	-	1 504	-	342	-	-
African Bank		-	27	-	14	-	13	-	-
First National Bank		-	2 468	-	729	-	1 739	-	-
Free State Dev Corp		-	696	-	36	-	660	-	-
Green Start Home Loans		-	317	-	38	-	279	-	-
Ithala Dev Fin Corp		-	127	-	121	-	6	-	-
Masikheni		-	46	-	46	-	-	-	-
Nedbank		-	1 636	-	1 098	-	538	-	-
Old Mutual Bank		-	19	-	-	-	19	-	-
Southfin		-	281	39	281	-	-	-	-
Standard Bank		-	1 954	-	581	-	1 412	-	-
Venda Bigs Soc		-	179	-	-	-	179	-	-
Other		-	16	-	-	-	16	-	-
Total		**-**	**9 612**	**39**	**4 448**	**-**	**5 203**	**-**	**-**

The amount disclosed for the financial year 2011/12 with regards to Housing Loan Guarantees has been restated from R9 588 000 to R9 612 000 due to an understatement in the previous financial year.

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 01 April 2012 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 2013 R'000
Claims against the department					
Civil claims	483 844	103 476	26 261	-	561 059
Motor vehicle accident claims	5 324	2 765	2 891	-	5 198
Subtotal	**489 168**	**106 241**	**29 152**	-	**566 257**
Environmental Liability					
UXO contamination and rehabilitation	904 586	-	-	-	904 586
Aviation Fuel underground contamination rehabilitation	52 500	-	7 211	-	45 289
Bitumen contamination at Air Force Base	4 500	-	-	-	4 500
Subtotal	**961 586**	**-**	**7 211**	**-**	**954 375**
Total	**1 450 754**	**106 241**	**36 363**	**-**	**1 520 632**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 4

CLAIMS RECOVERABLE FOR THE YEAR ENDED 31 MARCH 2013

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2013/03/31	2012/03/31	2013/03/31	2012/03/31	2013/03/31	2012/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Agriculture, Forestry and Fishery	-	-	7 146	3 470	7 146	3 470
Department of Correctional Services	-	-	1	11	1	11
Department of Environmental Affairs & Tourism	-	-	815	815	815	815
Department Eco Development & Tourism	-	-	17	-	17	-
Department of Health	-	-	697	668	697	668
Department of Home Affairs	-	-	3 631	10	3 631	10
Department of International Relations and Co-operation	-	-	-	488	-	488
Department of Public Works	-	-	2 018	2 032	2 018	2 032
Department of Traditional Affairs	-	-	30	-	30	-
Department of Transport	-	-	423	423	423	423
Ministry for Rural Development and Land Reform	-	-	182	182	182	182
Ministry for State Security	-	-	-	980	-	980
National Disaster Management Centre	-	-	147	689	147	689
National Treasury	-	-	479	436	479	436
South African Police Services	-	-	133	136	133	136
South African Police Services - Presidential Protection	-	-	25 565	25 565	25 565	25 565
Eastern Cape Health Department	-	-	-	7	-	7
Gauteng Education Department	-	-	22	22	22	22
Gauteng Health Department	-	-	-	680	-	680
KwaZulu Natal Provincial Government	-	-	-	21 288	-	21 288
Provincial Disaster Management Centre	-	-	-	336	-	336
TOTAL	**-**	**-**	**41 306**	**58 238**	**41 306**	**58 823**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES FOR THE YEAR ENDED 31 MARCH 2013

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2013/03/31	2012/03/31	2013/03/31	2012/03/31	2013/03/31	2012/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Amounts not included in Statement of Financial Position						
Department of Correctional Services	-	-	-	5	-	5
Department of Education	-	-	-	-	- 6	-
Department of Finance	-	-	6	7		7
Department of Health	-	4	3 725	75	3 725	79
Department of Home Affairs	-	-	14	-	14	-
Department of Housing	-	-	-	-	-	-
Department of International Relations and Co-operation	-	-	-	-	-	-
Department of Justice and Constitutional Development	1 304	3 698	1	37	1 305	3 735
Department of Labour	-	-	-	15	-	15
Department of Minerals	-	-	-	8	-	8
Department of Public Works	-	-	904	13	904	13
Department of Social Development	-	-	-	13	-	13
Department of Transport KZN	-	-	-	-	-	-
Department of Transport	-	-	5 594	3 846	5 594	3 846
Department of Water Affairs	-	-	-	-	-	-
Department of Water & Environment	-	-	-	-	-	-
Gauteng Provincial Government	-	-	-	8	-	8
Government Communications	-	-	-	498	-	498
Government Printing Works	-	-	-	56	-	56
Mpumalanga Provincial Government	-	-	-	13	-	13
National Prosecuting Authority	-	-	-	2	-	2
National Treasury	-	-	-	-	-	-

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES FOR THE YEAR ENDED 31 MARCH 2013 (continued)

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2013/03/31	2012/03/31	2013/03/31	2012/03/31	2013/03/31	2012/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Amounts not included in Statement of Financial Position						
PALAMA	-	-	89	-	89	-
South African Police Service	-	-	-	50	-	50
Independent Police Investigation Directorate (IPID)	-	-	-	-	-	-
Auditor-General - General Account	-	-	-	1 290	-	1 290
Auditor-General - Special Defence Account	-	-	-	1 116	-	1 116
The Presidency	-	-	-	-	-	-
TOTAL	**1 304**	**3 702**	**10 333**	**7 052**	**11 637**	**10 754**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 6

INVENTORY

	2012/13		2011/12	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	1 160 991 300	92 243 402	-	-
Add/(Less): Adjustments to prior year balances	3 489 594 324	37 443 741 484	1 115 837 251	90 316 865
Add: Additions/Purchases - Cash	-	1 275 396 879	50 544 467	1 929 175
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	(8 477 099)	(67 541 041)	(2 661 581)	(118 007)
(Less): Issues	(3 171 606)	(70 830 326)	(2 873 898)	(113 151)
Add/(Less): Adjustments	-	-	145 061	228 520
Closing balance	**4 638 936 919**	**38 673 010 398**	**1 160 991 300**	**92 243 402**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 7

Movement in Capital Work-in-Progress
MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**265 620**	**685 274**	**-**	**950 894**
Non-residential buildings	265 620	685 274	-	950 894
TOTAL	**265 620**	**685 274**	**-**	**950 894**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 8A

INTER-ENTITY ADVANCES RECEIVED FOR THE YEAR ENDED 31 MARCH 2013 (note 18)

	Confirmed balance		Unconfirmed balance		Total	
	2013/03/31	2012/03/31	2013/03/31	2012/03/31	2013/03/31	2012/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Current						
NATIONAL DEPARTMENTS	-	-	-	8 740	-	8 740
TOTAL	**-**	**-**	**-**	**8 740**	**-**	**8 740**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 9

Movable Tangible Capital Assets
MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Current year adjustment to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	**31 334 809**	**(25 364 232)**	**304 450**	**10 605**	**6 264 422**
Computer equipment	472 669	111 622	75 471	8 720	650 988
Furniture and office equipment	59 591	125 530	9 410	969	193 562
Other machinery and equipment	30 802 549	(25 601 384)	219 623	916	5 419 872
BIOLOGICAL ASSETS	**30**	**(471)**	**622**	**-**	**181**
Biological assets	30	(471)	622	-	181
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**31 334 839**	**(25 364 703)**	**305 071**	**10 605**	**6 264 602**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 10

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Specialised military assets R'000	Intangible assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	59	4 379 284	123	4 379 466
Additions	-	-	124 097	35	124 132
Disposals	-	-	(13 983)	(5)	(13 988)
TOTAL	**-**	**59**	**4 489 399**	**153**	**4 489 611**

	Specialised military assets R'000	Intangible assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets	-	-	48 755	3	48 758
Number of minor assets at cost	-	-	28 446 207	246	28 446 453
TOTAL NUMBER OF MINOR ASSETS	**-**	**-**	**28 494 962**	**249**	**28 495 211**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 11

Immovable Tangible Capital Assets
MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Current year adjustment to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	102 149	(116 214)	14 065	-	-
Dwelings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	102 149	(116 214)	14 065	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**102 149**	**(116 214)**	**14 065**	**-**	**-**

Annexures to the Annual Financial Statements for the year ended 31 March 2013

ANNEXURE 12

Intangible Capital Assets
MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Current year adjustment to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Capitalised development costs	-	-	-	-	-
Computer software	21 790	(15 249)	76	-	6 617
Mastheads and publishing titles	-	-	-	-	-
Patents, licenses, copyright, brand names, trademarks	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	**21 790**	**(15 249)**	**76**	**-**	**6 617**

SPECIAL DEFENCE ACCOUNT ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

General Information

Nature of business and principal activities	Acquisition of Armaments
Accounting Officer	Dr S.M. Gulube
Bankers	South African Reserve Bank
Preparer	The annual financial statements were internally compiled by: Mr PJ du Bois (Deputy Director) Ms C Halvey (Assistant Director)

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

Index

The reports and statements set out below comprise the annual financial statements presented to the National Treasury:

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SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Public Finance Management Act , 1999 (Act No. 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the Special Defence Account (SDA) as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the SDA and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the SDA and all employees are required to maintain the highest ethical standards in ensuring the SDA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the SDA is on identifying, assessing, managing and monitoring all known forms of risk across the SDA. While operating risk cannot be fully eliminated, the SDA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the SDA's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, he is satisfied that the SDA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the SDA's financial statements. The financial statements have been examined by the SDA's external auditors.

The financial statements set out on pages 280 to 305, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 May 2013 and were signed by:

(DR S.M. GULUBE)
SECRETARY FOR DEFENCE: DIRECTOR GENERAL

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

Report of the Auditor-General to Parliament on the Special Defence Account

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Special Defence Account (SDA) set out on pages 280 to 305, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) 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 the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. 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.

