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**Armscor contributes to fight against Covid-19**

The procurement agency for the department of defence is collaborating with a number of government departments over essential supplies

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The Badger 8x8 armoured modular vehicle manufactured by Denel Land Systems. Picture: ARMSCOR

Armscor, the procurement agency for the department of defence, is contributing to the fight against Covid-19 by means of acquisitions, supplies and the use of its research capabilities.

It is assisting several government departments with emergency procurement; supplying sanitisers and disinfectant to the SA Police Service; collaborating with arms manufacturer Denel in researching the manufacture of ventilators; and is collaborating with the department of trade and industry with regards to supplying manufacturers with its intellectual property (IP) for the manufacture of personal protective equipment (PPE), including masks.

The company is also assisting the department of defence in setting up and equipping tents to serve as military hospitals for Covid-19 patients.

This emerged during a briefing by Armscor CEO Solomzi Mbada to the portfolio committee on defence and military veterans on Wednesday on the organisation’s corporate plan for 2020/2021. Mbada said that, overall, however, the Covid-19 pandemic poses a risk to the group’s projections, which means it would only manage to break even in the 2020/2021 financial year as it will have a negative impact on revenue from some of its projects.

Armscor is looking to generate more revenue — a weakness in the past — through sweating its assets, finding new markets, and through commercialising its IP, but this process has been slower than anticipated.

The group, which is mainly funded through an appropriation from parliament, is projecting a tiny surplus for the 2020/2021 financial year on income of R1.64bn.

About 76% (R1.2bn) of its income consists of payment for services rendered to the department of defence; 16% comes from commercial services; 5% from investment income; and 4% from other incomes. The company’s main expenditure item (77%) is personnel.

“The group continues to operate with strict cost-containment measures to manage operational expenditure,” Mbada said.

He noted that “the declining budgets and transfer payments to Armscor from the government remains a huge risk towards the future sustainability of Armscor”.

“Commercial revenue generated by the research and development (R&D) facilities continues to be under pressure due to lower operating activities of major customers. Funding received through appropriation from parliament is not sufficient to maintain strategic facilities managed by R&D.”

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