



2022/23

DEPARTMENT OF DEFENCE  
**Annual Report**

“Let’s grow South Africa together”



**defence**

Department:  
Defence  
REPUBLIC OF SOUTH AFRICA







DEPARTMENT OF DEFENCE

# Annual Report

FY2022/23

Vote 23

*“Let’s grow South Africa together”*







## **Submission of Annual Report 03 of 05 for the Strategic Period 2020 – 2025 to the Executive Authority**

I have the honour of submitting to you, in accordance with the Public Finance Management Act, 1999 (Act No. 01 of 1999), the Department of Defence Annual Report for the reporting period 01 April 2022 to 31 March 2023.

A handwritten signature in black ink, appearing to read 'T. Gamede', is positioned above the name of the signatory.

**(DR T. GAMEDE)**

**ACTING SECRETARY FOR DEFENCE: DEPUTY DIRECTOR-GENERAL**





defence

Department:  
Defence  
REPUBLIC OF SOUTH AFRICA

## Statement of Responsibility and Confirmation of Accuracy

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by the National Treasury.
- The Annual Financial Statements have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors were engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year, which ended on 31 March 2023.

Yours faithfully,

**(DR T. GAMEDE)**

**ACTING SECRETARY FOR DEFENCE: DEPUTY DIRECTOR-GENERAL**

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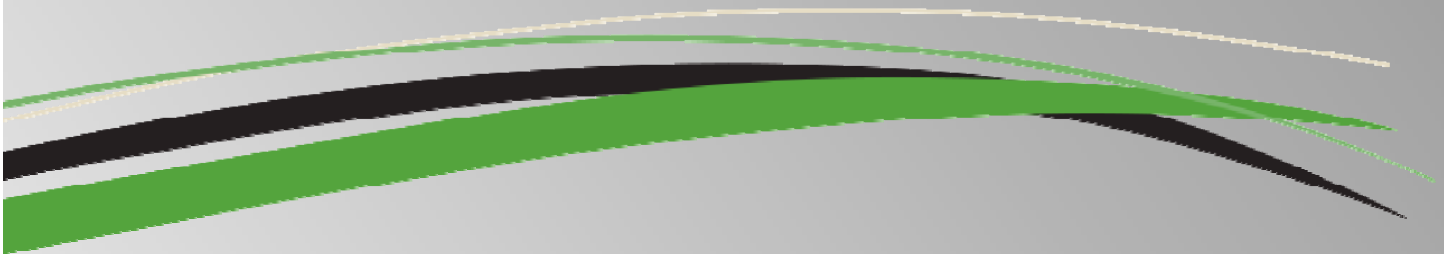
## Terminology

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

Where the report refers to “*Information Classified*”, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. Classified information was duly audited by the AGSA or made available for audit.



# **General Information**



## Part A

### General Information

# Department of Defence General Information

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[www.dod.mil.za](http://www.dod.mil.za)



<https://www.facebook.com/SANationalDefenceForce>



[https://twitter.com/SANDF\\_ZA](https://twitter.com/SANDF_ZA)



<https://www.linkedin.com/in/sandf/>



[https://www.instagram.com/defence\\_za/](https://www.instagram.com/defence_za/)



<https://www.youtube.com/channel/UCyIH-BGBmUKCkyl2LiiNE9g>

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## List of Abbreviations

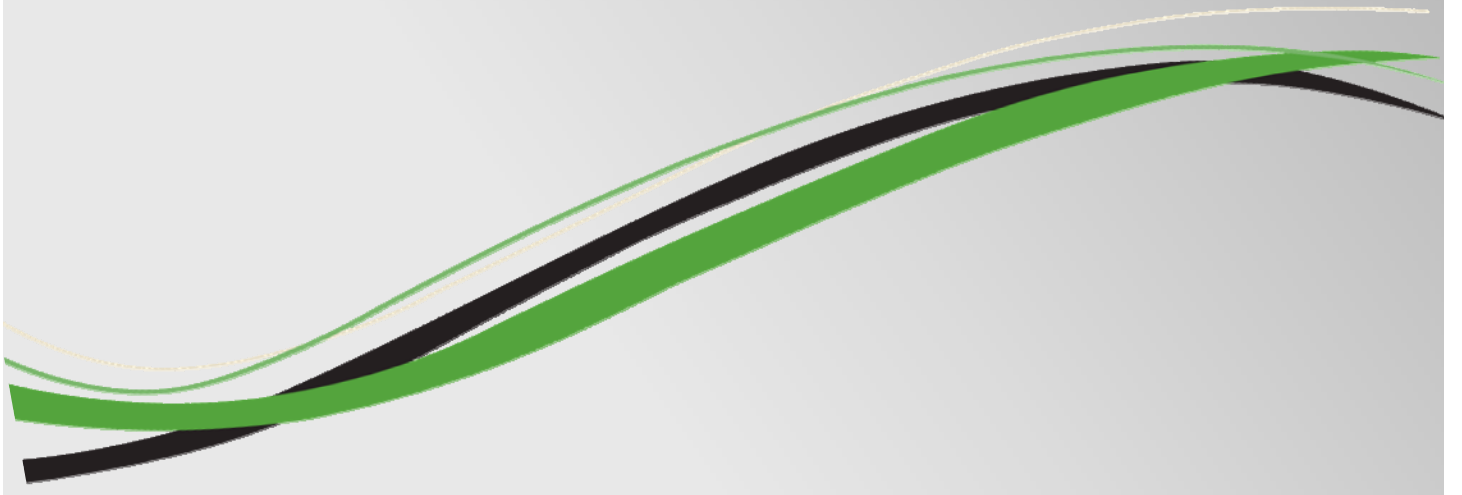
<b>A</b>	AIDS	Acquired Immunodeficiency Syndrome
	AGSA	Auditor-General of South Africa
	AENE	Adjusted Estimates of National Expenditure
	APP	Annual Performance Plan
	ARMSCOR	Armaments Corporation of South Africa SOC Limited
	ARV	Antiretroviral Drugs
	AU	African Union
<b>B</b>	B-BBEE	Broad-Based Black Economic Empowerment
	Bde	Brigade
	Bn	Battalion
<b>C</b>	CFO	Chief Financial Officer
	CHATSEC	Combating HIV/Aids through Spiritual and Ethical Conduct
	CMIS	Command and Management Information Services
	CoE	Compensation of Employees
	COVID-19	Coronavirus Disease 2019
	C SANDF	Chief of the South African National Defence Force
	CSIR	Council for Scientific and Industrial Research
<b>D</b>	DBSA	Development Bank of Southern Africa
	DFFE	Department of Forestry, Fisheries and the Environment
	DG	Director-General
	DOD	Department of Defence
	DODI	Department of Defence Instruction
	DPME	Department of Planning, Monitoring and Evaluation
	DPSA	Department of Public Service and Administration
	DPWI	Department of Public Works and Infrastructure
	DRC	Democratic Republic of Congo
<b>E</b>	EISP	Employer Initiated Severance Package
	ENE	Estimates of National Expenditure
	Ex	Exercise
<b>F</b>	FMS	Financial Management System
	FSE	Force Structure Element
	FY	Financial Year
<b>G</b>	GEPF	Government Employees Pension Fund
<b>H</b>	HOA	Home Owners Allowance
	HIV	Human Immunodeficiency Virus
	HR	Human Resource/s

## Part A

### General Information

<b>I</b>	ICT	Information and Communication Technology
	IT	Information Technology
<b>J</b>	JCPS	Justice, Crime Prevention and Security
	JFE	Joint Force Employment
	JIIM	Joint, Interdepartmental, Interagency and Multinational
<b>L</b>	LEGSATO	Legal Satellite Office
<b>M</b>	MEM	Mobility Exit Mechanism
	MMPV	Multi-Mission Inshore Patrol Vessel
	MOD&MV	Minister of Defence and Military Veterans
	MONUSCO	United Nations Organisation Stabilisation Mission in the Democratic Republic of the Congo
	MPSA	Minister of Public Service and Administration
	MSDS	Military Skills Development System
	MTEF	Medium-Term Expenditure Framework
	MTSF	Medium-Term Strategic Framework
<b>N</b>	NA	National Assembly
	NCO	Non-Commissioned Officer
	NCOP	National Council of Provinces
	NT	National Treasury
<b>O</b>	OHS	Occupational Health and Safety
	Op	Operation
<b>P</b>	PCD&MV	Portfolio Committee on Defence and Military Veterans
	PERSOL	Personnel Salary System of Government
	PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
	PILIR	Policy and Procedure on Incapacity Leave and Ill-Health Retirement
	PRC	People's Republic of China
	PSAP	Public Service Act Personnel
	PSCBC	Public Service Co-ordinating Bargaining Council
	PSO	Peace Support Operation
<b>R</b>	RFC	Reserve Force Council
	RSA	Republic of South Africa
<b>S</b>	SA	South Africa(n)
	SABC	South African Broadcasting Corporation
	SADC	Southern African Development Community
	SAMHS	South African Military Health Service
	SAMIM	Southern African Development Community Standby Force Mission in Mozambique
	SAMRO	South African Music Rights Organisation
	SANDF	South African National Defence Force
	SAPS	South African Police Service
	SAS	South African Ship
	SASSETA	Safety and Security Sector Education and Training Authority

<b>S</b>	SAQA	South African Qualifications Authority
	SCM	Supply Chain Management
	SDA	Special Defence Account
	SDIP	Service Delivery Improvement Plan
	SETA	Sector Education Training Authority
	SMS	Senior Management Service/System
	SAQA	South African Qualifications Authority
	SITA	State Information Technology Agency SOC Limited
	STIs	Sexually Transmitted Infections
<b>T</b>	TB	Tuberculosis
<b>U</b>	UN	United Nations
<b>V</b>	VVIP	Very, Very Important Person



## Foreword by the Executive Authority



### Ms T.R. Modise, MP

I am pleased to present the Department of Defence Annual Report for the financial year 2022/23. The Annual Report provides a strategic overview of the Department's performance outcomes achieved within the allocated adjusted appropriation received. The Acting Secretary for Defence and the Chief of the SA National Defence Force will elaborate on both strategic achievements as well as challenges experienced during the reporting period.

Following my Defence Budget Vote Speech on 24 May 2022, I promulgated a Ministerial Directive dated 27 August 2022 to the Department of Defence that provided concrete strategic direction across multiple Medium-Term Strategic Frameworks.

My **four strategic end states** to be pursued are as follows:

#### End State 1: Future Strategic Direction

I was directed by the President to evaluate the implementation of the Defence Review 2015. A revised Level of Defence Ambition and a revised Defence Strategic Trajectory must be developed. This evaluation must be submitted to the Justice, Crime Prevention and Security Cluster Cabinet Committee before 31 March 2024. Work commenced on the development of the Revised Level of Defence Ambition in the following areas:

- The development of a Future RSA Defence and Security Policy Concept, cognisant of the emerging security environment and the constraints facing the Defence Function.
- The development of a Future Military Capstone Concept that will provide the strategising concepts on how to pursue our national defence and security policy.

- The development of the Chief of the SA National Defence Force's Long-Term Capability Development Strategic Plan which will direct the development path of the SA National Defence Force for the next twenty years. The Chief of the SA National Defence Force has coined this the "*Journey to Greatness*". Work has continued in these areas, focusing on the **five military priorities** outlined in my 2022 Budget Speech, namely:
  - Promoting Nation Building through the pursuance of a common national identity coupled to values and ethics that reinforce such an identity.
  - Safeguarding the Nation and building internal stability by strengthening the institutions of the State and growing the economy.
  - Securing Regional Development by creating conditions conducive to regional security and stability as well as increased investment that drives regional growth and development through consumer economies.
  - Enhancing Cyber Resilience through a focused strategy that enhances the resilience of critical digital infrastructure.
  - Enhancing the Hard Power Capability of the SA National Defence Force through a small but core major combat capability that is relevant and ready to meet future conflict challenges.

I intend to bring in all stakeholders to participate in a number of work sessions, which will lead to engagements with the two Parliamentary Committees, where we will discuss the draft Defence and National Security Policy Concept as well as the Future Military Capstone Concept. I trust that this process will lead us to a new Long-Term Capability Development Strategy.

## End State 2: Restructuring the Department of Defence

I have directed that work begin to reconfigure, reposition and reorganise the Department to ensure coherent command and control and appropriate governance and accountability. This work must commence during 2023, focussing on the Department's Enterprise Architecture, High-Level Business Processes and the development of a new DOD Macro-Structure and a Macro-Functional Structure in accordance with the processes set by Government.

## End State 3: Auditor-General Findings and Regularity

The Department continued to incur irregularities during the reporting period. Additionally, because of the underfunding of the Compensation of Employees allocation, unauthorised expenditure of approximately R3 billion was also incurred. I am in constant engagement with the Acting Secretary for Defence, the Chief of the SA National Defence Force and the Department to find lasting solutions, including concrete actions, as follows:

### Procurement Review

The single most prevalent challenge relates to the Defence Procurement System. We simply cannot continue with non-compliance in the procurement of goods and services. We have agreed that any form of corrupt activity must be rooted out and pursued vigorously. The Acting Secretary for Defence, as the Accounting Officer, has been instructed to conduct a complete and rigorous review of the whole procurement system, to identify the root causes, and to put in place a robust and high-integrity procurement system. In the main this has not happened, as we are awaiting the new

Procurement Bill by the National Treasury, which will have a significant impact on the way forward. Nonetheless, there has been some progress in that the Acting Secretary for Defence has entered into a Memorandum of Agreement with the National School of Government to enhance procurement training.

Unless we modernise the DOD's common information systems, and in this instance the digitisation of the Defence Procurement System, effective governance and accountability cannot be achieved. As a National Security Organ, it is incumbent upon the Department to ensure digital sovereignty over the information it manages.

### Consequence Management

Consequence management is a command function; by inference, all Commanders are to ensure consequence management without fear of favour in all areas under their command. I have made it abundantly clear to the Department that wrong-doers will not be protected, that the investigations will be thorough and that the necessary consequences will be expedited.

With regard to material irregularity, as well as other high-level reports by the Auditor-General, the Public Protector, the Special Investigative Unit, or the Hawks: the Accounting Officer must take immediate steps to expedite the required consequence management.

### Defence Assets

The Department received a Qualified Audit Opinion on the completeness of Movable Tangible Assets. To date, a considerable amount of the Department's current R126 billion assets have been physically verified for existence. The root causes are three-fold:

- Firstly, the DOD is running legacy Common Information and Technology Systems that are unable to integrate and blend financial and logistics information.
- Secondly, the corporate structure for asset management within the Logistics Division is woefully inadequate.
- Thirdly, some unit commanders are not performing all of their command responsibilities with regard to resource management.

### End State 4: ARMSCOR and the Defence Industry

The public and private components of the Defence Industry must be rigorously analysed and a clear Defence Industry Strategy be developed to support the SA National Defence Force.

ARMSCOR will focus extensively on extending the life-span of existing equipment that is key in highly probable operations, including by enhancing it with relatively mature commercial technologies in the so-called spin-in approach. ARMSCOR has the responsibility to build the Maintenance, Repair and Overhaul Capability to support the SA National Defence Force.

In conclusion, every appreciation process of the Department of Defence points to the inevitable need for **more boots on the ground** to execute the many tasks given to the Department. On the contrary, Government directs the downward management of the human resource baseline. It is our duty to reconcile these mutually exclusive positions. Sustained funding of the Department of Defence remains an unavoidable requirement.

**Part A**

**General Information**

I hereby present the Department of Defence Annual Report for the financial year 2022/23.



**(MS T.R. MODISE)**

**MINISTER OF DEFENCE AND MILITARY VETERANS: MP**



## Strategic Statement by the Head of Department



**Dr T. Gamede**

### Introduction

Approval was granted for my appointment as the Acting Secretary for Defence with effect from 01 January 2023. I am humbled by the responsibility that I am entrusted with and will execute my Section 38 responsibilities rigorously; in the best interest of the Department of Defence, and more specifically, to ensure that sound governance and accountability principles are embedded in all Department of Defence entities and processes.

I am honoured to provide my Strategic Statement for the financial year that ended on 31 March 2023.

The Department of Defence Annual Report complies with the National Treasury *Annual Report Guide for National and Provincial Departments*, updated in November 2022, and all other prescripts applicable to annual performance reports.

The purpose of this Annual Report is to account to the general public and Parliamentary oversight committees, in a transparent manner, on successes achieved and challenges experienced during the reporting period. The Annual Report furthermore provides cumulative annual performance,

- Against set targets,
- In meeting ordered commitments,
- Providing capabilities, and
- Ensuring sound administration and management of the Department of Defence.

The reported information is reflected in an accurate and balanced manner to indicate the effectiveness and efficiency of the Department of Defence.

## Overview of the Operations of the Department

During the period under review, the SA National Defence Force continued to fulfil its Constitutional mandate to defend the land, sea and air sovereignty of the country, aiding law enforcement agencies in their fight against cross-border crime, as well as fulfilling the country's global responsibilities to peacekeeping in the largest United Nation's mission in the world, by leading the Force Intervention Brigade and providing combat and support elements in the Democratic Republic of the Congo.

The SA National Defence Force deployed inside the borders of South Africa in various internal operations with the aim to safeguard our borders and to assist other Government departments in areas such as search and rescue; disaster aid and relief; safety and security support tasks; to preserve life and health; to deter possible threats to critical infrastructure in emergency situations; in the prevention of crime and maintenance of law and order.

Professional, legitimate and deployable Legal Services and Support were provided to internal and external operations as per ordered commitments and commensurate with the needs of the Department.

The Defence Secretariat continued to provide support on matters of National Security, Governmental Peace and Security Objectives, Democratic Civil Control (in line with the Constitution), International Law and National Legislation. Aligned with the Executive Authority's *End State 1: Future Strategic Direction*, progress was made to develop policy considerations on a viable level of Defence Ambition for the RSA.

With respect to Defence Diplomacy, momentum was regained during the reporting period for maintaining and expanding the ongoing bilateral and multilateral relationships with partner countries and international organisations, subsequent to the cessation of the National State of Disaster caused by the COVID-19 Pandemic.

## Overview of the Financial Results of the Department

I provided detailed financial results of the Department for the financial year under review in my **Accounting Officer Report**, included in Part F of the Annual Report.

## Conclusion

The continuous underfunding since the financial year 2017/18 relating to the Compensation of Employees allocation, together with the material risk imposed by the Department's legacy Information and Technology Systems, remained the most prominent challenges experienced during the period under review. These legacy systems are not integrated and do not contribute towards good governance and accountability.

I will direct a concerted effort during the financial year 2023/24 to mitigate Auditor-General findings and resolve material irregularities, through the appropriate administrative and legal processes.

As instructed by the Executive Authority, I have already commenced to institute the required measures to expedite consequence management, according to recommendations made in high-

level reports by, amongst others, the Auditor-General, the Public Protector and the Special Investigating.

## **Acknowledgements**

In conclusion, I must convey my appreciation to the Minister of Defence and Military Veterans for her continued leadership and assistance during my term as Acting Secretary of Defence. I also want to convey my appreciation to the Portfolio and Joint Standing Committees on Defence and Military Veterans for their assistance and support to the Department of Defence.

Lastly, I need to convey my sincere appreciation to the Defence Secretariat and SA National Defence Force leadership teams and the many individuals who went out of their way to assist and support me during my term as the Acting Secretary for Defence.

It is my privilege to present to you the Department of Defence Annual Report for the financial year 2022/23.



**(DR T. GAMEDE)**

**ACTING SECRETARY FOR DEFENCE: DIRECTOR-GENERAL**

## Introduction by the Chief of the South African National Defence Force



### General R. Maphwanya

The constitutional mandate of the SANDF is to defend and protect the Republic of South Africa's territorial integrity and its people. During the year under review, the SANDF continued to ensure support to the people of South Africa by deploying 15 sub-units along the land borders and vessels on the maritime borders, with the SA Air Force and SA Navy ensuring safe air and maritime spaces. Through these deployments, our soldiers were able to curb illegal migration, cross-border trade, theft of weapons, livestock and vehicles, and the illicit movement of contraband goods, among other things. However, irrespective of the support provided, the SANDF needs to maximise the potential of the 15 sub-units on the borderline by creating positive working conditions and environments for our men and women in uniform. It is therefore our wish that efforts must be made to refurbish Operation CORONA infrastructure in order to create humane conditions for our soldiers.

The SANDF rendered safety and security support in cooperation with the SA Police Service in the prevention of crime and for the maintenance and preservation of law and order by deploying soldiers to deter possible threats to critical infrastructure (most notably Eskom), and also by deploying members and equipment in support of the Security Cluster response to the threat of a national shutdown on 20 March 2023. Support was also rendered during the opening of Parliament (SONA 2023) in the Western Cape.

Military support was rendered to other government departments for the preservation of life, health and property through disaster relief and humanitarian operations. In this regard, personnel and equipment were deployed to flood-affected areas in KwaZulu-Natal, North West and the Eastern Cape. SANDF members were also put on standby throughout the rest of the country to rapidly respond to any unforeseen and foreseen disasters. Further support was rendered to the Department

of Health by deploying medical personnel to the Tshepong Hospital in Klerksdorp, North West, during the industrial action by several public service unions.

The SANDF, through the SA Army, made significant contributions to flood relief efforts in KwaZulu-Natal and North West, where it supported the Department of Public Works and Infrastructure and other government departments. These contributions manifested in numerous efforts to provide humanitarian assistance to communities as part of Operation CHARIOT. The Welisizwe Rural Bridges Programme received priority attention during the year under review and will remain a very important objective for the SANDF.

The SANDF once again showed its operational prowess beyond a shadow of a doubt in the land, sea and air domains, all covered by effective medical support. In pursuance of the government's quest for peace, security and stability in the region and on the continent, the SANDF continued to play a pivotal role by participating in the United Nations peace support operation in the Democratic Republic of Congo, as well as the SADC mission in Mozambique, where South African military personnel are deployed as part of the SADC force to combat acts of terrorism and violent extremists in the Cabo Delgado Province.

Lastly, we have decided to ascertain the true status of our accumulative defence capabilities. Commencing with an assessment of the state of individual Services and Divisions across all defence capability programmes, we successfully rolled up the insight gained and, for the first time since the advent of democracy, we could determine the state of the whole SANDF and its capabilities, which has paved the way to embark on a Journey to Greatness!

I extend my sincere appreciation to the men and women in uniform who have displayed a great sense of courage and patriotism by being at the forefront of assisting the Department of Health and the SA Police Service during times of need.



**(R. MAPHWANYA)**

**CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE: GENERAL**

## **Strategic Overview**

### **Vision**

*“Effective defence for a peaceful, secure and stable democratic South Africa.”*

### **Mission**

To *“ensure sound departmental governance, enabling the preparation, sustaining and renewal of defence capabilities in accordance with the needs of South Africa as regulated by the Constitution, National Legislation, Parliamentary and Executive direction”*.

### **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. For the period under review, in the execution of the Defence Mission Statement, the DOD pursued the following organisational values, as informed by the Adjusted DOD Strategic Plan 2020 – 2025:

- Accountability
- Consultation Rooted in Effective and Efficient Partnership and Collaboration
- Discipline
- Ethics
- Excellence
- Openness and Transparency
- People
- Service Standards
- Teamwork

#### **Individual Values**

The following individual values form the framework through which the individual values of DOD members were pursued in support of the organisational values of Defence:

- Human Dignity
- Integrity
- Leadership
- Loyalty

- Patriotism
- Professionalism

## Organisational and Legislative Mandates

### Constitutional Mandate

The DOD derives its mandate from the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). The primary purpose of the South African National Defence Force (SANDF), to “defend and protect the RSA, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force” is expressed in Section 200(2).

The mandate of the DOD, as derived from Section 200(2) of the Constitution, the Defence Act, 2002 (Act No. 42 of 2002) as amended by the Defence Amendment Act, 2010 Act No. 22 of 2010) and the Defence Amendment Act, 2020 (Act No. 06 of 2020), the White Paper on Defence (1996) and the SA Defence Review 2015, requires the Department to provide, manage, prepare, employ, sustain and renew defence capabilities that are commensurate with the needs of South Africa as regulated by the Constitution, National Legislation, Parliamentary and Executive direction.

The objectives of the DOD are:

- To provide for a structured and disciplined military force with the primary objective to defend and protect the Republic, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force.
- To provide for the political responsibility and employment of the Defence Force.

### Legislative Mandate

The Minister of Defence and Military Veterans (MOD&MV), as a member of the Cabinet, is responsible for Defence (Section 201 of the Constitution, 1996).

The mandate of the DOD to “*provide, manage, prepare and employ defence capabilities that are commensurate with the needs of SA*”, as derived from Section 200(2) of the Constitution, is given substance by the Defence Act, 2002 (Act No. 42 of 2002), as amended, the White Paper on Defence, 1996 and the SA Defence Review 2015<sup>1</sup>.

The DOD is comprised of the Defence “Civilian” Secretariat, established in terms of Section 204 of the Constitution, and the South African National Defence Force (SANDF), established in terms of Section 200 of the Constitution.

<sup>1</sup> The SA Defence Review 2014 was approved by Cabinet on 19 Mar 2014, endorsed by the NA on 04 Jun 2015 and the NCOP on 24 Jun 2015. The SA Defence Review 2015 (renamed) provides the national defence policy for South Africa that informs the defence trajectory to be pursued over multiple MTEFs.



Constitutional and primary legislative mandates governing the DOD:

- Border Management Authority Act, 2020 (Act No. 02 of 2020)
- Defence Act, 2002 (Act No. 42 of 2002)
- Defence Amendment Act, 2010 (Act No. 22 of 2010)
- Defence Amendment Act, 2020 (Act No. 06 of 2020)
- Defence Special Account Act, 1974 (Act No. 06 of 1974)
- Disaster Management Act, 2002 (Act No. 57 of 2002)
- Hydrographic Act, 2019 (Act No. 35 of 2019)
- National Conventional Arms Control Act, 2002 (Act No. 41 of 2002)
- National Strategic Intelligence Act, 1994 (Act No. 39 of 1994)
- Non-proliferation of Weapons of Mass Destruction Act, 1993 (Act No. 87 of 1993)
- Promotion of Access to Information Act, 2000 (Act No. 02 of 2000)
- Protection of Personal Information Act, 2013 (Act No. 04 of 2013)
- Public Finance Management Act (PFMA), 1999 (Act No. 01 of 1999)
- Public Service Act, 1994 (Act No. 103 of 1994)
- Armaments Corporation of South Africa SOC Limited (ARMSCOR) Act, 2003 (Act No. 51 of 2003)
- Military Ombud Act, 2012 (Act No. 04 of 2012)
- Castle Management Act, 1993 (Act No. 207 of 1993)

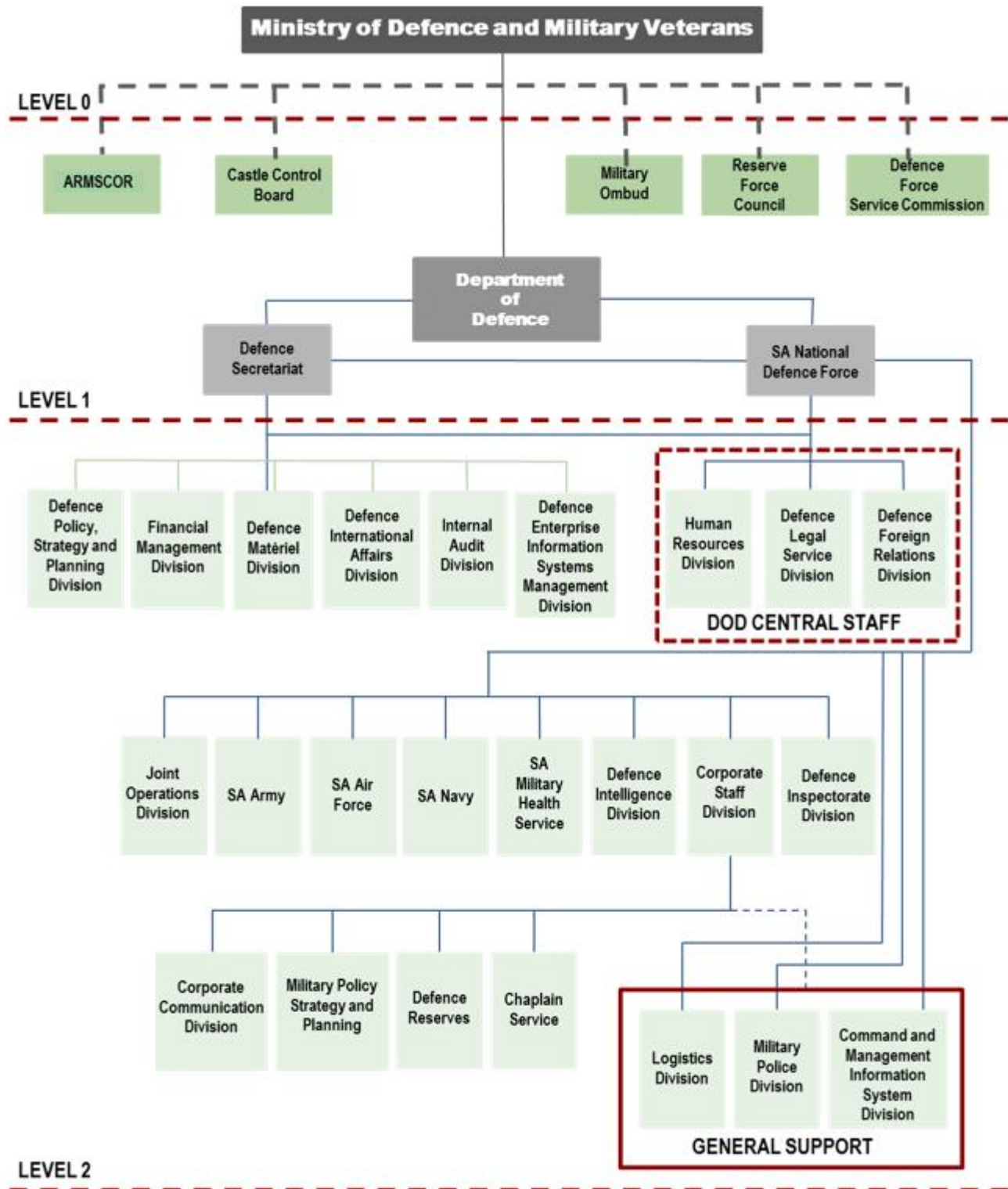
Section 231 of the Constitution, 1996, prescribes International agreements, inclusive of International Humanitarian Law, to which the DOD must adhere. Applicable primary International Agreements include, but are not limited to:

- African Union Non-aggression and Common Defence Pact, 2005
- Chicago Convention (also known as the Convention on International Civil Aviation), 1947
- International Convention on Maritime Search and Rescue, 1979
- Southern Africa Development Community Mutual Defence Pact, 2003
- United Nations Charter, 1945
- Vienna Convention on Diplomatic Immunities and Privileges, 1961



## Organisational Structure

The organisational structure<sup>2</sup> of the Department is provided below.



<sup>2</sup> Aligned with the macro structure approved by the Executive Authority on 16 Jan 2007.

## **Information on the Ministry**

### **Institutions Reporting to the Executive Authority**

The Executive Authority performs a legislative oversight function in terms of Public Entities and Organs of State accountable to the Executive Authority and categorised within Schedules 2 and 3 of the PFMA. The DOD assists the Executive Authority with this oversight function through the annual assessment of the Strategic Plans and the Annual Performance Plans/Corporate Plans of Public Entities and Organs of State to ensure alignment with the National Regulatory Framework.

The following Public Entities report to the Executive Authority:

#### **Armaments Corporation of South Africa SOC Limited**

##### **Legislative Mandate**

The ARMSCOR mandate is derived from the ARMSCOR Act, 2003 (Act No. 51 of 2003). ARMSCOR is to meet the following requirements of the DOD:

- The Defence matériel requirements of the DOD effectively, efficiently and economically.
- The Defence technology, research, development, analysis, test and evaluation requirements.
- Dispose of defence matériel in consultation with the instance which originally manufactured the matériel.
- Maintain the compliance administration system for the DOD, as required by the applicable international law, the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002) and the Non-Proliferation of Weapons of Mass Destruction Act, 1993 (Act No. 87 of 1993).
- Provide marketing support to defence-related industries, in respect of defence matériel, in consultation with the DOD, and the defence-related industries in question.

ARMSCOR is required to adhere to accepted corporate governance principles, best business practices and generally accepted accounting practices within a framework of established norms and standards that reflects fairness, equity, transparency, economy, efficiency, accountability and lawfulness.

##### **Outputs**

The following strategic outputs are in support of ARMSCOR's outcome to manage acquisition and technology projects, through the provision of sound technology (including acquisition) direction and governance of the ARMSCOR corporate commitment in accordance with Government policy and strategy:

- Revenue generation
- Cost management
- Efficient and effective delivery
- Stakeholder management

## Castle Control Board

### Legislative Mandate

The Castle Control Board is mandated in terms of the Constitution and, as a public entity under Section 01 of the PFMA, and the Castle Management Act, 1993 (Act No. 207 of 1993) is required to preserve and protect the military and cultural heritage of the Castle of Good Hope, to optimise its tourism potential, and to optimise accessibility of the Castle of Good Hope to the public on behalf of the MOD&MV, who has the ultimate ownership responsibility for the Castle of Good Hope.

### Outputs

The Castle Control Board is responsible for the following:

- To preserve and protect the military and cultural heritage of the Castle of Good Hope.
- To optimise the tourism potential of the Castle of Good Hope.
- To optimise accessibility to the Castle of Good Hope by the public.
- Promotion, development and interpretation of the Castle of Good Hope as a place of education and learning.
- Development of the capacity of the Castle of Good Hope to promote understanding, reconciliation and nation-building.
- Agreement with the DOD in terms of the management of the Castle of Good Hope as a defence endowment property.

The following Organs of State<sup>3</sup> report to the Executive Authority:

## Office of the Military Ombud

### Legislative Mandate<sup>4</sup>

The Office of the Military Ombud was established in terms of the Military Ombud Act, 2012 (Act No. 04 of 2012) to investigate and ensure that complaints lodged by members and former members regarding their conditions of service, a member of the public regarding the official conduct of a member of the Defence Force, or a person acting on behalf of a member of the Defence Force or a person acting on behalf of a member, are resolved in a fair, economical and expeditious manner and to report on this annually to the MOD&MV. The Military Ombud is furthermore also responsible for promoting the observance of the fundamental rights of Defence Force member and for the accountable and effective governance of the Office of the Military Ombud.

<sup>3</sup> For purposes of this document, Organs of State are defined as any other State functionary or institutions, other than Public Entities that exercise a power or perform a function in terms of the Constitution, or exercise a public power or perform a public function in terms of any legislation.

<sup>4</sup> Refer to the Military Ombud APP for 2022/23 and the Military Ombud 2022 Annual Activity Report for comprehensive Legislative Mandate and Nature of Operations.

## **Reserve Force Council**

### **Legislative Mandate**

The Reserve Force Council is a statutory body under Section 48(4) of the Defence Act, 2002 (Act No. 42 of 2002). The Reserve Force Council is a consultative and advisory body representing the Reserve Force to promote and maintain the force as an integral part of the Defence Force and is consulted on any legislation, policy or administrative measures affecting the Reserve Force.

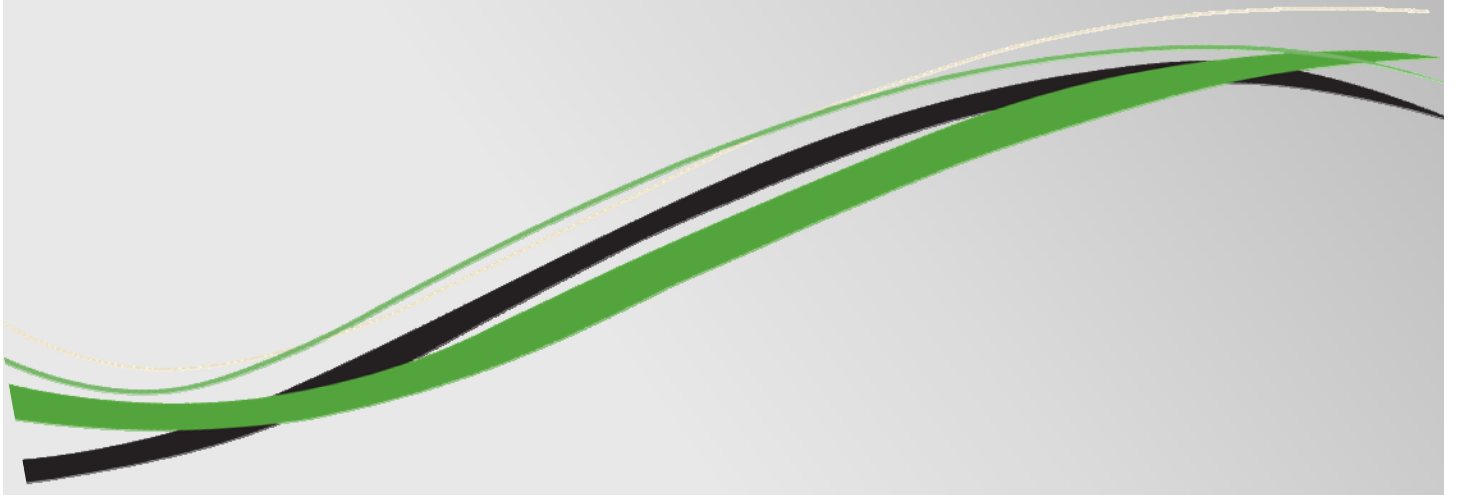
## **Defence Force Service Commission**

### **Legislative Mandate<sup>5</sup>**

The Defence Force Service Commission was established under Section 62 of the Defence Amendment Act, 2010 (Act No. 22 of 2010). The output of the Defence Force Service Commission is to submit, on an annual basis, recommendations to the MOD&MV on improvements of salaries and service benefits of SANDF members; on policies in respect of conditions of service and to promote measures and set standards to ensure the effective and efficient implementation of policies related to conditions of service in the SANDF.

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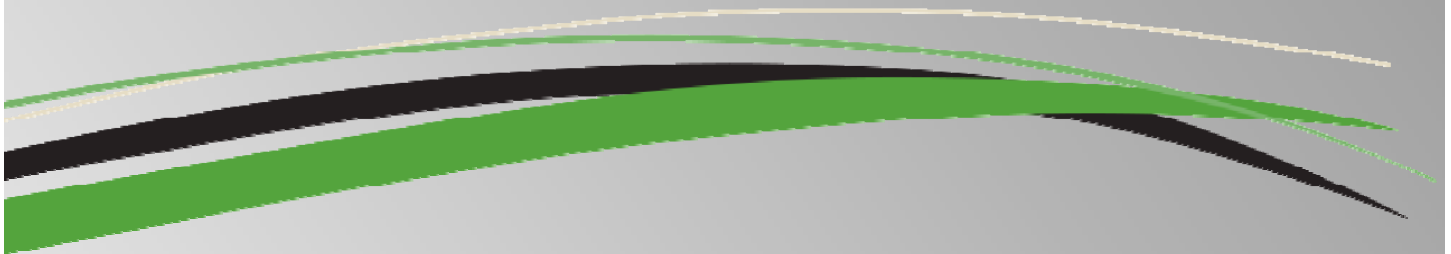
<sup>5</sup> Refer to The Defence Force Service Commission Annual Activity Report for FY2022/23 for comprehensive Legislative Mandate and Nature of Operations.





# B

## Performance Information



## Financial Performance Information

### The Defence Vote

#### Aim of the Vote

To “Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force”.<sup>1</sup>

#### Main Programmes

The Defence budget programme structure is indicated in the table below.

Defence Budget Programme Structure		
Programme		Purpose
Programme 1	Administration	Provide strategic leadership, management and support services to the Department of Defence.
Programme 2	Force Employment	Provide and employ defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental, interagency and multinational 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 defence intelligence and counter-intelligence capabilities.
Programme 8	General Support	Provide general support capabilities and services to the department.

#### Defence Vote 23

The Defence Vote 23 summary of actual expenditure versus adjusted appropriation for current and prior years, is indicated in the table below.

Summary of Actual Expenditure versus Adjusted Appropriation for Current and Prior Years			
	FY2020/21	FY2021/22	FY2022/23
	R'000	R'000	R'000
Adjusted Appropriation	54 201 287	48 796 421	51 601 612
Expenditure	54 086 190	48 775 914	54 596 749
Over expenditure	0	0	2 995 137
Amount overspent as percentage of Adjusted Appropriation	0	0	5.804%
Amount surrendered	115 097	20 507	0
Amount surrendered as percentage of Adjusted Appropriation	0.212%	0.042%	0

<sup>1</sup> In accordance with the 2022 ENE.



The Defence Vote 23 actual expenditure versus adjusted appropriation for current and prior years at programme level is indicated in the table below.