4. 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.

5. My audit of certain sensitive expenditure incurred in connection with special defence activities per section 2(2)(a) of the Defence Special Account Act, 1974 (Act No. 6 of 1974), has been limited to those procedures necessary for the purpose of expressing an opinion on the financial statements and was not extended to include the details of underlying transactions, or compliance with any legislation and approvals.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Defence Account as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Financial reporting framework

9. As disclosed in note 1.6.1 to the financial statements, the Minister of Finance has exempted the SDA per *General Notice 563 of 2012* issued in *Government Notice 35533 of 23 July 2012* from applying GRAP 6 and to, instead, apply GRAP 104 regarding special defence activities.

Significant uncertainties

10. As disclosed in the note 16 to the financial statements, the SDA, through the Department of Defence and its service provider, is a defendant in certain lawsuits. The outcome of these lawsuits cannot be determined at present and no provision has been made for any liability that may result. The aforementioned is in accordance with the requirements of the accounting standards.

Restatement of corresponding figures

11. As disclosed in notes 15 and 21 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of an error discovered during 31 March 2013 in the financial statements of the SDA at, and for the year ended, 31 March 2012.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

13. The objectives of the SDA are included within the Department of Defence's reporting on performance against predetermined objectives.

Compliance with laws and regulations

14. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Internal control

15. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor-General

Pretoria

31 July 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

Statement of Financial Position as at 31 March 2013

	Note(s)	2013 R '000	2012 R '000
Assets			
Current Assets			
Cash and cash equivalents	2	4 610 324	3 695 281
Receivables from exchange transactions	3	558 984	668 666
Receivables from non-exchange transactions	4	2 903	11 767
		5 172 211	4 375 714
Non-Current Assets			
Other financial assets	5	51 222	35 705
Total Assets		**5 223 433**	**4 411 419**
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	200 422	128 548
Payables from non-exchange transactions	7	36 894	38 200
Funds to be surrendered to National Revenue Fund	8	50 357	142 100
Other financial liabilities	9	25 379	24 854
		313 052	333 702
Total Liabilities		**313 052**	**333 702**
Net Assets		**4 910 381**	**4 077 717**
Accumulated surplus		4 910 381	4 077 717

SPECIAL DEFENCE ACCOUNT
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Statement of Financial Performance for the year ended 31 March 2013

	Note(s)	2013 R '000	2012 R '000
Revenue	11	4 906 934	5 040 376
Foreign exchange gains		-	515 004
Operating expenses	12	(4 023 313)	(5 102 768)
Foreign exchange loss		(601)	-
Operating surplus		**883 020**	**452 612**
Surplus for the year		**883 020**	**452 612**
Attributable to:			
Accumulated reserves		883 020	452 612

SPECIAL DEFENCE ACCOUNT
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Statement of Changes in Net Assets for the year ended 31 March 2013

	Note(s)	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported		6 420 848	6 420 848
Adjustments		-	-
Change in accounting policy		827 346	827 346
Balance at 01 April 2011 as restated		**7 248 194**	**7 248 194**
Changes in net assets		-	-
Surplus for the year		452 612	452 612
Other adjustments against reserves		5 936	5 936
A400M		(3 486 925)	(3 486 925)
Distribution to the National Revenue Fund		(142 100)	(142 100)
Total changes		(3 170 477)	(3 170 477)
Balance at 01 April 2012		**4 077 717**	**4 077 717**
Changes in net assets		-	-
Surplus for the year		883 020	883 020
Distribution to the National Revenue Fund		(50 357)	(50 357)
Prior year adjustment		1	1
Total changes		832 664	832 664
Balance at 31 March 2013		**4 910 381**	**4 910 381**

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SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

Cash Flow Statement for the year ended 31 March 2013

	Note(s)	2013 R '000	2012 R '000
Cash flows from operating activities			
Receipts			
Grants		4 846 376	4 862 657
Other receipts		179 104	3 389 922
		5 025 480	8 252 579
Payments			
Suppliers		(3 952 743)	(5 138 271)
Net cash flows from operating activities	13	**1 072 737**	**3 114 308**
Cash flows from investing activities			
Net movement in other financial assets		(15 517)	4 993
Other cash item		(1)	-
Net cash flows from investing activities	29	**(15 518)**	**4 993**
Cash flows from financing activities			
Net movement in other financial liabilities		525	1 316
Decrease in the provision for the distribution to the National Revenue Fund		(91 743)	88 114
Transfer to the National Revenue Fund		(50 357)	(3 623 089)
Net cash flows from financing activities	29	**(141 575)**	**(3 533 659)**
Net increase/(decrease) in cash and cash equivalents	29	**915 644**	**(414 358)**
Cash and cash equivalents at the beginning of the year		3 695 281	3 594 635
Effect of exchange rate movement on cash balances		(601)	515 004
Cash and cash equivalents at the end of the year	2	**4 610 324**	**3 695 281**

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2013

Budget on Cash Basis

	Approved budget	*Adjust-ments*	*Final budget*	*Actual amounts on comparable basis*	*Difference between final budget and actual*
	R '000	*R '000*	*R '000*	*R '000*	*R '000*
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Interest revenue	-	-	**-**	608	**608**
Recoveries from suppliers	-	-	**-**	9 258	**9 258**
Total revenue from exchange transactions	**-**	**-**	**-**	**9 866**	**9 866**
Revenue from non-exchange transactions					
Revenue					
Government grants & subsidies	5 260 016	(413 640)	**4 846 376**	4 846 376	**-**
Transfer revenue					
Fines	-	-	**-**	13 654	**13 654**
Sale of goods	-	-	**-**	17 453	**17 453**
Other revenue	-	-	**-**	19 585	**19 585**
Total revenue from non-exchange transactions	**5 260 016**	**(413 640)**	**4 846 376**	**4 897 068**	**50 692**
Total revenue	**5 260 016**	**(413 640)**	**4 846 376**	**4 906 934**	**60 558**
Expenditure					
Debt impairment	-	-	**-**	(3 299)	**(3 299)**
Largest projects	(2 901 340)	470 026	**(2 431 314)**	(1 567 302)	**864 012**
Non-project related expenditure	(641 189)	48 021	**(593 168)**	(573 175)	**19 993**
Sensitive projects	(430 269)	-	**(430 269)**	(602 517)	**(172 248)**
General projects	(1 287 218)	(104 408)	**(1 391 626)**	(1 277 621)	**114 005**
Foreign exchange loss	-	1	**1**	601	**600**
Total expenditure	**(5 260 016)**	**413 640**	**(4 846 376)**	**4 023 313**	**823 063**
Operating surplus	**-**	**-**	**-**	**883 621**	**883 621**
Loss on foreign exchange	-	-	**-**	(601)	**(601)**
Surplus before taxation	**-**	**-**	**-**	**883 020**	**883 020**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**883 020**	**883 020**

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2013

Budget on Cash Basis

	Approved budget	*Adjust-ments*	*Final budget*	*Actual amounts on comparable basis*	*Difference between final budget and actual*
	R '000	*R '000*	*R '000*	*R '000*	*R '000*
Statement of Financial Position					
Assets					
Current Assets					
Receivables from exchange transactions	674 934	-	**674 934**	558 984	**(115 950)**
Receivables from non-exchange transactions	-	-	**-**	2 903	**2 903**
Cash and cash equivalents	8 955 297	-	**8 955 297**	4 610 324	**(4 344 973)**
	9 630 231	**-**	**9 630 231**	**5 172 211**	**(4 458 020)**
Non-Current Assets					
Other financial assets	35 705	-	**35 705**	51 222	**15 517**
Total Assets	**9 665 936**	**-**	**9 665 936**	**5 223 433**	**(4 442 503)**
Liabilities					
Current Liabilities					
Other financial liabilities	24 854	-	**24 854**	25 379	**525**
Payables from exchange transactions	128 547	**-**	**128 547**	200 426	**71 879**
Taxes and transfers payable (non-exchange)	32 701	**-**	**32 701**	36 894	**4 193**
Funds to be surrendered to the National Revenue Fund	142 100	**-**	**142 100**	50 357	**(91 743)**
	328 202	-	**328 202**	313 056	**(15 146)**
Total Liabilities	**328 202**	**-**	**328 202**	**313 056**	**(15 146)**
Net Assets	**9 337 734**	**-**	**9 337 734**	**4 910 377**	**(4 427 357)**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Accumulated surplus	**9 337 734**	**-**	**9 337 734**	**4 910 377**	**(4 427 357)**

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2013

Budget on Cash Basis	*Approved budget*	*Adjust-ments*	Final budget	*Actual amounts on comparable basis*	*Difference between final budget and actual*
	R '000	*R '000*	R '000	*R '000*	*R '000*
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Grants	5 260 016	(413 640)	**4 846 376**	4 846 376	**-**
Other receipts	-	-	**-**	179 104	**179 104**
	5 260 016	**(413 640)**	**4 846 376**	**5 025 480**	**179 104**
Payments					
Suppliers	(5 260 016)	413 640	**(4 846 376)**	(3 952 743)	**893 633**
Net cash flows from operating activities	**-**	**-**	**-**	**1 072 737**	**1 072 737**
Cash flows from investing activities					
Net movement in other financial assets	-	-	**-**	(15 517)	**(15 517)**
Other cash item	-	-	**-**	(1)	**(1)**
Net cash flows from investing activities	**-**	**-**	**-**	**(15 518)**	**(15 518)**
Cash flows from financing activities					
Net movement in other financial liabilities	-	-	**-**	525	**525**
Decrease in the provision for the distribution to the National Revenue Fund	-	-	**-**	(91 743)	**(91 743)**
Transfer to the National Revenue Fund	-	-	**-**	(50 357)	**(50 357)**
Net cash flows from financing activities	**-**	**-**	**-**	**(141 575)**	**(141 575)**
Net increase/(decrease) in cash and cash equivalents	-	-	**-**	915 644	**915 644**
Cash and cash equivalents at the beginning of the year	-	-	**-**	3 695 281	**3 695 281**
Effect of exchange rate movement on cash balances	-	-	**-**	(601)	**(601)**
Cash and cash equivalents at the end of the year	**-**	**-**	**-**	**4 610 324**	**4 610 324**

Notes to the Annual Financial Statements

Accounting Policies

1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with the effective SA Standards of Generally Recognised Accounting Practice (SA GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board of South Africa.

These accounting policies are consistent with the previous period, except for the changes set out in note 23 Changes in accounting policy.

1.1 Standards of GRAP issued but not yet effective

As the Minister has not determined an effective date for the Standards of GRAP for Departments, the SDA adopted Standards of GRAP voluntary. All the Standards of GRAP including any related interpretations issued before 31 March 2011 were adopted. The SDA has chosen to early adopt GRAP 20 - Related Parties. Therefore, the entity does not expect any material effect when the Standards become effective.

1.2 Basis of preparation

The financial statements are prepared on the accrual basis using historical cost as a measurement basis, unless another measurement basis is required by Standards of GRAP. The significant accounting policies applied are set out below.

1.3 Functional currency

The financial statements are prepared in South African Rand (ZAR) which is also the functional currency of the Department of Defence. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.

1.4 Going concern

The annual financial statements have been prepared on a going concern basis.

1.5 Off-setting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1.6.1 Measurement of financial assets

The SDA measures its financial assets initially at fair value, which is the transaction price of the financial asset. The SDA has applied Directive 7 and the Standard of GRAP on Financial Instruments (GRAP 104) to determine a deemed cost for these financial assets. The application of GRAP 104 instead of GRAP 6 was approved by the Minister of Finance on 23 July 2012 as an exemption for the SDA. In applying GRAP 104 management considered the time value of money as well as possible impairment factors in determining a deemed cost.

Notes to the Annual Financial Statements

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

1.6.2 Impairment of financial assets

Financial assets not measured at fair value are assessed for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded, the SDA makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flow from the financial asset. The estimates take into account the nature and the risks associated with each financial asset as well as the industry in which the SDA is operating.

1.6.3 Classification of exchange and non-exchange transactions

The SDA uses judgement in classifying transactions between exchange and non-exchange transactions and related receivables and payables. Where the SDA receives or transfers assets or services or has liabilities extinguished, and directly gives approximate equal value (primarily in the form of cash, goods, services, or use of assets), the transaction and the related receivable or payable are classified as exchange transactions. All other transactions and their related balances are classified as non-exchange transactions.

The sales of specialised military equipment and related assets are classified as revenue from non-exchange transactions as the SDA only receives the funds in accordance with the Defence Special Account Act, 1974 (Act No. 6 of 1974). The SDA does not control the underlying assets.

1.6.4 Expenditure on capital assets

As the SDA only provides for the funding of the resources, management does not recognise any capital assets other than those relating to financial instruments, in the statement of financial position. Military and other fixed assets are transferred directly at acquisition to the relevant service and/or division within the Department.

1.6.5 Commitments

The SDA applies judgement in determining the outstanding commitments disclosed in note 15. Amounts included in commitments consist of the balances of contracts entered into with suppliers where goods or services were not yet delivered.

1.6.6 Surplus funds to be surrendered

An estimate of amounts to be surrendered is declared in the period of the distribution based on the revenue received (cash) for a given period. Any changes in the estimate is accounted for in the period of the change.

1.6.7 Contingent liabilities and payables

Management applied judgement to the facts, patterns and advice it receives from its legal advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

1.6.8 Taxation

The SDA is not liable for taxation.

1.6.9 Effective interest rate

The SDA used the National Treasury rates to discount future cash flows.

Notes to the Annual Financial Statements

Accounting Policies

1.7 Revenue

When the SDA receives value in the form of an asset and directly provides approximate equal value in exchange, the SDA classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable and recognised when it becomes due to the SDA.

1.8 Revenue from exchange transactions

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the SDA.

1.9 Revenue from non-exchange transactions

The SDA recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Revenue results from fines due in terms of contracts and transfer allocations due in accordance with the Defence Special Account Act, 1974 (Act No. 6 of 1974). Revenue is recognised when the SDA has a legal right to the revenue. Revenue allocated to the SDA from the sale of goods is recognised when the risks and rewards of ownership associated with the underlying assets have been transferred from the Department to the third party.

Where services are received in-kind, and a reliable estimate can be made, the SDA will recognise the related revenue. In all other cases, the SDA will only disclose the fact.

1.10 Expenditure

Expenditure is classified in accordance with the approved budget (projects) and the SDA discloses expenditure per nature and per arm of service.

The SDA recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

The SDA recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

1.11 Unauthorised, irregular and fruitless and wasteful expenditure

Unauthorised, irregular and fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance. The expenditure is disclosed seperately in the notes to the financial statements.

Notes to the Annual Financial Statements

Accounting Policies

1.12 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

1.12 Foreign currency transactions (continued)

Foreign currency gains and losses are recognised in surplus or deficit on monetary items at year-end at the spot rate applicable for the instrument.

1.13 Financial instruments

1.13.1 Initial recognition and classification

The SDA classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the Department of Defence becomes a party to the contractual provisions of the instruments and SDA funds are committed or receives the benefits.

The SDA does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.13.2 Initial measurement

Financial instruments are initially measured at fair value.

1.13.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transaction costs on other financial instruments are included in the cost of the instrument.

1.13.4 Subsequent measurement

Cash and cash equivalents are measured at fair value, receivables are measured at amortised cost and other financial assets are measured at fair value unless fair value cannot be determined. Financial liabilities are measured at amortised cost.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. Gains and losses arising from changes in fair value are included in the statement of financial performance.

Amortised cost is calculated based on the effective interest rate method.

1.13.5 Impairment of financial assets

At each reporting date the SDA assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments and default of payments are considered to be indicators of impairment.

Notes to the Annual Financial Statements

Accounting Policies

Impairment losses are recognised in the statement of financial performance as expenses.

1.13.5 Impairment of financial assets (continued)

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

1.13.5.1 Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Receivables are classified as loans and receivables.

1.13.5.2 Payables

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.13.5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

1.13.5.4 Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Notes to the Annual Financial Statements

Accounting Policies

1.13 Financial instruments (continued)

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

1.13.5.5 Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the SDA has the positive intention and ability to hold to maturity are classified as held to maturity.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

1.15 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised costs arise from amounts due as a result of non-delivery by contractors. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

1.16 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the SDA has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

1.17 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

1.18 Payables from exchange transactions

The SDA recognises payables from exchange transactions where liabilities result in counterperformance by the respective parties.

Notes to the Annual Financial Statements

Accounting Policies

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

1.19 Payables from non-exchange transactions

The SDA recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of oustanding obligations against the revenue.

Payables from non-exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

1.20 Funds to be surrendered to the National Revenue Fund

The SDA is not required to surrender any funds allocated in terms of section 4 of the Defence Special Account Act, 1974 (Act No. 6 of 1974). Per agreement with the National Treasury, the SDA cedes any cash amounts received excluding funds transfered from the Department of Defence. The amount surrendered is calculated and distributed through net assets on an annual basis to the National Revenue Fund.

1.21 Other financial liabilities

Other financial liabilities are measured at amortised cost. Effective interest is capitalised against the amounts outstanding in accordance with the agreement.

1.22 Contingents assets and liabiltities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity, or

A present obligation that arises from past events but is not recognised because:

- It is not possible that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurence or non-occurence of one or more uncertain events not wholly within the control of the enitiy.

1.23 Budget information

The budget is prepared on a cash basis. The SDA does not budget for any revenue other than the transfer payment received through the Department of Defence. Expenditure incurred exceeding the transfer payment is defrayed from accumulated reserves.

1.24 Related Party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party; or an entity that is subject to common control or joint control. Specific information with regard to related party transactions is included in the disclosure notes.

Notes to the Annual Financial Statements

Accounting Policies

1.25 Impairment of cash-generating assets

Cash-generating assets are those assets held by the SDA with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:
- (a) the period of time over which an asset is expected to be used by the SDA; or
- (b) the number of production or similar units expected to be obtained from the asset by the SDA.

1.26 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

2. Cash and cash equivalents

Cash and cash equivalents at fair value consist of:

Cash on hand	13 449	12 622
Bank balances	4 571 298	3 657 617
Short-term deposits	25 577	25 042
	4 610 324	**3 695 281**

Short-term deposits includes an amount of R25.3 million (2011/12: R24.8 million) restricted to be used for the Compliance Programme.

3. Receivables from exchange transactions

Trade debtors	-	2 002
Employee costs in advance	5 532	14 506
Prepayments: Contracts	553 452	651 855
Other receivables	-	303
	558 984	**668 666**

Fair value of receivables

The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.

Receivables impaired

As of 31 March 2013, receivables of R540 845 (2011/12: R561 000) were fully impaired.
The ageing of these loans is as follows:

Less than one year	-	270 055
More than a year	-	291 085

Reconciliation of provision for impairment of receivables

Opening balance	234	199
Interest accrued	38	329
Payments received	(2)	(24)
Less: Current year impairment	20	(270)
	290	**234**

The debt was considered impaired as the payments made are less than the interest charged. The expected future cash flows were discounted at 8.5%, being the current approved rate by the Minister of Finance for debt owed to the State.

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

4. Receivables from non-exchange transactions

Revenue due from allocations	2 903	11 767

Fair value of receivables from non-exchange transactions

The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.

Receivables from non-exchange transactions past due but not impaired

There are no receivables past due.