Actual Expenditure versus Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	FY2022/23			FY2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	6 042 623	6 071 295	(28 672)	5 374 069	5 367 098	6 971
Force Employment	4 954 708	5 012 398	(57 690)	4 117 109	4 117 109	0
Landward Defence	15 871 761	17 732 035	(1 860 274)	16 372 057	16 372 057	0
Air Defence	6 378 843	6 763 529	(384 686)	5 881 165	5 881 165	0
Maritime Defence	4 452 724	4 662 636	(209 912)	4 133 400	4 133 400	0
Military Health Support	5 734 492	5 979 581	(245 089)	5 526 576	5 525 749	827
Defence Intelligence	1 098 095	1 114 004	(15 909)	778 294	778 294	0
General Support	7 068 366	7 261 271	(192 905)	6 613 751	6 601 042	12 709
<b>Total</b>	<b>51 601 612</b>	<b>54 596 749</b>	<b>(2 995 137)</b>	<b>48 796 421</b>	<b>48 775 914</b>	<b>20 507</b>

## Transfer Payments

During the period under review, the DOD provided transfer payments to the following institutions:

- The Armaments Corporation of South Africa SOC Ltd (ARMSCOR) to subsidise the mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence matériel, related products and services.
- The Safety and Security Sector Education and Training Authority, which acts as the Sector Education Training Authority for Defence, to subsidise their administrative expenditure in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).
- The Reserve Force Council (RFC) to subsidise its 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 MOD&MV and the South African National Defence Force (SANDF).
- To provide a grant-in-aid to the Order of St. John in recognition of maintaining a reserve of medical- and patient care auxiliaries for operational duty when called to do so by the SA Military Health Services (SAMHS).
- The Special Defence Account to acquire, procure and develop armament and technology. Audited financial statements for FY2022/23 form part of the financial statements of the Department.
- To Defence members who are being separated from the Department in terms of the employment and social benefits due to them.
- An additional transfer payment to the Castle Control Board to address the financial challenges as a result of COVID-19.
- Transfer payment made to Foreign Governments and International Organisations for additional member state's contribution to the Southern African Development Community (SADC) standby force deployment (Op VIKELA) in Mozambique.

## Part B

### Performance Information

- To the South African Broadcasting Corporation and other licensing authorities such as the South African Music Rights Organisation for television and radio permits.
- To municipalities to cover the cost of payments made in terms of the law that requires all vehicles to be licensed annually.

Table: Transfer Payments to Public Entities and Organs of State.<sup>2</sup>

Transfer Payments to Public Entities and Organs of State for the period 01 April 2022 to 31 March 2023			
Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity
		R'000	R'000
ARMSCOR	To subsidise ARMSCOR in its mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence matériel-related products and services.	1 478 501	1 461 899
RFC <sup>3</sup>	To subsidise the RFC in its 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 MOD&MV and the SANDF.	3 355	3 355

Table: Transfer Payments Made to Organisations other than Public Entities and Organs of State for the period 01 April 2022 to 31 March 2023.

Transfer payments made to Organisations other than Public Entities and Organs of State for the period 01 April 2022 to 31 March 2023				
Name of Transferee	Purpose for which the Funds were Used	Did the Department Comply with Sec 38(1)(j) of the PFMA	Amount Transferred	Amount Spent
			R'000	R'000
Special Defence Account	To acquire, procure and develop armament and technology.	Yes	2 762 050	2 762 050
Households (Employer Social Benefits)	To cover the cost of employment benefits due to members being separated from the Department.	Yes	1 357 290	1 357 290
SADC Secretariat	Transfer payment made to Foreign Governments and International Organisations for additional member states' assessed contribution to the SADC standby force deployment (Op VIKELA) in Mozambique.	Yes	133 421	133 421
SASSETA	To subsidise the administrative expenditure of the SASSETA, which acts as the SETA for Defence in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).	Yes	31 916	31 916
Claims against the Department	To cover the cost of legitimate claims instituted against the Department by institutions or individuals.	Yes	13 014	13 014
Castle Control Board	To ease the financial strain the entity faced due to the direct impact of the COVID-19 pandemic.	Yes	6 000	6 000

<sup>2</sup> Refer to Annual Performance Reports of Public Entities and Organs of State for expenditure details.

<sup>3</sup> The transfer payment was made for the period that the RFC was active during FY2022/23.

Transfer payments made to Organisations other than Public Entities and Organs of State for the period 01 April 2022 to 31 March 2023				
Name of Transferee	Purpose for which the Funds were Used	Did the Department Comply with Sec 38(1)(j) of the PFMA	Amount Transferred	Amount Spent
			R'000	R'000
Municipalities	To provide for the payment made to municipalities to ensure that all vehicles are licensed annually.	Yes	165	165
St John Ambulance Brigade	To provide a grant-in-aid to the Order of St John in recognition of maintaining a reserve of medical- and patient care auxiliaries for operational duty when called to do so by the SAMHS.	Yes	91	91
Licence Fees	To provide for the annual payment such as licensing authorities, the SABC and SAMRO for television and radio licenses.	Yes	41	41

Table: Transfer Payments Budgeted for the period 01 April 2022 to 31 March 2023, but Not Made.

Transfer Payments Budgeted for but Not Made during the period 01 April 2022 to 31 March 2023					
Name of Transferee	Type of Organisation	Purpose for which the Funds were to be Used	Amount Budgeted For	Amount Transferred	Reasons why the Funds were Not Transferred
			R'000	R'000	
ARMSCOR	Public Entity	To subsidise ARMSCOR in its mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence matériel-related products and services.	2 577	0	Administrative delays in the finalisation of the Service Level Agreement between the SA Army and ARMSCOR for specialist services pertaining to product system management forums.

## Conditional Grants and Earmarked Funds

The DOD neither paid nor received any conditional grants or earmarked funds for the period 01 April 2022 to 31 March 2023.

## Donor Funds

The DOD did not receive any donor funds from external sources for operations during (or for) the financial year under review.

## Public/Private Partnerships

The DOD did not enter into any public/private partnerships during the period 01 April 2022 to 31 March 2023.

## Capital Investments, Maintenance and Asset Management Plan

### Progress Made on Implementing the Capital Investment and Asset Management Plan

During the year under review, various capital, refurbishment and maintenance projects were undertaken on facilities occupied by the Department. The DOD submitted the User Immoveable Asset Management Plan for FY2022/23 to FY2023/24 to the Department of Public Works and Infrastructure (DPWI) and the National Treasury on 15 September 2022 for inclusion into the National Budgetary Programme. Defence Works Formation continues with condition assessment of DOD facilities. Feedback on such assessments is included in the Department's Asset Register.

The table below provides the financial performance information relating to the DOD Capital Investment, Maintenance and Asset Management Plan.<sup>4</sup>

Financial Performance: Capital Investment, Maintenance and Asset Management Plan for FY2022/23						
Departmental Infrastructure	FY2022/23			FY2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>New Infrastructure Assets</b>	389 078	389 078	0	166 191	166 191	0
<b>Existing Infrastructure Assets</b>	410 370	410 370	0	339 662	308 019	31 643
- Maintenance and Repairs	51 166	51 166	0	89 801	58 158	31 643
- Upgrades and Additions	15 397	15 397	0	17 024	17 024	0
- Rehabilitation and Refurbishments	343 807	343 807	0	232 837	232 837	0
<b>Infrastructure Transfer</b>	0	0	0	0	0	0
- Current	0	0	0	0	0	0
- Capital	0	0	0	0	0	0
<b>Total</b>	<b>799 448</b>	<b>799 448</b>	<b>0</b>	<b>505 853</b>	<b>474 210</b>	<b>31 643</b>

### Infrastructure Projects Completed during FY2022/23

One capital infrastructure/works project was completed during FY2022/23.

### Capital Infrastructure Projects in Process

Refer to Appendix A to Part B for detailed information in tabular format of capital infrastructure projects in progress during FY2022/23.

<sup>4</sup> Expenditure figures provided for the whole Department correlates with in-year management reports submitted to NT every month. Actual expenditure is reflected in the Appropriation Statement, page 209.

## Plans to Close Down or Downgrade Current Facilities

There were no plans to close down or downgrade any facilities indicated on the Immovable Asset Register of the DOD.

## Progress Made on the Maintenance of Infrastructure

### Refurbishment

A total of nineteen refurbishment projects were approved for funding during FY2022/23 and are in various stages of completion.

## Developments Expected to have an Impact on Current Expenditure

An increase in infrastructure expenditure is foreseen as soon as all facility life cycle management functions on Defence Endowment Property have been devolved from the DPWI to the DOD.

## Changes in Immovable Assets Holdings

During the period under review, there were no changes in Immovable Asset Holdings. The Immovable Asset Register, hosted by the Council for Scientific and Industrial Research (CSIR), has been updated throughout the year with information provided by the DOD to ensure adherence to the Government Immovable Asset Management Act.

## Current State of DOD Capital Assets

The DOD utilises a large number of state facilities and, to a lesser extent, private facilities in fulfilment of its constitutional obligations. The utilisation includes force preparations, force employment and force support activities that require land and other unique facilities. The current land under the DOD's control is approximately 420 000 hectares and is categorised to determine the Department's Immovable Assets Register.

The status of the assets is in a fair state, which should not impact the Department's service delivery mandate. (84.9% fair, 7.8% inadequate, 1.6% bad and 5.6% very bad). These figures will be updated continuously as the outstanding performance assessment results are captured on the database at CSIR.

## Major Maintenance (Refurbishment) Projects undertaken during FY2022/23

The Major Maintenance (Refurbishment) Projects are attached in tabular format hereto as Appendix A to Part B. The table includes projects that were completed but not fully signed over; projects that were put on hold due to the devolvement of functions and projects to be completed. A decision was taken by the DOD to discontinue all projects up to the pre-site handover stage due

to the devolvement of functions. The DOD will thereafter prioritise critical projects from the list to ensure efficient service delivery.

## **Progress Made in Addressing the Maintenance Backlog**

The current maintenance backlog stands at R8,019 billion. The backlog is mainly due to the low expenditure by DPWI in executing planned maintenance tasks on facilities utilised by the DOD. As the custodian of all immovable assets that vest in National Government, DPWI is responsible for the maintenance of such assets. As a control measure, a clause has been included in the Service Legal Agreement between the DOD and DPWI that the Annual Planned Maintenance Programme is to be signed off by the DOD before execution. This initiative provides the DOD with an opportunity to interrogate the contents of the programme before signing it off.

## Non-Financial Performance Information

### Auditor-General's Report on Predetermined Objectives

The Auditor-General of South Africa performs certain audit procedures on performance information to provide feedback for selected programmes<sup>5</sup> audited.

The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under the heading 'Report of the audit of the annual performance plan' in the auditor's report.

Refer to the Report of the Auditor-General, in Part F: Financial Information.

## Overview of Departmental Performance

### Introduction

The DOD Annual Report for FY2022/23 is a strategic report on the progress made with the implementation of the Revised Medium-Term Strategic Framework (MTSF) 2019 – 2024 (endorsed during a Cabinet Lekgotla in September 2021 and implemented on 01 October 2021) as well as cumulative annual performance against set targets, in meeting ordered commitments, providing capabilities, ensuring sound administration and management of the DOD.

The Executive Authority provided Ministerial direction to the DOD, aimed at facilitating the overall management and administration of the DOD.

During the period under review, the DOD progressed in many areas against set priorities. In support of Government's national imperatives, the DOD continued to execute ordered commitments as directed and instructed by the Commander-In-Chief and as such, forces were deployed **outside** the borders of South Africa as follows:

- United Nations (UN) Peace Support Operation in the Democratic Republic of Congo (DRC) during FY2022/23.
- A General Military Assistance Operation as part of the Southern African Development Community Standby Force Mission (SAMIM) to the Cabo Delgado Province in the Republic of Mozambique during FY2022/23.

The SANDF was also deployed **inside** the borders of South Africa in various internal operations.<sup>6</sup> The aim of these internal operations was to safeguard our borders and to assist other Government departments in areas such as search and rescue; disaster aid and relief; safety and security support tasks to preserve life and health; to deter possible threats to critical infrastructure in emergency situations; the prevention of crime and the maintenance of law and order.

<sup>5</sup> Force Employment and Defence Intelligence Programmes, in terms of the Audit Strategy of the AGSA dated 31 Mar 2023.

<sup>6</sup> Refer to page 58 for details on internal operations.



## Mandate

The DOD derives its mandate from section 200 of the Constitution, the Defence Act, 2002 (Act No. 42 of 2002) as amended by the Defence Amendment Act, 2010 (Act No. 22 of 2010), the 1996 White Paper on Defence and the SA Defence Review 2015. The Department is required to provide, manage, prepare and employ defence capabilities that are commensurate with the needs of South Africa. The mandate is given substance by:

- The Defence Act, 2002 (Act No. 42 of 2002)
- The Defence Amendment Act, 2020 (Act No. 6 of 2020)
- The White Paper on Defence, 1996
- The SA Defence Review 2015
- Delegated Legislation

The DOD executes its mandate *“To provide, manage, prepare and employ defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, national legislation and Parliamentary and Executive direction. This will be provided through the proper management, provision, preparedness and employment of defence capabilities that are in line with the domestic and global needs of South Africa”* **within a constrained budget allocation.**

## Service Delivery Environment

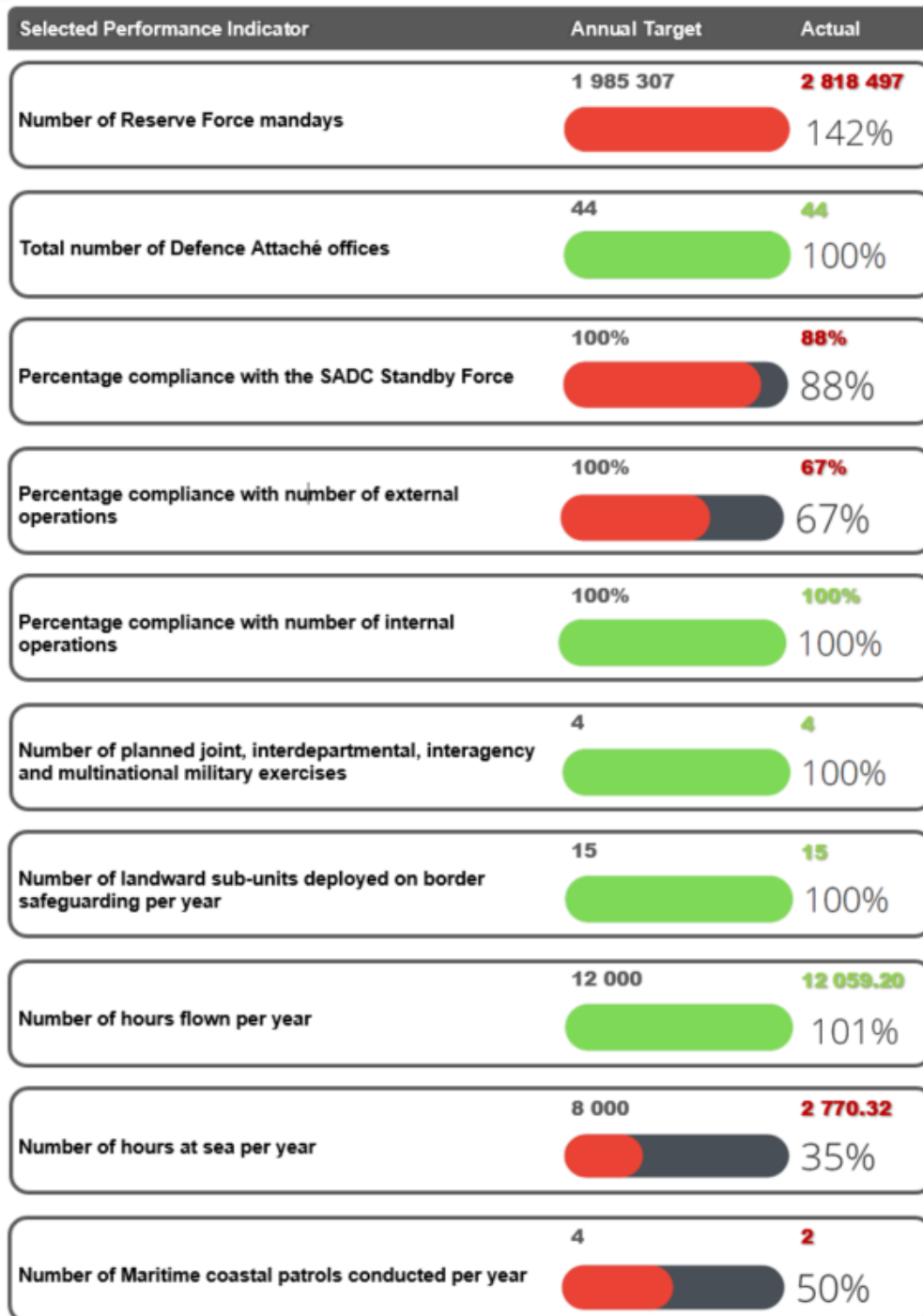
### DOD Selected Performance Indicators included in the Estimate of National Expenditure

The DOD Selected Performance Indicators included in the Estimates of National Expenditure (ENE) are derived from the Defence mandate and form the basis of the Department’s budget allocation from National Treasury. These indicators represent the largest cost drivers in the DOD.

A year-on-year analysis of the DOD’s performance against Selected Performance Indicators and targets over the period 01 April 2020 to 31 March 2023 is reflected in Appendix B.



The figure below provides a summarised analysis of performance against targets for the DOD Selected Performance Indicators included in the ENE for FY2022/23 as at 31 March 2023.<sup>7</sup>



<sup>7</sup> Although the number of planned Reserve Force mandays were overachieved, this achievement has a negative outcome in terms of criteria set in the Technical Indicator Description. The DOD did not adhere to Departmental prescripts in terms of number of mandays and the allocated financial resources (Reserve Forces budget allocation overspent by R210 million).

## **Service Delivery Improvement Plan**

The Department of Public Service and Administration (DPSA) promulgated Service Delivery Improvement Plan (SDIP) Circular No. 14 of 2022 on 25 April 2022 wherein it was stated that National departments did not need to implement an SDIP on 01 April 2022. The SDIP for the period 2023 to 2025 is required to be finalised and submitted to the DPSA by 31 March 2023, for implementation on 01 April 2023.

Management considered the DOD's participation in the SDIP process, and a decision was taken to request for exemption from the DPSA. An Accounting Officer letter to the DPSA, requesting exclusion for the DOD from this initiative, was submitted to DPSA on 17 February 2023. The DOD is awaiting feedback from the DPSA.

## **Response to Prioritising Women, Youth and Persons with Disabilities**

In support of the Department of Women, Youth and Persons with Disabilities National Strategic Plan 2020 – 2032 on Gender-Based Violence and Femicide, the DOD remained committed to zero tolerance of violence and sexual abuse against women, youth and people with disabilities. The Department was involved in the following activities which contributed towards the national imperatives related to the advancement of Women, Youth and Persons with Disabilities:

- Participated in the Consultative Workshop with the Economic Sectors, Employment and Infrastructure Development Cluster on the development of a strategy for the Economic Empowerment of Women, Youth and Persons with Disabilities across the Economic Reconstruction and Recovery Plan. The Workshop was held on 10 June 2022 at the Sheraton Hotel and was hosted by the Department of Women, Youth and Persons with Disabilities.
- The DOD, recognised Youth Month and commemorated the 16<sup>th</sup> June Soweto Student Uprising of 1976, by hosting the DOD Youth Day Celebrations at Army Support Base Western Cape, Wynberg Sports field in Cape Town on 24 June 2022. The central theme of Youth Month: "Entrenching our Democracy in Salute for Our Heroes and Heroines by Celebrating Youth Cohesion, Endurance, Productivity and Soldiering through – Fun Run, March and Drill in Unity", was promoted during the commemoration event. The Chief of the SANDF was the chief functionary at the 2022 DOD Youth Day Celebrations event.
- During the Chief of the SANDF (C SANDF) parade on 05 August 2022 at Thaba Tshwane, women and men were honoured who served under challenging circumstances over recent years, specifically amid the pandemic. In addition, the parade highlighted the contributions made by women and men in promoting constitutional imperatives in the Defence Force. With the MOD&MV as the chief functionary, the parade symbolised a future for inclusivity for both women and men who stand united.

## Organisational Environment

The Minister provides the DOD with strategic direction and sets out priorities to be pursued by the DOD over multiple MTSF and electoral periods. The execution of these priorities enhances the effective realisation of the Defence mandate.

The Minister indicated that the focus of the DOD during FY2022/23 should be the implementation and execution of the five-year programme as set out in the DOD's Adjusted Strategic Plan for 2020 – 2025.

In the execution of the five-year programme, the following Ministerial Priorities apply:

- **Provide Strategic Direction to the DOD** →

Strategic Direction. Implementation of the SA Defence Review 2015 *"DOD Plan to Arrest the Decline"*.

Organisational Renewal. Ensuring Appropriate Organisational Form and Structure.

- **Ensure Departmental Governance, Administration and Accountability within the Regulatory Framework** →

Departmental Governance, Administration and Accountability.

Strategic Resourcing, Revenue Generation to Supplement the Insufficient Fiscal Allocation.

Human Resources. Maintaining the SANDF Establishment Force Levels.

- **Execute Prioritised Ordered Defence Commitments in accordance with South Africa's Defence and Security Requirements** →

Capability Sustainment. Maintenance of Capabilities.

Ordered Defence Commitments. Increased Contribution to the National Developmental Agenda.

## Key Personnel

During the reporting period, the Secretary for Defence, Ambassador G.S. Kudjoe resigned with effect from 01 January 2023. The Chief Defence Policy, Strategy and Planning, Dr T. Gamede was appointed as the Acting Secretary for Defence with effect from 01 January 2023 to 30 June 2023.

The Chief Financial Officer, Mr E.S. Sokhela went on an Employer Initiated Severance Package with effect from 01 February 2023. The Chief Director Financial Services, Mr A.E Abotsi was appointed as the Acting Chief Financial Officer with effect from 01 November 2022 to 30 April 2023. A continuation of this acting appointment from 01 May 2023 to 31 October 2023 is pending Ministerial approval.

The vacant posts of the Secretary for Defence and Chief Financial Officer were advertised through Public Service Circular No. 13 of 2023 with a closing date of 10 May 2023.

## **Successes**

The SANDF continued to fulfil its Constitutional mandate to defend the land, sea and air sovereignty of South Africa, aiding law enforcement agencies in their fight against cross-border crime, as well as fulfilling the country's global responsibilities to peacekeeping in the largest UN mission in the world, by leading the UN Force Intervention Brigade and providing combat and support elements.

The SANDF deployed inside the borders of South Africa in various internal operations with the aim to:

- Safeguard South Africa's borders.
- To assist other Government departments in areas such as search and rescue; disaster aid and relief; safety and security support tasks; to preserve life and health; to deter possible threats to critical infrastructure in emergency situations; in the prevention of crime and maintenance of law and order.

## **Challenges**

The most prominent challenge experienced by the Department during the reporting period relates to the baseline reduction imposed on the DOD. This baseline reduction poses serious financial constraints on the Department and to rapidly intervene during crises on the continent.

The baseline reduction furthermore impacts on the contribution to the Special Defence Account, which in turn impacts on arresting the decline, by replacing and maintaining the ageing DOD assets.

## **Key Policy Developments and Legislative Changes**

The approved SA Defence Review 2015 is the second policy review of this nature in democratic South Africa and maps out the trajectory over the short, medium, and long term that defence will be taking over the next 20 to 30 years.

Due to the declining year-on-year DOD baseline allocation over multiple previous financial years, the expected resource allocation to support the implementation of the SA Defence Review 2015, through the "*Plan to Arrest the Decline*", has not been realised. The year-on-year reductions have contributed to the defence decline; with the cost-driven interventions not realised and the non-cost-driven interventions compromised.

It is foreseen that the envisaged implementation of the SA Defence Review 2015 will not be achieved during the Strategic Period 2019 – 2024.

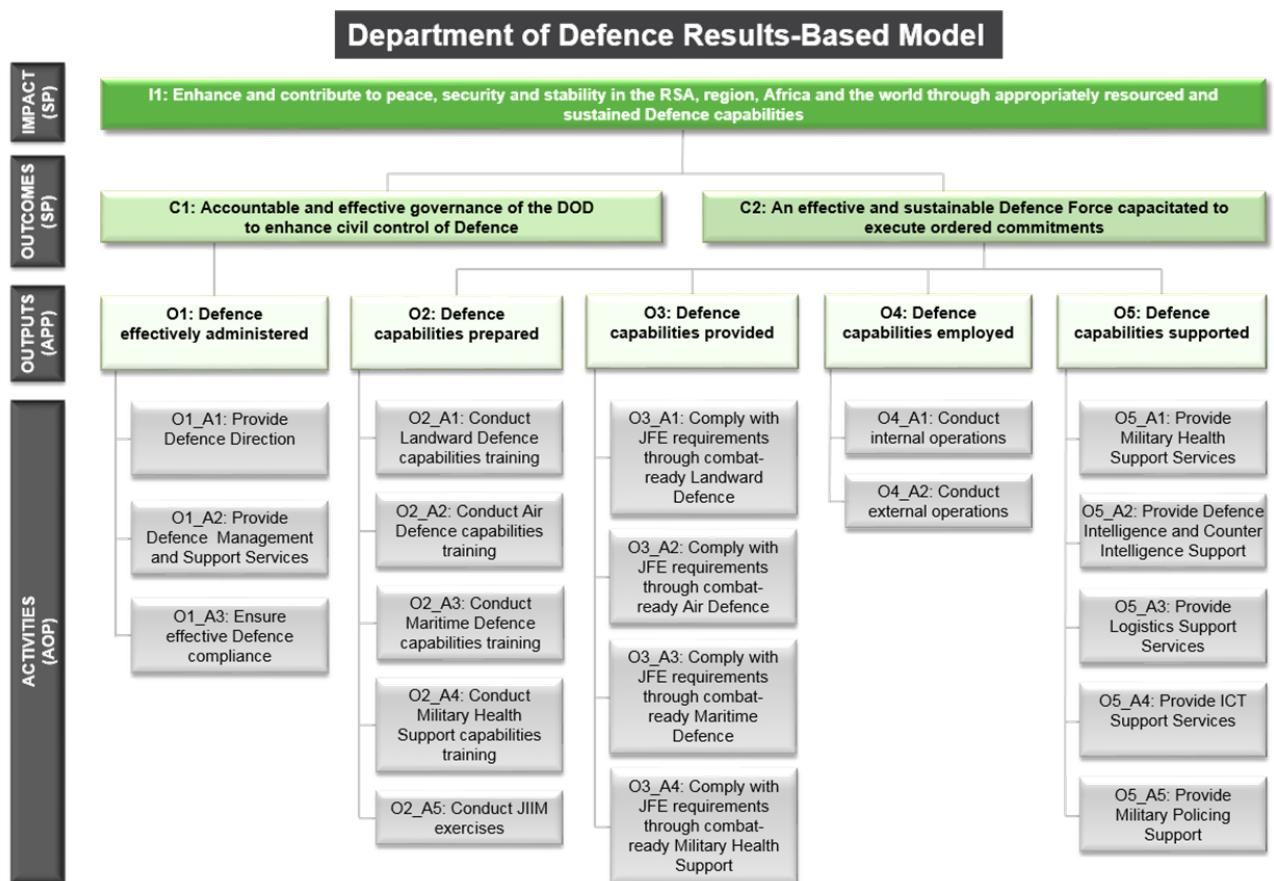
# Progress towards Achievement of Institutional Impacts and Outcomes

## Results-Based Management Framework

The DOD institutionalised the Results-Based Management Framework as prescribed in the Department of Planning, Monitoring and Evaluation’s Revised Framework for Strategic Plans and Annual Performance Plans with effect from FY2020/21.

The DOD utilises this Framework as a tool to ensure that the Department fulfils its Constitutional mandate as expressed in terms of the intended *impact, outcomes and outputs*.

The figure below depicts the DOD Results-Based Model.<sup>8</sup>



<sup>8</sup> The following amendment to the Adjusted DOD Strategic Plan (2022 – 2025) was included in the DOD APP for 2022: DOD Output 1 “*Defence Strategic Direction Provided*” was amended to read “*Defence effectively administered*” to ensure effective and efficient administration of the DOD, which includes strategic direction, effective management and support services.

## Impact Statement

The Defence Impact is defined as “*what we aim to change*” – **Enhance and contribute to peace, security and stability in the RSA, region, Africa and the world through appropriately resourced and sustained defence capabilities** and is managed through the achievement of the planned outcomes.

## Outcomes

Defence Outcomes are defined as “*that which we wish to achieve*” and are the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Defence Outcomes are directly related to and aligned with the Constitutional and legislative mandate of Defence as provided below:

### **Accountable and Effective Governance of the DOD to Enhance Civil Control of Defence**

This Outcome measures the extent to which the DOD adheres to Government prescripts and the controls that are put in place to ensure compliance therewith, in achieving the Revised MTSF 2019 – 2024 priorities.

The Outcome Indicator “*Reduction in the number of Balances Qualified in the Financial Statements*” measures the ability of the Department to reduce the number of audit qualifications through improved internal control processes. During the period under review, the DOD could not manage to reduce audit qualifications to the desired end-state of zero.

### **An Effective and Sustainable Defence Force Capacitated to Execute Defence Ordered Commitments**

This Outcome measures the defence operations commitments as ordered by means of Memoranda of Agreement, directives and instructions. Operations are conducted internally and externally to the RSA.

The Outcome Indicator “*Percentage compliance with ordered Defence commitments as resourced*” measures the ability of the Department to execute ordered commitments by Government. During the period under review, the DOD partially complied with ordered Defence commitments as resourced. The DOD was unable to conduct Op COPPER long-range maritime patrols due to the unavailability of Naval platforms at the required operational level.

## Outputs

The Defence outputs are defined as “*what the DOD produces or delivers*” and include the final products, goods and services produced for delivery. The five Defence Outputs are:

- Defence **effectively administered**
- Defence **capabilities prepared**

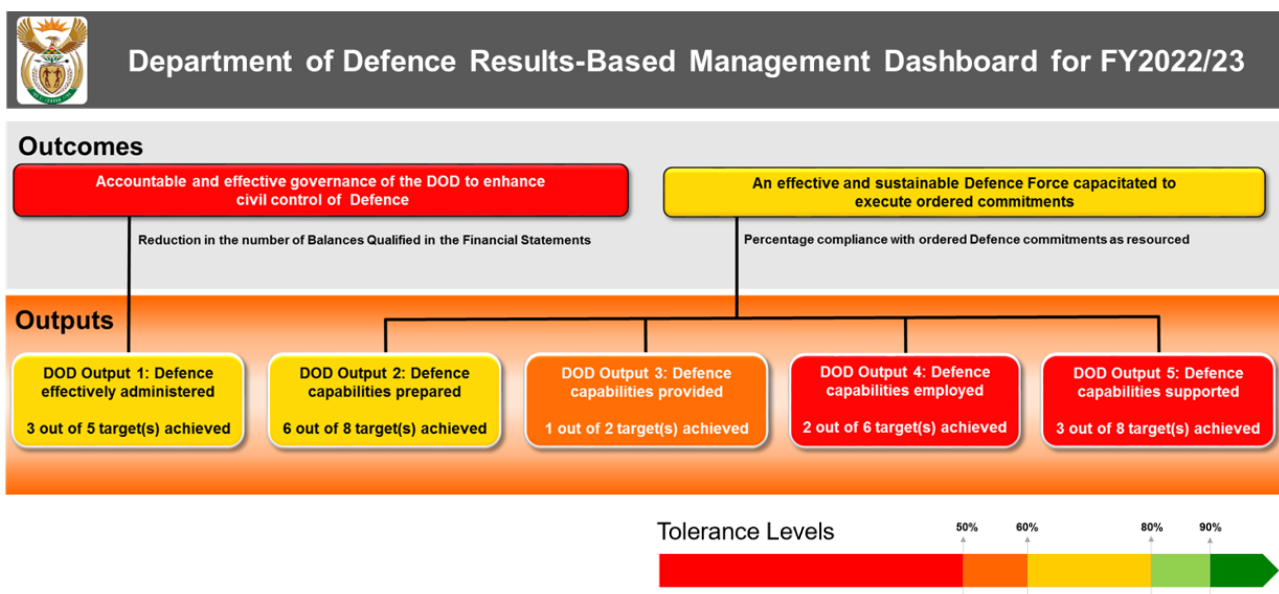


- Defence **capabilities provided**
- Defence **capabilities employed**
- Defence **capabilities supported**

During the period under review, the DOD partially achieved the set targets against its Output Indicators, resulting in the overall partial achievement of planned Outputs.

## Results-Based Management Dashboard

The figure below provides data visualisation of the DOD’s mandate achievement against the two planned Defence Outcomes and five planned Defence Outputs for FY2022/23.



## Medium-Term Strategic Framework 2019 – 2024

During the period **01 April 2020 to 30 September 2021**, the SANDF supported the following MTSF Priorities for 2019 – 2024:

- **MTSF Priority 6: “Social Cohesion and Safer Communities”**  
Performance Indicator: *“SA’s border effectively defended, protected, safeguarded and secured”*

The SANDF supported Priority 6 by means of the following two DOD MTSF Indicators:

- *“Number of landward subunits deployed on border safeguarding per year”.*
- *“Number of maritime coastal patrols conducted”.*

The table provides statistics of operational successes registered since the SANDF was tasked to protect the country's borderline in 2010 up until the exclusion from Priority 6 of the Revised MTSF 2019 – 2024.

Operational Successes Registered for 2010 to 30 Sep 2021	Total
Weapons Recovered	459
Illegal Foreigners Apprehended	188 404
Criminals Arrested	6 176
Stolen Vehicles Recovered	1 696
Dagga Confiscated	121 462kg
Live-stock Recovered	31 979
Copper Confiscated	1 293kg
Contraband Goods Confiscated	R446,192 million
Precious Metals Confiscated	929 kg

- **MTSF Priority 7: “A Better Africa and World”**

Performance Indicator: *“Percentage compliance with external peace missions, rescue operations and humanitarian assistance operations”*.

The SANDF supported Priority 7 by means of the following DOD MTSF Indicator: *“Percentage compliance with external peace missions, rescue operations and humanitarian assistance operations”*.

The **Revised MTSF 2019 – 2024** was endorsed during a Cabinet Lekgotla in September 2021<sup>9</sup> for **implementation on 01 October 2021**. The following amendments in terms of the DOD's responsibility towards MTSF Priorities need to be noted:

- **MTSF Priority 6: “Social Cohesion and Safer Communities”**

The DOD has been excluded from Priority 6 of the Revised MTSF 2019 – 2024 and is no longer required to report against this Priority, whilst the Department of Home Affairs has been assigned as the responsible department for Priority 6 Indicators with effect from 01 October 2021.

The *“Number of Landward Subunits deployed”* and the *“Number of Maritime Coastal Patrols”* remained DOD Selected Performance Indicators against which the DOD continued to report during the period under review.<sup>10</sup>

The DOD serves as a supporting department to the MTSF Indicator *“Architecture / design of the Integrated Cybersecurity Centre completed and approved”*, with the State Security Agency as the lead department.

- **MTSF Priority 7: “A Better Africa and World”**

The DOD remains the lead department against the MTSF Indicator *“Percentage compliance with external peace missions, rescue operations and humanitarian assistance operations”* and continues to report against external Peace Support Operations, Humanitarian Assistance, Disaster Aid and Disaster Relief as well as Anti-Piracy Operations.

<sup>9</sup> Reference to the Minister in the Presidency's Ministerial Circular of 06 Oct 2021.

<sup>10</sup> Refer to pages 57 and 58.



## Medium-Term Strategic Framework Progress

Landward, air, maritime and military health capabilities were committed for the purposes of **Supporting the People** of South Africa internally by means of safeguarding our borders, disaster relief, search and rescue, bridge building in communities isolated from essential services, conducting coastal patrols as well as to deter possible threats to critical infrastructure.

In terms of **Priority 6**, the DOD conducted two Op CORONA maritime coastal patrols in conjunction with the SA Police Services (SAPS), the Department of Forestry, Fisheries and Environment and local law enforcement agencies as follows:

- Between Mandindi and St Lucia from 29 May to 30 June 2022.
- Between Cape Infanta and Lamberts Bay from 27 July to 26 August 2022.

The DOD continued executing Border Safeguarding operations in terms of Section 18(1)(d) of the Defence Act. The DOD deployed 15 sub-units to execute operations along RSA borders in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces.<sup>11</sup>

As part of Support to the People, during the industrial action by several Public Service Unions, support was rendered to the Department of Health by deploying medical personnel to the Tshepong Hospital in Klerksdorp, North-West Province over the period 11 to 17 March 2023.

Safety and security support was also provided in cooperation with the SAPS in the prevention of crime and maintenance and preservation of law and order by deploying soldiers to deter possible threats to critical infrastructure as well deploying members and equipment across the Security Cluster in response to the threat of a National Shutdown of the country on 20 March 2023.

In contributing to **Regional Security** on the continent, and in terms of **Priority 7**, the SANDF:

- Continued to support the UN Peace Support Operation in the DRC (MONUSCO) as part of the Force Intervention Brigade with an average force size of 1 093 soldiers during FY2022/23.
- Provided general military assistance by deploying approximately 991 military personnel and equipment as part of the Southern African Development Community Standby Force Mission to the Cabo Delgado Province in the Republic of Mozambique during FY2022/23.
- No Op COPPER long-range maritime patrols could be conducted during the reporting period due to the unavailability of Naval platforms at the required operational level.

## Institutional Programme Performance Information

### Categorisation of DOD Output Indicators for FY2022/23

The DOD was measured against **44 Output Indicators** during FY2022/23. These Output Indicators consist of **29 Public** and **15 Classified**<sup>12</sup> Output Indicators.

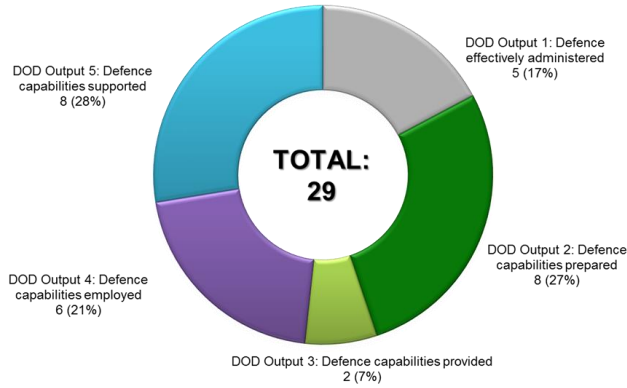
<sup>11</sup> Refer to page 54 for detailed Operational Successes achieved during FY2022/23.

<sup>12</sup> Performance against Classified Output Indicators is monitored and managed through appropriate accountability structures in the DOD (SANDF). This Classified Information was duly made available for audit by the AGSA.

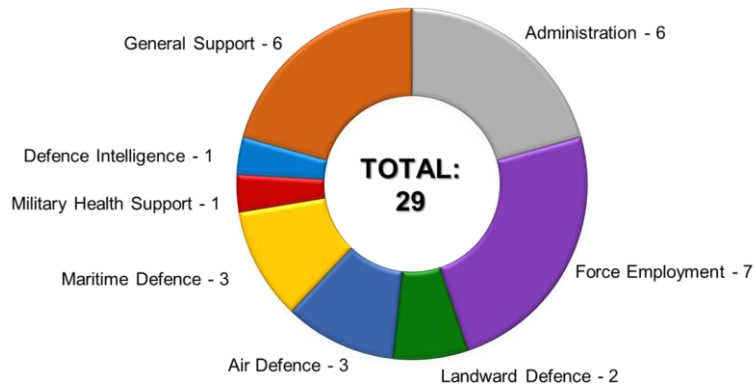
**Part B**

**Performance Information**

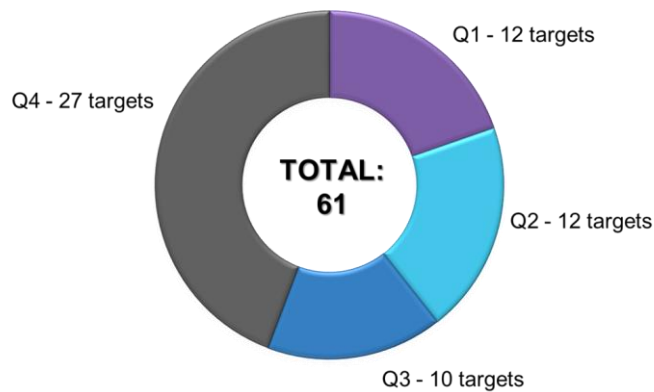
The figure below categorises the number of DOD Public Output Indicators against the five DOD Outputs; *Defence effectively administered, capabilities prepared, capabilities provided, capabilities employed and capabilities supported*.<sup>13</sup>



The following figure categorises the number of DOD Output Indicators against each of the seven DOD Programmes; *Administration, Force Employment, Landward Defence, Air Defence, Maritime Defence, Military Health Support, Defence Intelligence and General Support*.



The last figure indicates the number of set targets against DOD Output Indicators for each of the four Quarters.



<sup>13</sup> Refer to page 41 for data visualisation of the actual achievement against each DOD Output.