Receivables from non-exchange transactions impaired

There are no receivables to be considered for impairment.

5. Other financial assets

Designated at cost		
Other financial assets	72 543	53 727
Impairments	(21 321)	(18 022)
	51 222	35 705
Non-current assets		
Designated at cost	51 222	35 705

Fair values of financial assets measured or disclosed at fair value

Reconciliation of financial assets at fair value through surplus or deficit 2013

	Opening balance	Additions	Impairments	Closing balance
Other financial assets	35 705	18 816	(3 299)	51 222

Reconciliation of financial assets at fair value through surplus or deficit 2012

	Opening balance	Additions	Impairments	Closing balance
Other financial assets	40 697	4 351	(9 343)	35 705

6. Payables from exchange transactions

Contract creditors	194 524	95 856
Strategic Defence Procurement Programme	5 898	31 835
ARMSCOR: Commission	-	857
	200 422	**128 548**

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

7. Payables from non-exchange transactions

Contract creditors: Fines	33 991	32 701
Revenue received in advance	2 903	5 499
	36 894	**38 200**

8. Funds to be surrendered to the National Revenue Fund

Opening balance	142 100	53 986
Fines, penalties and forfeits	15 789	30 576
Sales of goods and services other than capital assets	10 007	50 213
Sales of capital assets	24 001	61 177
Interest on receivables	560	134
Less: Payments made	(142 100)	(53 986)
Closing balance	**50 357**	**142 100**

9. Other financial liabilities

At amortised cost		
Compliance Programme	25 379	24 854

Secured against short-term deposit held at Corporation for Public Deposits. Interest free without specific repayment arrangements.

The Compliance Programme consist of funds administered by the SDA on behalf of the South African Government and will be utilised to defray expenditure in accordance with the requirements of the programme as per agreement between the USA and SA Governments. Interest on the funds accrue at market rate per the funds invested.

Current liabilities		
At amortised cost	25 379	24 854

10. Financial instruments disclosure

Categories of financial instruments

2013

Financial assets

	At fair value	At cost	Total
Other financial assets	-	51 222	51 222
Cash and cash equivalents	4 610 324	-	4 610 324
	4 610 324	**51 222**	**4 661 546**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	25 379	25 379
Payables from exchange transactions	200 422	200 422
	225 801	**225 801**

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

2012

Financial assets

	At fair value	At amortised cost	At cost	Total
Other financial assets	-	-	35 705	35 705
Receivables from exchange transactions	-	2 305	-	2 305
Other receivables from non-exchange transactions	-	6 268	-	6 268
Cash and cash equivalents	3 695 281	-	-	3 695 281
	3 695 281	**8 573**	**35 705**	**3 739 559**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	24 854	24 854
Payables from exchange transactions	128 547	128 547
	153 401	**153 401**

11. Revenue

Interest revenue	608	91 090
Recoveries from suppliers	9 258	1 726
Funds from the Department of Defence	4 846 376	4 862 657
Contract fees and fines	13 654	32 192
Revenue allocated from the sale of goods	17 453	33 165
Other revenue	19 585	19 546
	4 906 934	**5 040 376**
The amount included in revenue arising from exchange of goods or services is as follows:		
Interest revenue	608	91 090
Recoveries from suppliers	9 258	1 726
	9 866	**92 816**

Included in interest is an amount of R0 (2011/12: R89 636) related to the cancellation of the A400M. The interest amount for 2011/12 has been restated by R134 484 due to the amount being incorrectly included as sale of capital assets.

The amount included in revenue arising from non-exchange transactions is as follows:
Transfer revenue

Funds from the Department of Defence	4 846 376	4 862 657
Contract fees and fines	13 654	32 192
Revenue allocated from the sale of goods	17 453	33 165
Other revenue	19 585	19 546
	4 897 068	**4 947 560**

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable.

The amount for revenue allocated from the sale of goods has been restated by R134 484 for 2011/12 due to the amount being incorrectly included as sale of capital assets.

The amount of liabilities forgiven for 2012/13 is R5 858 000 (2011/12: R5 832 000).

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000
12. Operating expenses		
Per project type:		
Largest projects	1 570 602	2 130 210
General projects	573 175	1 476 751
Sensitive projects	602 517	750 006
Non-project related expenditure	1 277 620	745 801
	4 023 914	**5 102 768**
Per nature:		
Goods and services	2 215 504	2 776 881
Commission paid	532	5 895
Impairment of debtors	-	9 613
Machinery and equipment	726 557	794 611
Specialised military assets	1 081 321	1 515 768
	4 023 914	**5 102 768**
Per programme:		
Landward Defence	1 744 072	2 082 376
Air Defence	1 111 560	1 574 593
Maritime Defence	131 478	199 510
Military Health Support	1 793	1 863
Force Employment	106 929	148 276
Joint Support	366 870	702 130
Special Defence Activities	564 185	360 794
Other expenses not directly allocated per programme	(2 973)	33 226
	4 023 914	**5 102 768**

Operating expenses to the amount of R4 023 914 000 consist of expenses to the amount of R4 023 313 000 and a foreign exchange loss of R601 000.

13. Cash generated from operations		
Surplus	883 020	452 612
Adjustments for:		
Forex lossess / (gains) on receivables for exchange	601	(515 004)
Impairment on receivables from exchange transactions	3 299	9 613
Changes in working capital:		
(Increase) / decrease in receivables from exchange transactions	109 682	3 164 331
(Increase) / decrease in receivables from non-exchange transactions	8 864	37 380
Impairment on receivables from exchange transactions	(3 299)	(9 613)
Increase / (decrease) in payables from exchange transactions	71 876	(28 191)
Increase / (decrease) in payables from non-exchange transactions	(1 306)	3 180
	1 072 737	**3 114 308**

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000
14. Funds to be surrendered to the National Revenue Fund		
Payment to the National Revenue Fund	(50 357)	(142 100)
Transfer to the National Revenue Fund - A400M	-	(3 486 925)
Other adjustments against reserves	-	5 936
	(50 357)	**(3 623 089)**
15. Commitments		
Contracts entered into with outstanding goods/services	3 633 554	3 472 591
Commitments approved, but contracts not yet entered into	2 145 756	3 118 483
Capital commitment: Strategic Defence Procurement Programme (SDP)	141 908	143 248
	5 921 218	**6 734 322**

The amount relating to Strategic Defence Packages capital commitment represents the capital amount at prevailing exchange rates at year end, but excludes escalation and other additional costs (eg Finance costs). Included in the amount of R141 908 021 (2011/12: R143 247 987) is a foreign component of USD 3 543 599, GBP 3 436 141 and SEK 42 126 030 (2011/12: USD 3 557 040, GBP 4 160 298 and SEK 48 530 102).

No forward cover was utilised.

The prior year amount for contracts entered into with outstanding goods/services has been restated by an amount of R416 479 000 due to VAT adjustments.

16. Contingencies		
Claims against the State	2 278 119	1 983 064

The amount in Claims against the State relates to a commission claim of EUR 192 180 623 with a rand value of R2 263 119 014 (1 Euro = R11.7760) (2011/12: R1 968 064 104). The difference of R15 000 000 relates to the local legal fees. The difference in the prior year amount vs the new year relates to the foreign exchange rate. The matter is defended in a civil court of Lisbon, Portugal. The matter was dismissed by the Lisbon court during October 2011 on the basis that no jurisdiction exist to hear the case. On appeal the court found in favour of the plaintiff. The decision of the court is however again appealled by ARMSCOR and a final decision is awaited.

Contingent assets

Contractual sales of specialised military assets for 2012/13 to the amount of R14 766 191 (2011/12: R10 893 851) may result in the inflow of economic benefits, but is not virtually certain.

17. Related parties

Related party relationships and control

The SDA is controlled through the Department of Defence at National Government level, and as a result is related to all state controlled entities. The SDA receives a transfer payment from the Department of Defence. The SDA used several national public sector entities, such as ARMSCOR as service providers for defence related procurement transactions, including the buying and selling of armaments, spares and other related components and services. These transactions were

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

concluded on normal operating terms. These amounts are included in payables/receivables on the statement of financial position.

The Department of Defence (General Vote) finances Armscor's operating expenditure requirements by means of a transfer payment. The Department of Defence incurred all the personnel and the administrative cost relating to the SDA including salary cost of employees, audit fees and printing of the annual report.

18. Risk management

Financial risk management

The SDA's activities expose it to a variety of financial risks which are market risk (including currency risk, fair value interest rate risk), credit risk and liquidity risk.

Liquidity risk

The SDA's risk to liquidity is a result of the funds available to cover future commitments (current and non-current). Current commitments are paid within 30 days. Non-current commitments consist of contracts with various maturity dates (refer to note 15). The SDA manages liquidity risk through an ongoing review of future commitments.

Credit risk

Receivables and prepayments

The SDA funds the capital operations of the Department of Defence. As a result of the funding of these operations, receivables may arise due to the non-delivery of goods and services. These receivables include recoveries from suppliers and fines.

Receivables may also arise where funds are due to the SDA as a result of the sales of capital goods that were funded from the SDA. The latter is usually limited to a very short period as Armscor's policy is not to deliver any goods before the monies are received. Notwithstanding this policy, transactions did occur where the risks and rewards of ownership have passed to the buyer and as a result, the monies are due to the SDA.

Advances in terms of contractual arrangements are exposed to limited credit risk as it is covered by bank guarantees held by ARMSCOR.

Cash and cash equivalents

The cash in the current account represents the balance of funds available in the Paymaster-General account. Short-term deposits are held in the Corporation for Public Deposits as required by the Treasury Regulations and the Defence Special Account Act, 1974 (Act No. 6 of 1974). Cash on hand and the balances in the Paymaster-General account are not exposed to any credit risk.

Maximum credit risk exposure		
Cash and cash equivalents	25 379	24 854
Receivables	2 903	11 767
Prepayments	553 452	651 855
	581 734	**688 476**

% of total financial assets is 12.47% (2011/12: 18.41%)

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

Market risk

The SDA is exposed to both interest rate risk and foreign currency risk.

Interest rate risk

Short-term deposits are exposed to interest rate risk. The interest rates on late payments for financial assets at amortised cost are fixed per the agreement.

The estimated effect on the statement of financial performance for a 1 percent change in interest rates (based on the average short-term investment balances) amounts to:

- 2012/13: R505
- 2011/12: R484

Foreign exchange risk

The SDA operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The SDA does not hedge foreign exchange fluctuations.

At 31 March 2013, the currency has changed by 1.5% against the Euro with all other variables held constant, the surplus for the year was affected by a net loss of R601 000 (net profit 2011/12: R515 004 000), mainly as a result of foreign exchange gains or losses on translation of foreign currencies through surplus or deficit.

Financial assets impairment

Financial instruments at fair value		
Cash & cash equivalents	1 462	333
Financial instruments at amortised cost		
Receivables	200	487 273
Payables	(2 263)	27 398
	(601)	**515 004**

Foreign currency exposure at statement of financial position date		
Current assets		
Cash & cash equivalents	13 449	12 622
Liabilities		
Current	313 051	333 702

The SDA reviews its foreign currency exposure, including commitments on an ongoing basis.

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

19. Events after the reporting date

There were no significant events between the reporting date and the date that the financial statements have been issued that resulted in any adjustment to the financial statements.

20. Fruitless and wasteful expenditure

Opening balance	182 240	110 868
Additions	28 195	71 826
Less amounts transferred to receivables for recovery	-	(454)
Fruitless and wasteful expenditure awaiting condonement	**210 435**	**182 240**

Included in the above is an amount of R28 195 000 (2011/12: R71 591 000) for a contract that was cancelled and re-instated.

21. Irregular expenditure

Opening balance	102 803	102 803
Less amounts condoned	(102 803)	-
	-	**102 803**

Analysis of expenditure awaiting condonation per age classification

Prior years	-	102 803

Details of irregular expenditure – current year

Details of irregular expenditure condoned

	Condoned by (condoning authority)	
Misstatements from prior years	Prosecution and Recovery Committee	28 709
A400M Project (local component)	Prosecution and Recovery Committee	74 094
		102 803

The prior year opening balance has been restated by R28 709 000. The amount was erronously not previously disclosed as irregular expenditure.

22. Prepayments

Secured against bank guarantees held by ARMSCOR. Prepayments are recovered on a proportional basis as per contractual deliveries.

23. Changes in accounting policy

The financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards:

- GRAP 24 - Presentation of Budget Information

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

23. Changes in accounting policy (continued)

Standards not yet effective, but applied

GRAP 20 - Related Party Disclosures has been issued but is not yet effective. The SDA has applied the guidelines of the standard in disclosing its' related parties for 2012/13.

The effect of the change in the accounting policy is the non-disclosure of related party transactions to the amount of R4 868 552 000 and related party balances to the amount of R142 957 000.

24. Government grants and subsidies

Funds from the Department of Defence	4 846 376	4 862 657

25. General expenses

Operating expenses	4 020 014	5 093 155

26. Debt impairment

Debt impairment	3 299	9 613

27. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

28. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	883 020	452 613
Adjusted for:		
Sale of goods	(17 453)	(33 300)
Interest	(608)	(90 956)
Other revenue	(19 585)	(19 546)
Recovery of suppliers	(9 258)	(1 726)
Foreign exchange	601	(515 004)
Contract fees and fines	(13 654)	(32 192)
Expenditure	(823 063)	240 111
Net surplus per approved budget	-	-

Notes to the Annual Financial Statements

	2013 R '000	2012 R '000

29. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities		
Actual amount as presented in the budget statement	883 020	452 613
Basis differences	189 717	2 661 695
Net cash flows from operating activities	**1 072 737**	**3 114 308**
Investing activities		
Actual amount as presented in the budget statement	883 020	452 613
Basis differences	(898 538)	(447 620)
Net cash flows from investing activities	**(15 518)**	**4 993**
Financing activities		
Actual amount as presented in the budget statement	883 020	452 613
Basis differences	(1 024 595)	(3 986 272)
Net cash flows from financing activities	**(141 575)**	**(3 533 659)**
Net cash generated from operating, investing and financing activities	**915 644**	**(414 358)**

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SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
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General Information

Legal form of entity	Fund
Nature of business and principal activities	The aim of the Fund is to render emergency aid to members and former members of the South African National Defence Force and Auxiliary Services, and certain other categories of military personnel and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result from any service or duties in terms of the Constitution, 1996 and the Defence Act, 2002 (Act No. 42 of 2002) and also to provide facilities to such members and former members.
Board Members	Lt Gen TM Nkabinde (Full time member) Prof DFS Fourie (Part time member) *(Deputy chairperson)* Lt Gen (Ret) DP Knobel (Part time member) Brig Gen A Maminza (Part time member) Brig Gen MF Dibetso R Adm (Ret) LM Bakkes (Part time member) R Adm (JG) AE Kubu (Full time member) R Adm (JG) G Mbulaheni (Full time member) Col R Pillay (Full time member) Col MJ Louw (Full time member) Lt Col (Ret) L Poorter (Part time member) Lt Col MA Thulare (Part time member) Ms M Tsotsi (Part time member) MCWO MV Kgaladi (Full time member) Ms FG Mabilane (Full time member) Dep Director PJ du Bois (Co opted) Capt (SAN) RB Warrin (Co opted)
Registered office	ARMSCOR Bldg Erasmusrand Pretoria 0001
Business address	ARMSCOR Bldg Erasmusrand Pretoria 0001
Controlling entity	Department of Defence
Bankers	ABSA
Auditors	Auditor-General of South Africa

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Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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Board's Responsibilities and Approval

The members are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the SANDF Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with SA Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the SANDF Fund and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the SANDF Fund and all employees are required to maintain the highest ethical standards in ensuring the SANDF Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the SANDF Fund is on identifying, assessing, managing and monitoring all known forms of risk across the SANDF Fund. While operating risk cannot be fully eliminated, the SANDF Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the SANDF Fund's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the SANDF Fund has access to adequate resources to continue in operational existence for the foreseeable future.

The SANDF Fund is wholly dependent on the Interest on investments for continued funding of operations. The financial statements are prepared on the basis that the SANDF Fund is a going concern and that the Board has neither the intention nor the need to liquidate or curtail materially the scale of the SANDF Fund.

Although the Board are primarily responsible for the financial affairs of the SANDF Fund, they are supported by the SANDF Fund's external auditors.

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The external auditors are responsible for independently reviewing and reporting on the SANDF Fund's financial statements. The financial statements have been examined by the SANDF Fund's external auditors and their report is presented on page 312.

The financial statements set out on pages 318 to 334, which have been prepared on the going concern basis, were approved by the Board on 31 May 2013 and were signed on its behalf by:

(LT GEN TM NKABINDE) (Full time member)
CHAIRPERSON

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
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Report of the Auditor-General to Parliament on the South African National Defence Force Fund

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the South African National Defence Force Fund set out on pages 318 to 334, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The Board's responsibility for the financial statements

2. The board 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 for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. 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.

4. 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.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. 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 2013, and its financial performance and cash flows for the year then ended in accordance with the 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).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I was unable to conduct the audit of performance against predetermined objectives as the fund is not required to prepare a report on its performance against predetermined objectives. The fund does not fall within the ambit of the PFMA and the entity-specific legislation does not require the reporting on performance against predetermined objectives.

Compliance with laws and regulations

9. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA.

Internal control

10. I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor-General

Pretoria
9 July 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
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Board's Report

The members submit their report for the year ended 31 March 2013.

1. Establishment

The SANDF Fund was established in terms of the Fund-Raising Act, 1978 (Act No. 107 of 1978) as amended.

2. Review of activities

Main business and operations

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.

The operating results and state of affairs of the SANDF Fund are fully set out in the attached annual financial statements.

The Fund has become fully operational during the financial year under review. Following a marketing excercise, 13 applications for aid were received. 7 Applicants did not qualify in terms of the Admin Order. 2 Applications were disqualified when they declined an assessment by the social workers. 1 Applicant who may have qualified for aid did find relief before the SANDF Fund could provide aid. 1 Applicant could not be traced at the contact detail provided. 1 Applicant is in process. 1 Applicant was aided.

An Audit Committee has not been appointed during the year under review. Although the Fund is not obliged by legislation to appoint an Audit Committee, further deliberation will be done in the next financial year.

The net assets under control is R13 290 941 (2011/12: R12 664 270).

Net surplus of the SANDF Fund for the year ended 31 March 2013 was R619 070 (2011/12: surplus R616 077).

3. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Subsequent events

The members are not aware of any matter or circumstance, favourable or unfavourable, arising since the end of the financial year.

5. Members' interest

Board members do not have any interest in the SANDF Fund.

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BOARD'S REPORT

6. Board

Members of the Board were officially appointed by the Minister of Defence on 13 August 2010. Members appointed during the year under review are in the process of being officialy appointed by the Minister of Defence. The members of the Board during the year and to the date of this report are as follows:

Name	*Nationality*	*Changes*
Lt Gen TM Nkabinde (Full time member)	RSA	Designated appointed 01 Oct 2011
Lt Gen (Ret) DP Knobel (Part time member)	RSA	
Brig Gen A Maminza (Part time member)	RSA	
Brig Gen MF Dibetso	RSA	Designated appointed 30 Mar 2012
R Adm (Ret) LM Bakkes (Part time member)	RSA	
R Adm (JG) AE Kubu (Full time member)	RSA	
R Adm (JG) G Mbulaheni (Full time member)	RSA	
Col R Pillay (Full time member)	RSA	
Col MJ Louw (Full time member)	RSA	
Lt Col (Ret) L Poorter (Part time member)	RSA	
Lt Col MA Thulare (Part time member)	RSA	
Ms M Tsotsi (Part time member)	RSA	
MCWO MV Kgaladi (Full time member)	RSA	Designated appointed 01 Sep 2011
Ms FG Mabilane (Full time member)	RSA	
Prof DFS Fourie (Part time member)	RSA	
Capt (SAN) RB Warrin (Co opted)	RSA	
Dep Director PJ du Bois (Co opted)	RSA	

7. Secretary

The minuting secretary of the Board is Col MJ Louw.