## Progress on the DOD's Response to National State of Disasters

### Op CHARIOT

The SANDF rendered **disaster relief support** by deploying an average of 470 members in the Kwazulu-Natal and North West Provinces from 17 April 2022 to 15 September 2022. Allowances, rations and fuel were the main cost drivers during these deployments.

Tasks executed on request from the Provincial Joint Operational and Intelligence Structure (PROVJOINTS), amongst others, were:

- Search and rescue operations for people or animals that are trapped as a result of the floods.
- Protection of prioritised critical infrastructure (National Key Points) under threat as a result of the floods as per prevailing intelligence/information at hand per respective PROVJOINTS.
- Assessment of damage as a result of the floods.
- Disaster relief mop-up operations.
- Repair and rehabilitation of roads, bridges and essential infrastructure.
- Provision and distribution of water to affected communities.
- Distribution of humanitarian aid (food, blankets) to affected communities.
- Protection of temporary shelters for displaced communities experiencing criminality.
- Provision of medical assistance at Prince Mshiyeni Hospital.
- Protection of own forces (Engineers).

### **Welisizwe Rural Bridges Programme**

During the State of the Nation Address on 10 February 2022, the President committed to the upscaling of the *Welisizwe* Rural Bridges Programme to deliver 95 bridges per year. The Programme is aimed at **providing urgent, safe access to social amenities** and **responding to potential disaster areas and emergency disaster situations**.

The Department of Public Works and Infrastructure (DPWI), the DOD and the Department of Transport in KwaZulu-Natal entered into a Memorandum of Agreement on the implementation of this Programme in KwaZulu-Natal. The DPWI requested that an additional 23 bridges be reprioritised for rebuilding and construction, subsequent to the floods in KwaZulu-Natal.

During the reporting period, the SA Army Engineers were in the process to rebuild and construct nine of the 23 bridges as well as another 19 low-cost bridges in KwaZulu-Natal. Two of the low-cost bridges were completed.

## Part B

### Performance Information



The construction of bridges was hampered by the following factors during the period under review:

- SA Army Engineering capability commitment to the Op CHARIOT Natural Disaster Management in KwaZulu-Natal and North-West Provinces.
- Adverse weather conditions.
- Availability of construction material and bridge components to be supplied by DPWI.
- Timeous availability of funding from DPWI.

# Performance Information by Programme

## Programme 1: Administration<sup>14</sup>

### Purpose

The purpose of the Administration Programme is to provide strategic leadership, management and support services to the DOD.

### Sub-Programmes

The Administration Programme comprises the following sub-programmes:

- Ministry
- Departmental Direction
- Policy and Planning
- Financial Administration
- Human Resource Support Services<sup>15</sup>
- Legal Services<sup>15</sup>
- Inspection and Audit Services
- Acquisition Services
- Communication Services
- SANDF Command and Control
- Religious Services
- Defence Reserve Direction
- Defence Foreign Relations
- Office Accommodation

### Overview

The Administration Programme ensured effective leadership, strategic management and support services to the Department. During the reporting period, this was achieved, amongst others, by means of the review of organisational strategies and structures and continuous enhancement of internal controls aligned with the regulatory framework.

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<sup>14</sup> The Administration Programme consists of both Defence Secretariat and SANDF sub-programmes, which contribute to the DOD Output “*Defence effectively administered*”.

<sup>15</sup> Central Staff.

## **Departmental Direction**

During the reporting period, the Secretary for Defence assisted the MOD&MV to enhance civil control and to ensure the provision and maintenance of effective, efficient and transparent financial, risk management and internal audit systems within the Defence portfolio.

The Secretary for Defence provided strategic direction to the DOD through various governance activities and interventions. These included timely decision-making on strategic and defence diplomacy matters, effective management and processing of official departmental documents, chairing of various DOD management bodies, as well as the attendance of Directors-General (DGs) meetings, Cabinet Lekgotlas and Government Clusters.

The Secretary for Defence Co-Chaired the Justice, Crime Prevention and Security (JCPS) Cluster where alignment of government-wide security priorities; the facilitation of priority security programmes; and a consultative platform for cross-cutting security priorities being tabled at Cabinet, were ensured.

## **SANDF Command and Control**

During the year under review, the C SANDF provided strategic direction to military components under his command and ensured adherence and compliance to higher-order imperatives and directions.

The C SANDF interacted with SADC Defence Force Chiefs to discuss mutual military concerns and the strengthening of existing defence-military relations between the countries. Interactions took place with the Defence Forces of Pakistan, Uganda and the United Arab Emirates.

## **Defence Policy, Strategy and Planning**

The Chief Defence Policy, Strategy and Planning, as the main advisor on defence policy matters and co-ordination of the Departmental Strategic Direction process, continued to provide support on matters of National Security, Governmental Peace and Security Objectives, Democratic Civil Control, in line with the Constitution, International Law and National Legislation, amongst others. To this extent, the Department was supported through the following:

- Ensured sound management through aligning the Administration of the DOD regarding Strategic Management and National Defence Policy within the Government policy, legal prescripts and regulatory framework.
- Developed Policy Considerations on a viable level of Defence Ambition for the RSA.
- Aligned planned outputs and activities in accordance with the strategic priorities of Government as determined in the MTSF and the Priorities of the MOD&MV as specified in the Adjusted DOD Strategic Plan for 2020 – 2025 and the DOD Annual Performance Plan (APP) for 2022.
- Provided administrative support to the National Conventional Arms Control Committee through the issuing of 2 026 permits during the period under review.

Through the Office of the Chief Defence Policy, Strategy and Planning, the DOD ensured 100% compliance with the legislative framework for the submission of accountability documents within the prescribed timeframes, these included the following during FY2022/23:

- Tabling of the DOD Annual Report for FY2021/22 in the National Assembly (NA) and the National Council of Provinces (NCOP) on 13 September 2022.
- Tabling of the DOD APP for 2023 in the NA and the NCOP on 15 March 2023.
- Submission of the DOD Mid-Term Review (2019 – 2021) for the MTSF 2019 – 2024 to the Department of Planning, Monitoring and Evaluation (DPME) and Department of Trade, Industry and Competition on 13 April 2022.
- Submission of the DOD 2020 – 2025 Strategic Plan Mid-Term Progress Report, which reflects the progress made in the first two and a half years of the planning cycle to the DPME on 30 November 2022.
- Submission of DOD Quarterly Performance Reports for FY2022/23 to the Executive Authority, Parliamentary oversight committees and the DPME, amongst others, according to the applicable regulatory framework.

## **Departmental Policy Status**

The development, approval, promulgation and maintenance of Departmental Policies are conducted within a single and standardised system that is regulated by the Chief Defence Policy, Strategy and Planning.

The Secretary for Defence, as Head of the Department and Accounting Officer, authorises Departmental Policies for implementation in the DOD. The C SANDF, as Commander of the Force, issues an implementation order to Services and Divisions under his command for implementation in the SANDF.

During the reporting period, the following five Departmental (Level 1) Policies were promulgated:

- DODI/00216 (Edition 1): *Policy on the Management of Plain/Civilian Clothing Allowance for SANDF Members.*
- DODI/00034 (Edition 2): *Policy on State Housing in the DOD.*
- IDODI/00226 (Edition 2): *Interim Policy on the Management of Sexual Harassment in the DOD.*
- DODI/00223 (Edition 1): *Policy on Rates for Reserve Force Aircraft.*
- DODI/00205 (Edition 1): *Policy on the Management of Foreign Exchange Transactions in the DOD.*

## **Defence Diplomacy**

As the mandated policy advisory entity on defence diplomacy in the DOD, the Defence International Affairs Division regained the required momentum during FY2022/23 for maintaining and expanding the ongoing bilateral and multilateral relationships with partner countries and international organisations, subsequent to the cessation of the National State of Disaster caused by the COVID-19 Pandemic.



Bilateral and multilateral relationships were expanded and maintained by means of authorised and mandated international legal instruments and through enabled, sustained and ordered defence commitments as well as strengthened defence diplomacy.

The Defence International Affairs Division engaged with most of the DOD's strategic and other partners, to sustain and concretise relationships by means of established defence diplomatic structures and processes. To this extent, the Department of International Relations and Cooperation was supported on all of South Africa's bilateral and multilateral relationships, wherein the DOD is a national partner department.

## **Defence Legal Services**

During the year under review, the Adjutant-General ensured that the Defence Legal Services Division provided professional, legitimate and deployable Legal Services and Support, to internal and external operations as per ordered commitments and commensurate with the needs of the Department.

Supported by the Office of the Adjutant-General, the DOD engaged rigorously, through the legislative process, to expedite the approval of the Military Discipline Bill 2020. Internal consultation processes have been finalised and the Draft Bill is in progress to be forwarded to the State Law Advisors for pre-certification. It is envisaged that this effort shall enhance the institutionalisation of processes and procedures in support of a structured and disciplined military force.

In support of Government imperatives and the DOD legislative mandate, *Operations Legal Support* ensured that the Constitutional mandate of the SANDF was not diluted during the establishment of the Border Management Authority.

A concerted effort has been directed to expedite the finalisation of outstanding military cases by means of improved strategic direction. This was effected through the re-enforcement and/or establishment of specialist legal support capabilities, including an approved legal services doctrine, which enabled Legal Services to provide appropriate legal support to the DOD Mandate within the context of the SA Defence Review 2015.

Efforts were directed in support of the DOD's strategic imperatives, whereby the expedition of outstanding military cases received high priority. To this effect, Military Legal Practitioners were dispensed with a mandatory number of cases that had to be finalised within a financial year. Additionally, a team consisting of three full-time Military Judges was appointed to exclusively adjudicate cases involving serious offences and financial misconduct and a complementary team of five Prosecution Counsels was selected to focus on fraud and corruption cases.

In an endeavour to professionalise the Military Legal Practitioners profession and to create a small in-house litigation capability in the DOD, the first Pupillage Programme was launched on 13 December 2022 for the SANDF. The Pupillage Programme Practical Vocational Training commenced on 16 January and will conclude on 15 December 2023.



## Performance Status

The table below provides details of the Administration Programme performance status against output indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan for 2022.<sup>16</sup>

Administration Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>		
Defence effectively administered	Percentage adherence to the DOD Master Record Index for Policies	<p><b>Target</b> 60%</p> <p><b>Actual</b> 67%<sup>17</sup></p> <p><b>Comment</b> Five Departmental (Level 1) Policies were promulgated during FY2022/23.<sup>18</sup></p>
	Percentage adherence to the DOD Master Record Index for Plans	<p><b>Target</b> 100% (41)</p> <p><b>Actual</b> 85.4% (35)</p> <p><b>Deviation</b> Six out of 41 departmental plans could not be finalised during FY2022/23.</p> <p><b>Comment</b> 35 out of 41 planning instruments were finalised during FY2022/23.</p> <p>The following four Planning Instruments have since been finalised in Q1 of FY2023/24:</p> <ul style="list-style-type: none"> <li>• DOD Internal Audit Plan for FY2023/24</li> <li>• DOD Reserve Force Plan for FY2023/24</li> <li>• DOD Anti-corruption and Anti-fraud Plan for 2023</li> <li>• DOD Information and Communication Technology Plan for FY2023/24</li> </ul> <p>Two Planning Instruments were developed but not submitted for approval during the reporting period:</p> <ul style="list-style-type: none"> <li>• DOD Annual Operational Plan for FY2023/24</li> <li>• Reserve Force Council APP for 2023/24 MTEF</li> </ul>

<sup>16</sup> Refer to Part F, Financial Information, "Appropriation Statement", page 213 for detailed expenditure figures for the Administration programme.

<sup>17</sup> 67% of departmental policies are not overdue on their revised or promulgation date.

<sup>18</sup> Policies promulgated in FY2022/23 included: Policy on the Management of Plain/Civilian Clothing Allowance for SANDF Members; Policy on State Housing in the DOD; Interim Policy on the Management of Sexual Harassment in the DOD; Policy on Rates for Reserve Force Aircraft; Policy on the Management of Foreign Exchange Transactions in the DOD.

Administration Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>		
	Number of Reserve Force mandays <sup>19</sup>	<p><b>Target</b> 1 985 307</p> <p><b>Actual</b> 2 818 497</p> <p><b>Deviation</b> The deviation of 833 190 mandays is a result of the increased utilisation of Reserve Forces to augment HR capacity constraints to:</p> <ul style="list-style-type: none"> <li>• support current military operations</li> <li>• meet administrative compliance obligations of the DOD</li> <li>• provide protection services (guards).</li> </ul>
	Percentage audits completed in terms of the approved Risk Based Internal Audit Plan	<p><b>Target</b> 80%</p> <p><b>Actual</b> 91.9%</p> <p><b>Comment</b> The Department completed 34 out of 37 audits as per the approved Internal Audit Plan for FY2022/23.</p>
Defence effectively administered	Percentage payments within 30 days from receipt of legitimate invoices	<p><b>Target</b> 75%</p> <p><b>Actual</b> 81.5%</p> <p><b>Comment</b> The Department paid 421 402 out of 517 339 legitimate invoices within 30 days of receipt.</p> <p>The lack of integrated departmental information systems adversely contributes to the ability of the Department to verify all (100%) legitimate invoices received for payment within the prescribed 30-day period as a national imperative of Government.</p>
	Percentage compliance with SANDF physical fitness requirements	<i>Information Classified</i> <sup>20</sup>

<sup>19</sup> Through this Performance Indicator the Department provides strategic direction to Services and Divisions on the number of Reserve Forces, which can be utilised per year, **as resourced**.

<sup>20</sup> Where the report refers to “*Information Classified*”, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

Administration Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>		
Defence capabilities supported	Total number of Defence Attaché Offices	<p><b>Target</b> 44<sup>21</sup></p> <p><b>Actual</b> 44</p> <p><b>Comment</b></p> <p><u>SADC – 10 offices</u> Angola, Botswana, Democratic Republic of Congo (Congo – Brazzaville), Eswatini, Lesotho, Mozambique, Namibia, Tanzania (Mauritius), Zambia (Malawi) and Zimbabwe.</p> <p><u>Rest of Africa – 14 offices</u> Algeria (Tunisia), Burundi, Côte d'Ivoire, Egypt (Jordan), Ethiopia, Ghana, Kenya (Rwanda), Nigeria, Saudi Arabia (Bahrain and Oman), Senegal (Guinea), South Sudan, Sudan, United Arab Emirates (Qatar and Kuwait), Uganda.</p> <p><u>Rest of the World – 18 offices</u> Argentina (Chile and Uruguay), Belgium (European Union and The Netherlands), Brazil, Cuba, France, Germany, India, Italy (Romania), Malaysia (Brunei and Darussalam), Pakistan, People's Republic of China, Russia, Spain (Morocco), Sweden, Turkey, United Kingdom, United States of America (Canada), Vietnam (Philippines).</p> <p><u>Multi-Lateral Organisation – 2 offices</u> United Nations, African Union.</p>

<sup>21</sup> The number of Defence Attaché Offices comprises: 10 offices in the SADC Region, 15 offices in the Rest of Africa and Middle East and 19 offices in the Rest of the World.

## Programme 2: Force Employment

### Purpose

The purpose of the Force Employment Programme is to provide and employ defence capabilities, including an operational capability, to successfully conduct operations, as well as joint, interdepartmental, interagency and multinational military exercises.

### Sub-Programmes

The Force Employment Programme comprises the following sub-programmes:

- Strategic Direction
- Operational Direction
- Special Operations
- Regional Security
- Support to the People

### Overview

The mandate for the employment of joint forces is drawn from the Constitution and the Defence Act. In terms of these, the SANDF is employed for the defence of the territorial integrity and sovereignty of the RSA. Employment of military capabilities is done in a balanced manner, commencing during peacetime and transferring through to wartime.

### Support to the People

In support of **MTSF Priority 6: “Social Cohesion and Safer Communities”**, the SANDF continued to execute border safeguarding operations in terms of Section 18(1)(d) of the Defence Act, by deploying 15 sub-units to execute operations along the borders in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces.

The following operational successes were recorded for the reporting period:

- 61 Weapons Recovered
- 21 310 Illegal Foreigners Apprehended
- 664 Criminals Arrested
- 204 Stolen Vehicles Recovered
- 5 924 kg Dagga Confiscated
- 2 071 Live-Stock Recovered
- Contraband Goods to the Value of R54,98 million confiscated

Support was rendered to other Government departments in order to preserve life, health or property by means of executing disaster aid relief and humanitarian operations by deploying personnel and equipment to flood-affected areas in the KwaZulu-Natal, North West and Eastern Cape provinces.

Various force structure elements were on standby as a contingency to render assistance if and when required and to deter possible threats to critical infrastructure across the country.

Support to the Department of Health was rendered by deploying medical personnel to the Tshepong Hospital in Klerksdorp, North West Province during the Industrial Action by several Public Service Unions from 11 to 17 March 2023.

Safety and security support was provided in cooperation with the SAPS in the prevention of crime and the maintenance and preservation of law and order by deploying soldiers to deter possible threats to critical infrastructure (ESKOM) along with the deployment of members and equipment in support of the Security Cluster response to the threat of a National Shutdown of the country on 20 March 2023. Support was furthermore rendered during the opening of Parliament (SONA 2023) in the Western Cape.

Humanitarian assistance support was rendered to the people of South Africa by providing helicopters to conduct a Medical Evacuation in the Worcester area, Western Cape. Fixed-wing air transport was provided to support the National Department of Health in the distribution of vaccines throughout South Africa to combat the spread of COVID-19 and deployed Military Health Practitioners to provide tertiary medical care in the Gauteng Province. Assistance was provided to the Maritime Rescue Coordination Centre for the medical evacuation of a sailor from a ship off the coast of Durban.

## **Regional Security**

The SANDF actively supported **MTSF Priority 7: “A better Africa and a Better World”** by deploying approximately 1 093 members in one UN-mandated peace support operation in the DRC.

The SANDF provided general military assistance by deploying approximately 991 military personnel and equipment as part of the SADC Standby Force Mission to the Cabo Delgado Province in the Republic of Mozambique.

## **Diplomatic Activities**

In support of the SA Government, various diplomatic activities across the world were conducted as part of Government’s Programme of Action. The SANDF attended the 9<sup>th</sup> session Zambia/RSA Defence committee meeting in Lusaka, Zambia, the Defence committee meeting in Uganda and the Senior Officials Meeting to strengthen bilateral agreements in Windhoek, Namibia. Further contributions were the hosting of a courtesy call by the Chief of Defence Intelligence of the Nigerian Defence Force as well as hosting the Main Planning Conference for Ex MOSI, which took place in Richard’s Bay, KwaZulu-Natal over the period 13 to 18 February 2023.

## Performance Status

The table below provides details of the Force Employment Programme performance status against output indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan for 2022.<sup>22</sup>

Force Employment Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities prepared	Number of planned joint, interdepartmental, interagency and multinational military exercises conducted <sup>23</sup>	<p><b>Target</b> 4</p> <p><b>Actual</b> 4</p> <p><b>Comment</b></p> <ul style="list-style-type: none"> <li>Ex SHARED ACCORD: A combined joint and multinational PSO and humanitarian relief exercise between the SANDF and the Southern European Task Force Africa was presented in Richards Bay (KwaZulu-Natal) from 01 to 31 Jul 2022.</li> <li>Ex IBSAMAR: A combined, joint multinational maritime exercise with the primary aim to maintain and promote maritime cooperation between the SA Navy and the Navies of Brazil and India. The Brazilian Navy withdrew from participating in the exercise during Sept 2022. The exercise was conducted in Gqeberha (Eastern Cape) over the period of 10 to 16 Oct 2022.</li> <li>Ex OXIDE: A combined, joint multinational maritime exercise held between South Africa and France (SA Navy and the French Forces) was conducted in Simon's Town (Western Cape) over the period 14 to 28 Nov 2022.</li> <li>Ex MOSI: a combined joint, multi-national maritime exercise between Russia, PRC and the RSA was conducted in Richards Bay (KwaZulu-Natal) over the period 13 to 28 Feb 2023.</li> </ul> <p>In both Ex IBSAMAR and Ex OXIDE the SA Navy was represented by the newly commissioned Multi-Mission Inshore Patrol Vessel (MMIPV), SAS KING SEKHUKHUNE I.</p>
	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified</i> <sup>24</sup>
Defence capabilities provided	Percentage combat-ready capabilities available for the SANDF	<i>Information Classified</i>

<sup>22</sup> Refer to Part F, Financial Information, "Appropriation Statement", page 216 for detailed expenditure figures for the Force Employment programme.

<sup>23</sup> The Joint interdepartmental, interagency and multinational military (JIIM) exercise schedule is dependent on higher-order decisions and the participation of foreign countries. Multinational force preparation constitutes a critical component of the SANDF's ability to employ combat and mission-ready forces, therefore provision is made to support Defence cooperation agreements and implementation arrangements that will promote defence diplomacy initiatives.

<sup>24</sup> Where the report refers to "*Information Classified*", it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

Force Employment Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities employed	Number of landward sub-units deployed on border safeguarding per year	<p><b>Target</b> 15<sup>25</sup></p> <p><b>Actual</b> 15</p> <p><b>Comment</b> The SANDF deployed 15 sub-units to execute Op CORONA (Border Safeguarding) in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces.</p>
	Percentage compliance with number of external operations <sup>26</sup>	<p><b>Target</b> 100%</p> <p><b>Actual</b> 67%</p> <p><b>Deviation</b> No Op COPPER Long-Range Patrols were conducted during FY2022/23 due to SA Navy prime mission equipment not being operationally available as required.</p> <p><b>Comment</b></p> <ul style="list-style-type: none"> <li>SANDF forces deployed in Op MISTRAL (UN Peace Support Operation in DRC [MONUSCO]).</li> <li>SANDF forces deployed in the Op VIKELA (Participation in the SADC Mission in Mozambique) General Military Assistance operation.</li> </ul>
	Percentage compliance with force levels for external operations <sup>27</sup>	<i>Information Classified</i>
	Percentage of the value of reimbursement by the UN/AU recognised	<p><b>Target</b> 70%<sup>28</sup></p> <p><b>Actual</b> 57%</p> <p><b>Deviation</b> The expected reimbursement for FY2022/23 based on the MoU, was Rm489,880 and Rm208,769 reimbursement was received from the UN.</p> <p><b>Comment</b> UN funding is reliant on contributions from donor countries. Departmental processes and procedures are in place to ensure maximum reimbursement.</p>

<sup>25</sup> The National Security Strategy requires the deployment of 22 sub-units on border safeguarding. The Military Appreciation on Border Safeguarding determines from the DOD the deployment of 22 sub-units to secure and safeguard the borders of the RSA. However, owing to the limited provision of combat-ready capabilities by Services and Divisions due to defence budget allocation reductions over the previous MTEF periods, the DOD will remain with the current deployment of 15 sub-units on border safeguarding.

<sup>26</sup> The deployment of the SANDF by the President, as Commander-in-Chief, is in relation to compliance with the number of ordered commitments (external and internal operations). The MOD&MV has thus resolved to comply with all (100%) ordered commitments (external and internal operations).

<sup>27</sup> The Performance Indicator "Percentage compliance with force levels for external operations" is in support of the 2019 – 2024 Revised MTSF Priority Performance Indicator of Government, namely "Percentage compliance with external peace support operations, rescue operations and humanitarian assistance operations".

<sup>28</sup> The target is calculated and based on the funds the DOD will receive in a specific financial year and not on what the DOD is expected to receive. Irrespective of the percentage received on the UN inspections, the amount received for reimbursement at the end of an FY will be measured.

Force Employment Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities employed	Percentage compliance with the Southern African Development Community Standby Force Pledge	<p><b>Target</b> 100%</p> <p><b>Actual</b> 88%</p> <p><b>Deviation</b> The SA Navy could not provide the required capabilities as pledged.</p> <p><b>Comment</b> SANDF FSEs deployed in peace missions constituted part of the SANDF's contribution to the African Standby Force. These pledges were not additional to SANDF force requirements.</p>
	Percentage compliance with number of internal operations <sup>29</sup>	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following internal operations during FY2022/23:</p> <ul style="list-style-type: none"> <li>Op PROSPER (Support to Government departments, mainly SAPS [i.e. Safety and Security Support]).</li> <li>Op CHARIOT (Disaster Aid and Relief [Humanitarian Assistance]).</li> <li>Op ARABELLA (Search and Rescue).</li> <li>Op CORONA (Border Safeguarding).</li> </ul>
	Percentage compliance with self-sustainment of personnel for external operations	<i>Information Classified</i>
	Percentage compliance with serviceability of main equipment for external operations	<i>Information Classified</i>
	Number of Maritime Coastal Patrols conducted per year	<p><b>Target</b> 4</p> <p><b>Actual</b> 2</p> <p><b>Deviation</b> The SA Navy could not provide the required capabilities to execute maritime coastal patrols.</p> <p><b>Comment</b> Two Op CORONA maritime patrols were conducted in conjunction with the SAPS, DFFE and local law enforcement agencies during FY2022/23:</p> <ul style="list-style-type: none"> <li>Between Mandindi and St Lucia from 29 May to 30 Jun 2022.</li> <li>Between Cape Infanta and Lamberts Bay from 27 Jul to 26 Aug 2022.</li> </ul>

<sup>29</sup> Internal operations include support to the SAPS, other departments, humanitarian, disaster relief and search and rescue operations, as resourced.



## Programme 3: Landward Defence

### Purpose

The purpose of the Landward Defence Programme is to provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

### Sub-Programmes

The Landward Defence Programme comprises the following sub-programmes:

- Strategic Direction
- General Training Capability
- Infantry Capability
- Armour Capability
- Artillery Capability
- Air Defence Artillery Capability
- Engineering Capability
- Operational Intelligence
- Command and Control Capability
- Support Capability
- Signal Capability

### Overview

The SA Army's mandate is to prepare and provide combat-ready user systems in support of the second line for employment of forces by the SANDF. The SA Army endeavoured to support the SA Army theme "*Maintain the Momentum as a Critical Success Factor in Restoring the Dignity of the SA Army to its Rightful Glory*" during the year under review. In this regard, the SA Army strived to provide core conventional capabilities while facing constant budget reductions that are depleting landward defence capabilities.

The SA Army supported the MTSF Priorities and the strategic intent of the DOD by providing prepared landward defence capabilities for the defence and protection of the RSA. The SA Army contributed to **MTSF Priority 6** "*Social Cohesion and Safer Communities*" and **MTSF Priority 7** "*A Better Africa and a Better World*" as follows:

- The SA Army pledged forces as part of the Force Intervention Brigade for the external operation in the DRC (Op MISTRAL).
- The SA Army provided Op VIKELA forces and prime mission equipment to the external theatre in Mozambique.

## Part B

### Performance Information

- Prepared, provided and supported combat-ready force structure elements by maintaining 15 sub-units to execute border safeguarding in support of Op CORONA.

The SA Army provided support to other Government departments as follows:

- Provided landward forces (Regulars and Reserves) to Op CHARIOT by assisting and supporting the communities of KwaZulu-Natal and North-West provinces during flood disaster relief in April 2022.
- SA Army humanitarian assistance manifested in boots on the ground to support and assist other Government departments and municipalities to rebuild and rehabilitate the damaged infrastructure. Deployed SA Army engineering capabilities carried out major works, such as addressing sanitation and restoring damaged water supply to needy communities. Initially, the SA Army engineers could not continue with the construction of low-cost bridges because force structure elements were committed to flood disaster relief requirements.

Other successes of note were the establishment and maintenance of SA Army modern brigades, participation in the Armed Forces Week in Richards Bay, KwaZulu-Natal, the hosting of the National Rural Youth Service Corps Leadership Developmental Programme, training support to the SAPS and numerous community outreach projects.

The backlog in training provided, as a result of COVID-19 disruptions, was gradually cleared by means of additional common training opportunities and the Military Skills Development System (MSDS) intake. The SA Army Training Formation presented 43 common training learning programmes; qualifying 4 479 learners.

### Ex VUK'UHLOME

The most important event on the SA Army calendar during FY2022/23 was the SA Army divisional exercise, Ex VUK'UHLOME, which was presented at the SA Army Combat Training Centre, Lohatla, Northern Cape. The exercise culminated in the Distinguished Visitors' Day during which combat, combat support and combat service support capabilities were displayed. The Exercise was the first divisional exercise involving Regular and Reserve soldiers conducted at Army level since the dawn of democracy.

### Project KOBATLALA

Project KOBATLALA facilitated reskilling and further training opportunities for 102 Reserve Force members, amongst other initiatives. The reskilling process was aimed at assisting unemployed Reserve Force members in the following categories: plumbing, bricklaying, wastewater management, welding, cattle farm management and advanced vegetable farming.

Most of the courses were presented by Agri-Enterprises and funded by the Patrice Motsepe Foundation. The advanced vegetable farming course was presented by the Tshwane University of Technology and funded by the Gauteng Department of Agriculture. Other courses were presented and funded by the Safety and Security Sector Education and Training Authority and a service provider, Pioneer Consulting that was appointed and paid for by Project KOBATLALA. The wastewater treatment courses were aimed at empowering Reserve Force members to function as part of the to-be-established Mzansi Home Guard. The courses presented assisted Reserve Force members in securing employment at local municipalities, i.e., guarding pump stations and assisting with basic maintenance functions.

## NARYSEC Leadership Developmental Programme

The SA Army hosted 692 NARYSEC participants from the Department of Rural Development and Land Reform who participated in the Youth Leadership Development Programme presented at the Infantry School (352 participants) and the SA Army Gymnasium (340 participants) in October 2022.

### Performance Status

The table below provides details of the Landward Defence Programme performance status against output indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan for 2022.<sup>30</sup>

Landward Defence Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities prepared	Percentage compliance with Landward Defence training targets	<p><b>Target</b> 80% (1 645)</p> <p><b>Actual</b> 217.8% (4 479)</p> <p><b>Comment</b> Measurement of actual achievement is performed in relation to a full population of 2 056.25 learners.</p> <p>The increase in the number of common courses and the FY2022/23 MSDS intake contributed towards the over-achievement.</p>
	Number of Landward Defence unique force training exercises conducted	<p><b>Target</b> 3</p> <p><b>Actual</b> 4</p> <p><b>Comment</b></p> <ul style="list-style-type: none"> <li>The Ex PHIRIMA verification of the Force Intervention Brigade Battalion group, Tactical Intelligence Unit and Quick Reaction Force combat readiness training for 10 SA Infantry Battalion and all attached elements, was conducted from 20 May to 15 Jun 2022 at Ben Viljoen Training Area in Phalaborwa in preparation for Op MISTRAL rotation in Nov 2022.</li> <li>Ex MATHA, a jungle warfare training exercise was conducted by the Force Intervention Brigade Battalion Group, Tactical Intelligence Unit and Quick Reaction Force from 16 Jun to 31 Jul 2022 at Entabeni in Venda.</li> <li>Ex VUK'UHLOME was executed as a divisional exercise at the Combat Training Centre over the period 31 Oct to 03 Dec 2022. The exercise afforded learners on common SA Army courses the opportunity to do practical training in brigades, battalions and FSEs.</li> <li>Ex MADULO was conducted additionally over the period 16 Feb to 21 Mar 2023 for jungle warfare training in preparation for deployment to the DRC (Op MISTRAL) and to Mozambique (Op VIKELA).</li> </ul>

<sup>30</sup> Refer to Part F, Financial Information, "Appropriation Statement", page 219 for detailed expenditure figures for the Landward Defence programme.

## Part B

### Performance Information

Landward Defence Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified</i> <sup>31</sup>
	Percentage combat-ready capabilities available for the SANDF	<i>Information Classified</i>

<sup>31</sup> Where the report refers to “*Information Classified*”, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

## Programme 4: Air Defence

### Purpose

The purpose of the Air Defence Programme is to provide prepared and supported air defence capabilities for the defence and protection of South Africa.

### Sub-Programmes

The Air Defence Programme comprises the following sub-programmes:

- Strategic Direction
- Operational Direction
- Training Capability
- Helicopter Capability
- Transport and Maritime Capability
- Air Combat Capability
- Operational Support and Intelligence Capability
- Command and Control Capability
- Base Support Capability
- Command Post
- Technical Support Services

### Overview

The SA Air Force continued to provide support to the Joint Force Employment Requirements, despite air defence capabilities remaining under pressure due to budget constraints.

The SA Air Force planned 12 000 flying hours for FY2022/23 (a year-on-year reduction of 5 100 hours from the previous financial year), consisting of 7 000 Force Preparation hours, 4 000 Force Employment hours and 1 000 Very, Very Important Person (VVIP) hours. A total of 12 059.20 hours were flown from 01 April 2022 to 31 March 2023, consisting of:

- 8 900.50 Force Preparation hours
- 2 483.60 Force Employment hours
- 675.10 VVIP hours

Inadequate force levels of all aircraft systems within the SA Air Force continued to hamper the ability to fulfil required operational and training requirements. The reduced budget has led to a decrease in force preparation hours and resulted in maintenance and servicing backlogs with fewer serviceable aircraft available.

## Part B

### Performance Information

The flying system groups of the SA Air Force could not ensure that all aircraft kept to the planned force preparation hours; resulting in a lack of adequate force preparation hours to ensure aircrew competencies and to maintain training standards.

A total of 609 learners were trained during the year under review. Annual training targets have not been met because of courses being rescheduled and still ongoing as at the end of the reporting period.

The SA Air Force supported, inter alia, Ops PROSPER, CORONA and COPPER for land and maritime border safeguarding operations respectively, whilst in full support of Op MISTRAL in the DRC. Additionally, air support was provided to the SADC Mission in Mozambique (SAMIM). In response to the National State of Disaster, the SA Air Force supported Government efforts under Op CHARLOT, as requested and required.

## Performance Status

The table below provides details of the Air Defence Programme performance status against output indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan for 2022.<sup>32</sup>

Air Defence Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities prepared	Percentage compliance with Air Defence training targets	<b>Target</b> 80% (637) <sup>33</sup>  <b>Actual</b> 76.48% (609)  <b>Deviation</b> 28 fewer learners (than planned) successfully completed training programmes.  A number of courses were still ongoing at the end of FY2022/23 and the results will be reflected during FY2023/24.  <b>Comment</b> Measurement of actual achievement is performed in relation to a full population of 796.25 learners.
	Number of Air Defence unique force training exercises conducted	<b>Target</b> 1  <b>Actual</b> 1  <b>Comment</b> Ex WINTER SOLSTICE was held as a field training exercise from 05 to 23 Aug 2022. The exercise was aimed to prepare SA Air Force members for operational/combat missions, especially for external deployments.

<sup>32</sup> Refer to Part F, Financial Information, "Appropriation Statement", page 222 for detailed expenditure figures for the Air Defence programme.

<sup>33</sup> The number of military development training was reduced for the 2022/23 MTEF to allow for the increase of number of learners on advanced training and technical engineers training for the FY2022/23.

Air Defence Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified</i> <sup>34</sup>
	Percentage combat-ready capabilities available for the SANDF	<i>Information Classified</i>
	Number of hours flown per year	<p><b>Target</b> 12 000<sup>35</sup></p> <p><b>Actual</b> 12 059.20</p> <p><b>Deviation</b> The 12 059.20 hours flown, represents 100.5% of the planned target. The number of hours flown is dependent on the number of serviceable aircraft and operational taskings received.</p> <p><b>Comment</b> The following hours were flown:</p> <ul style="list-style-type: none"> <li>• 8 900.50 hours for force preparation</li> <li>• 2 483.60 hours for force employment</li> <li>• 675.10 VVIP hours</li> </ul>

<sup>34</sup> Where the report refers to “*Information Classified*”, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

<sup>35</sup> During the FY2022/23, the following hours were planned to be flown: force preparation 7 000 hours, force employment 4 000 hours and 1 000 VVIP hours.

## **Programme 5: Maritime Defence**

### **Purpose**

The purpose of the Maritime Defence Programme is to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

### **Sub-Programmes**

The Maritime Defence Programme comprises the following sub-programmes:

- Maritime Direction
- Maritime Human Resources and Training Capability
- Maritime Combat Capability
- Maritime Logistic Support Capability
- Base Support Capability

### **Overview**

The SA Navy continued to prepare and support maritime defence capabilities necessary for the defence and protection of South Africa by providing prepared and supported maritime defence capabilities for the defence and protection of South Africa.

The SA Air Navy planned for 8 000 hours at sea during FY2022/23; 2 770.32 hours at sea were achieved from 01 April 2022 to 31 March 2023, consisting of:

- 1 356.54 Force Preparation hours
- 1 413.78 Force Employment hours

During the year under review, the SA Navy ensured that the maintenance and repair of the Surface Warfare Capability (Frigate Capability) was prioritised within the resource allocation. This enabled the Frigate SAS SPIOENKOP to achieve Mission Level of Capability and to deploy to Mozambique on Operation VIKELA (SAMIM) with effect from 03 March 2022 to 31 May 2022.

The SA Navy continued with the maintenance and repair of its vessels with the emphasis being on achieving deployment status of large vessels for long-range maritime patrols. The pedestrian pace of the SAS CHARLOTTE MAXEKE's refit, which is in progress since 2014, is extremely concerning to the SA Navy. Additionally, the SAS AMATOLA, SAS ISANDLWANA, SAS SPIOENKOP and SAS DRAKENSBERG are still undergoing major repairs, upkeep and overalls. The SA Navy is currently in the process to finalise alternative repair solutions to ensure that more of its vessels are at the Directed Level of Capability to satisfy capability requirements.

The persisting procurement challenges and lack of capacity from ARMSCOR Dockyard have negatively impacted the availability of Naval platforms. Despite numerous challenges, one deployment under Op VIKELA was conducted whilst another deployment was conducted under



Op CORONA during the reporting period.

Due to the need to harness available Naval platforms and other resources for deployment on Op VIKELA; given the lead times required to finalise maintenance and repair of specific platforms designated to conduct long-range maritime patrols and since most Naval platforms were undergoing maintenance and repair, no Op COPPER long-range maritime patrols were conducted during the reporting period.

Ministerial Authority was granted to name the first Multi-Mission Inshore Patrol Vessel constructed in terms of Project BIRO, SAS KING SEKHUKHUNE I. The ship was delivered to the SA Navy in Simon's Town on 18 May 2022 and commissioned in Durban on 15 June 2022. The ship is homeported at Naval Base Durban as a force structure element of the SA Navy's Patrol Squadron.

## Performance Status

The table below provides details of the Maritime Defence Programme performance status against output indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan for 2022.<sup>36</sup>

Maritime Defence Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities prepared	Percentage compliance with Maritime Defence training targets	<p><b>Target</b> 80% (398)</p> <p><b>Actual</b> 103.5% (515)</p> <p><b>Comment</b> Measurement of actual achievement is performed in relation to a full population of 497.5 learners.</p> <p>The over-achievement can be attributed to the backlog accumulated over previous reporting periods, being gradually reduced during FY2022/23.</p>
	Number of Maritime Defence unique force training exercises conducted	<p><b>Target</b> 1</p> <p><b>Actual</b> 1</p> <p><b>Comment</b> Ex RED LION was conducted from 31 Oct to 04 Nov 2022 and was mainly focused on the integration of Mine Warfare Capability with the MMIPV, SAS KING SEKHUKHUNE I.</p>
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified</i> <sup>37</sup>
	Percentage combat-ready capabilities available for the SANDF	<i>Information Classified</i>

<sup>36</sup> Refer to Part F, Financial Information, "Appropriation Statement", page 225 for detailed expenditure figures for the Maritime Defence programme.

<sup>37</sup> Where the report refers to "*Information Classified*", it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

## Part B

### Performance Information

Maritime Defence Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities provided	Number of hours at sea per year	<p><b>Target</b> 8 000<sup>38</sup></p> <p><b>Actual</b> 2 770.32</p> <p><b>Deviation</b> The 2 770.32 hours at sea represents 34.6% of the planned target. Most SA Navy vessels in commission were undergoing maintenance and repair.</p> <p>An added constraint was the lack of repair capacity at ARMSCOR Dockyard and related procurement challenges.</p> <p><b>Comment</b> Hours at sea include:</p> <ul style="list-style-type: none"> <li>• 1 356.54 hours for force preparation</li> <li>• 1 413.78 hours for force employment</li> </ul>

<sup>38</sup> During the FY2022/23, the following hours were planned to be spent at sea: force preparation 2 144 hours and 5 856 hours for force employment. Force employment hours include hours during deployments for Op COPPER (long-range patrols) and the conducting of four maritime coastal patrols as part of Op CORONA (up to and inclusive of border patrols of the SA Maritime Borders).

## Programme 6: Military Health Support

### Purpose

The purpose of the Military Health Support Programme is to provide prepared and supported health capabilities and services for the defence and protection of South Africa.

### Sub-Programmes

The Military Health Support Programme comprises the following sub-programmes:

- Strategic Direction
- Military Health Training Capability
- Military Health Maintenance Capability
- Mobile Military Health Support
- Area Military Health Service
- Specialist / Tertiary Health Service
- Military Health Product Support Capability

### Overview

During the year under review, the SA Military Health Services continued with its mandate of ensuring the health of soldiers, their dependents and other authorised members of the society.

Major projects to be completed relating to SA Military Health Services facilities during the period under review include:

- Military Base Hospital Gqeberha. The initial Site Handover date was 15 January 2023 with the practical completion date estimated to be 19 December 2023.
- Health Centre Mthatha (14 SA Infantry Battalion). The Health Centre is fully renovated, pending the final inspection before handing it over to Health Centre Mthatha. The Health Centre is currently operating on one wing.
- Saldanha Sickbay. The practical completion for the new Sickbay at SAS Saldanha was concluded on 07 December 2022.

The SA Military Health Services utilised additional funding received through the Departmental Programme and Budget Evaluation Committee, held in June 2022, towards ambulance procurement. Ambulances were delivered, paid and handed over to the SA Military Health Services with the aim to render support during internal deployments, inclusive of the Rapid Reaction Force.

## Performance Status

The table below provides details of the Military Health Support Programme performance status against output indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan for 2022.<sup>39</sup>

Military Health Support Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities prepared	Percentage compliance with Military Health Service training targets	<p><b>Target</b> 80% (648)</p> <p><b>Actual</b> 39.5% (320)</p> <p><b>Deviation</b> 328 fewer learners (than planned) successfully completed training programmes.</p> <p>Military health courses scheduled in Thaba Tshwane could not be presented due to sinkholes in the area and were relocated to Lephalale which has limited training facilities.</p> <p><b>Comment</b> Measurement of actual achievement is performed in relation to a full population of 810 learners.</p>
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified</i> <sup>40</sup>
	Percentage combat-ready capabilities available for the SANDF	<i>Information Classified</i>
Defence capabilities supported	Percentage compliance with availability of medical stock	<i>Information Classified</i>

<sup>39</sup> Refer to Part F, Financial Information, "Appropriation Statement", page 228 for detailed expenditure figures for the Military Health Support programme.

<sup>40</sup> Where the report refers to "*Information Classified*", it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

## Programme 7: Defence Intelligence

### Purpose

The purpose of the Defence Intelligence Programme is to provide defence intelligence and counter-intelligence capabilities.

### Sub-Programmes

The Defence Intelligence Programme comprises the following sub-programmes:

- Strategic Direction
- Operations
- Defence Intelligence Support Services

### Overview

During the period under review, Defence Intelligence conducted intelligence, counter-intelligence and collecting activities, to provide decision-makers with intelligence and counter-intelligence capabilities.

Defence Intelligence responded to intelligence requirements received from clients and strategic partners and disseminated these intelligence products to decision-makers to provide timely information. Early warning reports were provided on emerging threats on the continent and beyond. Defence Intelligence continued its participation on bilateral and multilateral levels in regional, continental and international engagements at SADC, AU and UN levels through virtual engagements.

During the period under review, Defence Intelligence conducted various activities in support of its mandate to determine the manifestation of Counter Intelligence threats in order to advise DOD strategic decision-makers, its clients and other stakeholders accordingly. Counter Intelligence continued with its primary activities of ensuring sound conditions of security in the Department by conducting accurate vetting of members of the DOD, ARMSCOR and other stakeholders.

Counter Intelligence furthermore ensured the screening of individuals and companies interacting with the Department and the *bona fides* of foreign military representatives posted at diplomatic missions within South Africa.

The prioritisation of national events and activities impacted the achievement of the Vetting target for FY2022/23. Capacity challenges within the Vetting environment were not mitigated during FY2022/23. The Psychology Section is however fully functional and assists with the prioritisation of the security vetting assessments of Defence Attachés, Senior Management System/Middle Management System members as well as students attending foreign learning opportunities. Defence Intelligence is in the process of re-introducing the Electronic Documents Management System to streamline the storing of vetting files. This will result in the files being easily stored and traced electronically for the processing of security clearances and reducing the number of backlog files.

## Performance Status

The table below provides details of the Defence Intelligence Programme performance status against output indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan for 2022.<sup>41</sup>

Defence Intelligence Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities supported	Number of vetting decisions taken in accordance with requirements	<p><b>Target</b> 5 500</p> <p><b>Actual</b> 5 111</p> <p><b>Deviation</b> The underachievement can be attributed to the reprioritisation of available resources to national events and activities in addition to staff shortages and inadequate staffing levels.</p> <p><b>Comment</b> Challenges in the vetting environment and the security clearance backlog remain a priority.</p>

<sup>41</sup> Refer to Part F, Financial Information, “Appropriation Statement”, pages 231 for detailed expenditure figures for the Defence Intelligence programme.

## Programme 8: General Support

### Purpose

The purpose of the General Support Programme is to provide general support capabilities and services to the Department.

### Sub-Programmes

The General Support Programme comprises the following sub-programmes:

- Joint Logistic Services
- Command and Management Information Systems
- Military Police Capability

### Overview

#### Joint Logistic Services

During the year under review, the Logistics Division continued to manage the payment of accommodation charges, leases and municipal services, thereby providing appropriate and sustained facilities for the Department.

In collaboration with the DPWI, the Logistics Division also managed the DOD infrastructure portfolio, comprising the rehabilitation and refurbishment and maintenance of infrastructure<sup>42</sup>. The DOD, assisted by DPWI, executed a large number of day-to-day maintenance, planned maintenance and capital and refurbishment projects in order to ensure that DOD facilities are kept at an acceptable standard and that certain priority maintenance backlogs were addressed.

In collaboration with the DPWI, Services and Divisions, the Defence Works Formation Regional Units executed individual projects to aid with maintenance backlogs. The current maintenance backlog is estimated at R8,019 billion based on the Facilities Condition Assessment conducted by the CSIR and Defence Works Formation. The backlog was mainly due to the low expenditure by DPWI in executing planned maintenance tasks on facilities utilised by the DOD.

The DOD utilised a large number of state facilities and, to a less extent, private facilities in fulfilment of its Constitutional obligations. The utilisation of facilities included force preparations, force employment and force support that required land and other unique facilities. The current land under the DOD control is approximately 420 000 hectares and is categorised to determine the size of the DOD Immovable Assets. The status of the assets was in a fair state which in general should not impact service delivery.

<sup>42</sup> Refer to Appendix A, on page 78, for detailed performance information on “Capital Investment, Maintenance and Asset Management”.

## Command and Management Information Systems

During the period under review, the Command and Management Information System (CMIS) Division, executed the activities defined in the DOD Information and Communication Plan to provide the DOD with Command and Management Information Systems and related Services. Command and Management Information Systems and related Services were executed, amongst others, as follows:

### DOD Information and Communication Technology Strategic Direction

Effective DOD Information and Communication Technology (ICT) Strategic guidance was provided. To this extent, the draft DOD ICT Digital Strategy was compiled and is in the process of being completed.

### DOD Information and Communication Technology Modernisation

National Telecommunication Backbone Infrastructure (NTBI) Project. During the contracted period 01 April 2018 to 31 March 2023, 79 links/sites were established. The maintenance responsibility of completed NTBI sites resides with the CMIS Division and will be realised by means of a contract via ARMSCOR.

### Corporate Data Centre Disaster Recovery Capability

- The **Refurbishment of the Off-Site Backup Network Room** at Army Support Base Garrison was completed in January 2023. The K225 acceptance certificate for the finalisation of the power solution was signed off on 28 March 2023.
- **Refurbishment of the Primary Data Centre at the Research and Development Centre** at 7 Medical Battalion by the Development Bank of Southern Africa (DBSA). The project experienced various delays due to the non-appointment of a successful bidder by DBSA. Refurbishment was completed in February 2023 and the facility was handed over by the DBSA to the Defence Works Formation on 13 March 2023. The facility will be handed over to the CMIS Division as soon as the handover file from Defence Works Formation is in place.
- **Forklifting and Relocation to the Primary Data Centre.** The purchase order was handed over to the contractor on 24 March 2023. Whilst the implementation plan was finalised, the forklifting and relocation are planned to be finalised by 31 May 2023.

### Upgrade of the Mainframe

Mainframe replacement on the Disaster Recovery site was completed and the testing of the system was finalised on 22 March 2023.

### DOD Information Systems Security

In an endeavour to ensure the security of DOD Information Systems, dark trace software, assisting with Intrusion Detection Systems and Intrusion Prevention Systems were activated on 01 March 2023 to cover the network for intrusion detection.

Additionally, specific software was implemented on the ICENET infrastructure to provide web filtering and mail scanning for spam on the ICENET.



## Military Police Capability

The Military Police Division investigated 1 214 criminal cases from a backlog of 3 358 criminal cases. The Division investigated 454 criminal cases from a total of 1 223 new criminal cases reported during FY2022/23 and executed 174 deliberate crime prevention operations.

Increasing operational requirements caused an increase in capacity constraints within the Military Police Division which in effect had a detrimental effect on Military Police structures to perform policing activities. The most prominent capacity constraints related to the lack of vehicles, investigation aids, and the shortage of fuel which had a negative impact on the mobility of investigators. The shortage of skilled and experienced investigators also played a major role in the investigation of serious cases such as fraud and corruption.

Interventions introduced by the Provost Marshal General to ensure police visibility in the form of both Ops RESTORE ORDER and KHUSELA are bearing fruits.

## Performance Status

The table below provides details of the General Support Programme performance status against output indicators and an analysis of target achievement in terms of the DOD Annual Performance Plan for 2022.<sup>43</sup>

General Support Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities supported	Percentage procurement requests fully completed within 90 days from day of registration <sup>44</sup>	<p><b>Target</b> 95%</p> <p><b>Actual</b> 62.24%</p> <p><b>Deviation</b> A total of 699 out of 1 123 procurement requests were processed within 90 days from registration.</p> <p><b>Comment</b> Legislative changes implemented during FY2022/23; high staff turnaround and the submission of incorrect documentation by suppliers delayed the processing of payments.</p>
	Percentage of expenditure in accordance with Facilities Plan (Payment of leases, accommodation charges and municipal services)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 99.28%</p> <p><b>Deviation</b> An amount of Rb3,160 was paid against a budget of Rb3,183.</p>

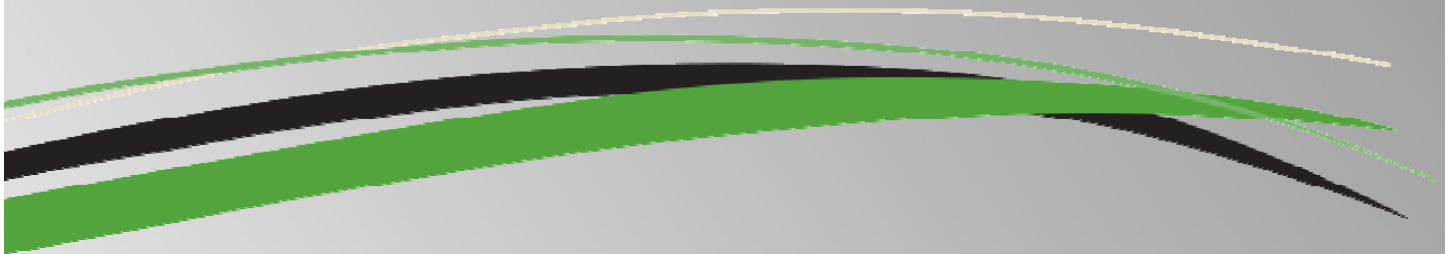
<sup>43</sup> Refer to Part F, Financial Information, "Appropriation Statement", page 233 for detailed expenditure figures for the General Support programme.

<sup>44</sup> This Performance Indicator does not measure performance related to the DOD Procurement Plan (above R500 000). It measures procurement requirements submitted by Services and Divisions which are below the amount of R500 000.

General Support Programme Performance Status for FY2022/23		
DOD Output	Output Indicator	Analysis
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>		
Defence capabilities supported	Percentage compliance to the DOD Information and Communication Technology Implementation Plan	<p><b>Target</b> 90%</p> <p><b>Actual</b> 79.64%</p> <p><b>Deviation</b> The underachievement of 10.36% can be attributed to:</p> <ul style="list-style-type: none"> <li>Late appointment of SITA resources in the CMIS Project environment.</li> <li>SITA Supply Chain Management delays.</li> <li>Research Data Centre Corporate Data Centre Refurbishment delays at the DBSA impacted the relocation of the Primary Corporate Data Centre.</li> <li>Penetration tests not performed.</li> <li>Security assessment of the DOD ICT supply chain process was not conducted due to a shortage of internal CMIS resources.</li> <li>Forward Air Control and Mission Control Proof of Concepts were delayed due to the unavailability of SA Air Force Platforms.</li> </ul>
	Number of deliberate crime prevention operations conducted	<p><b>Target</b> 124</p> <p><b>Actual</b> 174</p> <p><b>Comment</b> Increased visible military policing activities assisted in reducing crime and to enforce discipline in the DOD.</p>
	Percentage investigations finalised (backlog)	<p><b>Target</b> 50%</p> <p><b>Actual</b> 36.15%</p> <p><b>Deviation</b> The Department investigated 1 214 criminal cases from the backlog of 3 358 criminal cases.</p> <p><b>Comment</b> Lack of resources contributed towards the underachievement. Military Police officials were utilised during various exercises and other taskings.</p>
Defence capabilities supported	Percentage investigations finalised (in year)	<p><b>Target</b> 30%</p> <p><b>Actual</b> 37.12%</p> <p><b>Comment</b> During FY2022/23, 454 out of 1 223 new cases received, were investigated.</p> <p>The closing of new dockets registered that have no prospect of prosecution by means of a thorough investigation largely contributed to the over-achievement.</p>

# Appendix A

## Capital Investments, Maintenance and Asset Management Plan



# Capital Investments, Maintenance and Asset Management Plan

## Capital Infrastructure Projects in Progress

Capital infrastructure projects in progress during FY2022/23 are indicated in the table below.

Capital Infrastructure Projects in Progress during FY2022/23	
Project Description	FY to be Completed
<b>Bloemfontein</b>	
Upgrading of Buildings 1175, 1176, 1178, 1179, 1181, 1182, 1184 & 1185 at DOD Mobilisation Centre	Completed
Upgrading of water reservoir at Air Force Base Bloemspruit	Completed
Upgrading of kitchen equipment at 1 SA Tank Regiment	Project on hold
Upgrading of kitchen equipment at DOD Mobilisation Centre (De Brug)	Project on hold
Replacement of hot water storage vessels at 3 Military Hospital in Tempe	Completed
Installation of lead-reinforced doors at the radiology section at 3 Military Hospital	Project on hold
Construction of a corridor to connect the maternity ward to the main hospital at 3 Military Hospital	Expected to be completed in 2023/24
<b>Boekenhoutskloof</b>	
Site clearance for the construction of a security fence at Boekenhoutskloof Military Base	Project on hold
<b>Camden</b>	
Site Clearance for the refurbishment of wastewater treatment plant at the Air Defence Artillery School	Project on hold
<b>Cape Town</b>	
Installation of new high-level security thermal and radar perimeter intrusion management system at 2 Military Hospital	Project on hold
Replacement of a security fence at main entrance as well as canopy and guard house at Area Military Health Unit Western Cape	As per DPWI pace report for Mar 2022, no allocation for FY2022/23
Upgrading of kitchen equipment at Army Support Base Western Cape, Officers Mess Wynberg	As per DPWI pace report for Mar 2022, no allocation for FY2022/23
Upgrading of kitchen equipment at 9 SA Infantry Battalion	As per DPWI pace report for Mar 2022, no allocation for FY2022/23
Replacement of perimeter fence with palisade fence at SAS Wingfield	As per DPWI pace report for Mar 2022, no allocation for FY2022/23
Site clearance for the construction of a new medium-level security fence with main entrance canopy and guard house equipped with a biometric access control system at the Wynberg Military base (Area Military Health Unit Western Cape)	Project on hold
Installation of air-conditioning and Heat, Ventilation and Air-Conditioning Systems in Buildings 1, 10, 11 and 19 at 9 SA Infantry Battalion	Project on hold
<b>Dunnottar</b>	
Site clearance for the construction of vehicle storage facilities at SA Army Engineer Formation (Project PANTILE)	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
<b>Durban</b>	
Refurbishment of main kitchen at SAS Salisbury Island	Final delivery took place in 2020 but the Oct 2021 payment only took place subsequently (accrual).
Upgrading of critical accommodation facilities at SAS Salisbury Island	Own resourced project
Upgrading of kitchen equipment at Army Support Base KwaZulu-Natal Bluff Military Base	Own resourced project

Capital Infrastructure Projects in Progress during FY2022/23	
Project Description	FY to be Completed
<b>Durban</b>	
Request for site clearance for the construction of a Health Centre in Durban	Project on hold
<b>Elandsfontein</b>	
Upgrade facilities at the Works Training School	Project on hold
<b>Fouriesburg</b>	
Request for site clearance for the installation of re-deployable structures through own resources at Fouriesburg and Wepener Operational Bases (Op CORONA)	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
<b>Heidelberg</b>	
Upgrading of kitchen equipment at SA Army Gymnasium	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
<b>Hoedspruit</b>	
Upgrading and renovation of infrastructure damaged by floods at Air Force Base Hoedspruit	Project on hold
<b>Jan Kempdorpe</b>	
Site clearance for the construction of a security fence around 93 Ammunition Depot	Project on hold
<b>Johannesburg</b>	
Upgrade of kitchen equipment at Army Support Base Johannesburg	Completed
Purchase of 10 10-bedroom residential house for the Defence Intelligence Division	Completed
<b>Kimberly</b>	
Resurfacing and tarring of access road to Diskobolos Military Base Sick Bay	Completed
<b>Klipdrift</b>	
Upgrade of the water supply at the School of Artillery	Project on hold
<b>Kroonstad</b>	
Request for site clearance for the construction of facilities for the advanced and specialist training wings at School of Engineers	Project on hold
Request for site clearance for the construction of an overhead power supply line to the water pump station at the Bossiespruit Training Base	Project on hold
Site clearance for the construction of a vehicle parking facility at School of Engineers (Project PANTILE)	Project on hold
<b>Ladysmith</b>	
Upgrading of kitchen equipment at 5 SA Infantry Battalion	Project on hold
<b>Langebaan</b>	
Erection of security fence at 4 Special Forces Regiment Headquarters	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Erection of security fence at Ammunition Stores: Donkergat	Completed
Replacement of existing security fence with palisade fence at 4 Special Forces Regiment Mahonia: Donkergat	Completed
Upgrading of mess facilities at 4 Special Forces Regiment	Completed
Upgrading of high voltage electrical supply to the Donkergat Training Area at 4 Special Forces Regiment	Project on hold

**Part B**  
**Appendix A**

Capital Infrastructure Projects in Progress during FY2022/23	
Project Description	FY to be Completed
<b>Langebaan</b>	
Site clearance for the construction of 20 married quarters at 4 Special Forces Regiment	Project on hold
Site clearance for the placement of park home at 4 Special Forces Regiment	Project on hold
Request for site clearance for the upgrading of the Donkergat and Flamingo jetties and slipway	Project on hold
Replacement of air conditioning system in the Air Traffic Control Tower at Air Force Base Langebaanweg	Project on hold
<b>Limpopo</b>	
Site Clearance for the upgrading of water reticulation systems at Air Force Base Hoedspruit	Project on hold
Site Clearance for the upgrading of water reticulation systems at Air Force Base Makhado	Project on hold
<b>Lohatla</b>	
Upgrading of Finance Accounting Service Centre at SA Army Combat Training Centre	Status quo remains no allocations made for FY2022/23
Site Clearance for the refurbishment of the wastewater treatment plant at SA Army Combat Training Centre	Project on hold
Site Clearance for the drilling/equipping of boreholes and the building of dams/reservoirs at the SA Army Combat Training Centre	Project on hold
<b>Madimbo / Limpopo</b>	
Site Clearance for the assessment of water reticulation systems at various Bases in the Limpopo province (Ellisras Command Post, Hangklip, 523 Squadron Makhado and Ben Viljoen Training Area)	Project on hold
<b>Mahikeng</b>	
Request for site clearance at the Mafikeng Border Safeguarding Base (Op CORONA)	Project on hold
Request for site clearance for the replacement of leaking sewerage system at 10 SA Infantry Battalion	Project on hold
Site clearance for the refurbishment of the wastewater treatment plant at 10 SA Infantry Battalion	Project on hold
<b>Maluti</b>	
Upgrading of water reticulation system at Maluti Base	Expected to be completed in 2023/24
<b>Middleburg</b>	
Upgrading of building and construction of new sickbay at 4 SA Infantry Battalion	Expected to be finalised in 2023/24
<b>Mtubatuba</b>	
Upgrading of South African Forces Institute Building at 121 SA Infantry Battalion for use by Defence Legal Services Division	Project on hold
<b>Murrayhill</b>	
Request for site clearance for Phase 2 of the Master Plan for Special Forces School	Project on hold
<b>Musina</b>	
Request for site clearance at the Musina Border Safeguarding Base (Op CORONA)	Project on hold
<b>Oudtshoorn</b>	
Upgrading of kitchen equipment at Infantry School	Expected to be completed in 2023/24
<b>Phalaborwa</b>	
Replacement of kitchen equipment at 7 SA Infantry Battalion	Project on hold
Upgrading of aquatic training facility at 5 Special Forces Regiment	Project on hold
Upgrading of kitchen equipment at 524 Signal Squadron	Expected to be completed in 2023/24
Upgrading of kitchen equipment at 5 Special Forces Regiment	Expected to be completed in 2023/24
<b>Polokwane</b>	
Request for site clearance for the construction of a Health Centre in Polokwane	Expected to be completed in 2023/24
Site Clearance for the upgrading of the entire Karee Base in Polokwane	Expected to be completed in 2023/24
Rehabilitation of the entire Karee Military Base in Polokwane	Expected to be completed in 2023/24
Upgrading of kitchen equipment at Uitkoms Base Junior Ranks Mess	Expected to be completed in 2023/24

<b>Capital Infrastructure Projects in Progress during FY2022/23</b>	
<b>Project Description</b>	<b>FY to be Completed</b>
<b>Potchefstroom</b>	
Upgrading of pump station at 4 Artillery Regiment: request for site clearance	Project on hold
<b>Potchefstroom</b>	
Upgrading of kitchen and kitchen equipment at Shamrock Mess	Expected to be completed in 2023/24
Upgrading of kitchen equipment at Constand Viljoen Mess	Project on hold
<b>Pretoria</b>	
Upgrade of main gate at Special Forces Headquarters (Swartkop Park)	Expected to be completed in 2023/24
Refurbishment of Belmont House for use as accommodation	Project on hold
Upgrading of kitchen equipment at National Ceremonial Guard	Project on hold
Upgrading of kitchen equipment at SA Army Engineer Formation Combined Mess	Expected to be completed in 2023/24
Upgrading of Mess and replacement of kitchen equipment at Army Support Base Wonderboom	Expected to be completed in 2024/25
Construction of inner security fence at Special Forces Headquarters (Swartkop Park)	Project on hold
Upgrade of infrastructure at SA Defence Intelligence College: Phase 1	Expected to be completed in 2024/25
Request for site clearance for SA Defence Intelligence College and Education, Training and Development College	Project on hold
Construction of New Fire Station and Air Traffic Control Tower at Air Force Base Waterkloof	Expected to be completed in 2024/25
Upgrading of security fencing at DOD Main Ordnance Depot	Project on hold
Replacement of Uninterrupted Power Supply batteries at Blenny and Loftus buildings	Completed
Construction of new Head Office Building for Defence Intelligence Division (Old 91 Ammunition Depot) (Project SERETO)	Completed
Upgrading and refurbishment of SA Military Health Services Training Formation (Nurses College): Phase 2	Expected to be completed in 2025/26
Upgrading and installation of power supply to Defence Works Formation containerised office accommodation	Completed
Site clearance for the construction of eleven residential units/townhouses	Project on hold
Upgrading of power supply at School of Signals	Project on hold
Replacement of two 400KVA Uninterrupted Power Supply batteries at 1 Military Hospital	Project on hold
Site clearance for the refurbishment of the wastewater treatment plant at Thaba Tshwane	Project on hold
Site clearance for the repair and renovation at Military Police School	Project on hold
Site clearance for the installation of a standby generator at Defence Works Formation Headquarters	Project on hold
Upgrading of infrastructure at the Works Training School	Project on hold
Replacement of sluice system at 1 Military Hospital	Project on hold
Site clearance for the upgrading of the perimeter security fences at Air Force Base Swartkop	Project on hold
<b>Port Elizabeth</b>	
Construction of Base Hospital and medical staff housing	Expected to be completed in 2025/26
Site clearance for the erection of a security fence at the Cape Recife shooting range Army Support Base Eastern Cape	Project on hold
<b>Saldanha</b>	
Replacement of fire alarm system at the Military Academy	Project on hold
Construction of new sick bay at Saldanha Military Base	Expected to be completed in 2022/23
<b>Simon's Town</b>	
Site clearance for the construction of a new security fence with main guard house equipped with a biometric access control system at Signal School	Project on hold
Replace existing security fence with palisade fence at SA Navy Signal School	Project on hold
Replace existing security fence with palisade fence at Glencairn Sports Complex	Project on hold
Replacement of air-conditioning system in the Maritime Warfare Building	Project on hold

**Part B**  
**Appendix A**

Capital Infrastructure Projects in Progress during FY2022/23	
Project Description	FY to be Completed
<b>Thaba Tshwane</b>	
Upgrading of kitchen equipment at Joint Support Base Garrison, Gerbera Officers Mess	Expected to be completed in 2023/24
<b>Thaba Tshwane</b>	
Upgrading of kitchen equipment at Joint Support Base Garrison, Kiepersol Officers Mess	Expected to be completed in 2023/24
Upgrading of kitchen equipment at SA Army College	Expected to be completed in 2023/24
Installation of Palisade Fence with electric fence on perimeter and upgrading of stores at Military Police Headquarters	Completed
Construction of new requirements and repair maintenance and upgrade of Admin Building at SA Military Health Services Training Formation	Project on hold
<b>Thabazimbi</b>	
Request for site clearance for the installation of a water purification unit at Rooibokkraal Border Safeguarding Base (Op CORONA)	Project on hold
<b>Thohoyandou</b>	
Upgrading of kitchen equipment at 15 SA Infantry Battalion	Expected finalisation in 2023/24
<b>Umdloti</b>	
Upgrading of kitchen equipment at Umdloti Signal Base	Project on hold
<b>Umtata</b>	
Upgrading of Finance Accounting Service Centre at 14 SA Infantry Battalion	Expected to be completed in 2023/24
<b>Violsdrift</b>	
Request for site clearance for the installation of re-deployable structures through own resources at Violsdrift and Louisvale Operational Bases (Op CORONA)	Project on hold
<b>Wingfield</b>	
Upgrading of water reticulation system at SAS Wingfield and Naval Stores Depot	Project on hold
<b>Wynberg</b>	
Facilities Management Contract at 2 Military Hospital: site clearance	Project on hold
Upgrading of Finance Accounting Service Centre at 2 Military Hospital	Completed
Upgrading of kitchen equipment at Army Support Base Western Cape, Non-Commissioned Officer's Mess Wynberg	Expected to be finalised in 2023/24
<b>Youngsfield</b>	
Upgrading of Finance Accounting Service Centre at Youngsfield	Completed
<b>Zeerust</b>	
Assessment and costing of kitchen equipment at 2 SA Infantry Battalion	Completed



## Major Maintenance (Refurbishment) Projects undertaken during FY2022/23

Major Maintenance (Refurbishment) projects undertaken during FY2022/23 are indicated in the table below.

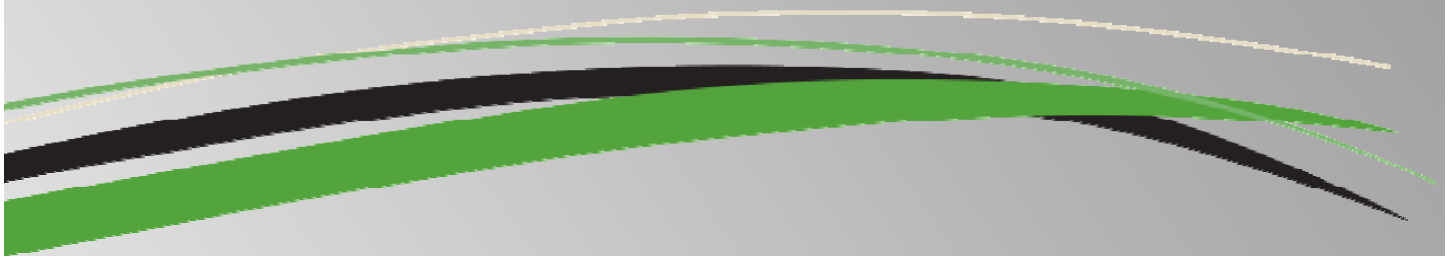
Major Maintenance (Refurbishment) Projects Undertaken during FY2022/23	
Project Description	FY to be Completed
<b>Bloemfontein</b>	
Refurbishment of 1 SA Infantry Battalion	Expected to be completed in 2023/24
Refurbishment of 44 Parachute Regiment	Project on hold
Refurbishment of Military Health Training Satellite Bloemfontein	Project on hold
Refurbishment of Club Mfezi at 3 Military Hospital	Project on hold
<b>Bloemspruit</b>	
Major Refurbishment of Facilities and Civil Services at Special Service Battalion	Expected to be completed in 2023/24
Refurbishment of Air Force Base Bloemspruit	Project on hold
<b>Bredasdorp</b>	
Refurbishment of Air Force Base Overberg	Expected to be completed in 2023/24
Refurbishment of Air Force Base Overberg sewer plant	Completed
Refurbishment and upgrade of Sickbay Complex at Air Force Base Overberg	Expected to be completed in 2023/24
<b>Cape Town</b>	
Refurbishment of 2 Military Hospital	Expected to be completed in 2023/24
<b>Durban</b>	
Refurbishment of SAS Salisbury Island: Phase 2	Project on hold
<b>Grahamstown</b>	
Refurbishment of 6 SA Infantry Battalion	Project on hold
Replacement of perimeter and internal security fencing at 6 SA Infantry Battalion	Project on hold
Refurbishment and rehabilitation of infrastructure and buildings at 6 SA Infantry Battalion	Project on hold
<b>Hoedspruit</b>	
Repairs to damaged facilities and infrastructure caused by floods at Hoedspruit Airforce Base	Expected to be completed in 2022/23
<b>Kroonstad</b>	
Refurbishment of School of Engineers	Expected to be completed in 2023/24
<b>Langebaan</b>	
Refurbishment of Oesterskulp Duplex Flats at 4 Special Forces Regiment	Completed
<b>Lephalale</b>	
Upgrading, repair and renovations of all offices and training accommodation, logistics facilities and kitchen complex at SA Military Health Services Training Centre	Project on hold
<b>Lohathla</b>	
Major refurbishment at SA Army Combat Training Centre	Expected to be completed in 2023/24
<b>Middelburg</b>	
Multidiscipline, design and construction at 4 SA Infantry Battalion	Project on hold
Repair and maintenance of civil infrastructure at 4 SA Infantry Battalion	Expected to be completed in 2023/24
<b>Mmabatho</b>	
Repair and maintenance of civil, building and wet services at 10 SA Infantry Battalion	Expected to be completed in 2023/24

**Part B**  
**Appendix A**

Major Maintenance (Refurbishment) Projects Undertaken during FY2022/23	
Project Description	FY to be Completed
<b>Muizenberg</b>	
Refurbishment of SA Navy Staff College	Project on hold
<b>Potchefstroom</b>	
Refurbishment of 1 Tactical Intelligence Regiment	Project on hold
Installation of new air conditioners at Constand Viljoen Officers Mess	Project on hold
Refurbishment of School of Artillery	Project on hold
Refurbishment of 4 Artillery Regiment	Project on hold
<b>Pretoria</b>	
Refurbishment of Military Health Centre (Institute for Aviation Medicine) next to DOD Auction Centre	Project on hold
Refurbishment of SA Military Health Services complex in Tek Base	Project on hold
Refurbishment of Rooiwal Communication Facility	Expected to be completed in 2023/24
Refurbishment of SA Air Force Blenny Complex	Own resourced project by Defence Works Formation.
Refurbishment of the single quarters at Air Force Base Waterkloof	Project on hold
Refurbishment of SA Army Office in Dequar Road	Project on hold
Waterproofing and sealing of roof at 1 Military Hospital	Expected to be completed in 2023/24
Total Facilities Management Contract for 1 Military Hospital	Expected to be completed in 2023/24
Ramp repair and maintenance of Mechanical and Electrical Infrastructure at 1 Military Hospital	Expected to be completed in 2024/25. Own resourced project by Defence Works Formation.
Upgrade of power supply at 2 Signal Regiment	Expected to be completed in 2024/25
<b>Saldanha</b>	
Osterkulp Duplex Units at 4 Special Forces Regiment	Completed
<b>Simon's Town</b>	
Refurbishment Pharmacy (Building 70) Institute for Maritime Medicine	Expected to be completed in 2023/24
Refurbishment and replacement of water distribution system	Completed
<b>Swartkop Park</b>	
Re-surface 2km road at Swartkop Park	Project on hold
<b>Thaba Tshwane</b>	
Refurbishment of Finance Office at Joint Support Base Garrison	Expected to be completed in 2024/25
Refurbishment of Defence College	Project on hold
Refurbishment of Thaba Tshwane B-Mess	Expected to be completed in 2023/24
Refurbishment of Thaba Tshwane A-Mess	Project stopped
<b>Umtata</b>	
Replacement of kitchen equipment at 14 SA Infantry Battalion	Expected to be completed in 2024/25
<b>Upington</b>	
Major refurbishment of facilities and civil services at 8 SA Infantry Battalion	Expected to be completed in 2023/24
<b>Ysterplaat</b>	
Major refurbishment of Jack Frost Court at Air Force Base Ysterplaat: building 340	Project on hold

# Appendix B

## DOD Selected Performance Indicators for FY2022/23, Targets and Actual Achievements



## **DOD Selected Performance Indicators for FY2022/23, Targets and Actual Achievements**

The DOD's Selected Performance Indicators included in the Estimates of National Expenditure for FY2022/23, Targets and Actual Achievements for the period 01 April 2020 to 31 March 2023 are reflected in the table below.

<b>DOD Selected Performance Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023</b>				
<b>Performance Indicator</b>	<b>Budget Programme</b>	<b>Audited Achievement<sup>1</sup></b>		
		<b>FY2020/21</b>	<b>FY2021/22</b>	<b>FY2022/23</b>
Number of Reserve Force mandays	Administration (HR Services)	<b>Target</b> 2 695 963 <sup>2</sup>	<b>Target</b> 2 601 591	<b>Target</b> 1 985 307
		<b>Actual</b> 3 355 353	<b>Actual</b> 3 237 118	<b>Actual</b> 2 818 497
Total number of Defence Attaché Offices	Administration (Defence Foreign Relations)	<b>Target</b> 44	<b>Target</b> 44	<b>Target</b> 44 <sup>3</sup>
		<b>Actual</b> 44	<b>Actual</b> 44	<b>Actual</b> 44
Percentage compliance with the Southern African Development Community Standby Force Pledge	Force Employment	<b>Target</b> 100%	<b>Target</b> 100%	<b>Target</b> 100%
		<b>Actual</b> 87.50%	<b>Actual</b> 100%	<b>Actual</b> 88%
Percentage compliance with number of external operations <sup>4</sup>		<b>Target</b> 100%	<b>Target</b> 100%	<b>Target</b> 100%
		<b>Actual</b> 100%	<b>Actual</b> 100%	<b>Actual</b> 67%
Percentage compliance with number of internal operations <sup>5</sup>		<b>Target</b> 100%	<b>Target</b> 100%	<b>Target</b> 100%
		<b>Actual</b> 100%	<b>Actual</b> 100%	<b>Actual</b> 100%

<sup>1</sup> Reason(s) for deviation from target are furnished in Part B under "Performance Information per Programme".

<sup>2</sup> The FY2020/21 annual target was published as 3 098 866 in the AENE.

<sup>3</sup> The number of Defence Attaché Offices were planned to comprise of 10 offices in the SADC Region, 15 offices in the Rest of Africa and Middle East and 19 offices in the Rest of the World.

<sup>4</sup> The deployment of the SANDF by the President, as Commander-in-Chief, is in relation to the compliance with number of ordered commitments (external and internal operations). The MOD&MV has thus resolved to comply with all (100%) ordered commitments (external and internal operations). The actual numbers cannot be pre-determined and can only be reported on after the finalisation of the audit process.

<sup>5</sup> Internal operations include border safeguarding and operations in support of other government departments (safety and security support, disaster aid and disaster relief, and search and rescue).

DOD Selected Performance Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023				
Performance Indicator	Budget Programme	Audited Achievement <sup>1</sup>		
		FY2020/21	FY2021/22	FY2022/23
Number of planned joint, interdepartmental, interagency and multinational military exercises	Force Employment	Target 0 <sup>6</sup>	Target 2	Target 4
		Actual 0	Actual 1	Actual 4
Number of landward sub-units deployed on border safeguarding per year		Target 15	Target 15	Target 15 <sup>7</sup>
	Actual 15	Actual 15	Actual 15	
Number of Maritime coastal patrols conducted per year		Target 4	Target 4	Target 4
		Actual 3	Actual 4	Actual 2
Number of hours flown per year	Air Defence	Target 17 100 <sup>8</sup>	Target 17 100 <sup>9</sup>	Target 12 000 <sup>10</sup>
		Actual 13 726.40	Actual 15 215.60	Actual 12 059.20
Number of hours at sea per year	Maritime Defence	Target 10 000 <sup>11</sup>	Target 8 000 <sup>12</sup>	Target 8 000 <sup>13</sup>
		Actual 6 818.43	Actual 7 614.43	Actual 2 770.32

<sup>6</sup> Due to the COVID-19 pandemic the number of JIIM Exercises with foreign countries were reduced from five to zero in the Adjusted DOD APP for 2020 to prioritise the institutional response to COVID-19.

<sup>7</sup> The National Security Strategy requires the deployment of 22 sub-units on border safeguarding. The Military Appreciation on Border Safeguarding determines from the Department the deployment of 22 sub-units to secure and safeguard the borders of the RSA. However, owing to the limited provision of combat-ready capabilities by Services and Divisions due to defence budget allocation reductions over the previous MTEF periods, the DOD will remain with the current deployment of 15 sub-units on border safeguarding.

<sup>8</sup> During the FY2020/21 the following hours were planned to be flown: 4 000 hours for Force Employment, approximately 12 100 hours for Force Preparation and 1 000 VVIP hours.

<sup>9</sup> During the FY2021/22 the following hours were planned to be flown: force preparation 12 100 hours, force employment 4 000 hours and 1 000 VVIP hours.

<sup>10</sup> During the FY2022/23, the following hours were planned to be flown: force preparation 7 000 hours, force employment 4 000 hours and 1 000 VVIP hours.

<sup>11</sup> During the FY2020/21 the Department planned to spend the following at sea: force preparation 2 200 hours and 7 800 hours force employment. Force employment hours include the hours at sea during deployments for Op COPPER (long range patrols) and the conducting of maritime coastal patrols as part of Op CORONA.

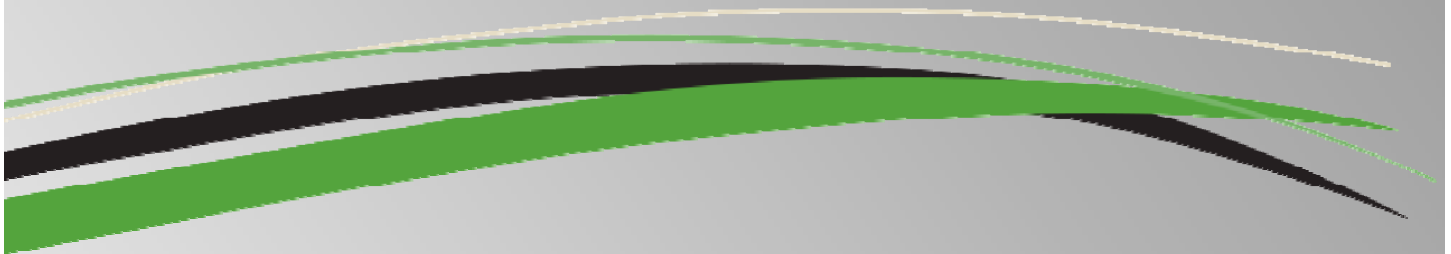
<sup>12</sup> During the FY2021/22 the following hours were planned to be spent at sea: force preparation 2 144 hours and 5 856 hours for force employment. The force employment hours include the hours during deployments for Op COPPER (long range patrols) and the conducting of four maritime coastal patrols as part of Op CORONA (up to and inclusive of border patrols of the South African Maritime Borders).

<sup>13</sup> During the FY2022/23, the following planned hours were planned to be spent at sea: force preparation 2 144 hours and 5 856 hours for force employment. Force employment hours include hours during deployments for Op COPPER (long-range patrols) and the conducting of four maritime coastal patrols as part of Op CORONA (up to and inclusive of border patrols of the South African Maritime Borders).



# Appendix C

## **DOD Output Indicators, Targets and Actual Achievements Across Multiple Financial Years**



## DOD Output Indicators, Targets and Actual Achievements Across Multiple Financial Years

The DOD's performance against its Output Indicators<sup>1</sup> and Targets for the period 01 April 2020 to 31 March 2023 is reflected in the table below.