8. Member's emoluments/value of services

Board members (Part time)

	Travel allowance	*Total package 2013*	*Total package 2012*
	R	*R*	*R*
Prof DFS Fourie	400	400	300
Lt Gen (Ret) DP Knobel	100	100	300
R Adm (JG) LM Bakkes	600	600	900
Lt Col (Ret) LF Poorter	3 600	3 600	300
Ms M Tsotsi	300	300	-
	5 000	**5 000**	**1 800**

BOARD'S REPORT

Board members (Full time)

	Honorarium or Fee R	*Travel allowance* R	*Salary paid by the DOD* R	*Total package 2013* R	*Total package 2012* R
Lt Gen TM Nkabinde	-	-	5 357	5 357	-
R Adm (JG) AE Kubu	-	-	1 258	1 258	1 727
Brig Gen CV Geldenhuys	-	-	-	-	851
R Adm (JG) G Mbulaheni	-	-	1 072	1 072	2 054
Col R Pillay	-	-	4 744	4 744	2 440
MCWO MV Kgaladi	-	-	646	646	538
Brig Gen MF Dibetso	-	-	88	88	876
Col MJ Louw	-	-	2 166	2 166	2 261
Secundus	-	-	611	611	-
	-	-	21 442	21 442	9 569
Board members (Co opted members)					
Capt (SAN) RB Warrin	-	-	2 545	2 545	2 061
Dep Director PJ du Bois	10 000	-	3 622	13 622	10 015
	10 000	-	6 167	16 167	12 076
Board members (Co opted member (Finance Committee))					
Mr TEG Borrill	-	300	-	300	-
	-	300	-	300	-

9. Corporate governance

General

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the ongoing development of best practice.

Board of directors

The Board:

- retains full control over the SANDF Fund, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the SANDF Fund.

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BOARD'S REPORT

Board meetings

The board has met on 4 separate occasions during the financial year. The board schedules to meet at least 4 times per annum.

Internal audit

The SANDF Fund has outsourced its internal audit function to DOD IG who was the SANDF Fund's previous internal auditors.

10. Controlling entity

The SANDF Fund's controlling entity is Department of Defence incorporated in the RSA and the ultimate controlling entity is Parliament.

11. Bankers

ABSA

12. Auditors

Auditor-General South Africa will continue in office for the next financial period.

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Statement of Financial Position as at 31 March 2013

	Note(s)	2013 R	2012 R
Assets			
Current Assets			
Cash and cash equivalents	3	34 872	28 447
Non-Current Assets			
Other financial assets	2	13 256 069	12 635 823
Total Assets		**13 290 941**	**12 664 270**
Liabilities			
Current Liabilities			
Payables from non-exchange transactions	5	6 200	600
Provisions	4	10 000	8 000
		16 200	8 600
Total Liabilities		**16 200**	**8 600**
Net Assets		**13 274 741**	**12 655 670**
Net Assets			
Accumulated surplus		13 274 741	12 655 670

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Statement of Financial Performance for the year ended 31 March 2013

	Note(s)	2013 R	2012 R
Other income		687 274	659 815
Operating expenses	6	(68 204)	(43 738)
Operating surplus		**619 070**	**616 077**
Surplus for the year		**619 070**	**616 077**
Attributable to:			
Owners of the controlling entity		619 070	616 077

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Statement of Changes in Net Assets for the year ended 31 March 2013

	Accumulated surplus R	*Total net assets* R
Balance at 01 April 2011	**12 039 593**	**12 039 593**
Changes in net assets	-	-
Surplus for the year	616 077	616 077
Total changes	616 077	616 077
Balance at 01 April 2012	**12 655 671**	**12 655 671**
Changes in net assets	-	-
Surplus for the year	619 070	619 070
Total changes	619 070	619 070
Balance at 31 March 2013	**13 274 741**	**13 274 741**

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Cash Flow Statement for the year ended 31 March 2013

	Note(s)	2013 R	2012 R
Cash flows from operating activities			
Receipts			
Interest income from investments	8	687 274	659 815
Payments			
Suppliers		-	804
Operating expenses		(68 204)	(38 729)
Other cash item		7 600	(3 630)
		(60 604)	(41 555)
Net cash flows from operating activities	10	626 670	618 260
Cash flows from investing activities			
Movement in investments		(620 245)	(614 789)
Net cash flows from investing activities		(620 245)	(614 789)
Net increase/(decrease) in cash and cash equivalents		6 425	3 471
Cash and cash equivalents at the beginning of the year		28 447	24 976
Cash and cash equivalents at the end of the year	3	34 872	28 447

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Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2013

Budget on Cash Basis

	Approved budget	*Adjustments*	*Final Budget*	*Actual amounts on comparable basis*	*Difference between final budget and actual*
	R	*R*	*R*	*R*	*R*
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Other income	-	-	-	687 274	687 274
Interest received - investment	630 548	-	630 548	-	(630 548)
Total revenue from exchange transactions	**630 548**	**-**	**630 548**	**687 274**	**56 726**
Expenditure					
General expenses	(7 038)	2 439	(4 599)	(7 883)	(3 284)
Members aid	(392 951)	(120 103)	(513 054)	(11 308)	501 746
Audit fees	(29 451)	(2 262)	(31 713)	(31 713)	-
Accounting fees	(6 360)	(3 240)	(9 600)	(12 000)	(2 400)
Travel costs	(10 600)	5 000	(5 600)	(5 300)	300
Total expenditure	**(446 400)**	**(118 166)**	**(564 566)**	**(68 204)**	**496 362**
Surplus before taxation	**184 148**	**(118 166)**	**65 982**	**619 070**	**553 088**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**184 148**	**(118 166)**	**65 982**	**619 070**	**553 088**

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Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2013

Budget on Cash Basis	*Approved budget*	*Adjustments*	*Final budget*	*Actual amounts on comparable basis*	*Difference between final budget and actual*
	R	*R*	*R*	*R*	*R*
Statement of Financial Position					
Assets					
Current Assets					
Cash and cash equivalents	28 447	-	28 447	34 872	6 425
Non-Current Assets					
Other financial assets	12 635 823	65 982	12 701 805	13 256 069	554 264
Total Assets	**12 664 270**	**65 982**	**12 730 252**	**13 290 941**	**560 689**
Liabilities					
Current Liabilities					
Taxes and transfers payable (non-exchange)	-	-	-	6 200	6 200
Provisions	-	-	-	10 000	10 000
	-	**-**	**-**	**16 200**	**16 200**
Total Liabilities	**-**	**-**	**-**	**16 200**	**16 200**
Net Assets	**12 664 270**	**65 982**	**12 730 252**	**13 274 741**	**544 489**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Accumulated surplus	**12 664 270**	**65 982**	**12 730 252**	**13 274 741**	**544 489**

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
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Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2013

Budget on Cash Basis

	Approved budget	*Adjustments*	*Final budget*	*Actual amounts on comparable basis*	*Difference between final budget and actual*
	R	*R*	*R*	*R*	*R*
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Interest income	630 548	-	630 548	687 274	56 726
Payments					
Other payments	(446 400)	(118 166)	(564 566)	(60 604)	503 962
Net cash flows from operating activities	**184 148**	**(118 166)**	**65 982**	**626 670**	**560 688**
Cash flows from investing activities					
Movement in investments	(184 148)	118 166	(65 982)	(620 246)	(554 264)
Other cash item	-	-	-	1	1
Net cash flows from investing activities	**(184 148)**	**118 166**	**(65 982)**	**(620 245)**	**(554 263)**
Net increase/(decrease) in cash and cash equivalents	-	-	-	6 425	6 425
Cash and cash equivalents at the beginning of the year	28 447	-	28 447	28 447	-
Cash and cash equivalents at the end of the year	**28 447**	**-**	**28 447**	**34 872**	**6 425**

Notes to the Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective SA Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Held to maturity investments

The SANDF Fund assesses its held to maturity investments for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Board makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 Financial instruments

Classification

The SANDF Fund classifies financial assets and financial liabilities into the following categories:

Held-to-maturity investment

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the SANDF Fund becomes a party to the contractual provisions of the instruments.

Held-to-maturity investment

The SANDF Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Notes to the Annual Financial Statements for the year ended 31 March 2013

1.2 Financial instruments (continued)

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the SANDF Fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the SANDF Fund assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the SANDF Fund, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Notes to the Annual Financial Statements for the year ended 31 March 2013

1.2 Financial instruments (continued)

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the SANDF Fund has the positive intention and ability to hold to maturity, are classified as held to maturity.

1.3 Impairment of cash-generating assets

Cash-generating assets are those assets held by the SANDF Fund with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Notes to the Annual Financial Statements for the year ended 31 March 2013

1.3 Impairment of cash-generating assets (continued)

Useful life is either:

(a) the period of time over which an asset is expected to be used by the constitutional institution; or
(b) the number of production or similar units expected to be obtained from the asset by the constitutional institution.

1.4 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of a constitutional institution after deducting all of its liabilities.

1.5 Provisions and contingencies

Provisions are recognised when:

- the SANDF Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

1.6 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.7 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.8 Budget information

SANDF Fund are typically subject to budgetary limits in the form of a budget adopted by the Board.