During the FY2022/23 the DOD performance was measured against 29 output indicators of which 15 (52%) output indicators were fully achieved and 14 (48%) output indicators were partially / not achieved.

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023						
S/No	FY2020/21		FY2021/22		FY2022/23	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Audited Achievement	Annual Target as per APP	Audited Achievement
<b>Programme 1: Administration</b>						
1	<b>Percentage adherence to the DOD Master Record Index for Policies</b>					
	≥80%	66.2%	60%	66%	60%	67%
2	<b>Percentage adherence to the DOD Master Record Index for Strategies</b>					
	50%	0%	5.55%	0%	-	-
3	<b>Percentage adherence to the DOD Master Record Index for Plans</b>					
	90%	84.2%	100% (44)	88.6% (39)	100% (41)	85.4% (35)
4	<b>Number of Reserve Force mandays<sup>2</sup></b>					
	2 695 963	3 355 353	2 601 591	3 237 118	1 985 307	2 818 497
5	<b>Reduction in the number of Audit Qualifications</b>					
	5	2	-	-	-	-
6	<b>Percentage audits completed in terms of the approved Risk Based Internal Audit Plan</b>					
	100%	83.3%	80%	82.5% (33)	80%	91.9%
7	<b>Percentage payments within 30 days from receipt of legitimate invoices</b>					
	75%	77.41%	-	-	75%	81.5%
8	<b>Percentage compliance with SANDF physical fitness requirements</b>					
	<i>Information Classified<sup>3</sup></i>					

<sup>1</sup> Output Indicators shaded in light grey are applicable to FY2022/23 active Output Indicators.

<sup>2</sup> Through the Performance Indicator "Number of Reserve Force mandays", the Department provides strategic direction to Services and Divisions on the number of Reserve Forces, which can be utilised per year, as resourced.

<sup>3</sup> In the tables, reference is made to "Information classified", which is defined as "Classified information that has not been published for the consumption of the public but managed through the appropriate mandated internal and external oversight institutions".



DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023						
S/No	FY2020/21		FY2021/22		FY2022/23	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Audited Achievement	Annual Target as per APP	Audited Achievement
9	<b>Total number of Defence Attaché Offices</b>					
	44	44	44	44	44 <sup>4</sup>	44
10	<b>Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19</b>					
	100%	100%	-	-	-	-
<b>Programme 2: Force Employment</b>						
11	<b>Number of planned joint, interdepartmental, interagency and multinational military exercises conducted<sup>5</sup></b>					
	0 <sup>6</sup>	0	2	1	4	4
12	<b>Percentage compliance with Joint Force Employment requirements as resourced</b>					
	<i>Information Classified</i>					
13	<b>Percentage combat-ready capabilities available for the SANDF</b>					
	<i>Information Classified</i>					
14	<b>Number of landward sub-units deployed on border safeguarding per year</b>					
	15	15	15 <sup>7</sup>	15	15	15
15	<b>Percentage compliance with number of external operations</b>					
	100%	100%	100%	100%	100%	67%
16	<b>Percentage compliance with force levels for external operations<sup>8</sup></b>					
	<i>Information Classified</i>					

<sup>4</sup> The number of 44 Defence Attaché Offices comprises: 10 offices in the SADC Region, 15 offices in the Rest of Africa and Middle East and 19 offices in the Rest of the World.

<sup>5</sup> The Joint interdepartmental, interagency and multinational military (JIIM) exercise schedule is dependent on higher order decisions and participation for participating foreign countries. Multinational force preparation constitutes a critical component of the SANDFs ability to employ combat and mission ready forces, therefore provision is made to support Defence cooperation agreements and implementation arrangements that will promote defence diplomacy initiatives.

<sup>6</sup> Due to the COVID-19 pandemic, all JIIM exercises were cancelled during the FY2020/21.

<sup>7</sup> The National Security Strategy requires the deployment of 22 sub-units on border safeguarding. The Military Appreciation on Border Safeguarding determines from the Department the deployment of 22 sub-units to secure and safeguard the borders of the RSA. However, owing to the limit provision of combat-ready capabilities by Services and Divisions due to defence budget allocation reductions over the previous MTEF periods, the DOD will remain with the current deployment of 15 sub-units on border safeguarding.

<sup>8</sup> The Performance Indicator "Percentage compliance with force levels for external operations" is in support of the 2019-2024 Revised MTSF Priority Performance Indicator of Government, namely "Percentage compliance with external peace support operations, rescue operations and humanitarian assistance operations". The Performance Indicator target is based and or calculated on the funds the Department will receive in a specific financial year and not on what the Department is expected to receive. Therefore, irrespective of the percentage received on the UN inspections, the amount received for re-imburement at the end of a financial year will be measured.

**Part B**  
**Appendix C**

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023						
S/No	FY2020/21		FY2021/22		FY2022/23	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Audited Achievement	Annual Target as per APP	Audited Achievement
17	<b>Percentage of the value of reimbursement by the UN/AU recognised</b>					
	70%	52%	70%	47%	70% <sup>9</sup>	57%
18	<b>Percentage compliance with the Southern African Development Community Standby Force Pledge</b>					
	100%	87.50%	100%	100%	100%	88%
19	<b>Percentage compliance with number of internal operations<sup>10</sup></b>					
	100%	100%	100%	100%	100%	100%
20	<b>Percentage compliance with self-sustainment of personnel for external operations</b>					
	<i>Information Classified</i>					
21	<b>Percentage compliance with serviceability of main equipment for external operations</b>					
	<i>Information Classified</i>					
22	<b>Number of Maritime Coastal Patrols conducted per year</b>					
	4	3	4	4	4	2
23	<b>Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19</b>					
	100%	100%	-	-	-	-
<b>Programme 3: Landward Defence</b>						
24	<b>Percentage compliance with Landward Defence training targets</b>					
	80% (2 813)	69.85% (2 456)	80% (5 093) <sup>11</sup>	165% (10 507)	80% (1 645)	217.8% (4 479)
25	<b>Number of Landward Defence unique force training exercises conducted</b>					
	0 <sup>12</sup>	0	3	3	3	4
26	<b>Percentage compliance with Joint Force Employment requirements as resourced</b>					
	<i>Information Classified</i>					
27	<b>Percentage combat-ready capabilities available for the SANDF</b>					
	<i>Information Classified</i>					
28	<b>Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19</b>					

<sup>9</sup> The Performance Indicator target is based and or calculated on the funds the Department will receive in a specific financial year and not on what the Department is expected to receive. Therefore, irrespective of the percentage received on the UN inspections, the amount received for reimbursement at the end of a financial year will be measured.

<sup>10</sup> Internal operations include support to the SAPS, other departments, humanitarian, disaster relief and search and rescue operations, as resources.

<sup>11</sup> For the FY2021/22, the number of students scheduled to attend SA Army courses was increased due to additional learning opportunities.

<sup>12</sup> Due to the COVID-19 pandemic, the number of Landward Defence unique force training exercises was cancelled during the FY2020/21.

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023						
S/No	FY2020/21		FY2021/22		FY2022/23	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Audited Achievement	Annual Target as per APP	Audited Achievement
	100%	100%	-	-	-	-
<b>Programme 4: Air Defence</b>						
29	<b>Percentage compliance with Air Defence training targets</b>					
	80% (687)	63.35% (544)	80% (687)	48.33% (415)	80% (637) <sup>13</sup>	76.48% (609)
30	<b>Number of Air Defence unique force training exercises conducted</b>					
	0 <sup>14</sup>	1	1	1	1	1
31	<b>Percentage compliance with Joint Force Employment requirements as resourced</b>					
	<i>Information Classified</i>					
32	<b>Percentage combat-ready capabilities available for the SANDF</b>					
	<i>Information Classified</i>					
33	<b>Number of hours flown per year</b>					
	17 100	13 726.40 <sup>15</sup>	17 100 <sup>16</sup>	15 215.60	12 000 <sup>17</sup>	12 059.20
34	<b>Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19</b>					
	100%	100%	-	-	-	-
<b>Programme 5: Maritime Defence</b>						
35	<b>Percentage compliance with Maritime Defence training targets</b>					
	80% (257)	87.19% (280)	80% (197)	98% (241)	80% (398)	103.5% (515)
36	<b>Number of Maritime Defence unique force training exercises conducted</b>					
	1	1	1	1	1	1
37	<b>Percentage compliance with Joint Force Employment requirements as resourced</b>					
	<i>Information Classified</i>					
38	<b>Percentage combat-ready capabilities available for the SANDF</b>					
	<i>Information Classified</i>					

<sup>13</sup> The Air Defence programme, reduced the number of military development training by 50 learners for the 2022/23 MTEF to allow for the increase of number of learners on advance training and technical engineers training for the FY2022/23.

<sup>14</sup> Due to the COVID-19 pandemic, Air Defence unique force training exercises have been cancelled.

<sup>15</sup> Inclusive of estimated 2 914 for Force Employment, 10 488.50 hours Force Preparation and 323.90 hours for VVIP.

<sup>16</sup> Inclusive of estimated 4 000 hours for Force Employment, 12 100 hours for Force Preparation and 1 000 hours for VVIP.

<sup>17</sup> Inclusive of estimated 4 000 hours for Force Employment, 7 000 hours for Force Preparation, 1 000 hours for VVIP.

**Part B**  
**Appendix C**

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023						
S/No	FY2020/21		FY2021/22		FY2022/23	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Audited Achievement	Annual Target as per APP	Audited Achievement
39	<b>Number of hours at sea per year</b>					
	10 000	6 818.43 <sup>18</sup>	8 000 <sup>19</sup>	7 614.43	8 000 <sup>20</sup>	2 770.32
40	<b>Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19</b>					
	100%	100%	-	-	-	-
<b>Programme 6: Military Health Support</b>						
41	<b>Percentage compliance with Military Health Service training targets</b>					
	80% (648)	29.14% (236)	80% (648)	33% (270)	80% (648)	39.5% (320)
42	<b>Percentage compliance with Joint Force Employment requirements as resourced</b>					
	<i>Information Classified</i>					
43	<b>Percentage combat-ready capabilities available for the SANDF</b>					
	<i>Information Classified</i>					
44	<b>Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19</b>					
	100%	100%	-	-	-	-
45	<b>Percentage compliance with availability of medical stock</b>					
	<i>Information Classified</i>					
<b>Programme 7: Defence Intelligence</b>						
46	<b>Number of vetting decisions taken in accordance with requirements</b>					
	4 500	6 520	5 000	6 308	5 500	5 111
47	<b>Number of Defence Intelligence products provided</b>					
	448	1 114	448	698	-	-
<b>Programme 8: General Support</b>						
48	<b>Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19</b>					
	100%	100%	-	-	-	-

<sup>18</sup> Inclusive of estimated 5 418.49 hours for Force Employment, 1 399.94 hours for Force Preparation.

<sup>19</sup> Inclusive of estimated 5 856 hours for Force Employment and 2 144 hours for Force Preparation. Force Employment hours include the hours at sea during deployments for Op COPPER (long range patrols) and the conducting of four maritime coastal patrols as part of Op CORONA. (Up to and inclusive of border patrols of the South African Maritime Borders).

<sup>20</sup> Inclusive of estimated 5 856 hours for Force Employment and 2 144 hours for Force Preparation.

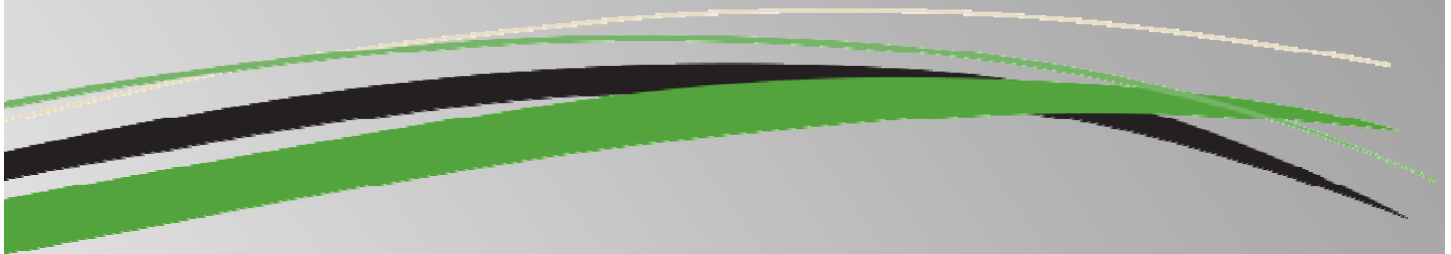
DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2023						
S/No	FY2020/21		FY2021/22		FY2022/23	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Audited Achievement	Annual Target as per APP	Audited Achievement
49	Percentage procurement requests fully completed within 90 days from day of registration <sup>21</sup>					
	95%	99.87%	95%	97.5%	95%	62.24%
50	Percentage of expenditure in accordance with Facilities Plan (Payment of leases, accommodation charges and municipal services)					
	100%	101.31%	100%	102.65%	100%	99.28%
51	Percentage compliance to the DOD Information and Communication Technology Implementation Plan					
	90.4%	91.73%	90.23%	45.77%	90%	79.64%
52	Number of deliberate crime prevention operations conducted					
	124	114	124	118	124	174
53	Percentage investigations finalised (backlog)					
	40%	56.57%	40%	73.97%	50%	36.15%
54	Percentage investigations finalised (in-year)					
	25%	44.59%	25%	53.61%	30%	37.12%

<sup>21</sup> This performance indicator does not measure performance related to the DOD Procurement Plan (above R500 000). It measures procurement requirements submitted by Services and Divisions which are below R500 000.





# **Governance**



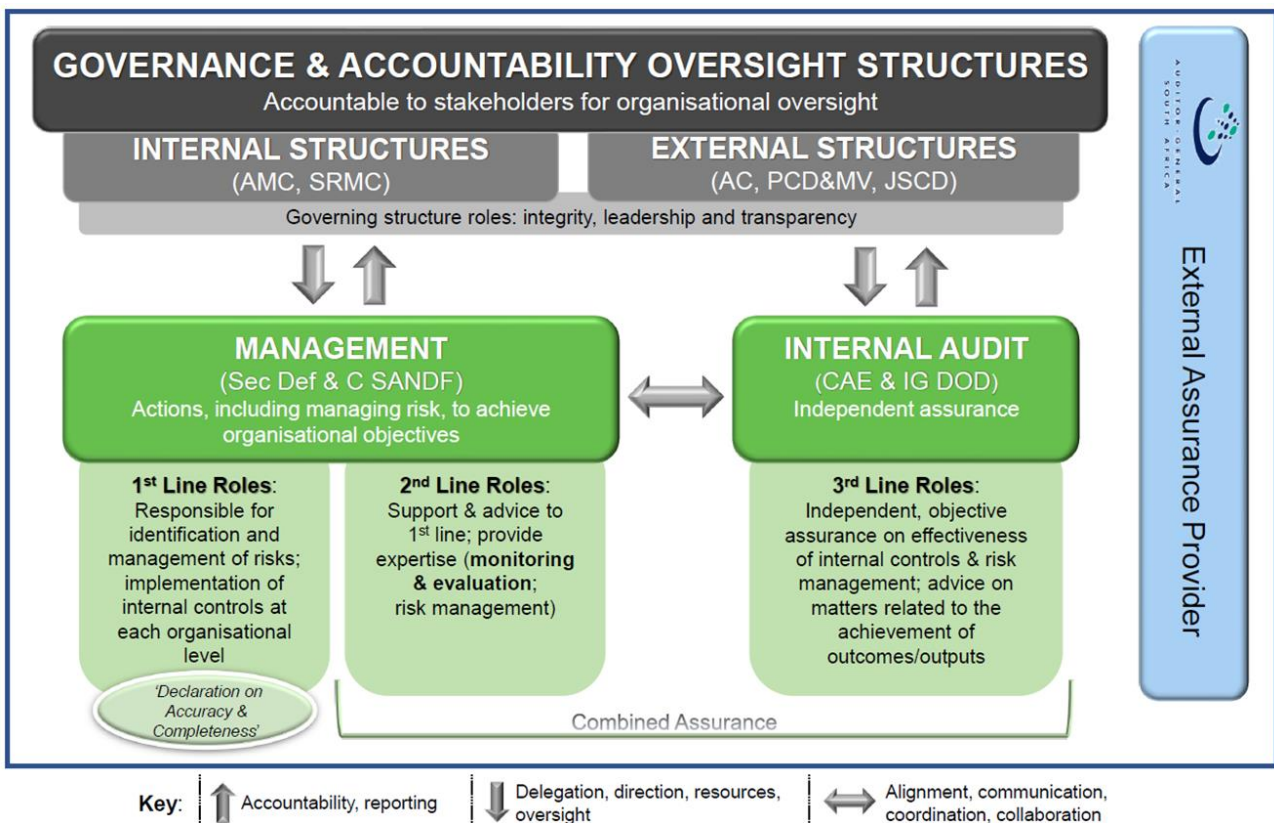
## Governance and Accountability

The Department of Defence (DOD) is committed to ensuring that effective governance and risk management practices are incorporated throughout organisational systems. Governance structures remain instrumental in ensuring that the appropriate oversight over business processes is attained. The Plenary Defence Staff Council, being the highest governing body of the DOD, is constituted of sub-committees which are delegated with functions to ensure organisational objectives are achieved.

The most essential business operations of the DOD (i.e., human resource and supply chain management) comprise dedicated governance, risk and compliance units mandated to direct the enhancement of departmental policies and operational controls. Notwithstanding the recurring audit findings in the human resource and supply chain management environments, strides have been taken towards improving governance in these areas through the institutionalisation of organisational instructions in response to emerging legislative and regulatory requirements.

The depiction of the four levels of assurance within the Department embraces the relationship between the respective assurance providers. Management of the DOD remains responsible for ensuring that organisational objectives are achieved by providing reasonable assurance on the effectiveness of controls and risk management processes. Within the DOD, Monitoring and Evaluation Reports functioned as a mechanism to alert the Secretary for Defence as the Head of the Department to areas of weak performance, potential challenges and where corrective action is required. These Monitoring and Evaluation Reports were presented to applicable governance structures for intervention.

The figure below depicts the levels of assurance executed within the DOD's Assurance Model.





## Risk Management

The Department's risk management approach and practices are consistent with the approved DOD Risk Management Policy. The promulgated Risk Management Policy DOD Instruction 00099/2013 (Edition 2) is currently being revised. The Department has an approved Enterprise Risk Management framework and conducts regular risk assessments to determine the effectiveness of its risk management framework. New and emerging risks are regularly identified and monitored through appropriate departmental reporting channels.

The Department has an established Risk Management Committee which was formally appointed by the Accounting Officer to assist with the responsibility for risk management as required by the PFMA, 1999 (Act No. 01 of 1999) Section 38(1)(a)(i). The Risk Management Committee is chaired by an internal, executive official, on Deputy Director-General level. The Risk Management Committee comprises members from top management, who represent core operational functions within the Department. Its members collectively possess the necessary skills, expertise and knowledge of the Department to contribute to the advancement of risk management within the Department. The Risk Management Committee reviews the Department's overall system of risk management and advises the Accounting Officer on the state of risk management and the mitigation of unacceptable levels of risk, in line with its approved Risk Management Charter. The Department is at an advanced stage of appointing an external, independent chairperson for the committee. The Risk Management Committee reports to the Audit Committee, which exercises oversight and advises the Department on risk management.

The DOD Audit Committee consist of independent, external members and provides an independent and objective view of the Department's risk management effectiveness and makes recommendations and provides advice to the Executive Authority and the Accounting Officer.

Risk Management continues to be embedded in the strategic and operational processes of the Department. To ensure that risks within the Department are well managed and that improvements in the Department's performance are realised, the Department's Risk Management Directorate maintained the following instruments:

- The DOD Enterprise Risk Management Framework
- The DOD Risk Management Policy
- The DOD Strategic Risk Management Committee Charter

The table below provides details on progress made in the management and mitigation of DOD Enterprise Risks during FY2022/23.

DOD Enterprise Risk Management and Mitigation for FY2022/23	
Risk Response	Progress and Intervention
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>	
<b>DOD Output 1: Defence effectively administered</b>	
<b>Enterprise Risk 1: Compromised Corporate Governance</b> Corporate Governance in accordance with the regulatory framework may be compromised by the protracted development, corporate approval timeframes and maintenance of departmental policies by functional authorities, principally due to policy writing capacity constraints.	
Revise and maintain the Policy on the development and maintenance of DOD policies. It must include a definitive expression of the Corporate DOD Policy approval process.	The Policy on the development and maintenance of DOD policies was promulgated on 01 March 2022.

<b>DOD Enterprise Risk Management and Mitigation for FY2022/23</b>	
<b>Risk Response</b>	<b>Progress and Intervention</b>
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>	
<b>DOD Output 1: Defence effectively administered</b>	
<b>Enterprise Risk 1: Compromised Corporate Governance</b> Corporate Governance in accordance with the regulatory framework may be compromised by the protracted development, corporate approval timeframes and maintenance of departmental policies by functional authorities, principally due to policy writing capacity constraints.	
Monitor the DOD Policy Status Reports from the DOD Master Record Index for Policy management and control purposes.	Policy Status Reports were published quarterly on the DOD Policy Website.
Present policy training interventions to ensure well-trained and competent policy writers.	Policy training interventions were presented on three occasions during FY2022/23.
Report non-compliance and/or poor performance in terms of the DOD Policy on Policies to the DOD Policy Board.	Registrations, deferments and cancellations of departmental policies were administratively managed outside of DOD Policy Board meetings.
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>	
<b>DOD Output 1: Defence effectively administered</b>	
<b>Enterprise Risk 2: Prevalence of Fraud and Corruption</b> Weaknesses in key internal controls increase the opportunity for corruption and fraud and may result in losses, including future resources.	
Implement the revised DOD Corruption and Fraud Prevention Plan.	The DOD Corruption and Fraud Prevention Plan was approved; published on the DOD intranet and distributed to all stakeholders.
Conduct 70 Corruption and Fraud awareness activities within the DOD and encourage whistleblowing.	69 Corruption and Fraud awareness activities were conducted during FY2022/23, in all nine provinces.
Conduct 2 multi-disciplinary team audits on the procurement of self-accounting units.	Two investigations were conducted and completed during FY2022/23.
Maintain, monitor and report on the efficacy of the Whistleblowing Hotline.	Eighteen whistleblowing reports were received during FY2022/23.
Strengthen internal controls to reduce corruption and fraud resulting in losses to the Department.	Various audits (asset management on weapons and internal deployments) were conducted and recommendations on internal control gaps identified, were submitted.
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>	
<b>DOD Output 1: Defence effectively administered</b>	
<b>Enterprise Risk 3: High Prevalence of Litigation</b> The non-compliance of the DOD with applicable legislation, the common law and prescribed policies and procedures may result in costly litigation and losses to the DOD. This is especially prevalent in the command line.	
As a Departmental and line/command function, the strengthening of Departmental and Service/Division governance fora will be undertaken, and where so required, strengthened, to ensure compliance to prevailing legislation, departmental policies and departmental processes.	The DODI on Litigation and Legal Advice was implemented across the DOD.
The application of timeous consequence management to mitigate noncompliance, where prevalent, both departmentally and within Services / Divisions as a line/command function will be ensured to ensure compliance requirements.	An implementation plan for the establishment of the Defence Litigation Forum was submitted for approval.

DOD Enterprise Risk Management and Mitigation for FY2022/23	
Risk Response	Progress and Intervention
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>	
<b>DOD Output 5: Defence capabilities supported</b>	
<b>Enterprise Risk 4: Deteriorating DOD Facilities and Infrastructure.</b> Deteriorating DOD facilities and infrastructure may result in: <ul style="list-style-type: none"> <li>• Compromised Defence Readiness (including training of Defence-Ready Personnel).</li> <li>• Prevalence in Occupational Health and Safety (OHS) fatalities and costly litigation.</li> <li>• Tarnished image of the DOD.</li> <li>• Negative impact on morale.</li> <li>• Possible escalation of leasing costs as well as fruitless and wasteful expenditure to the DOD.</li> <li>• Increase in theft due to easy access to DOD facilities.</li> </ul>	
Phased implementation of the Overarching Logistic Strategy.	The draft Overarching Logistic Strategy was developed and submitted for approval.
Implement the Defence Facilities Master Plan that addresses the Defence facilities' refurbishment and maintenance.	The User Asset Management Plan (UAMP) is utilised as the Defence Facilities Master Plan and includes all the strategic accommodation requirements of refurbishment and maintenance projects. The UAMP for the MTEF period 2023 to 2026 was submitted to the Accounting Officer, NT and the DPWI. The implementation of the UAMP is being monitored for timely intervention if required.
Capacitate the Defence Works Formation to fully execute the functions devolved from DPWI.	Current staffing level does not correlate with capacitation requirements to support the execution of the Defence Works Formation's mandate. The structure is currently being reviewed and realigned.
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>	
<b>DOD Output 5: Defence capabilities supported</b>	
<b>Enterprise Risk 5: Forfeited rights on DOD Property</b> Current land claims and possible illegal land invasion of DOD facilities may result in loss of DOD facilities which may impact on readiness and deployment capabilities in support of the Defence mandate.	
Maintain contact with the Chief Land Claims Commissioner in order to provide early warning of possible land claims on DOD property to higher command bodies.	The DOD Land Claims Register was updated and presented to the DOD Accountability Management Committee during the first quarter of FY2022/23. The restitution of land allocated to the DOD was discussed at the PCD&MV during the second quarter of FY2022/23.
Source alternative training facilities on request of Services and Divisions as required.	The DOD will source alternative training facilities on request, if and when required.
<b>DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments</b>	
<b>DOD Output 5: Defence capabilities supported</b>	
<b>Enterprise Risk 6: Prevalence of DOD Legacy Information Communication Technology Systems (ICTS)</b> The lack of modernisation of DOD ICT Systems may lead to unreliable, unverifiable and loss of DOD financial, non-financial information and possible threat to business continuity.	
Optimisation, integration and digital transformation of ICT Systems and Services by means of ICT projects.	The first review of the capturing of as-is architectures (information, data and application architectures) should be available during the first quarter of FY2023/24.
Implement the Integrated Defence Enterprise System (IDES) project as resourced.	The establishment of an IDES Program Office to develop the business processes for IDES (HR, Fin, Supply Chain and Business Intelligence). Acquisition of resources for the development of the future state architecture commenced during the third quarter of FY2022/23. IDES implementation to materialise as per the CSANDF guidelines and consultation will be conducted to determine the user requirements and the cost of a Commercial off-the-shelf IDES, aligned with the DOD Enterprise Architecture.

DOD Enterprise Risk Management and Mitigation for FY2022/23	
Risk Response	Progress and Intervention
<b>DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence</b>	
<b>DOD Output 1: Defence effectively administered</b>	
<b>Enterprise Risk 7: Corporate Governance of Information and Communication Technology (ICT) Governance Structures not implemented.</b> Non-implementation of the DOD Corporate Governance of ICT Policy with specific reference to the ICT Governance Structures may lead to the non-development of the DOD Enterprise Architecture (EA) Strategy, DODI, Capability, DOD Core Information Systems and possible threat to business continuity.	
Implement the DOD Corporate Governance of Information and Communication Technology Policy.	The implementation of the Corporate Governance of ICT is progressing and monitored through the DOD ICT implementation feedback progress report.
Develop the Enterprise Architecture Strategy.	The DOD Enterprise Architecture Strategy has been developed and is in draft form.
Develop and implement the Enterprise Architecture Policy in the DOD.	The DOD EA Policy has been reviewed.

## Fraud and Corruption

Directorate Anti-Corruption and Anti-Fraud served as a nodal point for the Department by providing a whistleblowing hotline and a detection and awareness education service. The Corruption and Fraud Prevention Plan was approved by management, for immediate implementation in June 2022. The Department conducted 69 awareness activities during the reporting period.

The Whistleblowing Hotline service received 18 whistleblowing cases of which 13 were identified for detection investigation. Investigation of all 13 cases was finalised in response to whistleblowing.

The actual registered cases of fraud and corruption followed due process. Investigations on fraud and corruption as well as audits indicating possible gaps regarding policies, were adequately conducted and addressed. Fraud and corruption cases were prioritised by the Defence Legal Service Division in response to the planned reduction of military court cases through the Military Justice System.

## Minimising Conflict of Interest

The DOD acknowledges that conflict of interest obstructs good governance. The minimising of conflict of interest forms an integral part of the organisational values of the Department, i.e. *Ethics* and *Openness and Transparency*, among others. During the reporting period, the Department ensured that:

- Standard Bidding Document 4 as part of bidding documentation by suppliers must be completed and submitted with bids. Non-submission invalidates the bid. The information provided is tested against the Department of Public Service and Administration (DPSA) database for state employees and the DOD PERSOL System to determine whether company directors are employees of the state.

- In order to prevent any conflict of interests, DOD Committee and/or Board members must disclose their business interest and declare their status as Board of Directors. In addition, any relevant interest for each committee sitting must also be declared.
- Senior Management, Middle Management and other prescribed members are required to disclose their financial interests via an Electronic Disclosure System as and when required to do so.
- Financial, logistical and acquisition officials in the DOD must annually declare their interests which might be in conflict when performing duties in their respective areas of responsibility.

The Human Resources Division is administering the management of employees doing business with the State.

Reforms in Procurement have been addressed by means of Departmental Instructions. Monthly meetings were held with Services and Divisions to streamline procurement processes and to ensure compliance with the regulatory framework.

In some instances, personnel in the procurement centres and units have been rotated out of the procurement environment to minimise familiarity with key stakeholders.

## **Code of Conduct**

The DOD committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In delivering the defence mission, the DOD continued to pursue and adhere to the following organisational values:

- Accountability
- Consultation Rooted in Effective and Efficient Partnership and Collaboration
- Discipline
- Ethics
- Excellence
- Openness and Transparency
- People
- Service Standards
- Teamwork

The Department's Code of Conduct for non-uniform and for uniformed personnel as well as a Rules of War, lists actions required by International Humanitarian Law. Members found in contravention of the Code of Conduct were taken to task through Military Disciplinary Supplementary Measures in conjunction with the Military Discipline Act, whilst Public Service Act Personnel may be subjected to the Public Service Coordinating Bargaining Council Resolution 1/2003. Senior Management System/Service members may be disciplined in terms of Chapter 7 of the Senior Management System/Service Handbook.

## **Health Safety and Environmental Issues**

Directorate Occupational Health and Safety, in terms of the Occupational Health and Safety (OHS) Act, 1993 (Act No. 85 of 1993), is mandated to ensure the management of OHS in the DOD. During the year under review, Directorate OHS provided guiding instructions indicating prescripts regarding occupational health and safety as well as environmental protection issues.

## **Parliamentary Oversight Committees**

### **Appearances before Parliamentary Oversight Committees**

The Minister and/or Deputy Minister and/or Accounting Officer and DOD officials appeared before the Portfolio Committee on Defence and Military Veterans (PCD&MV) on 18 occasions and appeared 16 times before the Joint Standing Committee on Defence during the reporting period.

The PCD&MV undertook two oversight visits, one to military bases in Bloemfontein over the period 23 to 25 November 2022 and another one over the period 29 March to 01 April 2023 to the military bases in Gqeberha; SA Air Force 15 Squadron, 6 SA Infantry Battalion and Buffalo Volunteer Rifles.

The Department briefed the PCD&MV on a quarterly basis on the DOD Non-Financial and Financial Performance Status.

Additional to these briefings, progress was provided against the PCD&MV Budget Review and Recommendations Report on the DOD Annual Report for FY2021/22.

The most prominent matters raised and monitored by the PCD&MV during FY2022/23 related to, amongst others:

- Progress made on the implementation of Audit Action Plans.
- Progress on investigations into cases of irregular, fruitless and wasteful expenditure.
- Progress on cases of fraud and corruption and consequence management.
- Progress on the implementation of the DOD Exit Mechanism.

## **Standing Committee on Public Accounts Resolutions**

The DOD did not receive any Standing Committee on Public Accounts meeting invitations during the year under review.



## Prior Modifications to Audit Reports

The table below provides details with respect to the progress made in resolving the Auditor-General of South Africa (AGSA) FY2021/22 Audit Report matters.

Progress made in Resolving AGSA Audit Report Matters during the FY2022/23		
FY2020/21 AGSA Audit Report Reference	FY First Reported	Progress Made in Clearing / Resolving the Matter
<p><b>Qualification: Goods and Services and Investments</b></p> <p>The department accounts for non-sensitive and sensitive projects expenditure in connection with special defence activities as per section 2(2)(a) of the Defence Special Account Act 6 of 1974, as amended. I was unable to obtain sufficient appropriate audit evidence on sensitive projects expenditure and related investments due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. Consequently, I was unable to determine whether any adjustments were necessary to sensitive projects expenditure included in the expenditure of R12,83 billion (2021: R14,26 billion), as per note 4 to the financial statements, and investments for special defence activities included in the investment amount of R179,15 million (2021: R182,16 million), as per note 11 to the financial statements.</p>	FY2016/17	<p>There is an inherent limitation as a result of the sensitivity of the environment and the way in which normal mandated business (in terms of the Defence Act) is conducted, which by its pure nature would inherently prevent the auditor to have full and unrestricted access in order to express a favourable opinion which would normally be possible in an environment where national security would not be negatively impacted by such unrestricted access.</p> <p>The sensitive environment of the SDA makes up 11% of the spending within the SDA allocation and 0.67% of the entire actual expenditure for the year under review. The Auditor-General has full access to 99.3% of the Department's expenditure statements.</p> <p>Oversight structures such as the Joint Standing Committee on Intelligence are however in place in order to oversee the activities of the sensitive environment.</p> <p>A decision by the Joint Standing Committee on Intelligence and Parliament must be taken on how these types of transactions, which affect the SDA, Crime Intelligence and the State Security Agency must be audited and reported on.</p> <p>For the coming financial year, the Inspector-General will include the audit of the sensitive environment of the SDA in their audit plans in order to provide some assurance on the transactions in that environment.</p>
<p><b>Qualification: Irregular Expenditure</b></p> <p>The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R15,18 billion (2021: R11,26 billion) in note 24 to the financial statements, as it was impracticable to do so.</p>	FY2016/17	<p>67% of disclosed irregular expenditure pertains to the underfunding of the CoE imposed by NT, which is currently beyond the control of the Department. The Department is in the process of implementing austerity measures to reduce CoE cost pressures through the MEM and EISP.</p> <p>The DOD has also established an oversight committee to monitor the DOD procurement entities where findings occurred and to intensify the effective functioning of the Bid Committees and Bid Evaluation Committees.</p> <p>An agreement was reached with the National School of Governance to train SCM practitioners to ensure there are consistencies in the implementation of existing policies and legislation. This will be in full force by FY2023/24.</p> <p>Boards of Inquiry and investigations are progressing, albeit slowly, and resulting recommendations thereof will enable the effective management/implementation of consequence management.</p>

Progress made in Resolving AGSA Audit Report Matters during the FY2022/23		
FY2020/21 AGSA Audit Report Reference	FY First Reported	Progress Made in Clearing / Resolving the Matter
<p><b>Qualification: Movable Tangible Assets</b></p> <p>I was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as the department could not indicate where these assets are located or provide other information relating to the existence of these assets. I was unable to confirm or verify these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R64,72 billion (2021: R63,89 billion) in note 30 to the financial statements.</p> <p>I was unable to obtain sufficient appropriate audit evidence to confirm movable tangible capital assets additions amounting to R800 million, as the supporting information was not provided. Consequently, I was unable to determine whether any adjustments were necessary to the movable tangible capital assets stated at R64,72 billion in note 30 to the financial statements</p> <p>The department did not recognise all items of movable tangible capital assets in accordance with MCS chapter 11, Capital assets. I identified items of movable tangible capital assets belonging to the department that were not included in the underlying accounting records. I was unable to determine the impact on the closing balance of movable tangible capital assets as it was impracticable to do so. Consequently, movable tangible capital assets were understated by an unknown amount in the financial statements</p> <p>The department did not recognise all movable tangible capital assets at cost in accordance with MCS chapter 11, Capital assets. I identified a significant number of assets acquired after 1 April 2002 which were recorded at R1. This is in contravention of the MCS which allows R1 values to be assigned only to those assets acquired prior to 1 April 2002 and where documentation to establish the cost is not available. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets stated at R64,72 billion in note 30 to the financial statements as it was impracticable to do so.</p>	FY2020/21	<p>Confirmation of the existence of assets proved challenging since it is dependent on asset verifications conducted on Service and Division level. Controls, bmo the monitoring of stock-take processes, are in place to ensure that the possibility of a repeat finding is minimised.</p> <p>A high percentage of the current assets have been physically verified for existence, in terms of policy.</p> <p>Most of the items identified by the auditors for existence have been resolved. Boards of Inquiry are in process at unit level to finalise discrepancies and source supporting documents which could not be furnished to the auditors.</p> <p>The Department is in discussions with the Finance SETAs to get assistance from a human resource capacity point of view (interns) in the interim to assist with the verification and recording of assets. This initiative will commence in the new financial year and will be at no cost to the Department.</p>
<p><b>Qualification: Employee Benefits</b></p> <p>In the prior year, the department did not establish adequate internal controls to monitor leave processing. As a result, not all leave transactions were captured, which resulted in the leave balance and the provision being overstated. I was unable to confirm these employee benefits by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of employee benefits, stated at R3,56 billion as disclosed in note 21. My audit opinion on the financial statements for the period ended 31 March 2021 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the employee benefits for the current period.</p>	FY2020/21	<p>Leave balances have been corrected, through the following actions and submitted to the AGSA for assessment.</p> <ul style="list-style-type: none"> <li>• System enhancements to prevent the accrual of capped leave for suspended members.</li> <li>• Separate disclosures for inactive members with outstanding termination of service phases (deceased and resignations).</li> <li>• Monthly certificates of completeness by Chiefs of Services and Divisions to ensure the accuracy of leave balances on the management schedule and the PERSOL system.</li> </ul>



Progress made in Resolving AGSA Audit Report Matters during the FY2022/23		
FY2020/21 AGSA Audit Report Reference	FY First Reported	Progress Made in Clearing / Resolving the Matter
<p><b>Qualification: Percentage of compliance with combat-ready capabilities available to the South African National Defence Force (SANDF)</b></p> <p>I was unable to obtain sufficient appropriate audit evidence for the achievement of this classified indicator included in the annual performance report, due to a lack of valid supporting records for certain of the capabilities reported on. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.</p> <p>I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the force employment programme. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.</p>	FY2020/21	Standard operating procedures and technical indicator descriptions were updated to eradicate future misstatements. Misstatements identified by the auditors were corrected.
<p><b>Non-compliance: Annual financial statements, performance and annual report</b></p> <p>The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of capital work in progress identified by the auditors in the submitted financial statements were corrected subsequently, but the uncorrected material misstatements and supporting records that were not provided resulted in the financial statements receiving a qualified opinion.</p>	FY2018/19	<p>The Finance Division is dependent on inputs approved by Chiefs of Services and Divisions to be included in the Financial Statements.</p> <p>The bulk of misstatements identified by auditors emanated from the Asset Management and Procurement environments. The applicable directorates are being capacitated to improve the accuracy and completeness of the transactions.</p>
<p><b>Non-compliance: Expenditure Management</b></p> <p>Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for qualified opinion, the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by the compensation of employee budget being exceeded without approval of the minister of Finance, in contravention of section 5(1)(b) of the Adjustments Appropriation Act 18 of 2021, and non-compliance with supply chain management prescripts.</p> <p>In some instances, payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.</p>	FY2016/17	<p>Irregular expenditure incurred for the exceeding of the CoE budget, was due to budget cuts imposed by NT. Requests made to NT to condone this expenditure was declined with conditions that the Department was set to meet. These conditions were partially addressed in FY2022/23 through the MEM process.</p> <p>The Department, through the Governance Risk and Compliance Accountability Committee for Procurement, conducts oversight visits to Procurement Units focusing on high-risk areas and findings and the institution of corrective measures in terms of irregular expenditure incurred due to non-compliance with SCM prescripts.</p> <p>Investigations and Boards of Inquiry are taking longer than usual to complete. The National School of Governance has also been approached to provide procurement-related training to procurement practitioners. This initiative is set to commence in FY2023/2024.</p>

Progress made in Resolving AGSA Audit Report Matters during the FY2022/23		
FY2020/21 AGSA Audit Report Reference	FY First Reported	Progress Made in Clearing / Resolving the Matter
<p><b>Non-compliance: Asset Management</b> Proper control systems were not in place at the department to ensure the safeguarding of assets, as required by treasury regulation 10.1.1(a)</p>	FY2020/21	<p>Confirmation of the existence of assets proved challenging since it is dependent on asset verifications conducted on Service and Division level. Controls, bmo the monitoring of stock-take processes, are in place to ensure that the possibility of a repeat finding is minimised.</p> <p>Most of the items identified by the auditors for existence have been resolved. Boards of Inquiry are in process at unit level to finalise discrepancies and source supporting documents which could not be furnished to the auditors.</p>
<p><b>Non-compliance: Procurement and Contract Management</b> Some goods and services were procured without obtaining the required price quotations, and inviting competitive bids as required by the treasury regulations 16A6.1 and paragraph 3.3.1 of the practice note 8 of 2007-08.</p> <p>Some of the contracts and quotations were awarded to bidders based on preference points that were not in accordance with the requirements of the PPPFA and Preferential Procurement Regulations.</p> <p>Some of the quotations were accepted from suppliers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by treasury regulation 16A9.1(d).</p> <p>Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) in accordance with section 18(1) of the CIDB Act.</p> <p>Some of the IT-related goods and services classified as mandatory were not procured through SITA as required by treasury regulation 16A6.3(e) and section 7(3) of the SITA Act.</p>	FY2016/17	<p>The Department, through the Governance Risk and Compliance Accountability Committee for Procurement, conducts oversight visits to Procurement Units focusing on high-risk areas and findings and the institution of corrective measures.</p> <p>All efforts are being made to train procurement practitioners to apply legislative policies and procedures in order to eradicate the recurrence of irregularities.</p>
<p><b>Non-compliance: Consequence management</b> Disciplinary steps were not taken against some of the officials who permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA.</p> <p>Sufficient appropriate audit evidence was not obtained that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA.</p>	FY2020/21	<p>The implementation of consequence management is in process to be streamlined and implemented.</p> <p>The MOD&amp;MV instructed that investigations into irregularities and fruitless expenditure are finalised as a matter of urgency and that recommendations made, are implemented.</p>

## Internal Control Unit

Within the DOD, the Directorate Financial Control Services, under the control of the Chief Financial Officer, executes a prominent function in the facilitation of internal and external audit functions. This Unit is at the centre where Auditor-General audit findings, responses and the facilitation of audit adjustments to the financial statements occur. The Unit coordinates the consolidation of action plans from DOD Services and Divisions and ensures that they have been adequately addressed, based on prior year audit findings. Unfortunately, the action plans developed by the Services and Divisions may not fully eradicate repeat findings due to the inadequacy of the control environment.

Directorate Financial Control Services furthermore manages the *Consolidated Control System* where all financial misconduct cases, such as irregular and fruitless expenditure and claims against the State are recorded and accounted for, which is subsequently disclosed in Departmental financial records on a monthly and annual basis.

The Unit manages and chairs the Prosecution and Recovery Committee, a sub-committee of the Accountability Management Committee of the Department, which is attended by all Chiefs of Services and Divisions and chaired by the Accounting Officer. This Prosecution and Recovery Committee deals with the confirmation of irregularities and financial misconduct, status of investigations into the occurrence of irregular and wasteful expenditure incurred and makes submissions to National Treasury for condonement, as prescribed by the Public Finance Management Act (PFMA).

## Internal Audit and Audit Committees

### Internal Audit

#### Key Activities and Objectives

The key activities of the Internal Audit function relate to adding value by improving operations and reviewing different activities as a management control that functions by assessing the adequacy and effectiveness of other managerial controls. Internal Audit assisted the DOD by giving appropriate recommendations to management that embed the principles as provided in Section 195(1) and (2) and Section 215(1) of the Constitution of the RSA, as provided in the following scope of work as designated by CARES<sup>1</sup>.

Internal Audit had the following five objectives for FY2022/23:

- Provision of internal audit assurance services with recommendations to improve and enhance DOD systems, in compliance with the Standards for the Professional Practice of Internal Auditing (Standards) and leading practices in accordance with the approved Risk Based Internal Audit Plan to ensure achievement of DOD objectives.
- Provision of relevant consulting services intended to add value and to improve DOD's operations by continuously responding to emerging risks in compliance with the Standards for the Professional Practice of Internal Auditing and leading practices in accordance with the approved Risk Based Internal Audit Plan.
- Provision of prevention and reduction of fraud and corruption services in accordance with the Association of Certified Fraud Examiners prescripts and DOD fraud prevention strategies in order to assist the DOD to achieve fraud and corruption reduction objectives.
- Coordinate with other internal and external providers of assurance in order to ensure adequate coverage of risks; minimisation of overlap and duplication of efforts; and ultimately the reduction of DOD cost of assurance.

<sup>1</sup> Compliance (with policies, rules, regulations and laws), Authorisation (proper review and approval), Reliability and Accuracy of Data (data is accurate, timely, useful, reliable and relevant), Effectiveness and Efficiency (operations are effective and efficient and add value; accomplishment and monitoring of goals), Safeguarding Assets (assets are protected from theft, misuse and/or destruction).

## Part C Governance

- Coordination and facilitation of DOD Audit Committee activities according to Treasury Regulations, the Audit Committee Charter and leading governance practices and principles to ensure compliance with relevant prescripts.

### Summary of Audit Work Done

The Audit Committee approved the Internal Audit Plan on 18 May 2022. The Internal Audit Plan was approved with 37 planned audit projects to be completed during FY2022/23. The Internal Audit Division has completed 92% (34 out of the planned 37) projects in FY2022/23. Three projects were not completed by 31 March 2023.

The table below indicates a summary of audit assignments completed during FY2022/23.

Summary of Audit Work done during FY2022/23			
Description of Project	Original Approved Plan	Completed During FY2022/23	Carried Forward to FY2023/24
Risk-Based	9	9	0
Follow Up	12	12	0
Cyclical Reviews	7	3	0
Performance Audits	0	0	0
Consulting Audits	0	0	0
Information Technology	0	1*	0
Ad-Hoc Requests	9	9	0
<b>Total</b>	<b>37</b>	<b>34</b>	<b>0</b>

Note: Information Technology audit executed additional to Plan.

## Audit Committee

### Key Activities and Objectives of the Audit Committee

The Audit Committee plays an important role in overseeing the DOD in compliance with the PFMA and Treasury Regulations, in accordance with its Terms of Reference. The Committee ensures that the Department functions in accordance with good governance principles ensuring that assurance activities are well coordinated and risks are managed effectively across the Department. In this regard, the Committee provides the Accounting Officer with appropriate recommendations to address identified control weaknesses.

### Attendance of Audit Committee Meetings by Audit Committee Members

The Audit Committee consists of independent non-executive members, bringing the following mixture of skills to the Committee, namely financial, asset management, monitoring and evaluation, information technology, legal, human resource and military skills (core business).

The Audit Committee was scheduled to meet six times, comprising four standard Audit Committee meetings and two Special Audit Committee meetings to discuss matters pertaining to the Department as stipulated in the Audit Committee Charter and the Treasury Regulations. The Committee met eight times in FY2022/23. Four planned Audit Committee meetings were held as scheduled, except

for the fourth quarter meeting that was moved to 16 March 2023, due to the unavailability of key role players in February 2023.

The Audit Committee had virtual Special Meetings on 25 May 2022 and 30 May 2022 for approval of the Annual Financial Statements and Annual Report. The Special Audit Committee meeting for approval of the AGSA Management Report was held on 27 July 2022.

Two Audit Committee posts, the Human Resource Specialist and Legal Specialist posts, were advertised in FY2022/23. Candidates were invited and interviews took place on 07 October 2022. C SANDF nominated a former General as the Audit Committee representative for the SANDF. The MOD&MV is still to approve the three appointments.

The recently appointed Inspector-General DOD requested a meeting on 30 March 2023 to address certain matters for which additional preparation was required. The Internal Audit Plan for FY2023/24 was tabled and approved during this meeting.

Refer to the table in the Audit Committee Report on page 113 for a list of members, qualifications and a record of attendance:

## **Audit Committee Report<sup>2</sup>**

The Audit Committee Report is included below.

The Audit Committee is pleased to present its report for the financial year ended 31 March 2023.

### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal Terms of Reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Charter is updated regularly and complies with the principles of good governance as per King IV and the requirements of the PFMA. The Audit Committee performs an oversight function covering:

- a. Financial Management
- b. Performance Information
- c. Information Communications Technology (ICT) Governance
- d. Risk Management
- e. Fraud Prevention
- f. Compliance with Laws, Regulations and Ethics
- g. Reporting Practices
- h. External Audit
- i. Internal Audit, and
- j. Express intention of guiding the department to achieve a clean audit.

### **Activities of the Audit Committee**

During the period under review, the following activities were undertaken which demonstrate the commitment of the Audit Committee to achieving its mandate:

- a. Reviewed quarterly management reports
- b. Considered the effectiveness of the risk management process
- c. Considered the Internal Audit plans and reports and made recommendations as appropriate
- d. Monitored progress with the Internal Audit coverage plans as well as management's follow-up on matters requiring attention
- e. Monitored compliance with the department's policies and applicable legislation
- f. Considered the effectiveness of the fraud prevention measures

<sup>2</sup> The Audit Committee Report is included verbatim, as approved.

- g. Conducted separate informal meetings with management, internal and external audit
- h. Reviewed External Audit plans and reports for consideration
- i. Considered the effectiveness of management action plans in response to key audit findings raised by Internal and External Audit
- j. Provided guidance to the department on ICT governance issues and alignment to applicable legislations and ICT governance Frameworks.

Below are details about the Audit Committee members:

Members Name	Qualifications	Date of Appointment/ Contract Ended	Number of AC Meetings Attended
Mr LM Mangquku (Chairperson)	Chartered Accountant (South Africa); Master of Business Leadership; Advanced Company Law I&I; Honours Bachelor of Accounting Sciences; Bachelor in Commerce Honours (Accounting)	26 October 2020	8
Ms S Hari (External Member)	Honours Bachelor of Accounting Science; Public Sector Governance.	26 October 2020	8
Mr M Ndlangisa (External Member)	International Executive Development Programme (IEDP), MSc (Computer Science), Higher Diploma in Computer Auditing	26 October 2020	8

The process of filling vacancies in the Audit Committee is underway.

### **Effectiveness of Internal Control**

A risk management process is in place in the department. Enterprise risks are being monitored on a regular basis, but unfortunately most of them have remained unmitigated throughout the year, threatening the ability of the department to execute and or deliver on its mandate fully.

Regrettably, the appointment of an independent Chairperson of the Risk Management Committee remains outstanding despite interviews having been conducted six months ago.

The Internal Auditors and AGSA reported some deficiencies in the system of internal control in the department and based on their reports, the Audit Committee is of the opinion that the internal control system was largely inadequate and ineffective during the year under review.



Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department, revealed a number of weaknesses, which were then raised with management.

The Internal Audit Division completed 92% (34/37) of the approved 2022/23 audit plan. Some of the key audit assignments undertaken in the current year include:

- Audit of Procurement Centres on Completeness of Recorded Irregular Expenditure
- Review of Military Police Division Quarterly Output Performance Indicators for the FY 2022/2023
- Financial Controls Review
- Implementation of Overtime Policy for Health Care practitioners.
- Follow Up Review on Asset Verification
- Follow Up Review of Obsolete/ Unserviceable Main/ Specialized Medical Equipment
- Follow Up Audit on Defence Legal Services Support
- Review of Interim Financial Statements
- Follow Up on Ineffective Board of Inquiry Processes
- Review of Internal Controls and Processes for Administration of Leave
- Management of Fuel
- Operational Fleet Management
- Inadequate Asset Management and Disposal Processes
- ICT Systems - Disaster Recovery Readiness Review

During 2022/23, the Inspector General, through its inspection and audit services (Directorate Performance Audit, Directorate Regulatory Audit & Defence Anti Corruption And Fraud) completed 87% (123/141) of the approved audit plan.



Some of the key audit assignments undertaken in the current year include:

- Administration and Storage of Weapons
- Combat Readiness
- Strategic Reserve of Ammunition
- Military Police Division Combat Readiness Training
- Border Safeguarding
- Adhoc Operational Support – Project Chariot
- Facility Management
- Leave Administration
- Pharmaceutical and Medical Consumables
- Project Flunche
- Completion of Cases registered with Military police Division
- Revenue Management
- Logistics Management
- Management of Disposal Systems

Based on the review of the work of Internal Audit in the department, the Audit Committee is satisfied that the internal audit activity properly discharged its functions and responsibilities during the year under review and operated to the best of its ability to effectively address the risks pertinent to the department.

In addition, the AC has no reason to doubt that Internal Audit operated objectively and independently through the period.

The Audit Committee remains concerned with the persistent poor consequence management in the department, and the ineffective implementation of fraud prevention measures during the year. There are persistent undue delays in investigating and clearing irregular, fruitless and wasteful expenditure, rendering consequence management in the department ineffective.

The department did not implement effective measures to prevent irregular expenditure during the year and the completeness of its irregular expenditure register continues to be a serious concern following numerous irregular expenditure items that were identified when Internal Audit reviewed procurement processes within selected procurement units.

The Audit Committee expressed concern with the control weaknesses identified during the year which indicate that despite the department having significant balances of tangible assets, its asset register is not properly maintained and as a result, is unreliable. Full commitment and cooperation by all services and divisions is necessary to address these weaknesses.

The Audit Committee is concerned with the delays in concluding the appointment of the Chief Audit Executive despite interviews having been conducted over two years ago. The vacancy in the Chief Audit Executive position for such a long period is a serious concern to the Audit Committee and has been escalated to the Accounting Officer and the Executive Authority.

The Audit Committee wishes to express its satisfaction with the engagement of all the department's internal audit functions, one located within the Secretary of Defence and the other located within the Inspector General of Defence. This has paved a way for marked improvement in the internal audit coverage plan over the next three years.

### **In-Year Management Monitoring /Quarterly Report**

The department has been reporting monthly and quarterly to the Treasury as is required by the PFMA.

### **Evaluation of Financial Statements and Annual Performance Report**

We reviewed the annual financial statements prepared by the department. In the main, the Audit Committee:

- a) Reviewed and discussed with the external auditors the audited annual financial statements to be included in the Annual Integrated Report
- b) Reviewed the reported performance against the predetermined objectives
- c) Reviewed the external auditor's management letter and management's response thereto
- d) Reviewed adjustments resulting from the audit
- e) Reviewed and discussed the external auditor's report
- f) Reviewed and confirmed the independence of external auditors

### **Auditor-General's Report**

The Audit Committee reviewed the department's implementation plan and expressed concerns with the slow progress in addressing and in resolving AGSA findings. The department does not have an effective system of following up on audit findings and of holding divisions and services accountable for addressing findings timeously. Going forward, a much more coordinated approach to the audit action plan, with full commitment from all Heads of Services and Divisions, is required.



**Luyanda M. Mangquku, CA (SA)**  
**Audit Committee Chairperson**  
**Department of Defence**  
**31 July 2023**

## Broad-Based Black Economic Empowerment Compliance

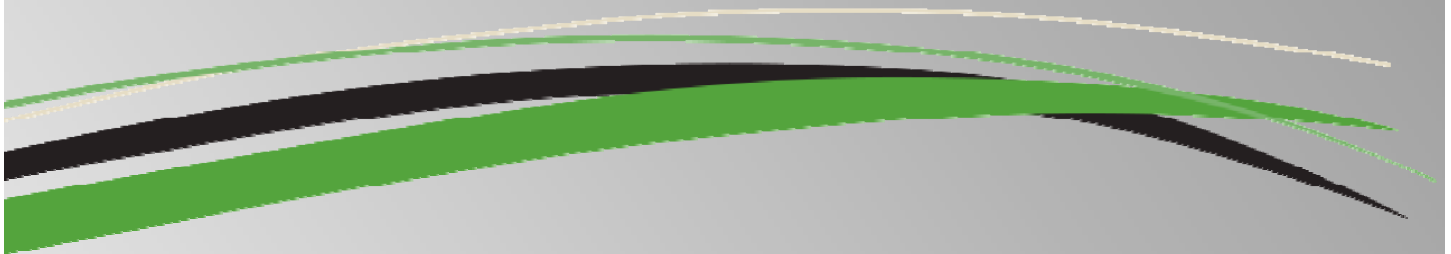
The table below provides information in accordance with the compliance to the Broad-Based Black Economic Empowerment (B-BBEE) regulations, as required by the B-BBEE Act, 2003 (Act No. 53 of 2003) and describes how the Department applied the relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8).

Criteria	Response Yes/No	Discussion
Determining qualification criteria for the issuing of Licences, concessions or other authorisation in respect of economic activity in terms of the law?	No	Not Applicable.
Developing and implementing a preferential procurement policy.	Yes	The Interim Department of Defence Preferential Procurement was approved on 16 January 2023. Implementation was with effect from 01 April 2023 due to the need for the customisation of procurement of systems.
Determining qualification criteria for the sale of state-owned enterprises?	No	No state-owned enterprises were sold.
Developing criteria for entering into partnership with the private sector?	No	This is applicable to the defence industry side. Should the DOD enter into a public-private partnership arrangement, such criteria will be developed per project.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment.	No	This is part of the application of the Defence Sector Code.





# **Human Resource Management**



## Human Resource Overview

### Introduction

During the period under review, the Minister of Defence and Military Veterans (MOD&MV) emphasised the fiscal constraint within which the Department of Defence (DOD) and specifically, the SA National Defence Force (SANDF) have to operate. The adverse fiscal constraint is evident in the under-funding of the DOD's Compensation of Employees (CoE) budget requirement.

The impact of the underfunded DOD CoE budget resulted in irregular expenditure from FY2017/18 to FY2020/21 to the amount of R7,398 billion; the request for condonation of this irregular expenditure was not approved by the National Treasury in a letter dated 25 June 2021. The DOD incurred a further R2,708 billion irregular expenditure for FY2021/22, bringing the total CoE-related irregular expenditure to R10,105 billion as at the end of FY2021/22.

In an endeavour to curb the growing Human Resources (HR) costs, the MOD&MV issued a Ministerial Directive on 31 March 2021 with the aim to implement HR cost-saving measures to reduce HR cost pressures over the 2021/22 Medium-Term Expenditure Framework (MTEF) and the 2019 – 2024 Medium-Term Strategic Framework (MTSF). The DOD commenced with the implementation of these measures with effect from 01 April 2021. The continuing discourse between strategic partners noted that should a cash injection of approximately R3 billion be allocated additionally to the 2024/25 MTEF, a breakeven position would be achieved earlier than forecasted.

During the reporting period, the DOD was able to initiate the institutionalisation of processes to eradicate femicide, gender-based violence and abuse against the vulnerable. The DOD remains resolute to eradicate such incidents by participating in Government-wide activities and processes along with creating awareness internally.

The DOD continued to make strides to enhance race, gender equality and persons with disability representation. The racial distribution mirrors the composition of the South African society, whilst the gender composition of the average HR capacity for the FY2022/23 remained at 33% female and 67% male. The number of persons with disabilities was at 0,42% during FY2022/23. The focus of the DOD is to mainstream internal processes to enhance the distribution, in these respects.

In addition, whilst being faced with the trajectory of underfunding of the CoE/HR budget requirements, the Military Skills Development System (MSDS) remained the main SANDF feeder system to contribute to youth employment. During the past financial year, 1 986 MSDS members were recruited and commenced functional corps training to support the HR capacity requirements of military operations.

The DOD continued to utilise Reserve Force members in support of the “one-force concept”, supplementing the DOD's HR capacity to perform crucial functions and operational tasks. The under-funding mentioned previously had an adverse impact on the utilisation of Reserve Force members.

## Plan to Reduce Human Resource Cost Pressures

### Ministerial Policy Directive

The concurrence to implement HR reforms as supported by Parliamentary oversight committees; the MOD&MV and the National Treasury chartered a trajectory to down-manage the cost of human resources.

### Reduce Human Resource Cost Pressures

The HR cost-saving measures to effect savings have been implemented and shall continue to realise the down-management of the forecasted HR deficit. The DOD implemented the following HR interventions:

- An average planned HR strength of 73 000 over the MTEF.
- Reduce Reserve Force man-days to 1 990 259.
- Recruit MSDS intakes every alternate calendar year.
- Cap annual increases of regimental and operational allowances as well as allowances paid in lieu of scarce skills retention.
- Re-activate the implementation of exit strategies i.e., Mobility Exit Mechanism (MEM) and Employee Initiated Severance Package (EISP).

### Human Resource Plans and Policies

The implementation of HR interventions is governed by the following policy documents issued internally in the DOD:

- DOD Directive to Implement HR Measures to Reduce HR Cost Pressures: 2021 MTEF and MTSF dated 06 August 2021.
- DOD HR Strategic Plan to Implement HR Measures to Reduce HR Cost Pressures: 2021 MTEF and MTSF dated 09 September 2021.
- Chief of the SANDF Instruction 06/2022: Executing a funded HR Exit Strategy: MEM dated 11 February 2022.
- Upliftment of the Moratorium on Granting the EISP dated 07 July 2021.

### Status Report on the Implementation of Human Resource Interventions

The DOD was able to make significant strides to implement HR interventions to curb HR costs:

- 14 504 vacant posts were deactivated in order to assist DOD internal entities to align active post structures to HR Planning and Budgeting processes.

## Part D

### Human Resource Management

- The average HR capacity as at 31 March 2023 was 69 358, which was well within the average HR planning capacity of 73 000 for FY2022/23. Due to normal and induced attrition, a force reduction of 2 186 officials materialised. This head-count reduction will contribute to possible future savings.
- The MSDS intake during March 2022 was aligned to support the HR future capacity requirements in respect of military operations.
- Capped allowances resulted in a saving of R30 million for FY2022/23.
- Implemented HR exit strategies resulted in separating 1 295 soldiers by means of the MEM and 195 civilian personnel by means of the EISP.
- The planned reduction of Reserve Force mandays and costs was exceeded, mainly due to the HR capacity requirements to augment military operations, execute administrative compliance tasks and to continue to effectively secure military installations.

## Medium-Term Human Resource Forecast

### Future Compensation of Employees' Appropriations

It is expected that the trajectory of under-funding the CoE budget requirements remain enforced, mainly as a result of the persistent adverse fiscal trends.

### Eradicating Femicide, Gender-based Violence and abuse of the Vulnerable

It is expected that the DOD will continue to seek to find alternative ways to enhance awareness and the subsequent consequences should officials be found guilty of such offences.

### Race, Gender Mainstreaming and Persons with Disabilities

The DOD will continue to pursue a composition and distribution that reflects the South African society.



## Human Resources Oversight Statistics

### Personnel Related Expenditure

The following tables<sup>1</sup> summarise the final audited personnel-related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Personnel Expenditure by Programme for the period 01 April 2022 to 31 March 2023 (Table 3.1.1)						
Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	Average Personnel Cost per Employee (R'000)
Administration	6 071 295	2 221 139	39 688	1 912	36.58%	638
Force Employment	5 012 398	2 788 269	2 138	6 914	55.63%	1 360
Landward Defence	17 732 035	14 980 074	30 659	3 764	84.48%	413
Air Defence	6 763 529	4 312 903	84 427	3 837	63.77%	472
Maritime Defence	4 662 636	2 603 362	9 886	540	55.83%	443
Military Health Support	5 979 581	4 204 775	13 723	723 484	70.32%	597
Defence Intelligence	1 114 004	479 556	2 195	25	43.05%	468
General Support	7 261 271	3 070 850	21 967	297 309	42.29%	478
<b>Total</b>	<b>54 596 749</b>	<b>34 660 928</b>	<b>204 683</b>	<b>1 037 785</b>	<b>63.49%</b>	<b>486</b>

Note: Personnel expenditure includes all CoE expenses incurred (Item 10 only).

Personnel Costs by Salary Band for the period 01 April 2022 to 31 March 2023 (Table 3.1.2)				
Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee (R'000)
MSDS	254 207	0.73%	2 012	126
Lower Skilled (Levels 1-2)	609 648	1.76%	3 335	183
Skilled (Levels 3-5)	12 473 768	36.00%	30 124	414
Highly Skilled Production (Levels 6-8)	11 809 871	34.07%	24 451	483
Highly Skilled Supervision (Levels 9-12)	8 527 733	24.60%	10 837	787
Senior Professionals	603 570	1.74%	285	2 118
Senior and Top Management (Levels 13-16)	382 131	1.10%	269	1 420
<b>Total</b>	<b>34 660 928</b>	<b>100.00%</b>	<b>71 313</b>	<b>486</b>

Note:

- The MSDS members were indicated separately on applicable tables and refer to the first career stage of the SANDF's new service system. The system serves as the entry point for most new recruits who serve for two years in the Regulars and ensures a throughput of young and fit members for operational deployment purposes.
- Employees appointed in the Occupation Specific Dispensation on salary levels 13 and higher (equivalent) are grouped as Senior Professionals.

<sup>1</sup> As prescribed by the Minister for the Public Service and Administration for all departments. Numbering of tables may not be changed and should be maintained as per the NT Annual Report Guide for National and Provincial Departments.

**Part D**  
**Human Resource Management**

Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period 01 April 2022 to 31 March 2023 (Table 3.1.3)								
Programme	Salaries		Overtime		HOA		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Cost	Amount (R'000)	Overtime as a % of Personnel Cost	Amount (R'000)	HOA as a % of Personnel Costs	Amount (R'000)	Medical Aid as a % of Personnel Costs
Administration	1 460 247	65.74%	4 074	0.18%	40 691	1.83%	38 096	1.72%
Force Employment	680 018	24.39%	5 324	0.19%	19 656	0.70%	6 307	0.23%
Landward Defence	9 711 843	64.83%	103 458	0.69%	380 175	2.54%	76 540	0.51%
Air Defence	2 979 838	69.09%	19 640	0.46%	94 891	2.20%	30 431	0.71%
Maritime Defence	1 838 959	70.64%	42 226	1.62%	58 434	2.24%	17 077	0.66%
Military Health Support	2 762 210	65.69%	268 617	6.39%	64 642	1.54%	24 569	0.58%
Defence Intelligence	343 421	71.61%	388	0.08%	10 733	2.24%	2 521	0.53%
General Support	2 005 996	65.32%	17 543	0.57%	75 364	2.45%	16 367	0.53%
<b>Total</b>	<b>21 782 532</b>	<b>62.84%</b>	<b>461 270</b>	<b>1.33%</b>	<b>744 586</b>	<b>2.15%</b>	<b>211 908</b>	<b>0.61%</b>

Note: Salaries amount includes Salaries: Military Skills Dispensation (MSD), Salaries: Contract Workers (CJ) and Salaries: Session Workers.

Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the period 01 April 2022 to 31 March 2023 (Table 3.1.4)								
Salary Band	Salaries		Overtime		HOA		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Costs	Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	HOA as a % of Personnel Costs	Amount (R'000)	Medical Aid as a % of Personnel Costs
MSDS	225 316	88.63%	1 642	0.65%	0	0.00%	0	0.00%
Lower Skilled (Levels 1-2)	403 708	66.22%	4 316	0.71%	45 870	7.52%	73 534	12.06%
Skilled (Levels 3-5)	7 033 766	56.39%	139 077	1.11%	300 937	2.41%	72 891	0.58%
Highly Skilled Production (Levels 6-8)	7 884 517	66.76%	115 567	0.98%	287 082	2.43%	56 326	0.48%
Highly Skilled Supervision (Levels 9-12)	5 667 079	66.45%	92 911	1.09%	110 697	1.30%	9 157	0.11%
Senior Professionals	330 082	54.69%	107 757	17.85%	0	0.00%	0	0.00%
Senior and Top Management (Levels 13-16)	238 064	62.30%	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>21 782 532</b>	<b>62.84%</b>	<b>461 270</b>	<b>1.33%</b>	<b>744 586</b>	<b>2.15%</b>	<b>211 908</b>	<b>0.61%</b>

## Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Critical occupations that need to be monitored have been identified. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Employment and Vacancies by Programme as on 31 March 2023 (Table 3.2.1)				
Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate	Number of Employees additional to the Establishment
Administration	4 776	3 399	28.83%	0
Force Employment	2 973	2 023	31.95%	0
Landward Defence	43 364	35 249	18.71%	0
Air Defence	12 700	8 906	29.87%	0
Maritime Defence	7 384	5 561	24.69%	0
Military Health Support	9 723	6 899	29.04%	0
Defence Intelligence	1 301	997	23.37%	0
General Support	7 836	6 200	20.88%	0
<b>Total</b>	<b>90 057</b>	<b>69 234</b>	<b>23.12%</b>	<b>0</b>

Note: Posts refer only to approved production posts on the post establishment, of which 73 098 posts were funded for FY2022/23. There were no employees additional to the number of posts on the approved establishment.

Employment and Vacancies by Salary Band as on 31 March 2023 (Table 3.2.2)				
Salary Band	Number of Posts on Approved Establishment	Number of Employees	Vacancy Rate	Number of Employees additional to the Establishment
Lower Skilled (Levels 1-2)	10 693	5 401	49.49%	0
Skilled (Levels 3-5)	35 725	29 059	18.66%	0
Highly Skilled Production (Levels 6-8)	28 436	23 863	16.08%	0
Highly Skilled Supervision (Levels 9-12)	14 268	10 379	27.26%	0
Senior Professionals	651	279	57.14%	0
Senior and Top Management (Levels 13-16)	284	253	10.92%	0
<b>Total</b>	<b>90 057</b>	<b>69 234</b>	<b>23.12%</b>	<b>0</b>

Note:

- There are no designated MSDS posts as MSDS members are placed in training posts at the commencement of training and only after training are they appointed and utilised in approved production posts. 1 986 MSDS members are included in the Skilled (Levels 3-5) Salary Band.
- The number of posts on the approved establishment are not necessarily funded.

Employment and Vacancies by Critical Occupation as on 31 March 2023 (Table 3.2.3)				
Critical Occupation	Number of Posts on Approved Establishment	Number of Employees	Vacancy Rate	Number of Employees additional to the Establishment
Air Space Control	549	474	13.66%	0
Aircrew	612	454	25.82%	0
Anti-Aircraft	968	1 043	-7.75%	0
Artillery	1 289	1 491	-15.67%	0
Combat Navy	646	636	1.55%	0
Engineer	165	98	40.61%	0
Medical Professional	1 654	1 484	10.28%	0
Nursing	1 659	1 299	21.70%	0
Technical	8 683	6 295	27.50%	0
<b>Total</b>	<b>16 225</b>	<b>13 274</b>	<b>18.19%</b>	<b>0</b>

Note:

- Posts refer only to approved-production posts captured on the post establishment.
- A number of members within the Anti-Aircraft, Artillery and Combat Navy occupations occupy common posts related to the occupation. There are also 185 MSDS members employed within critical occupations under training and therefore not yet appointed in approved production posts. This explains the additional members within critical occupations if compared to the number of approved critical occupation posts.
- Occupations included in the Medical Professional occupational category include Medical Practitioners, Pharmacists, Specialists and Ancillary Health.
- The number of posts on the approved establishment are not necessarily funded.

## Filling of Senior Management Service/System Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service/System Posts (SMS) by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

SMS Post Information as on 31 March 2023 (Table 3.3.1)					
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General / Head of Department	1	1	100.00%	0	0.00%
Salary Level 16	7	4	57.14%	3	42.86%
Salary Level 15	13	10	76.92%	3	23.08%
Salary Level 14	57	54	94.74%	3	5.26%
Salary Level 13	212	184	86.79%	28	13.21%
<b>Total</b>	<b>290</b>	<b>253</b>	<b>87.24%</b>	<b>37</b>	<b>12.76%</b>

SMS Post Information as on 30 September 2022 (Table 3.3.2)					
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General / Head of Department	1	1	100.00%	0	0.00%
Salary Level 16	7	6	85.71%	1	14.29%
Salary Level 15	13	9	69.23%	4	30.77%
Salary Level 14	57	52	91.23%	5	8.77%
Salary Level 13	212	206	97.17%	6	2.83%
<b>Total</b>	<b>290</b>	<b>274</b>	<b>94.48%</b>	<b>16</b>	<b>5.52%</b>

Advertising and Filling of SMS Posts for the period 01 April 2022 to 31 March 2023 (Table 3.3.3)			
SMS Level	Advertising	Filling of Posts	
	Number of Vacancies per Level Advertised in 06 Months of Becoming Vacant	Number of Vacancies per Level Filled in 06 Months of Becoming Vacant	Number of Vacancies per Level not Filled in 06 Months but Filled in 12 Months
Director-General / Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	3	0
Salary Level 14	0	6	0
Salary Level 13	0	5	4
<b>Total</b>	<b>0</b>	<b>14</b>	<b>4</b>

Note:

- Vacant PSAP posts are advertised. Vacant Military posts are staffed by means of succession planning.
- Financial Authority for the advertisement of the posts of Chief Financial Officer, as well as the Secretary for Defence, was granted on 30 March 2023.

Reasons for not having Complied with the Filling of Funded Vacant SMS Posts - Advertised within 06 Months and Filled within 12 Months after becoming Vacant for the period 01 April 2022 to 31 March 2023 (Table 3.3.4)	
<b>Reasons for vacancies not advertised within six months</b>	
<ul style="list-style-type: none"> <li>• Military posts are not advertised but are staffed during the Annual Succession Planning.</li> <li>• Job evaluation results of three Deputy Director-General posts are currently under consideration. Requests to fill posts were submitted after the prescribed period of six months.</li> </ul>	
<b>Reasons for vacancies not filled within twelve months</b>	
<ul style="list-style-type: none"> <li>• Vacant military SMS posts are filled by means of succession planning which is currently in process.</li> <li>• Personnel suitability checks (SAQA and Defence Intelligence Pre-screening).</li> </ul>	

Disciplinary Steps Taken for not Complying with the Prescribed Timeframes for Filling SMS Posts within 12 Months for the period 01 April 2022 to 31 March 2023 (Table 3.3.5)	
<b>Reasons for vacancies not advertised within six months</b>	
N/A	
<b>Reasons for vacancies not filled within six months</b>	
N/A	

## Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Job Evaluation by Salary Band for the period 01 April 2022 to 31 March 2023 (Table 3.4.1)							
Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Lower Skilled (Levels 1-2)	10 693	110	22.04%	0	0.00%	0	0.00%
Skilled (Levels 3-5)	35 725	213	42.69%	0	0.00%	2	0.40%
Highly Skilled Production (Levels 6-8)	28 436	126	25.25%	0	0.00%	0	0.00%
Highly Skilled Supervision (Levels 9-12)	14 268	49	9.82%	0	0.00%	5	1.00%
Senior Professionals	651	1	0.20%	0	0.00%	0	0.00%
Senior Management Service Band A	202	0	0.00%	0	0.00%	0	0.00%
Senior Management Service Band B	60	0	0.00%	0	0.00%	0	0.00%
Senior Management Service Band C	17	0	0.00%	0	0.00%	0	0.00%
Senior Management Service Band D	3	0	0.00%	0	0.00%	0	0.00%
Minister/Deputy/Advisors	2	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>90 057</b>	<b>499</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>	<b>7</b>	<b>1.40%</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Profile of Employees whose Salary Positions were Upgraded due to their Posts being Upgraded for the period 01 April 2022 to 31 March 2023 (Table 3.4.2)					
Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Employees with a Disability</b>					<b>0</b>

Note: No employees' salary positions were upgraded due to their posts being upgraded over the reporting period.

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Employees with Salary Levels Higher than those Determined by Job Evaluation by Occupation for the period 01 April 2022 to 31 March 2023 (Table 3.4.3)				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Chief Financial Officer	1	15	16	Recruitment purposes
<b>Total Number of Employees Whose Salaries Exceeded the Level Determined by Job Evaluation</b>				<b>1</b>
<b>Percentage of Total Employed</b>				<b>0 001%</b>

The following table summarises the beneficiaries of the above in terms of race, gender and disability.

Profile of Employees who have Salary Levels Higher than those Determined by Job Evaluation for the period 01 April 2022 to 31 March 2023 (Table 3.4.4)					
Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Employees with a Disability</b>					<b>0</b>

## Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Annual Turnover Rates by Salary Band for the period 01 April 2022 to 31 March 2023 (Table 3.5.1)					
Employment Contract	Salary Band	Number of Employees at Beginning of Period 01 April 2022	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Permanent	Lower Skilled (Levels 1-2)	3 025	490	40	1.23%
	Skilled (Levels 3-5)	8 419	144	738	9.09%
	Highly Skilled Production (Levels 6-8)	11 453	53	1 278	11.79%
	Highly Skilled Supervision (Levels 9-12)	6 078	50	1 045	18.73%
	Senior Professionals	122	5	18	15.58%
	Senior Management Service Band A	183	1	26	15.25%
	Senior Management Service Band B	51	1	6	12.37%
	Senior Management Service Band C	9	0	4	57.14%
	Senior Management Service Band D	2	0	1	66.67%
	Minister/Deputy/Advisors	2	0	0	0.00%
<b>Sub-Total Permanent</b>		<b>29 344</b>	<b>744</b>	<b>3 156</b>	<b>11.22%</b>
Contract	MSDS	2 065	47	87	4.25%
	Lower Skilled (Levels 1-2)	16	0	0	0.00%
	Skilled (Levels 3-5)	22 501	139	346	1.54%
	Highly Skilled Production (Levels 6-8)	13 192	93	317	2.42%
	Highly Skilled Supervision (Levels 9-12)	4 772	72	196	4.16%
	Senior Professionals	162	0	9	5.71%
	Senior Management Service Band A	21	0	1	4.88%
	Senior Management Service Band B	2	0	1	66.67%
	Senior Management Service Band C	1	0	0	0.00%
	Senior Management Service Band D	3	0	1	40.00%
Minister/Deputy/Advisors	0	0	0	0.00%	
<b>Sub-Total Contract</b>		<b>42 735</b>	<b>351</b>	<b>958</b>	<b>2.26%</b>
<b>Total</b>		<b>72 079</b>	<b>1 095</b>	<b>4 114</b>	<b>5.83%</b>

Note:

- The 'Permanent' category represents employees with an employment contract period to retirement age.
- The 'Contract' category represents employees who serve for a pre-determined employment contract period.



Annual Turnover Rates by Critical Occupation for the period 01 April 2022 to 31 March 2023 (Table 3.5.2)				
Critical Occupation	Number of Employees at Beginning of Period 01 April 2022	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	485	0	18	3.78%
Aircrew	458	0	13	2.88%
Anti-Aircraft	1 071	7	28	2.64%
Artillery	1 535	1	41	2.71%
Combat Navy	665	1	32	4.93%
Engineer	105	0	10	10.00%
Medical Professional	1 506	161	194	13.02%
Nursing	1 382	11	84	6.24%
Technical	6 638	3	377	5.84%
<b>Total</b>	<b>13 845</b>	<b>184</b>	<b>797</b>	<b>5.89%</b>

Note:

- The absence of a January 2023 MSDS intake influenced the appointment rate in the DOD.
- The reactivation of an exit mechanism (MEM/EISP) also contributed to the higher terminations.

The table below identifies the major reasons why staff left the department.

Reasons why Staff Left the Department over the period 01 April 2022 to 31 March 2023 (Table 3.5.3)		
Termination Type	Number	% of Total
Death	374	9.09%
Resignation	839	20.39%
Expiry of Contract	294	7.15%
Dismissal – Operational Requirements	0	0.00%
Dismissal – Misconduct	125	3.04%
Dismissal – Inefficiency	45	1.09%
Discharge due to Ill-Health	21	0.51%
Retirement	980	23.82%
Transfer to other Public Service Departments	19	0.46%
Exit Strategy - Mobility Exit Mechanism (MEM) and Employee-Initiated Severance Package (EISP)	1 402	34.20%
Other	0	0.00%
<b>Total Number of Employees who left as a % of the Total Employment</b>	<b>4 099</b>	<b>5.75%</b>

Note: Implementing the exit strategy (MEM/EISP) was added as a termination type due to its impact on the number of terminations.