General purpose financial reporting by SANDF Fund shall provide information on whether resources were obtained and used in accordance with the budget adopted by the Board.

Notes to the Annual Financial Statements for the year ended 31 March 2013

1.8 Budget information (continued)

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 April 2012 to 31 March 2013.

The budget for the SANDF Fund includes all the entities approved budgets under its control.

The financial statements and the budget are not on the same basis of accounting, therefore a reconciliation between the statement of financial performance and the budget have been included in the financial statements. Refer to note 16 and 17.

1.9 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party; or an entity that is subject to common control or joint control. Specific information with regard to related party transactions is included in the disclosure notes.

1.10 Going concern

The SANDF Fund only allocates 90% of the investment income of the prior year for utilisation and 10% is capitalised to ensure the SANDF Fund remains a going concern.

1.11 Events after the reporting date

Events after the reporting date are significant events occurring between the end of the reporting period and the date the financial statements are authorised for issue.

Adjusting events are those events occurring between the end of the reporting period and the date when the financial statements are authorised for issue that provide evidence of conditions that existed at the end of the reporting period.

Non-adjusting events are those events occurring between the end of the reporting period and the date when the financial statements are authorised for issue that do not provide evidence of conditions that existed at the end of the reporting period.

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Notes to the Annual Financial Statements for the year ended 31 March 2013

	2013 R	2012 R
2. Other financial assets		
Held to maturity		
Term deposit Unsecured 186 days term deposit with maturity date 30 September 2013. Simple interest of 5.3% per annum (2012: Unsecured 182 days term deposit with maturity date 28 September 2012. Simple interest of 5.75% per annum).	12 189 134	11 554 043
Term deposit Unsecured 32 days term deposit with maturity date 29 April 2013. Simple interest at 4.7% per annum. (2012: Unsecured 62 days term deposit with maturity date 31 May 2012. Simple interest of 5.3% per annum).	1 066 935	1 081 780
	13 256 069	**12 635 823**
Non-current assets		
Held to maturity	13 256 069	12 635 823

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	34 872	28 447

4. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Accounting fees	8 000	10 000	(8 000)	10 000

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Total
Accounting fees	6 000	8 000	(6 000)	8 000

The accounting fees relate to an honorarium fee for accounting and reporting. The accounting fee and the timing of the payment are determined based on the discretion of the Board subsequent to the year-end and preparation of financial statements. No fixed contract exists between the accountant and the Board.

5. Taxes and transfers payable (non-exchange)

Payables from non-exchange transactions	6 200	600

Notes to the Annual Financial Statements for the year ended 31 March 2013

	2013 R	2012 R
6. General expenses		
Accounting fees	12 000	10 000
Aid	16 308	-
Auditors' remuneration	31 713	29 386
Bank charges	1 553	1 792
Entertainment	130	-
Secretarial fees	1 200	960
Travel - local	5 300	1 600
	68 204	**43 738**
7. Investment revenue		
Interest revenue		
Investments	687 245	659 789
Bank	29	26
	687 274	**659 815**

The amount included in Investment revenue arising from exchange transactions amounted to R687 274 (2012: R659 815)

8. Auditors' remuneration		
Fees	31 713	29 386
9. Cash generated from operations		
Surplus	619 070	616 077
Adjustments for:		
Movements in provisions	2 000	2 000
Changes in working capital:		
Payables from exchange transactions	-	183
Taxes and transfers payable (non-exchange)	5 600	-
	626 670	**618 260**

SOUTH AFRICAN NATIONAL DEFENCE FORCE FUND
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Notes to the Annual Financial Statements for the year ended 31 March 2013

		2013 R	2012 R
10. Related parties			
Relationships			
Members	Refer to Board's report		
Ultimate controlling entity	Parliament		
Controlling entity	Department of Defence		
Related party balances			
Amounts included in Trade receivable (Trade payable) regarding related parties			
PJ du Bois		(10 000)	(8 000)
DFS Fourie		-	(100)
LM Bakkes		-	(300)
LF Poorter		(600)	-
M Tsotsi		(300)	-
TEG Borrill		(300)	-
		(11 200)	(8 400)

Related party transactions

Controlling entity (DOD) personnel or representatives serving on the Board who provide services to the SANDF Fund during DOD official working hours without compensation by the SANDF Fund - (non-cash).

Board members not remunerated by Government are entitled to a traveling allowance.

The accountant is paid a honorarium.

Total related party transactions for main categories	2013	2012
Part time members	5 300	1 800
Controlling entity members	21 442	9 569
Co opted members	16 167	12 076
	42 909	**23 445**

11. Comparative figures

Certain comparative figures have been reclassified.

Notes to the Annual Financial Statements for the year ended 31 March 2013

	2013 R	2012 R

12. Risk management

Capital risk management

The SANDF Fund's objectives when managing capital are to safeguard the SANDF Fund's ability to continue as a going concern in order to provide returns for beneficiaries and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the SANDF Fund consists of investments and cash and cash equivalents disclosed in note 3.

There are no externally imposed capital requirements.

There have been no changes to what the SANDF Fund manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

Liquidity risk

The SANDF Fund's risk to liquidity is a result of the funds available to cover future commitments. The SANDF Fund manages liquidity risk through an ongoing review of future commitments and credit facilities. Investment funds are invested for short terms.

Interest rate risk

The SANDF Fund's exposure to interest rate changes is limited to that of reputable financial institutions. Investment funds are invested for short terms.

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The SANDF Fund only deposits cash with reputable banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2013	2012
RMB	12 256 069	12 635 823
ABSA Bank	34 872	28 447
	12 290 941	**12 664 271**

13. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the Annual Financial Statements for the year ended 31 March 2013

	2013 R	2012 R

14. Events after the reporting date

The members are not aware of any matter or circumstance, favourable or unfavourable, arising since the end of the financial year.

15. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	619 070	616 078
Adjusted for:		
Administration expenditure	5 384	(9 712)
Investment	(56 726)	(659 815)
Members aid	(501 746)	(392 951)
Net surplus (deficit) per approved budget	**65 982**	**(446 400)**

16. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities		
Actual amount as presented in the budget statement	619 070	616 078
Basis differences	7 600	2 182
Net cash flows from operating activities	**626 670**	**618 260**
Investing activities		
Actual amount as presented in the budget statement	619 070	616 078
Basis differences	(1 239 315)	(1 230 867)
Net cash flows from investing activities	(620 245)	(614 789)
Net cash generated from operating, investing and financing activities	**6 425**	**3 471**

ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONDUCT OF THE AFFAIRS OF THE NATIONAL CONVENTIONAL ARMS CONTROL COMMITTEE IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT, 2002 (ACT NO. 41 OF 2002), AS AMENDED FOR THE YEAR ENDED 31 MARCH 2013

Introduction

I have performed my limited assurance engagement on the conduct of the affairs of the National Conventional Arms Control Committee (NCACC) in terms of section 12 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002), as amended (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 made.

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, 7, 14 and 23 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 historical 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 2013. My limited assurance procedures included the following specific procedures relative to the affairs of the committee:

- An inspection of the processes and structures established by the NCACC for effective control of trade in conventional arms and possession of controlled items.

- An inspection of the processes and structures established by the NCACC for effective regulation of the rendering of certain assistance or services in a country of armed conflict in accordance with

section 3 of the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.

- An inspection of the guidelines, structures and processes established by the NCACC for the scrutiny and assessment of the application for the issuing of a permit under the Act and the Prohibition of Mercenary Activities and Regulation of rendering of Certain Activities in Country of Armed Conflict Act.

- Confirmation regarding whether the NCACC has liaised with the relevant government agencies regarding the enforcement of the Act and the Prohibition of Mercenary Activities and Regulation of rendering of Certain Activities in Country of Armed Conflict Act.

- Sample inspection where the issuing of a permit has been authorised and refused by the NCACC and confirmation that this has been done as set out in section 14 of the Act.

- Sample inspection where the issuing of a permit has been authorised or refused by the NCACC and confirmation that this has been done as set out in section 7 of the Prohibition of Mercenary Activities and Regulation of rendering of Certain Activities in Country of Armed Conflict Act.

- Sample inspection of issued permits and confirmation that permits comply with the conditions as indicated in the regulations.

- An inspection of the register of persons involved in trade in conventional arms and possession of controlled items, that must be kept in the prescribed form.

- An inspection of the register of all permits:

  - selecting a sample of permits issued and following these entries through to the register

  - a selection of a sample of entries in the register and following these entries through to the permits

- Confirmation that all reports issued have been issued as required by section 23 of the Act.

- Determination of significant risks of material misstatement, whether due to fraud or error.

- An analysis to identify anomalies in reported data.

- Determination whether information supplied is relevant, reliable, comparable and understandable.

- Determination whether the committee was involved in any instances as indicated in section 4(2), 4(3), 4(4) and 4(5) of the Act and a performance of audit procedures to obtain evidence of compliance with these sections, where applicable.

- In addition to the above, our audit will involve performing procedures to obtain evidence regarding the conduct of the affairs of the committee as indicated in section 12 of the Act, as well any regulations and notices published in the *Government Gazette*, as indicated in section 27 of the Act.

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 2013 is sufficient and appropriate to provide a basis for my conclusion expressed below.

Conclusion

Based on my work described in this report, nothing has come to my attention that causes me to believe that the conduct of the affairs of the NCACC did not comply with the terms of the Act in all material respects.