## Part D

### Human Resource Management

Promotions by Critical Occupation for the period 01 April 2022 to 31 March 2023 (Table 3.5.4)					
Occupation	Number of Employees as at 01 April 2022	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	485	62	12.78%	8	1.65%
Aircrew	458	21	4.59%	9	1.97%
Anti-Aircraft	1 071	85	7.94%	12	1.12%
Artillery	1 535	88	5.73%	64	4.17%
Combat Navy	665	71	10.68%	22	3.31%
Engineer	105	9	8.57%	5	4.76%
Medical Professional	1 506	190	12.62%	181	12.02%
Nursing	1 382	143	10.35%	52	3.76%
Technical	6 638	606	9.13%	130	1.96%
<b>Total</b>	<b>13 845</b>	<b>1 275</b>	<b>9.21%</b>	<b>483</b>	<b>3.49%</b>

Promotions by Salary Band for the period 01 April 2022 to 31 March 2023 (Table 3.5.5)					
Salary Band	Number of Employees 01 April 2022	Promotions to another Salary Level	Salary Band 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
MSDS	2 065	0	0.00%	0	0.00%
Lower Skilled (Levels 1-2)	3 041	0	0.00%	2 130	70.04%
Skilled (Levels 3-5)	30 920	1 959	6.34%	2 285	7.39%
Highly Skilled Production (Levels 6-8)	24 645	2 667	10.82%	1 197	4.86%
Highly Skilled Supervision (Levels 9-12)	10 850	1 010	9.31%	381	3.51%
Senior Professionals	284	35	12.32%	18	6.34%
Senior Management (Levels 13-16)	274	12	4.38%	161	58.76%
<b>Total</b>	<b>72 079</b>	<b>5 683</b>	<b>7.88%</b>	<b>6 172</b>	<b>8.56%</b>

## Employment Equity

The SA Defence Review, 2015 states that *“the Defence Force will strive to be seen as a representative, equitable and gender aligned national asset”*. Positive strides have been achieved in terms of transformation, however, challenges remain in certain occupational categories

Total Number of Employees (Including Employees with Disabilities) in each of the Following Occupational Categories as on 31 March 2023 (Table 3.6.1)									
Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	1	0	0	0	1	0	0	0	2
Professionals	786	126	59	218	837	189	77	350	2 642
Technicians and Associate Professionals	3 192	352	70	643	2 027	277	52	355	6 968
Clerks	4 955	944	86	572	4 794	761	96	983	13 191
Service and Sales Workers	18 423	2 358	184	1 084	5 265	920	47	328	28 609
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and Related Trades Workers	5 043	757	139	1 133	1 862	247	12	137	9 330
Plant and Machine Operators and Assemblers	121	23	2	17	15	0	0	0	178
Elementary Occupations	4 040	707	45	336	2 587	443	25	131	8 314
<b>Total</b>	<b>36 561</b>	<b>5 267</b>	<b>585</b>	<b>4 003</b>	<b>17 388</b>	<b>2 837</b>	<b>309</b>	<b>2 284</b>	<b>69 234</b>
<b>Employees with Disabilities</b>	<b>137</b>	<b>34</b>	<b>2</b>	<b>61</b>	<b>21</b>	<b>5</b>	<b>0</b>	<b>29</b>	<b>289</b>

Total Number of Employees (Including Employees with Disabilities) in each of the Following Occupational Bands as on 31 March 2023 (Table 3.6.2)									
Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	11	0	0	0	4	0	0	0	15
Senior Management	146	11	6	18	38	6	5	8	238
Professionally Qualified and Experienced Specialists and Mid-Management	4 194	909	156	1 872	2 188	390	108	841	10 658
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	12 179	2 137	199	1 518	5 600	939	95	1 196	23 863
Semi-Skilled and Discretionary Decision Making	17 681	1 927	192	536	7 281	1 179	72	191	29 059
Unskilled and Defined Decision Making	1 345	161	3	21	1 616	226	9	34	3 415
MSDS	1 005	122	29	38	661	97	20	14	1 986
<b>Total</b>	<b>36 561</b>	<b>5 267</b>	<b>585</b>	<b>4 003</b>	<b>17 388</b>	<b>2 837</b>	<b>309</b>	<b>2 284</b>	<b>69 234</b>

## Part D

### Human Resource Management

Recruitment for the period 01 April 2022 to 31 March 2023 (Table 3.6.3)									
Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0	2
Professionally Qualified and Experienced Specialists and Mid-Management	32	4	4	5	50	4	6	23	128
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	37	5	2	3	60	12	8	19	146
Semi-Skilled and Discretionary Decision Making	129	9	2	1	122	11	9	0	283
Unskilled and Defined Decision Making	211	18	1	4	243	10	0	3	490
MSDS	11	2	3	0	22	5	1	3	47
<b>Total</b>	<b>422</b>	<b>38</b>	<b>12</b>	<b>13</b>	<b>497</b>	<b>42</b>	<b>24</b>	<b>48</b>	<b>1 096</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Promotions for the period 01 April 2022 to 31 March 2023 (Table 3.6.4)									
Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	0	0	0	0	0	3
Senior Management	7	1	0	0	1	0	0	0	9
Professionally Qualified and Experienced Specialists and Mid-Management	418	70	11	104	305	46	14	77	1 045
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	1 412	210	19	109	745	90	15	67	2 667
Semi-Skilled and Discretionary Decision Making	1 052	108	21	53	623	77	9	16	1 959
Unskilled and Defined Decision Making	0	0	0	0	0	0	0	0	0
MSDS	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2 892</b>	<b>389</b>	<b>51</b>	<b>266</b>	<b>1 674</b>	<b>213</b>	<b>38</b>	<b>160</b>	<b>5 683</b>
<b>Employees with Disabilities</b>	<b>14</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>23</b>

Terminations for the period 01 April 2022 to 31 March 2023 (Table 3.6.5)									
Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	0	0	1	0	0	0	6
Senior Management	16	4	0	4	7	1	0	2	34
Professionally Qualified and Experienced Specialists and Mid-Management	373	167	34	374	135	26	16	143	1 268
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	829	215	35	134	178	49	18	137	1 595
Semi-Skilled and Discretionary Decision Making	759	109	6	28	133	36	1	12	1 084
Unskilled and Defined Decision Making	21	4	0	3	8	3	0	1	40
MSDS	18	4	10	10	31	8	1	5	87
<b>Total</b>	<b>2 021</b>	<b>503</b>	<b>85</b>	<b>553</b>	<b>493</b>	<b>123</b>	<b>36</b>	<b>300</b>	<b>4 114</b>
<b>Employees with Disabilities</b>	<b>15</b>	<b>9</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>47</b>

Disciplinary Action for the period 01 April 2022 to 31 March 2023 – Public Service Act Personnel (Table 3.6.6)									
Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Counselling	0	0	1	0	0	0	0	0	1
Dismissal	1	1	0	0	0	0	0	0	2
Final Written Warning	0	0	1	0	0	0	0	0	1
Written Warning	5	0	0	0	1	1	0	0	7
Verbal Warning	1	0	0	0	0	0	0	0	1
Suspension without Pay	0	0	0	0	1	0	0	0	1
Cases Withdrawn	2	0	0	0	0	0	0	0	2
Not Guilty	5	0	0	1	2	0	0	0	8
<b>Total</b>	<b>14</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>23</b>

Skills Development for the period 01 April 2022 to 31 March 2023 (Table 3.6.7)									
Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	0	0	0	0	0	0	0	0	0
Professionals	146	20	4	17	105	13	2	18	325
Technicians and Associate Professionals	994	107	19	118	594	68	11	55	1 966
Clerks	1 512	253	23	123	1 479	214	29	71	3 704
Service and Sales Workers	4 562	687	63	294	1 706	289	22	61	7 684
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and Related Trades Workers	1 454	172	34	191	692	74	1	18	2 636
Plant and Machine Operators and Assemblers	25	2	0	3	4	0	0	0	34
Elementary Occupations	825	142	17	92	318	58	6	26	1 484
<b>Total</b>	<b>9 518</b>	<b>1 383</b>	<b>160</b>	<b>838</b>	<b>4 898</b>	<b>716</b>	<b>71</b>	<b>249</b>	<b>17 833</b>
Employees with Disabilities	24	5	0	6	1	0	0	0	36

## Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken are presented here.

Signing of Performance Agreements by SMS members as on 31 May 2022 (Table 3.7.1)				
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS members	Total Number of Signed Performance Agreements	Signed Performance Agreements as % of Total Number of SMS Members
Director General / Head of Department	1	1	1	100.00%
Salary Level 16	7	6	4	66.67%
Salary Level 15	13	10	10	100.00%
Salary Level 14	57	53	48	90.57%
Salary Level 13	212	203	196	96.55%
<b>Total</b>	<b>290</b>	<b>273</b>	<b>259</b>	<b>94.87%</b>

Reasons for not having Concluded Performance Agreements for all SMS Members (Table 3.7.2)
<b>Reasons for not having Concluded Performance Agreements for all SMS Members as on 31 March 2023</b>
<p><u>Uniform SMS Members</u></p> <ul style="list-style-type: none"> <li>• Uniform SMS Strength as on 01 April 2022 was 210:               <ul style="list-style-type: none"> <li>- Active Uniform SMS Members: 210</li> <li>- Suspended SMS Uniform Members: 2</li> <li>- Leave on Instruction SMS Uniform Members: 1</li> <li>- Total number of members/officials who had to submit Performance Agreements: 207</li> </ul> </li> <li>• Chief Director Human Resource Management received 204 signed Performance Agreements.</li> </ul> <p><u>PSAP SMS Members</u></p> <ul style="list-style-type: none"> <li>• Total of 63 PSAP SMS members on strength.</li> <li>• 3 PSAP SMS members did not submit signed/completed Performance Agreements.</li> <li>• 8 PSAP SMS members did not conclude and sign Performance Agreements:               <ul style="list-style-type: none"> <li>- Level 13 employees: 3</li> <li>- Level 14 employees: 3</li> <li>- Level 16 employees: 2</li> </ul> </li> </ul> <p><u>Main Reasons For Non-Compliance</u></p> <ul style="list-style-type: none"> <li>• Administrative challenges (i.e. Incomplete Performance Agreements).</li> <li>• Non-Adherence to target dates.</li> </ul>

Disciplinary Steps Taken against SMS Members for not having Concluded Performance Agreements (Table 3.7.3)
<b>Disciplinary Steps Taken against SMS Members for not having Concluded Performance Agreements as on 31 March 2023</b>
<ul style="list-style-type: none"> <li>• Chief Director Human Resource Management reports on the status of non-compliance on a weekly, monthly and quarterly basis at several fora i.e., Plenary Defence Staff Council, Military Command Council, Human Resources Board, etc.</li> <li>• Chief Director Human Resource Management issued reminder letters dated 15 Nov 2022 to all applicable Chiefs of Services and Divisions to address this matter with members concerned.</li> <li>• Officials without concluded performance agreements may not qualify for pay progression which will be enforced by Chief Director Human Resource Management as a disciplinary control measure.</li> </ul>

## Performance Rewards

The tables below present the payment of performance rewards in terms of the following variables:

- race and gender
- salary band
- critical occupations
- SMS

Two categories of performance rewards are applicable:

- Performance reward or bonus as described in the Incentive Policy Framework; and
- Reward for the recognition of improved qualifications.

The DPSA guideline, as stipulated in Circular No. 01 of 2019 dated 30 January 2019, confirmed that 0% of the FY2022/23 budget may be provisioned for the payment of performance rewards. No budget was therefore allocated towards the payment of performance rewards. Payments made were due to administrative corrections made to employees who previously qualified.

The largest portion of payments made in FY2022/23 was made to reward recognition of improved qualifications.

Performance Rewards by Race Gender and Disability for the period 01 April 2022 to 31 March 2023 (Table 3.8.1)					
Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees as at 01 April 2022	% of Total within Group	Cost (R'000)	Average Cost per Employee
<b>African</b>	<b>33</b>	<b>55 444</b>	<b>0.06%</b>	<b>998</b>	<b>30</b>
Male	11	38 061	0.03%	380	35
Female	22	17 383	0.13%	618	28
<b>Indian</b>	<b>1</b>	<b>983</b>	<b>0.10%</b>	<b>22</b>	<b>22</b>
Male	1	661	0.15%	22	22
Female	0	322	0.00%	0	0
<b>Coloured</b>	<b>6</b>	<b>8 624</b>	<b>0.07%</b>	<b>152</b>	<b>25</b>
Male	1	5 710	0.02%	23	23
Female	5	2 914	0.17%	129	26
<b>White</b>	<b>2</b>	<b>7 028</b>	<b>0.03%</b>	<b>48</b>	<b>24</b>
Male	0	4 516	0.00%	0	0
Female	2	2 512	0.08%	48	24
<b>Total</b>	<b>42</b>	<b>72 079</b>	<b>0.06%</b>	<b>1 220</b>	<b>29</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>315</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>



Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 01 April 2022 to 31 March 2023 (Table 3.8.2)						
Salary Band	Beneficiary Profile		Cost			Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees as at 01 April 2022	% of Total within Salary Band	Total Cost (R'000)	Average Cost per Employee	
MSDS	0	2 065	0.00%	0	0	0.0000%
Lower Skilled (Levels 1-2)	0	3 041	0.00%	0	0	0.0000%
Skilled (Levels 3-5)	9	30 920	0.03%	199	22	0.0016%
Highly Skilled Production (Levels 6-8)	16	24 645	0.06%	397	25	0.0034%
Highly Skilled Supervision (Levels 9-12)	16	10 850	0.15%	592	37	0.0069%
Senior Professionals	0	284	0.00%	0	0	0.0000%
Senior management (Levels 13-16)	1	274	0.36%	32	32	0.0084%
<b>Total</b>	<b>42</b>	<b>72 079</b>	<b>0.06%</b>	<b>1 220</b>	<b>29</b>	<b>0.0035%</b>

Performance Rewards by Critical Occupation for the period 01 April 2022 to 31 March 2023 (Table 3.8.3)					
Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Occupation	Total Cost (R'000)	Average Cost per Employee
Air Space Control	0	479	0.00%	0	0
Aircrew	0	448	0.00%	0	0
Anti-Aircraft	0	1 050	0.00%	0	0
Artillery	0	1 512	0.00%	0	0
Combat Navy	0	665	0.00%	0	0
Engineer	0	90	0.00%	0	0
Medical Prof	0	1 506	0.00%	0	0
Nursing	0	1 330	0.00%	0	0
Technical	0	6 565	0.00%	0	0
<b>Total</b>	<b>0</b>	<b>13 645</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>

Performance Related Rewards (Cash Bonus) by Salary Band for SMS for the period 01 April 2022 to 31 March 2023 (Table 3.8.4)						
Salary Band	Beneficiary Profile			Cost		Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees	% of Total within Salary Band	Total Cost (R'000)	Average Cost per Employee	
Band A	1	204	0.49%	32	32	0.01%
Band B	0	53	0.00%	0	0	0.00%
Band C	0	10	0.00%	0	0	0.00%
Band D	0	5	0.00%	0	0	0.00%
Minister / Deputy Minister	0	2	0.00%	0	0	0.00%
<b>Total</b>	<b>1</b>	<b>274</b>	<b>0.36%</b>	<b>32</b>	<b>32</b>	<b>0.01%</b>

## Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Foreign Workers by Salary Band for the period 01 April 2022 to 31 March 2023 (Table 3.9.1)						
Salary Band	01 April 2022		31 March 2023		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Lower Skilled	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%
Contract (Levels 9-12)	0	0%	0	0%	0	0%
Contract (Levels 13-16)	0	0%	0	0%	0	0%
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

Foreign Workers by Major Occupation for the period 01 April 2022 to 31 March 2023 (Table 3.9.2)						
Major Occupation	01 April 2022		31 March 2023		Change	
	Number	% of Total	Number	% of Total	Number	% Change
None	0	0%	0	0%	0	0%
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

## Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Sick Leave for the period 01 January 2022 to 31 December 2022 (Table 3.10.1)						
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)
MSDS	424	97.88%	158	7.85%	3	160
Lower Skilled (Levels 1-2)	30 550	87.49%	2 838	85.10%	11	39 572
Skilled (Levels 3-5)	136 641	92.77%	16 709	55.47%	8	240 084
Highly Skilled Production (Levels 6-8)	150 433	86.02%	17 432	71.29%	9	428 250
Highly Skilled Supervision (Levels 9-12)	62 974	87.26%	7 568	69.83%	8	261 801
Senior Professionals	1 559	84.28%	181	63.51%	9	12 415
Top and Senior Management (Levels 13-16)	987	87.64%	139	51.67%	7	5 294
<b>Total</b>	<b>383 568</b>	<b>88.76%</b>	<b>45 025</b>	<b>63.14%</b>	<b>9</b>	<b>987 576</b>

Note: The new three-year sick leave cycle started on 01 January 2022.

Disability Leave (Temporary and Permanent) for the period 01 January 2022 to 31 December 2022 (Table 3.10.2)						
Salary Band	Total Days	% Days with Medical Certification	Number of Employees Using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)
MSDS	0	0.00%	0	0.00%	0	0
Lower Skilled (Levels 1-2)	1 484	100.00%	50	1.50%	30	947
Skilled (Levels 3-5)	20 011	100.00%	482	1.60%	42	31 838
Highly Skilled Production (Levels 6-8)	26 065	100.00%	574	2.35%	45	60 813
Highly Skilled Supervision (Levels 9-12)	13 106	100.00%	271	2.50%	48	50 247
Senior Professionals	124	100.00%	6	2.11%	21	791
Top and Senior Management (Levels 13-16)	109	100.00%	5	1.86%	22	621
<b>Total</b>	<b>60 899</b>	<b>100.00%</b>	<b>1 388</b>	<b>1.95%</b>	<b>44</b>	<b>145 257</b>

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Annual Leave for the period 01 January 2022 to 31 December 2022 (Table 3.10.3)			
Salary Band	Total Days Taken	Number of Employees using Annual Leave	Average per Employee
MSDS	12 800	1 583	8
Lower Skilled (Levels 1-2)	78 290	3 705	21
Skilled (Levels 3-5)	684 542	29 887	23
Highly Skilled Production (Levels 6-8)	641 191	23 884	27
Highly Skilled Supervision (Levels 9-12)	274 812	10 216	27
Senior Professionals	7 377	286	26
Top and Senior Management (Levels 13-16)	5 982	255	23
<b>Total</b>	<b>1 704 994</b>	<b>69 816</b>	<b>24</b>

Capped Leave for the period 01 January 2022 to 31 December 2022 (Table 3.10.4)				
Salary Band	Total Days of Capped Leave Taken	Number of Employees using Capped Leave	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 March 2023
MSDS	0	0	0	0
Lower Skilled (Levels 1-2)	15	6	3	3
Skilled (Levels 3-5)	2 192	488	4	14
Highly Skilled Production (Levels 6-8)	1 169	326	4	15
Highly Skilled Supervision (Levels 9-12)	472	134	4	21
Senior Professionals	132	12	11	19
Top and Senior Management (Levels 13-16)	16	3	5	46
<b>Total</b>	<b>3 996</b>	<b>969</b>	<b>4</b>	<b>16</b>

Note: MSDS members do not have and cannot accumulate capped leave.

## Part D

### Human Resource Management

The following table summarises payments made to employees as a result of leave that was not taken.

Leave Pay-outs for the period 01 April 2022 to 31 March 2023 (Table 3.10.5)			
Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R'000)
Leave Pay-out due to non-utilisation of leave for the previous FY2022/23 cycle	0	0	0
Leave pay-outs due to discounting of leave FY2022/23 cycle	189 721	12 144	16
Leave pay-out on termination of service for FY2022/23	191 989	3 046	63
<b>Total</b>	<b>381 710</b>	<b>15 190</b>	<b>25</b>

## HIV / AIDS and Health Promotion Programmes

Steps Taken to Reduce the Risk of Occupational Exposure (Table 3.11.1)	
Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases	Key Steps Taken to Reduce the Risk
Low risk: All members	<p>HIV and AIDS-related prevention programmes including mass awareness and workplace programmes for both Regular Force and Reserve Force as part of the One Force Concept as well as for the broader DOD.</p> <ul style="list-style-type: none"> <li>• Information Education and Communication: Exposure to Posters pamphlets, TV programmes and adverts, billboards, DOD Bulletins, Soldier magazine articles, road shows, etc.</li> <li>• Chaplain periods, education, information and communication.</li> <li>• Officer Commanding information and communication, health walks, sports events, etc.</li> <li>• Planned programmes for Health Month Condom Week, World TB Day, Youth Day, Women's Day World AIDS Day, 16 Days of Activism for NO violence against Women and Children, etc.</li> <li>• Peer education programmes.</li> <li>• Gender Equity Programme conducted by Social Work Officers.</li> <li>• CHATSEC programme (moral, ethical and value-based programme) conducted by Chaplains.</li> <li>• Availability of first aid kits and personal protective equipment such as face masks as applicable.</li> <li>• Condom distribution points for both males and females.</li> <li>• Health promotion programmes before and after deployments.</li> <li>• Education on Voluntary Male Medical Circumcision and appropriate referral to be circumcised.</li> <li>• Education on Prevention of Mother-to-Child Transmission.</li> <li>• Presenting the HIV and AIDS Module at military training courses.</li> <li>• Annual and bi-annual HIV Counselling and Testing as part of the Comprehensive Health Assessments.</li> <li>• Ongoing Provider-Initiated Counselling and Testing.</li> <li>• Screening for TB and STIs.</li> <li>• Provision of comprehensive sexual and reproductive health services.</li> <li>• Provision of post-exposure prophylaxis for e.g. needle stick injuries and after sexual assault.</li> <li>• Provision of pre-exposure prophylaxis when indicated.</li> <li>• Provision of INH Preventive Therapy and infection control for TB prevention. STI Partner notification.</li> <li>• Focussing on youth and adolescents by providing HIV prevention programmes to all members in the MSDS.</li> <li>• Integrated Covid-19 education and training.</li> <li>• Universal Test and Treat Strategy implemented (treatment as Prevention).</li> </ul>
Medium risk: Members on deployment (internal to RSA) i.e. RSA border protection bases / posts and members on military courses	<p>All the above programmes and interventions apply. In addition:</p> <ul style="list-style-type: none"> <li>• HIV / AIDS lectures given during all military courses and Clinical Mission Readiness Courses.</li> <li>• Trained Operational Emergency Care in HIV / AIDS / TB / STIs that deploy with other military personnel.</li> <li>• Mobile clinics deployed to support borders with HIV education and ARV and TB treatment.</li> <li>• HIV Training provided pre-deployment and mass awareness programmes in deployed regions.</li> <li>• All members undergo Comprehensive Health Assessments before they deploy to ensure that they are put on appropriate care, treatment and support during deployments (treatment as prevention).</li> <li>• Specific health promotion programmes during deployment.</li> <li>• Development of a specific module that addresses HIV and deployments for the training of healthcare professionals.</li> <li>• All Health Care Professionals deploying in support of deployed soldiers undergo vigorous clinical training in HIV and TB management.</li> </ul>
High risk: Members on deployment (external to RSA)	<ul style="list-style-type: none"> <li>• All the programmes and interventions reflected low and medium-risk exposure.</li> <li>• Specific HIV prevention programmes aimed at reducing high-risk behaviour e.g., targeting abuse of alcohol and other drugs/substance use and presentation of Resilience Programme by Social Work Officers.</li> <li>• Increasing the sport and recreation activities in external deployments.</li> <li>• Support given to families of deployed members.</li> </ul>

Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
1. 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 K.T. Ndaba Director HIV and AIDS Programmes SANDF HIV and AIDS Programme Manager  Tel: 012 367 9151
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		<p>The Director HIV / AIDS formulates strategy policies and plans and gives advice from the Surgeon General's office and provides the capabilities required by the C SANDF.</p> <p>Two members manage the monitoring and evaluation of the DOD HIV / AIDS programme at headquarter level. In addition at a provincial level, Regional HIV / AIDS Programme Managers and healthcare professionals are trained in monitoring and evaluation to ensure reliable and valid data. Members from the Chaplain General's Office also contribute towards the monitoring and evaluation of the CHATSEC programme. Directorate Social Work contributes to the monitoring and evaluation of the Gender Equity Programme and the Resilience Programme.</p> <p>HIV prevention and health promotion programmes are planned and implemented throughout the organisation by Regional Programme Managers based in the nine provinces of South Africa. These programmes/interventions are continued in the deployed regions by the healthcare professional team that deploys with the troops.</p> <p>Wellness programmes are executed at unit level in the SA Army, SA Air Force, SA Navy and SAMHS through the Military Community Wellness Committees. All Officers Commanding in the SANDF have the responsibility to ensure that wellness programmes take place in their respective units as part of HIV / AIDS Workplace Programmes as well in terms of Occupational Health and Safety.</p> <p>Health care practitioners at primary health care level provide HIV prevention health promotion, curative and rehabilitative HIV / AIDS programmes to all patients/clients throughout the organisation and provide treatment care and support to HIV-infected and affected clientele.</p> <p>The HIV / AIDS Programme of the DOD is funded through the health service delivery and operating budget of the SAMHS and as such cannot be itemised for the HIV programme alone.</p>
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		<p>The DOD has the constitutional duty to protect and defend the Republic, its sovereignty, integrity, national interest and people against direct threats. In view of this, the MOD&amp;MV has delegated the management of HIV / AIDS to the Surgeon General through the C SANDF. The Surgeon General has developed a comprehensive plan to manage the HIV / AIDS and Tuberculosis epidemics assisted by Director HIV / AIDS Programmes and Director Medicine as well as other statutory directors like nursing, social work and psychology. The Military Health Support Programme is continuing to play a role in intensifying the campaign against communicable diseases and the treatment of patients through the Comprehensive Plan for Care, Management and Treatment of HIV / AIDS in the DOD as well as the DOD Annual HIV/ AIDS, Tuberculosis and Sexual Transmitted Infections Operational Plan. The programmes interventions and/or activities include prevention of HIV and health promotion programmes.</p> <p>Significant progress has been made with the plan to increase the treatment of HIV-positive members and their dependants according to World Health Organisation Universal Test and Treat Strategy as adopted and implanted by the Minister of Health since Sep 2016. The number of ARV sites has increased to 66 fully functional units and 100% of all planned sites are operational.</p>

Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
			<p>The challenge remains that the prevalence of HIV / AIDS is highest in the sub-Saharan region where our troops deploy thus creating a risk to an already vulnerable population of soldiers due to their high-risk behaviour. In view of this, the Surgeon General has to ensure that all the deploying troops undergo a comprehensive health assessment and that all HIV-positive members are managed appropriately according to the policies and clinical guidelines being executed. Ongoing training is provided to medical officers, nursing officers, pharmacists, psychologists, social work officers, dentists, clinical associates and operational emergency care practitioners. More than 50 000 DOD members were reached during health promotion and prevention programmes. The results of the last Knowledge, Attitude and Practice survey completed in Aug 2015 have been utilised to inform programme development and management.</p> <p>The key elements of the HIV Prevention and Health Promotion Programme are:</p> <ul style="list-style-type: none"> <li>• HIV Counselling and Testing.</li> <li>• Provider-Initiated Counselling and Testing.</li> <li>• Male and female condom provision and distribution.</li> <li>• Peer education training.</li> <li>• Gender-based violence training, Gender Equity Programme.</li> <li>• Spiritual and ethical, moral and value-based prevention programmes (CHATSEC) provided by Chaplains.</li> <li>• HIV / AIDS workplace programmes (includes condom provision, behaviour modification programmes, peer education training, gender-based training, CHATSEC, mass awareness and occupational health and safety sports programmes like health walks).</li> <li>• Mass awareness campaigns.</li> <li>• Management of occupational transmission eg supply of personal protective equipment.</li> <li>• Post-exposure prophylaxis.</li> <li>• Pre-exposure prophylaxis.</li> <li>• Prevention of vertical transmission previously known as the prevention of mother-to-child transmission.</li> <li>• Prevention of opportunistic infections.</li> <li>• Utilisation of all awareness opportunities (e.g. National Health Days, Health Months, Condom Week, World TB Day, Youth Day, Women's day, World AIDS Day, 16 Days of Activism for NO Violence against Women and Children, etc.).</li> <li>• Management of sexually transmitted infections.</li> <li>• Health education, HIV and ARV training and development.</li> <li>• Voluntary Medical Male Circumcision.</li> <li>• Prevention with Positives.</li> <li>• Prevention and treatment of alcohol and drug abuse/substance abuse.</li> <li>• Comprehensive health assessments.</li> <li>• Health programmes targeting women of childbearing age.</li> <li>• Development and provision of HIV-related Information and Educational Communication material.</li> <li>• Awareness programmes with involvement of non-governmental organisations e.g. Society for Family Health and Foundation for Professional Development.</li> </ul> <p><u>The COVID-19 Pandemic.</u> The Impact of the COVID-19 Pandemic must be taken into account since FY2020/21 to date. The COVID-19 pandemic presented unprecedented and catastrophic effects on the South African healthcare system, society and economy. South Africa recorded its first cases of COVID-19 on 05 March 2020. A National State of Disaster was declared by the President. Besides the COVID-19 pandemic having a major global impact, it impacted South Africa and in this context, impacted the DOD in particular the SAMHS that provides healthcare to all DOD clientele. The SAMHS and all the healthcare workers and support staff had to scale up prevention and treatment programmes for COVID-19, in addition to HIV and TB programmes. These programmes are provided by the same limited pool of healthcare workers.</p>



Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
4. 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		<ul style="list-style-type: none"> <li>The Comprehensive Plan for Care, Management and Treatment of HIV / AIDS in the DOD: 2017-2022 is coordinated through the Directorate HIV / AIDS Programmes in line with the National Strategic Plan for South Africa on HIV, Tuberculosis and Sexual Transmitted Infections 2017-2022 (this 5-year strategy is under review for 2024-2029 at the National Department of Health).</li> <li>Coordination within the SANDF through bilateral meetings between the SAMHS, the SA Army, the SA Navy and the SA Air Force.</li> <li>The Director HIV / AIDS Programmes coordinate matters through the SAMHS HIV / AIDS Coordinating Committee. The committee consists of members representing formations and units that provide health care services.</li> <li>At Military Unit level, HIV prevention and health promotion programmes are addressed via the Military Community Wellness Committees.</li> <li>The Director HIV / AIDS is an integral member of the Chief Director Military Health Force Preparation Council meetings and HIV is a standing agenda point on this forum as well as the Surgeon General Command and Staff Council.</li> <li>The Directorate HIV is a member of the Surgeon General Command and Staff Council as well as the Chief Director Military Health Force Preparation Council. As such the Director HIV &amp; AIDS has played a key role in assisting the other statutory directorates in the SAMHS to manage the COVID-19 pandemic. It became clear that the management of HIV and TB in the era of COVID-19 had to change and special council meetings were held in this regard.</li> </ul>
5. 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		<p>The Department must implement programmes/interventions according to the SA National Strategic Plan for HIV/AIDS/TB/STIs 2017-2022 while awaiting the new strategy.</p> <p>There are numerous policies/strategies/orders that address the issues of discrimination including Human Resource strategy documents. All HIV-infected uniformed members of the DOD&amp;MV are managed according to (amongst others):</p> <ul style="list-style-type: none"> <li>“The DOD Instruction on the Management of HIV / AIDS in the DOD” and “The DOD Directive on the Health Classification and Deployability of SANDF Members with HIV and AIDS”.</li> <li>Joint Defence Publication: Policy on Health Care Delivery.</li> <li>DOD Directive: Transformation Management in the Department of Defence.</li> <li>DOD Instruction: Policy on Transformation Management in the DOD.</li> <li>Joint Defence Publication: Process and Procedures for Transformation Management in the DOD.</li> <li>DOD Operational Plan FY2019/20 for HIV / AIDS, Tuberculosis and Sexual Transmitted Infections that was sent to DPSA and DPME.</li> </ul>
6. 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		<p>The department adheres to the principles 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 stigma and discrimination within the department.</p> <p><u>Policy Documents:</u></p> <ul style="list-style-type: none"> <li>No mandatory testing of PSAP officials.</li> <li>Voluntary HIV counselling and testing of any official in the DOD may form part of a comprehensive health assessment 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.</li> <li>HIV testing is voluntary and done with written informed consent, confidentiality and pre- and post-test counselling procedures.</li> <li>Officials with HIV / 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/chronic disease with regard to access to benefits.</li> <li>Grievance procedures are confidential and do not result in the disclosure of a person’s HIV status.</li> <li>Respecting the privacy and confidentiality of those living with HIV is a priority.</li> </ul>



Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so list the results that you have achieved.	x		<p>Uniformed members of the DOD are required to undergo voluntary HIV counselling and testing as part of the Comprehensive Health Assessments and Concurrent Health Assessments.</p> <p>In addition, the military participates in the National Department of Health HIV Counselling and Testing Campaign.</p> <p>PSAP employees are encouraged in mass awareness campaigns to get themselves tested and know their status so they can access antiretroviral treatment timeously if positive.</p>
8. Has the Department developed measures /indicators to monitor and evaluate the impact of its health promotion programme? If so list these measures/indicators.	x		<p><u>Sources of data:</u></p> <ul style="list-style-type: none"> <li>• Monthly Mortality Analysis.</li> <li>• Knowledge Attitude and Practice Surveys.</li> <li>• Health Informatics System - Clinical Data Management.</li> <li>• Project Feedback Forms submitted following the programmes/projects and interventions (all planned HIV prevention interventions are monitored).</li> <li>• Care and treatment indicators as developed.</li> <li>• Information obtained from staff visits to the various units and Performance against Plan reports.</li> <li>• Site Improvement through Monitoring Systems (SIMS) visits to Military Health Units.</li> <li>• Inspector General visits to Military Health Units.</li> </ul>

## Labour Relations

Collective Agreements for the period 01 April 2022 to 31 March 2023 (Table 3.12.1)	
Subject Matter	Date
Total Number of Collective Agreements reached in the Departmental Bargaining Chamber: 1	01 Aug 2022

Note: Department of Defence Bargaining Chamber Agreement No. 01 of 2022 Migration of the Naval Station Durban into Naval Base Durban.

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Misconduct and Disciplinary Hearings Finalised for the period 01 April 2022 to 31 March 2023 – Public Service Act Personnel (Table 3.12.2)		
Outcomes of Disciplinary Hearings	Number	% of Total
Counselling	1	4.35%
Verbal Warning and Counselling	1	4.35%
Written Warning	7	30.44%
Final Written Warning	1	4.35%
One Month Suspension without pay and Final Written Warning	1	4.35%
Dismissal	2	8.69%
Not found guilty	2	8.69%
Case Withdrawn	8	34.78%
<b>Total</b>	<b>23</b>	<b>100.00%</b>

Types of Misconduct Addressed at Disciplinary Hearings for the period 01 April 2022 to 31 March 2023 (Table 3.12.3)		
Type of Misconduct	Number	% of Total
Assault	1	4.17%
Theft of State rations	1	4.17%
Shortage of State funds	2	8.33%
Insubordination and insolent behaviour	3	12.50%
Absent Without Permission	11	45.83%
Intimidation and victimization	1	4.17%
Failure to comply with procurement processes	1	4.17%
Failure to comply with Sec 45(c) of the PFMA	1	4.17%
Being under the influence of alcohol and AWOP	3	12.50%
<b>Total</b>	<b>24</b>	<b>100.00%</b>

Grievances Lodged for the period 01 April 2022 to 31 March 2023 (Table 3.12.4)		
Grievances	Number	% of Total
Number of Grievances Resolved	78	16.70%
Number of Grievances Not Resolved	389	83.30%
<b>Total Number of Grievances Lodged</b>	<b>467</b>	<b>100.00%</b>

Disputes Lodged with Councils for the period 01 April 2022 to 31 March 2023 (Table 3.12.5)		
Disputes	Number	% of Total
Number of Disputes Upheld	1	14%
Number of Disputes Dismissed	4	57%
Number of Disputes Pending	2	29%
<b>Total Number of Disputes Lodged</b>	<b>7</b>	<b>100%</b>

Strike Actions for the period 01 April 2022 to 31 March 2023 (Table 3.12.6)	
Total Number of Person Working Days Lost	1
Total Cost of Working Days Lost (R'000)	0.8
<b>Amount Recovered as a Result of No Work No Pay (R'000)</b>	<b>0</b>

Precautionary Suspensions for the period 01 April 2022 to 31 March 2023 – Public Service Act Personnel (Table 3.12.7(a))	
Number of People Suspended	19
Number of People whose Suspensions Exceeded 30 Days	19
Average Number of Days Suspended	273
<b>Cost of Suspensions (R'000)</b>	<b>7 051</b>

Note: The table considers only the number of days suspended during the reporting period.

Precautionary Suspensions for the period 01 April 2022 to 31 March 2023 – Military Personnel (Table 3.12.7(b))	
Number of People Suspended	58
Number of People whose Suspensions Exceeded 30 Days	58
Average Number of Days Suspended	326
<b>Cost of Suspensions (R'000)</b>	<b>27 630</b>

Note: The table considers only the number of days suspended during the reporting period.

## Skills Development

This section highlights the efforts of the department with regard to skills development.

Training Needs Identified for the period 01 April 2022 to 31 March 2023 (Table 3.13.1)						
Occupational Category	Gender	Number of Employees as at 01 April 2022	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	0	0
	Male	1	0	0	0	0
Professionals	Female	1 476	0	0	246	246
	Male	1 256	0	0	333	333
Technicians and Associate Professionals	Female	2 707	0	0	1 298	1 298
	Male	4 455	0	0	2 207	2 207
Clerks	Female	6 838	0	3 170	3 196	6 366
	Male	7 112	0	4 121	3 407	7 528
Service and Sales Workers	Female	6 722	0	0	3 705	3 705
	Male	23 200	0	0	9 994	9 994
Skilled Agriculture and Fishery Workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and Related Trades Workers	Female	2 293	0	0	1 399	1 399
	Male	7 556	0	0	3 300	3 300
Plant and Machine Operators and Assemblers	Female	12	0	0	7	7
	Male	171	0	0	53	53
Elementary Occupations	Female	3 082	0	0	727	727
	Male	5 196	0	0	1 918	1 918
Other	Female	0	0	0	0	0
	Male	1	0	0	0	0
<b>Subtotal</b>	<b>Female</b>	<b>23 131</b>	<b>0</b>	<b>3 170</b>	<b>10 578</b>	<b>13 748</b>
	<b>Male</b>	<b>48 948</b>	<b>0</b>	<b>4 121</b>	<b>21 212</b>	<b>25 333</b>
<b>Total</b>		<b>72 079</b>	<b>0</b>	<b>7 291</b>	<b>31 790</b>	<b>39 081</b>

Training Provided for the period 01 April 2022 to 31 March 2023 (Table 3.13.2)						
Occupational Category	Gender	Number of Employees as at 01 April 2022	Training Provided within the Reporting Period			
			Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, Senior Officials and Managers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	1 476	0	0	138	138
	Male	1 256	0	0	187	187
Technicians and Associate Professionals	Female	2 707	0	0	728	728
	Male	4 455	0	0	1 238	1 238
Clerks	Female	6 838	0	0	1 793	1 793
	Male	7 112	0	0	1 911	1 911
Service and Sales Workers	Female	6 722	0	0	2 078	2 078
	Male	23 200	0	0	5 606	5 606
Skilled Agriculture and Fishery Workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and Related Trades Workers	Female	2 293	0	0	785	785
	Male	7 556	0	0	1 851	1 851
Plant and Machine Operators and Assemblers	Female	12	0	0	4	4
	Male	171	0	0	30	30
Elementary Occupations	Female	3 082	0	0	408	408
	Male	5 196	0	0	1 076	1 076
Other	Female	0	0	0	0	0
	Male	1	0	0	0	0
<b>Subtotal</b>	<b>Female</b>	<b>23 131</b>	<b>0</b>	<b>0</b>	<b>5 934</b>	<b>5 934</b>
	<b>Male</b>	<b>48 948</b>	<b>0</b>	<b>0</b>	<b>11 899</b>	<b>11 899</b>
<b>Total</b>		<b>72 079</b>	<b>0</b>	<b>0</b>	<b>17 833</b>	<b>17 833</b>

## Injury on Duty

The following tables provide basic information on injury on duty.

Injury on duty for the period 01 April 2022 to 31 March 2023 (Table 3.14.1)		
Nature of Injury on Duty	Number	% of Total
Required Basic Medical Attention Only	126	59.15%
Temporary Total Disablement	66	30.99%
Permanent Disablement	8	3.76%
Fatal	13	6.10%
<b>Total</b>	<b>213</b>	<b>100.00%</b>

Note:

- Numbers indicated reflect Occupational Injuries, diseases and fatal cases in the line of duty as reported to Directorate HR Maintenance.
- Required Basic Medical Attention Only: This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.
- 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.
- 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 with a loss of a limb or a sense, chronic pain, disfigurement and other permanent physical or mental disorders.
- Fatal. An injury, disease or condition causing or ending in organ or multi-organ failure and death.
- The numbers indicated above only reflect the occupational injuries, diseases and fatal cases in the line of duty that were reported to HR Maintenance (Service Benefits – Medical Section).

## Utilisation of Consultants

The following table relates to information on the utilisation of consultants in the Department of Defence.