Auditor-General

Pretoria
31 July 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

PART 6
OTHER INFORMATION

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

AAD	African Aerospace and Defence
AACB	Armaments Acquisition Control Board
AASB	Auditing and Assurance Standards Board
ACCORD	African Centre for the Constructive Resolution of Disputes
ACSA	Airports Company South Africa
AFB	Air Force Base
ALFA	Advanced Light Fighter Aircraft
AMC	Accountability Management Committee
AMD	Aerospace, Maritime and Defence Industries Association
AMG	Alternative Manpower Group
AMHU	Area Military Health Unit
APDS	Air Picture Display System
APP	Annual Performance Plan
ARMSCOR	Armaments Corporation of South Africa Limited
Arty	Artillery
ARV	Antiretroviral
ASB	Army Support Base
AU	African Union
BEE	Black Economic Empowerment
BMT	Basic Military Training
Bn	Battalion
BOI	Board(s) of Inquiry
BOST	Basic Operational Sea Training
BPST	British Peace Support Training
BRICS	Brazil, Russia, India, China and South Africa
C Def Res	Chief Defence Reserves
C2	Command and Control
CAR	Central African Republic
CAS	Crime Administration System
CBR	Chemical, Biological and Radiological
CCS	Consolidated Control System
CCS	Chief Corporate Staff

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

CDLS	Chief Defence Legal Services
C Def Mat	Chief Defence Matériel
CFO	Chief Financial Officer
CHR	Chief Human Resources
CHATSEC	Combating HIV/Aids through Spiritual and Ethical Conduct
CI	Counter-Intelligence
CIOMR	Inter-Allied Confederation of Medical Reserve Officers
CJ Ops	Chief Joint Operations
C Log	Chief Logistics
CMIS	Command and Management Information Systems
CMPSP	Chief Military Policy, Strategy and Planning
COMCEN	Communication Centre
COP17	Council of the Parties 17
COTS CPX	Commercial Off-The-Shelf Command Post Exercise
Corp Com	Corporate Communication
Cpln Gen	Chaplain General
CPSC	Central Procurement Service Centre
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
CTC	Combat Training Centre
DA	Defence Attaché
DACAF	Directorate Anti-corruption and Anti-fraud
DAFF	Department of Agriculture, Forestry and Fisheries
DAP	Defence Act Personnel
DCAC	Directorate Conventional Arms Control
I&A	Inspections and Audits
Def Sec	Defence Secretariat
DEA	Department of Environmental Affairs
DEIS	Defence Enterprise Information System
DEISM	Defence Enterprise Information System Management
DERI	Defence Evaluation and Research Institute
DFR	Defence Foreign Relations
DG	Director-General
DHQ	Defence Headquarters
DI	Defence Intelligence
DIA	Defence International Affairs
DICTA	Defence Information Communication Technology Architecture
DIMS	Directorate Integrated Management Systems
DIRCO	Department of International Relations and Cooperation

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

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
DPLC	Defence Provincial Liaison Council
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
DSCI	Defence Supply Chain Integration
DST	Department of Science and Technology
DTI	Department of Trade and Industry
ECMS	Electronic Content Management System
EFQM	European Foundation for Quality Management
EIS	Enterprise Information System
EISP	Employee-Initiated Severance Package
ENE	Estimates of National Expenditure
ETD	Education, Training and Development
ENSP	Executive National Security Programme
EX	Exercise
FAA	Forças Armadas de Angola
FADM	Forças Armadas de Defesa de Moçambique
FARDC	Forces Armee's de la République Démocratique de Congo
FAZSIO	Forces Armées de la Zone Sud de l'Océan Indien (French Armed Forces in the Southern Indian Ocean)
FD	Force Design
FIFA	Fédération Internationale de Football Association
FLO	Foreign Learning Opportunity
FMD	Financial Management Division
FMS	Financial Management System
FOSAD	Forum of South African Director-Generals
FSE	Force Structure Element
FTX	Field Training Exercise
FY	Financial Year

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

GCIS	Government Communication and Information System
GEPF	Government Employees' Pension Fund
GGC	Global Governance Committee
GITO	Government Information Technology Officer
GOC	General Officers Commanding
GRAP	Generally Recognised Accounting Practice
HQ	Headquarters
HR	Human Resources
IBSA	India, Brazil and South Africa
ICA	Intangible Capital Assets
ICS	Information and Communications System
ICT	Information and Communication Technology
ICTS	International Co-operation, Trade and Security
IFMS	Integrated Financial Management System
IG DOD	Inspector General Department of Defence
IGD	Integrated Geospatial Database
IONS	Indian Oceans Naval Symposium
IP	Intellectual Property
ISDSC	Inter-State Defence Security Committee
ISO	International Standard Organisation
ISS	Information Security System
IT	Information Technology
IW	Information Warfare
J Ops Div	Joint Operations Division
JCPS	Justice, Crime Prevention and Security
JDC	Joint Defence Committee
JFE	Joint Force Employment
JIM	Joint, Inter-departmental and Multi-national
JIPSA	Joint Initiative for Priority Skills Acquisition
JPCDS	Joint Permanent Commission on Defence and Security
JSCD	Joint Standing Committee on Defence
KZN	KwaZulu-Natal
LCC	Land Claims Commission
LIRP	Logistic Intervention and Realignment Programme
LOA	Letter of Assist
LOAC	Law of Armed Conflict

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

MAAC	Military Attaché and Advisor Corps
MAB	Military Arbitration Board
MACC	Minimum Anti-Corruption Capacity
MCC	Military Command Council
MDAC	Maritime Domain Awareness Centre
MCDC	Military Community Development Committee
MEDUNSA	Medical University of Southern Africa
MEM	Mobility Exit Mechanism
MLAC	Military Legal Audit Committee
MLP	Military Legal Practitioner
MOD&MV	Ministry of Defence and Military Veterans
MOU	Memorandum of Understanding
MP	Member of Parliament
MPA	Military Police Agency
MPD	Military Police Division
MPAT	Management Performance Assessment Tool
MPSPO	Military Policy, Strategy and Planning Office
MRCC	Maritime Rescue Coordination Centre
MSDS	Military Skills Development System
MSF	Mission Success Factors
MSS	Maritime Security Strategy
MTEC	Medium-Term Expenditure Committee
MTEF	Medium-Term Expenditure Framework
MTSF NATO	Medium-Term Strategic FrameworkNorth Atlantic Treaty Organisation
NATO	North Atlantic Treaty Organisation
NAVCOM	Navy Communications
NB SMST	Naval Base Simon's Town
NCAC	National Conventional Arms Control
NCACC	National Conventional Arms Control Committee
NCAGS	Naval Coordination and Guidance of Shipping
NCOP	National Council of Provinces
NDOT	National Department of Transport
NDPW	National Department of Public Works
NEPAD	New Partnership for Africa's Development
NICOC	National Intelligence Coordinating Centre
NIAID	National Institute of Allergy and Infectious Disease
NQF	National Qualification Framework
NRFC	National Reserve Forces Committee
NSF PP	Non-Statutory Forces Pension Project
NSI	National System of Innovation
NSF	Non-Statutory Forces
NYS	National Youth Service

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

OBS	Operational Boat Squadron
OC	Officer Commanding
OCA	Operation Clean Audit
OHS	Occupational Health and Safety
ORTIA	Oliver Tambo International Airport
OSD	Occupational Specific Dispensation
OSSC	Operations Sub-Subcommittee
Para	Parachute
PCD&MV	Portfolio Committee on Defence and Military Veterans
PDSC	Plenary Defence Staff Council
PEPFAR	President's Emergency Plan for Aids Relief
PERSOL	Personeel Soldy Stelsel
PFMA	Public Finance Management Act
PILIR	Policy on Incapacity Leave and Ill-Health Retirement
PME	Prime Mission Equipment
PMTC	Peace Mission Training Centre
PO	Provincial Office
POA	Programme of Action
PRASA	Passenger Rail Agency of South Africa
PRC	People's Republic of China
PSAP	Public Service Act Personnel
PSCBC	Public Service Co-ordinating Bargaining Council
PSO	Peace Support Operations
PTSR	Physical Training, Sport and Recreation
PXD	Post-Exercise Discussion
R&D	Research and Development
RAB	Religious Advisory Board
RAMP	Repair and Maintenance Programme
RAP	Recognised Air Picture
RCA	Revolving Credit Account
Regt	Regiment
RFC	Reserve Force Council
RSA	Republic of South Africa
RSN	Radio Switching Network
SA	South Africa(n)
SAAF	South African Air Force
SAASIC	South African Army Specialised Infantry Capability
SABS	South African Bureau of Standards

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

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
SADIC	South African Defence Intelligence Centre
SADRI	South African Defence-Related Industry
SAMHS	South African Military Health Service
SAN	South African Navy
SANAD	South African Naval Armaments Depot
SANAE	South African Naval Antarctica Expedition
SANDF	South African National Defence Force
SAMVA	South African Military Veterans' Association
SAPS	South African Police Service
SAS	South African Ship
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
SCC	Sector Control Centre
SCOA	Standard Chart of Accounts
SDA	Special Defence Account
Sec Def	Secretary of Defence
SETA	Sector Educational Training Authority
SG	Surgeon-General
SITA	State Information Technology Agency
SMCS	Structure Management Control System
SME	Small and Medium-Sized Enterprises
SMJ	School of Military Justice
SMS	Senior Management Service
SMSWG	Spiritual and Moral Support Workgroup
SONA	State of the Nation Address
SP	Strategic Plan
SPF	Strategic Planning Framework
SSR	Security Sector Reform
TBD	To Be Determined
TFDC	Test Flight Development Centre
TIS	Tactical Intelligence System
TSAS	Thales South African System
TSC	Technical Service Corps

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNISA	University of South Africa
URTP	University Reserve Training Programme
USA	United States of America
USAF	United States Air Force
UNSC	United National Security Council
VIP	Very Important Person
VVIP	Very Very Important Person
WAN	Wide Area Network
WATC	West African Training Cruise
WHO	World Health Organisation
YFTP	Youth Foundation Training Programme

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