In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Services Rendered and Paid for FY2022/23 (Table 3.15.1)				
DOD Entity	Project Title / Description of Service	Total Number of Consultants that Worked on Project	Duration (Workdays)	Contract Value in Rand
<b>Administration</b>				
Military Ombud	Verification of Qualification	1	Unknown	32 758.10
Financial Management Division	Verification of Qualification (SAQA)	1	Unknown	45 250.00
Human Resources Division	Moderation Services offered by the South African Board of Peoples Practices (SABPP) to Personnel Service School	1	Unknown	25 755.99
	New PILIR Contract between the DOD and SOMA Initiative over three years	Unknown	Unknown	1 096 550.00
	Verification of Qualification (SAQA)	1	Unknown	77 960.00
Defence Legal Services	Transcription services at Defence Legal Services Division and LEGSATO's Thaba Tshwane, Polokwane, Bloemfontein and Durban	Unknown	3 Years	933 168.00
	Transcript pages	1	Unknown	40 981.80
	Court Administration for Military Courts to be reviewed	1	Unknown	244 566.50
Chaplain General	Verification of Certificates (SAQA)	1	Unknown	10 100.00
	Verification of Qualification	1	Unknown	970.00
Defence Matériel Division	Intellectual Property Management Service Innovation (ARMSCOR Services)	1	Continuous	7 200 000.00
<b>Force Employment</b>				
Joint Operations Division	General Consultants Personnel	1	Unknown	4 999.98
<b>Landward Defence</b>				
SA Army	Petty Cash	1	Unknown	113 120.00
	Verification of Qualification (Members of SA Army Armour Formation Headquarters)	1	Unknown	320.00
	Verification of Qualification and transformation of Non-Commissioned Officers to officers	1	Unknown	15 950.00
	Quality assurance services on specifications on the SA Army Uniform Systems	1	Unknown	92 534.62
	Translate, Transcript and Interpret Services. (SAQA Evaluation and Verification of qualifications obtained in Cuba)	1	Unknown	9 960.00

## Part D

### Human Resource Management

Services Rendered and Paid for FY2022/23 (Table 3.15.1)				
DOD Entity	Project Title / Description of Service	Total Number of Consultants that Worked on Project	Duration (Workdays)	Contract Value in Rand
<b>Landward Defence</b>				
SA Army	Outstanding Verification of Qualification Invoice	1	Unknown	2 495.00
<b>Air Defence</b>				
SA Air Force	Quality Assurance	1	Unknown	3 671.00
<b>Maritime Defence</b>				
SA Navy	Verification of Qualification (SAQA)	1	Unknown	8 320.00
	Quality Assurance	1	Unknown	1 444 979.98
<b>Military Health Support</b>				
SAMHS	Verification of Qualification (SAQA)	1	Unknown	65 565.00
	Quality Assurance (Dosimeter for radiology personnel according to the radiation board)	1	Unknown	17 792.71
	Quality Assurance (Area Military Health Unit Gauteng request funds for radiation devices)	1	Unknown	6 794.65
	Quality Assurance (SABS for chemical water sampling completed)	1	Unknown	85 085.50
	Quality Assurance (Penalty for dosimeters not returned in time)	1	Unknown	6 532.00
	Quality Assurance	1	Unknown	2 148.06
	Quality Assurance (Radiation Control Services (Dosimeters))	1	Unknown	71 146.90
	Quality Assurance (Dosimeters for Institute for Maritime Medicine)	1	Unknown	5 246.41
	Quality Assurance (Dosimeter for X-ray department to measure radiation exposure)	1	Unknown	29 850.31
	Quality Assurance	1	Unknown	116 292.30
	Quality Assurance (Renting of 13 dosimeters)	1	Unknown	6 603.99
<b>General Support</b>				
Logistics Division	Asset Valuation Consultants (Valuation of property to be purchased)	1	Unknown	488 275.86
Military Police Division	Unknown	1	Unknown	1 620.00
	Verification of Qualification and translation from Reserve Force to Core Service System	1	Unknown	180.00
	Project Management Consultants (Additional specialised support services required by Defence Decision Support Institute)	1	Unknown	5 983 788.75
	Translate, Transcript and Interpret Services. (Petty Cash)	1	Unknown	781.50
<b>Total Paid against the Item 35 Budget on Consultants</b>				<b>18 292 114.91</b>

Note:

- Quality Assurance is rendered by the South African Bureau of Standards. It is not feasible for the DOD to determine the number of working days.
- The Intellectual Property Innovation Management services is delivered by ARMSCOR on a continuous basis.



## Severance Packages

The implementation of exit strategies ie the MEM for military members and EISP for PSAP was implemented in FY2022/23.

Granting of Employee Initiated Severance Packages for the period 01 April 2022 to 31 March 2023 (Table 3.16.1)				
Salary Band	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by Department
Lower Skilled (Levels 1-2)	4	4	0	1
Skilled (Levels 3-5)	69	67	0	53
Highly Skilled Production (Levels 6-8)	165	162	0	105
Highly Skilled Supervision (Levels 9-12)	53	49	0	35
Top and Senior Management (Levels 13-16)	1	1	0	1
<b>Total</b>	<b>292</b>	<b>283</b>	<b>0</b>	<b>195</b>

Note:

- Implementation of the EISP for PSAP employees was effected from 01 Apr 2022.
- Note that although authority was granted for 195 employees to exit the DOD by means of an EISP, a total of 143 employees exited the DOD by the end of the reporting period.

Granting of Mobility Exit Mechanism Packages for the period 01 April 2022 to 31 March 2023 (Table 3.16.2)				
Salary Band	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by Department
Lower Skilled (Levels 1-2)	1	0	0	1
Skilled (Levels 3-5)	131	0	0	115
Highly Skilled Production (Levels 6-8)	606	0	0	584
Highly Skilled Supervision (Levels 9-12)	612	0	0	594
Top and Senior Management (Levels 13-16)	1	0	0	1
<b>Total</b>	<b>1 351</b>	<b>0</b>	<b>0</b>	<b>1 295</b>

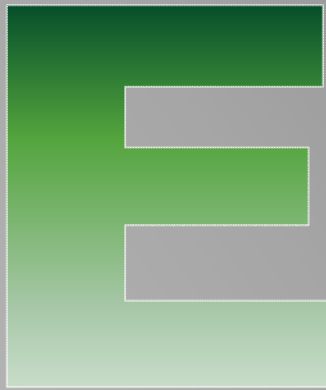
Note:

- Implementation of the MEM for military members was effected from 01 Apr 2022.
- Note that authority was granted for 1 295 members to exit the DOD by means of a MEM by the end of the reporting period.

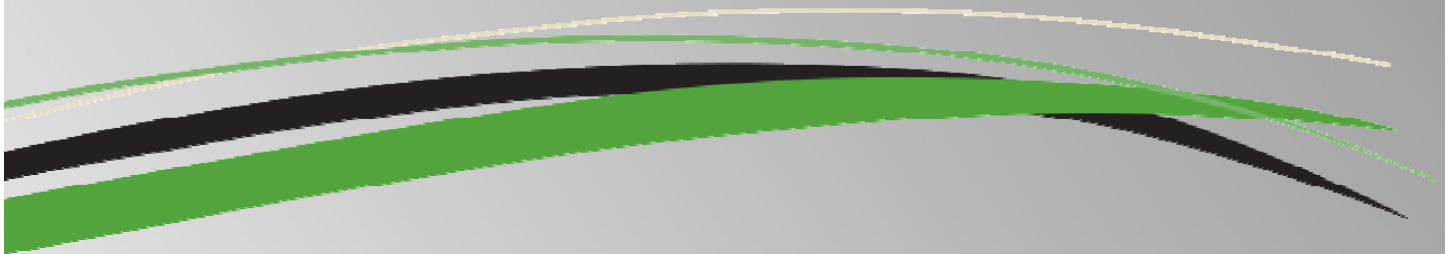
## **Overarching Statement Relating to Human Resource Tables**

*With reference to the Annual Report Guide for National and Provincial Departments, the DOD endeavoured to adhere to the format of tables as prescribed. However, due to the uniqueness of the DOD and based on paragraph 2.6 Part D: Human Resource Management specifically paragraph 2.6.2 of the aforementioned guide whereby the DOD is to “include any other tables for HR if considered necessary” slight amendments were required. The data was subsequently populated in such a manner to provide a clear and logical sequence according to the tables provided.*

*Due to the unique dispensation of the military, DOD reported information cannot always be portrayed according to Salary Bands as prescribed by the DPSA. Hence provision is made for a differentiation which allows for separate reporting specifically used for the Senior Professionals (Occupation Specific Dispensation) and MSDS where required.*



# **PFMA Compliance Report**



## PFMA Compliance Report

The PFMA Compliance Report is a new requirement introduced by the National Treasury in the *Annual Report Guide for National and Provincial Departments*, effective from the FY2022/23 reporting cycle. PFMA Compliance information provided hereunder consists of the following:

- Details on Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material Losses.
- Late and/or non-payment of suppliers.
- Information on Supply Chain Management (SCM), including details on procurement by other means and contract variations and expansions.

### Irregular Expenditure

The tables below provide year-on-year details with respect to the reconciliation of Irregular Expenditure.

Reconciliation of Irregular Expenditure			
Description	FY2022/23	FY2021/22	FY2020/21
	R'000	R'000	R'000
Opening balance	15 371 608	11 269 530	8 133 264
Prior Period Errors		1 513	861 472
As Restated	15 371 608	11 271 043	8 994 736
Add: Irregular expenditure confirmed	553 935	4 100 565	2 283 413
Less: Irregular expenditure condoned	0	0	(8 619)
Less: Irregular expenditure not condoned and removed	0	0	0
Less: Irregular expenditure recoverable	-8	0	0
Less: Irregular expenditure not recovered and written off	0	0	0
<b>Closing Balance</b>	<b>15 925 536</b>	<b>15 371 608</b>	<b>11 269 530</b>

Reconciling Notes		
Description	FY2022/23	FY2021/22
	R'000	R'000
Irregular expenditure that was under assessment in FY2021/22	0	820
Irregular expenditure that relates to FY2021/22 and identified in FY2022/23	0	186 419
Irregular expenditure for the current year	553 935	3 913 326
<b>Total</b>	<b>553 935</b>	<b>4 100 565</b>

The table below provides details of current and previous year Irregular Expenditure (under assessment, determination, and investigation).

Current and Previous Year Irregular Expenditure		
Description	FY2022/23	FY2021/22
	R'000	R'000
Irregular expenditure under assessment	424 733	95 112
Irregular expenditure under determination	5 828	74 836
Irregular expenditure under investigation	85	0
<b>Total</b>	<b>430 646</b>	<b>169 948</b>

The table below provides details of current and previous year Irregular Expenditure condoned.

Current and Previous Year Irregular Expenditure Condoned		
Description	FY2022/23	FY2021/22
	R'000	R'000
Irregular expenditure condoned	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

The table below provides details of current and previous year Irregular Expenditure removed (not condoned).

Current and Previous Year Irregular Expenditure Removed (Not Condoned)		
Description	FY2022/23	FY2021/22
	R'000	R'000
Irregular expenditure not condoned and removed	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

The table below provides details of current and previous year Irregular Expenditure recovered.

Current and Previous Year Irregular Expenditure Recovered		
Description	FY2022/23	FY2021/22
	R'000	R'000
Irregular expenditure recovered	8	0
<b>Total</b>	<b>8</b>	<b>0</b>

The table below provides details of current and previous year Irregular Expenditure written off (irrecoverable).

Current and Previous Year Irregular Expenditure Written Off (Irrecoverable)		
Description	FY2022/23	FY2021/22
	R'000	R'000
Irregular expenditure written off	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## Additional disclosure relating to Inter-Institutional Arrangements

The table below provides details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance).

Non-Compliance Cases Where the DOD Is Involved in an Inter-Institutional Arrangement and Not Responsible for the Non-compliance	
None	
<b>Total</b>	

The table below provides details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance).

Non-Compliance Cases Where the DOD Is Involved in an Inter-Institutional Arrangement and Responsible for the Non-compliance		
Description	FY2022/23	FY2021/22
	R'000	R'000
None	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

The table below provides details of current and previous year disciplinary or criminal steps taken as a result of Irregular Expenditure.

Disciplinary Steps Taken
One verbal warning was issued to an official who did not obtain three quotations when procuring a new key, coding and combination change on door locks.

## Fruitless and Wasteful Expenditure

The tables below provide details of the reconciliation of Fruitless and Wasteful Expenditure.

Reconciliation of Fruitless and Wasteful Expenditure			
Description	FY2022/23	FY2021/22	FY2020/21
	R'000	R'000	R'000
Opening balance	439 374	436 052	423 572
Prior Period Error		0	8 204
As Restated	439 374	436 052	431 776
Add: Fruitless and wasteful expenditure confirmed	2 569	3 322	4 276
Less: Fruitless and wasteful expenditure written off	(120)	0	0
Less: Fruitless and wasteful expenditure recoverable	(3)	0	0
<b>Closing balance</b>	<b>441 820</b>	<b>439 374</b>	<b>436 052</b>

Reconciling Notes		
Description	FY2022/23	FY2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in FY2021/22	0	0
Fruitless and wasteful expenditure that relates to FY2021/22 and identified in FY2022/23	0	0
Fruitless and wasteful expenditure for the current year	2 569	3 322
<b>Total</b>	<b>2 596</b>	<b>3 322</b>

The table below provides details of current and previous year Fruitless and Wasteful Expenditure (under assessment, determination, and investigation).

Current and Previous Year Fruitless and Wasteful Expenditure (Under Assessment, Determination, and Investigation)		
Description	FY2022/23	FY2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	1 384	194
Fruitless and wasteful expenditure under determination	7	53
Fruitless and wasteful expenditure under investigation	0	0
<b>Total</b>	<b>1 391</b>	<b>247</b>

The table below provides details of current and previous year Fruitless and Wasteful Expenditure recovered.

Current and Previous Year Fruitless and Wasteful Expenditure Recovered		
Description	FY2022/23	FY2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	3	0
<b>Total</b>	<b>3</b>	<b>0</b>

The table below provides details of current and previous year Fruitless and Wasteful Expenditure not recovered and written off.

Current and Previous Year Fruitless and Wasteful Expenditure Not Recovered and Written Off		
Description	FY2022/23	FY2021/22
	R'000	R'000
Fruitless and wasteful expenditure written off	120	0
<b>Total</b>	<b>120</b>	<b>0</b>

The table below provides details of current and previous year disciplinary or criminal steps taken as a result of Fruitless and Wasteful Expenditure.

Disciplinary Steps Taken
None

## Unauthorised Expenditure

The tables below provide details of the reconciliation of Unauthorised Expenditure.

Reconciliation of Unauthorised Expenditure		
Description	FY2022/23	FY2021/22
	R'000	R'000
Opening balance	0	0
Add: Unauthorised expenditure confirmed	2 995 137	0
Less: Unauthorised expenditure approved with funding	0	0
Less: Unauthorised expenditure approved without funding	0	0
Less: Unauthorised expenditure recoverable	0	0
Less: Unauthorised expenditure not recovered and written off	0	0
<b>Closing Balance</b>	<b>2 995 137</b>	<b>0</b>

Reconciling Notes		
Description	FY2022/23	FY2021/22
	R'000	R'000
Unauthorised expenditure that was under assessment in FY2021/22	0	0
Unauthorised expenditure that relates to FY2021/22 and identified in FY2022/23	0	0
Unauthorised expenditure for the current year	2 995 137	0
<b>Total</b>	<b>2 995 137</b>	<b>0</b>

The table below provides details of current and previous year Unauthorised Expenditure (under assessment, determination, and investigation).

Current and Previous Year Unauthorised Expenditure (Under Assessment, Determination, and Investigation)		
Description	FY2022/23	FY2021/22
	R'000	R'000
Unauthorised expenditure under assessment	0	0
Unauthorised expenditure under determination	0	0
Unauthorised expenditure under investigation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



## Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) and (iii)

The table below provides details of current and previous year Material Losses through criminal conduct.

Material Losses through Criminal Conduct		
Description	FY2022/23	FY2021/22
	R'000	R'000
Theft	125	256
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
<b>Total</b>	<b>125</b>	<b>256</b>

The table below provides details of other Material Losses.

Nature of Other Material Losses		
Description	FY2022/23	FY2021/22
	R'000	R'000
None		
<b>Total</b>		

The table below provides details of other Material Losses recovered.

Nature of Losses		
Description	FY2022/23	FY2021/22
	R'000	R'000
Machinery and Equipment, Transport Assets and Specialised Military Equipment	412	45
<i>(These are loss of equipment and assets, for which investigations have been finalised and sent through to Debtors for Recovery)</i>		
<b>Total</b>	<b>412</b>	<b>45</b>

The table below provides details of other Material Losses written off.

Nature of Losses		
Description	FY2022/23	FY2021/22
	R'000	R'000
Machinery and Equipment, Transport Assets and Specialised Military Equipment	1 790	1 004
<i>(These are loss of equipment and assets, for which investigations have been finalised and based on recommendations and evaluations, written off)</i>		
<b>Total</b>	<b>1 790</b>	<b>1 004</b>

## Information on Late and/or Non-Payment of Suppliers

The table below provides information on the Late and/or Non-payment of Suppliers.

Consolidated Information on the Payment of Suppliers for FY2022/23		
Description	Number of Invoices	Consolidated Value
		R'000
Valid invoices received	517 339	8 209 795
Invoices paid within 30 days or agreed period	421 402	6 705 850
Invoices paid after 30 days or agreed period	95 937	1 503 946
Invoices older than 30 days or agreed period (unpaid and without dispute)	2 355	97 143
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

## Additional Information on the Late and/or Non-Payment of Suppliers

The Department of Defence (DOD) utilises a legacy Financial Management System, together with various non-integrated, stand-alone Logistics and SCM information systems.

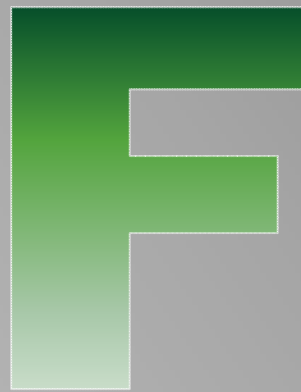
The lack of integrated departmental information systems is regarded as the main contributing factor that adversely affects the DOD's ability to verify all legitimate invoices received for payment within the prescribed 30-day period.

These DOD information systems were developed and operationalised prior to the promulgation of the PFMA during FY2000/21. Whilst some National departments changed to the Basic Accounting System as the main source of information for the preparation of management reports and Annual Financial Statements, and the Logistical Information System as the procurement system utilised in the supply chain process for the procurement of goods and services, the DOD continued to utilise these legacy systems.

A significant proportion of invoices not paid within the 30-day period relates to payment of medical invoices for outsourced services. These outsourced medical practitioners are not always registered on the Central Supplier Database, which delays the verification, capturing and payment of invoices timeously.

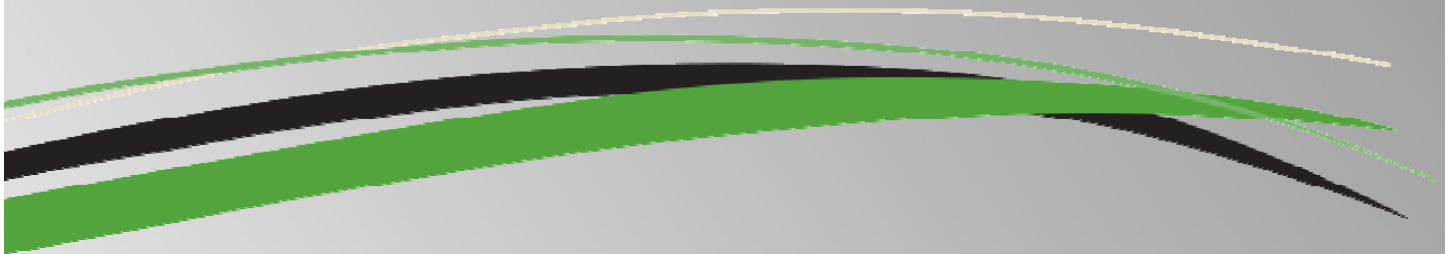
## Information on Supply Chain Management

The DOD utilises legacy, non-integrated and stand-alone Logistics and SCM information systems. Due to the lack of integrated SCM information systems, information on procurement by other means, contract variations and expansions is not available in the requested format. The Department will endeavour to provide the required information in future Reports.



**F**

# **Financial Information**



## **Report by the Accounting Officer, Dr T. Gamede, for the period 01 April 2022 to 31 March 2023**

### **Overview of the Financial Results of the Department<sup>1</sup>**

During the FY2022/23, the Department of Defence (DOD) received an adjusted appropriation of R51,602 billion, a 5.75% increase on the FY2021/22 adjusted appropriation. The DOD spent R54,597 billion (105.8%) of the appropriate amount in terms of cash-based accounting standards, exceeding the adjusted appropriation with R2,995 billion.

This overspent of the adjusted appropriated budget with R2,995 billion, resulted in an unauthorised expenditure, as defined in terms of the Public Finance Management Act (PFMA), Section 34. This was due to the underfunding of the Compensation of Employees (CoE) allocation and the departmental liability expenditure relating to the implementation of the exit mechanism strategy.

The spending reduces to R53,868 billion (104.4%) when it is reported in terms of modified cash standards which includes the unspent amount of R728,988 million of the Special Defence Account, for which the DOD have approval from the National Treasury to retain.

### **Departmental Receipts (Revenue)**

The DOD identified 75 probable revenue streams. Revenue streams are covered by numerous Departmental policies and collected through salary deductions, cash collections and bank transfers. Revenue management is decentralised to 488 Force Structure Elements throughout the Department.

The Financial Management System provides for all Force Structure Elements to capture their revenue budgets as part of the Medium-Term Expenditure Framework (MTEF) process evaluated by the Departmental Planning and Budget Evaluation Committee. The Ulwazi Financial reporting system has been developed to enable Budget Holders to draw reports on revenue collected within their Force Structure Elements. Revenue collected is accounted for at the point where it originated and Budget Holders are required to compile monthly revenue reconciliation statements and confirm that all revenue due to the State has been collected or that corrective measures have been taken. The Defence Inspectorate has undertaken to audit revenue reconciliation statements.

Enhancements to systems and the appraisal of supporting policies are continuously made to improve the collection of revenue. Training and empowerment of finance functionaries and line managers is a priority and is continuously provided to improve revenue management. Revenue collected has increased by 10.30% annually from previous financial years. Revenue collection has been included in the related policies to ensure that revenue due to the Department is collected. Despite progress made, more will be done to ensure a comprehensive and credible revenue management system within Defence.

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<sup>1</sup> Refer to Part A and Part B for the "Overview of the Operations (Non-Financial) of the Department".

The Department has submitted and received approval from National Treasury for the following revenue tariff structures:

- Hydrographic Charts and Publications
- Aircraft flights against payment tariffs
- Hiring of Defence equipment
- Hiring of Defence vehicles

During the FY2022/23 the responsible Budget Holders submitted documentation and obtained approval for the updating of the following revenue tariffs:

- Noonday gun
- Hydrographic Charts and Publications
- Aircraft flights against payment tariffs

No requests were received for the updating of the following tariffs during FY2022/23:

- Hiring of equipment
- Hiring of DOD vehicles

The Department under collected on the following items:

- Transfers received due to a decrease in the United Nations reimbursements and a decrease in revenue received due to Exchange Rate Gains.
- Fines, penalties and forfeits received due to fewer members being court-martialed and less fines being imposed.
- Sale of capital assets due to less equipment sold on auctions as auctioneers have not been appointed.

The Department over collected on the following items:

- Sale of goods and services other than capital assets due to an increase in revenue collected from services rendered to other state departments, sale of sea charts and house rents.
- Interest, dividends and rent on land were due to an increase in the interest received on the department's bank accounts and debtors' accounts.
- Financial transactions in assets and liabilities were due to an increase in the expected revenue for recovery of previous year's expenditure on the Special Defence Account.

The table below indicates DOD Sources of Revenue for FY2022/23.

Departmental Receipts / Sources of Revenue for FY2022/23						
Departmental Receipts	FY2022/23			FY2021/22		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over/(Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	0	0	0	0	0	0
- Casino taxes	0	0	0	0	0	0
- Horse racing taxes	0	0	0	0	0	0
- Liquor license	0	0	0	0	0	0
- Motor vehicle license	0	0	0	0	0	0
Sale of goods and services other than capital assets	471 403	499 049	27 646	462 159	721 886	259 727
Transfers received	644 966	639 820	(5 146)	632 320	358 953	(273 367)
Fine, penalties and forfeits	1 365	1 178	(187)	1 338	1 077	(261)
Interest, dividends and rent on land	4 477	5 049	572	4 389	3 341	(1 048)
Sale of capital assets	31 075	18 408	(12 667)	30 466	2 557	(27 909)
Financial transactions in assets and liabilities	78 564	100 027	21 463	77 024	57 754	(19 270)
<b>Total</b>	<b>1 231 850</b>	<b>1 263 531</b>	<b>(31 681)</b>	<b>1 207 696</b>	<b>1 145 567</b>	<b>(62 128)</b>

## Departmental Expenditure

The table below indicates the DOD Actual Expenditure Trends and Adjusted Appropriation for FY2020/21 to FY2022/23.

Summary of Actual Expenditure versus Adjusted Appropriation for Current and Prior Years			
	FY2020/21	FY2021/22	FY2022/23
	R'000	R'000	R'000
Adjusted Appropriation	54 201 287	48 796 421	51 601 612
Expenditure	54 086 190	48 775 914	54 596 749
Over expenditure	0	0	2 995 137
Amount overspent as percentage of Adjusted Appropriation	0	0	5.804%
Amount surrendered	115 097	20 507	0
Amount surrendered as percentage of Adjusted Appropriation	0.212%	0.042%	0

The table below indicates the DOD Actual Expenditure versus the Adjusted Appropriation for FY2022/23 at Programme level.

Actual Expenditure versus Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	FY2022/23			FY2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	6 042 623	6 071 295	(28 672)	5 374 069	5 367 098	6 971
Force Employment	4 954 708	5 012 398	(57 690)	4 117 109	4 117 109	0
Landward Defence	15 871 761	17 732 035	(1 860 274)	16 372 057	16 372 057	0
Air Defence	6 378 843	6 763 529	(384 686)	5 881 165	5 881 165	0
Maritime Defence	4 452 724	4 662 636	(209 912)	4 133 400	4 133 400	0
Military Health Support	5 734 492	5 979 581	(245 089)	5 526 576	5 525 749	827
Defence Intelligence	1 098 095	1 114 004	(15 909)	778 294	778 294	0
General Support	7 068 366	7 261 271	(192 905)	6 613 751	6 601 042	12 709
<b>Total</b>	<b>51 601 612</b>	<b>54 596 749</b>	<b>(2 995 137)</b>	<b>48 796 421</b>	<b>48 775 914</b>	<b>20 507</b>

## Reasons for Under/Over Expenditure

The net overspending of R2,995 billion across all programmes consisted mainly of the following under and over expenditure:

### Over Expenditure

The over expenditure of R3,039 billion (0.13%) can be attributed to:

- **Compensation of Employees.** CoE vote allocations had been specifically and exclusively appropriated, with set ceiling amounts in the Appropriation Act, Act No. 07 of 2022 dated 11 July 2022. Contributing factors to the inability of the DOD to remain within the budget ceiling set by the National Treasury, as well as overspending the budget with R2,875 billion, are as follows:
  - The inability of the DOD to continue to reprioritise the operational budget requirements appropriated to assure successful military operations.
  - Reserve Force utilisation has exceeded the planned mandays which was precipitated by an increased capacity to support current military operations and to provide protection services to military installations.
  - The unbalanced HR budget requirements and adjusted CoE allocation pertaining to unplanned/unforeseen military operations and the impact of carry-through costs, such as cost of living adjustments.
- **Households (Social Benefits).** The exit strategy implemented for military personnel, with the agreement of National Treasury, resulted in additional departmental liabilities payable to the Government Employees Pension Fund (GEPF) as well as severance cost amounting to R163,945 million.

## Under Expenditure

The under expenditure of R43,317 million (0.13%) can be attributed to:

- **Goods and Services.** The under expenditure of R40,873 million was mainly due to:
  - **Op CHARIOT.** The lower-than-anticipated expenditure on rations requirements, for the deployment of RSA forces to KwaZulu-Natal areas affected by floods, resulted in a saving of R10,715 million.
  - **Military Ombud.** The Military Ombud within the Legal Service Subprogramme underspent their operating budget allocation by R14,106 million. This was mainly due to the reduction of outreach programmes conducted, limited training events, as well as cost savings measures implemented during the annual symposium of the office. Prolonged procurement processes also hampered spending.
  - **SA Air Force.** The absence of an approved fuel contract hampered the procurement of aviation fuel required for operational purposes, this resulted in an under expenditure of R16,052 million for the SA Air Force.
- **Public Corporations and Private Enterprises.** The under expenditure of R1,440 million was a result of administrative delays in signing the Service Level Agreement between the SA Army and ARMSCOR for specialist services pertaining to product system management forums.
- **Non-profit Institutions.** Under expenditure of R1,004 million to non-profit institutions within the SA Military Health Services mainly due to the transfer payment claimed by the St John's Ambulance Brigade, which was less than anticipated. It should be noted that volunteer activities were drastically curtailed resulting in fewer volunteers meeting the criteria for being recognised for the grant-in-aid.

## Additions to Main Appropriation

The effect of the Adjustments Appropriation for Defence was an increase of R2,512 billion to R51,602 billion. The amount was made up of:

- R193,450 million increase for the internal deployment of the SANDF (Op CHARIOT) to support the people of the KwaZulu-Natal province which was affected by floods.
- R755,303 million increase for the extended deployment of the SANDF (Op VIKELA) to support the Republic of Mozambique to combat the acts of terrorism and violent extremism that affected areas in the Cabo Delgado Province.
- Revenue of R760,185 million was generated from reimbursements from the United Nations for South Africa's contribution to peace support operations, and the sale of equipment and spares procured through the Special Defence Account. The amount was returned to the vote from the National Revenue Fund and will be used to cover the operational costs related to the Department's participation in the peacekeeping mission in the Democratic Republic of the Congo, as well as critical elements of the SA Defence Review 2015.
- National Treasury appropriated an additional R802,585 million in CoE for cost-of-living salary adjustments.



## Virements and/or Shifts within the Vote

The following virements and/or shifts were addressed after the Adjustments Estimate of Expenditure process:

### Approved by National Treasury

R13,015 million to cover the cost of litigation claims against the state. Claims against the state are classified in terms of the Standard Chart of Accounts (SCoA) as Transfer Payments, however, it should be noted that the Department does not budget for litigation claims during the MTEF process.

### Approved by the Accounting Officer

The reallocation of funds between Programmes within the Defence Budget was executed in order to defray expenditure in respect of authorised losses, payments for Capital Assets as well as for Goods and Services to balance the expenditure for the FY2022/23.

- R191,194 million was reallocated to the General Support Programme (Joint Logistic Services) from the Landward Defence, Air Defence and Military Health Support Programmes for payments to Project THUSANO.
- R6,598 million was reallocated to Transfers and Subsidies: Departmental Agencies and Accounts from savings identified within the Administration Programme: Human Resources Support Services (Goods and Services) to increase the transfer payment to the Safety and Security Sector Education and Training Authority (SASSETA).
- R107,000 million was reallocated to the Administration Programme from the Maritime Defence Programme for the payment of contractual obligations pertaining to municipal services and leases.
- R104,000 million was reallocated from Landward Defence Programme to General Support Programme for the upgrade of Information and Communication Technology IBM Mainframe Servers pertaining to the corporate primary and secondary data centres as well as the payment of IBM software licenses to ensure compliance assurance and support.
- R50,000 million was reallocated to the Military Health Support Programme from the Force Employment Programme for the procurement of ambulances in support of the establishment of a rapid response capability unit.
- The re-allocation of funds between Programmes within the Defence Budget was executed in order to defray expenditure in respect of authorised losses, Payments for Capital Assets as well as Goods and Services to balance the expenditure for the FY2022/23.

## Roll-Overs

The Department did not request any funds to be rolled over for FY2022/23.

## **Donor Funds**

The DOD did not receive any donor funds from external sources during for the period 01 April 2022 to 31 March 2023.

## **Irregular, Unauthorised, Fruitless and Wasteful Expenditure**

### **Irregular Expenditure**

Irregular expenditure to the amount of R553,935 million was incurred during the year under review and the biggest contributors are categorised as follows:

- R308 million was incurred when the Department procured Goods and Services without following the South African Procurement Legislation.
- R70 million was incurred on a contract awarded for a three-year period in FY2021/22 for an alternative payment solution for aircraft fuel and airport services when the winning bidder did not comply with the mandatory requirements of the bid.
- R66 million was spent when the Department entered into a lease agreement without following a transparent procurement process.
- R48 million was incurred using a biased specification and non-compliance by inviting all of the suppliers on the RT57 contract for the procurement of vehicles.
- R25 million constituted 23 incidents where no competitive bidding process was followed.
- R10 million was incurred in 10 instances where the Department did not comply with the SITA Act, Regulations and contract RFB 740.
- R8 million was incurred where 13 awards were approved by a committee not correctly constituted.
- R7 million was incurred due to the successful supplier not complying with the bid specification.
- R4 million was incurred when the Department deviated from the quotation rule and did not obtain at least three quotations for 40 transactions.
- R4 million constituted 17 incidents where the Department did not comply with the CIBD regulations.
- R3 million was incurred due to the supplier not complying with the mandatory bid requirements.
- R897 thousand was incurred in two instances where the Department deviated from the awarded contracts.
- R828 thousand was incurred in seven instances where the Department did not comply with the Preferential Procurement Regulations.

The Department is committed to dealing with irregularities to ensure irregular expenditure is identified and fully disclosed. The Internal Audit Division was tasked to revisit the relevant transactions across the Department's procurement units. Eleven procurement units have been audited and 11 Internal Audit Reports were submitted.

Eight Internal Audit Reports were assessed and verified and an additional R222 million was disclosed in the financial statements. This figure was disclosed over two financial periods as follows; R173 million in the FY2021/22 and R49 million in the FY2022/23 disclosure notes.

## **Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure of R2,569 million was incurred during the year under review. These eight incidents are all under investigation to determine the officials who were responsible for the fruitless and wasteful expenditure from whom the money must be recovered.

**The following management interventions were instituted to reduce irregular, fruitless and wasteful expenditure:**

- Monthly presentations were made at the Accountability Management Committee, chaired by the Accounting Officer, to Service and Divisional Chiefs to communicate the status of the irregular, fruitless and wasteful expenditure assigned to their respective Services and Divisions. Action Plans were drafted and submitted to the Accounting Officer, indicating progress towards the finalisation of these matters through consequence management and recoveries. These action plans were also reviewed and followed up by the Internal Audit Division to ensure recommendations from the Auditor-General have been implemented, unfortunately, implementation of these recommendations and consequence management are slow, hence repeat findings from the auditors.
- The Department, through the Governance Risk and Compliance Accountability Committee for Procurement, conducts oversight visits to Procurement Units across the country to address irregular expenditure related to non-compliance with supply chain management prescripts, focusing on high-risk areas and findings and on instituting corrective measures. Unfortunately, the implementation of recommendations by the procurement units are slow.

## **Unauthorised Expenditure**

Due to the underfunding of the appropriated Compensation of Employees allocation ceiling, the DOD incurred unauthorised expenditure of R2,995 billion as defined in terms of the PFMA, Section 34. This was due to the overspending of the adjusted appropriated vote.

This underfunding, imposed by National Treasury, of the CoE dilemma started in FY2017/18. The DOD has been utilising the Operating and Capital budget allocations to augment the compensation shortfall, which resulted in the incurrence of irregular expenditure between FY2017/18 to FY2021/22. During the FY2022/23, in order not to continue to compromise the decline of the DOD facilities, a decision was taken not to use the dwindling operational and capital allocations to augment the CoE shortfall. This resulted in overspending the appropriated votes across all programmes.

There have been numerous engagements with the Portfolio Committee on Defence and Military Veterans and National Treasury to fund the CoE shortfall. This funding shortfall dilemma will have a huge impact on the mandate of the SANDF and its inability to protect the RSA as mandated by the Constitution.

## **Public / Private Partnerships**

The DOD did not enter into any public/private partnerships during FY2022/23.

## **Discontinued Activities / Activities to be Discontinued**

The DOD did not discontinue activities during the period under review.

## **New / Proposed Activities**

No new activities were established during the period under review.

## **Supply Chain Management**

### **Unsolicited Bid Proposals Concluded for the Year under Review**

No unsolicited bids were concluded for the period under review.

### **Supply Chain Management Processes and Systems in Place to Prevent Irregular Expenditure**

To ensure compliance with norms and standards as provided for by National Treasury through various PFMA Supply Chain Management instructions and practice notes, the DOD issued implementation instructions for dissemination to all procurement entities. Oversight visits were undertaken at various procurement entities in all provinces, to enhance levels of compliance awareness and assist with corrective measures to address potential irregularities.

Feedback from the oversight visit initiative was reported to most of the key stakeholders including the Audit Committee. In instances where high levels of non-compliance were observed, the procurement delegation as issued by the Accounting Officer was warned of the possible withdrawal of their delegation.

### **Challenges Experienced in Supply Chain Management and How They Were Resolved**

Amongst the challenges experienced in the year under review, was underperformance with respect to advertising bids due to the transition from the Preferential Procurement Regulations 2017 (PPR2017) to Preferential Procurement Regulations 2022 (PPR2022). In the meantime, the DOD advertised using e-procure and the e-Tender portal for requirements for one million rands and below for price quotation until the e-Procure system was customised to cater for PPR2022.

The Department of Defence and the National School of Government have entered into a Memorandum of Agreement, wherein, the former will provide procurement training for DOD procurement practitioners. Such training will commence in June 2023.

## Procurement Deviations Received from National Treasury

During the reporting period, the Department did not receive any procurement-related deviations from National Treasury.

## Gifts and Donations Received in Kind from Non-Related Parties

No foreign aid was rendered or received for larger DOD projects and programmes during the year under review.

The DOD did not receive any donor funds from external sources for operations during the financial year under review.

## Financial Reporting Requirement Exemptions and Deviations Received from National Treasury

The DOD did not request or receive any financial reporting exemptions or deviations from National Treasury.

## General Comments

### Events after the Reporting Date

None to date.

### Condonements Awaiting Approval from National Treasury

No finalised cases of irregular expenditure were submitted to National Treasury for condonement during the year under review.

## Approval

I hereby submit the attached DOD Annual Financial Statements for your attention.



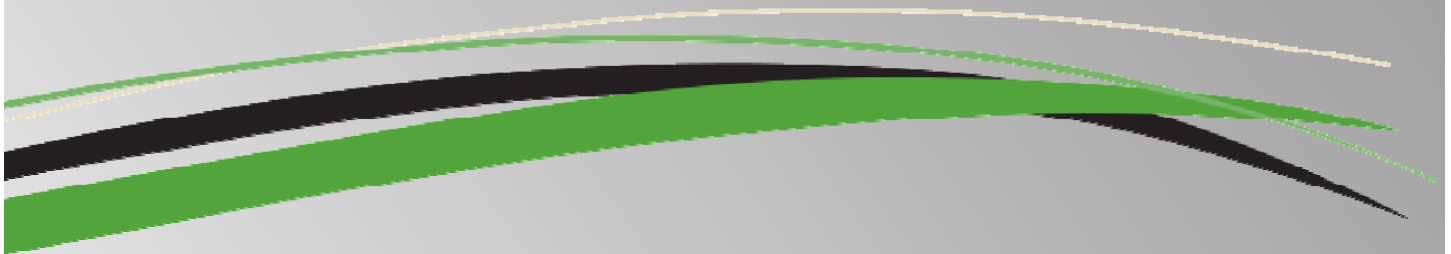
**(DR T. GAMEDE)**

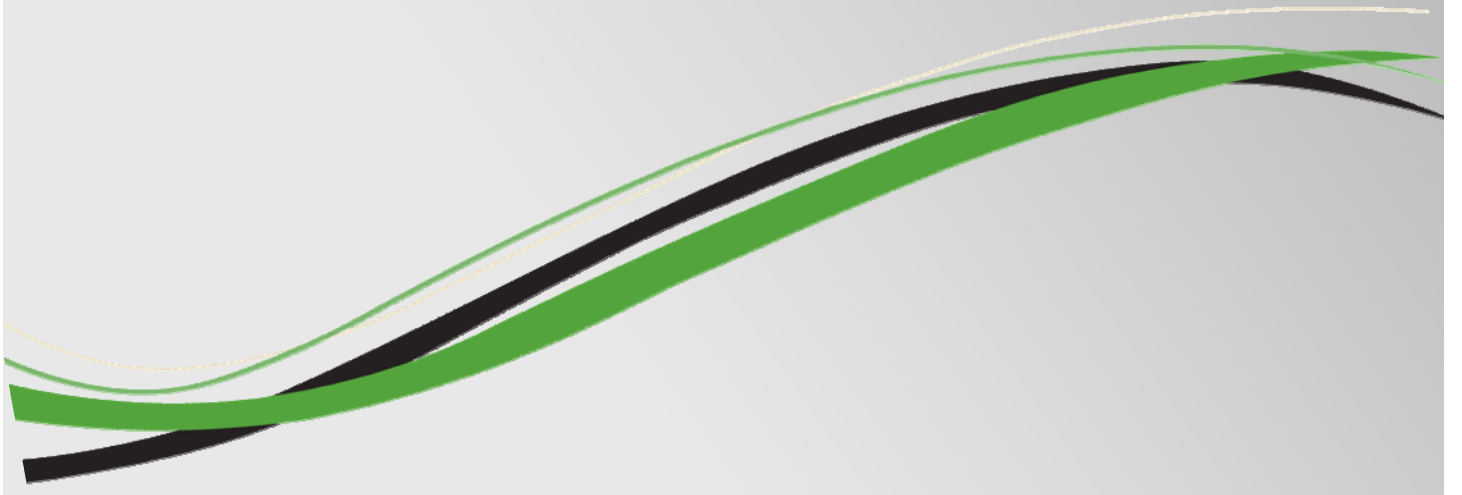
**ACTING SECRETARY FOR DEFENCE: DEPUTY DIRECTOR-GENERAL**



# **Department of Defence**

## **Vote 23**







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# Report of the auditor-general to Parliament on vote no. 23: Department of Defence

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Department of Defence set out on pages 201 to 272, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Department of Defence as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### Basis for qualified opinion

#### Goods and services and investments

3. The department accounts for non-sensitive and sensitive projects expenditure in connection with special defence activities as per section 2(2)(a) of the Defence Special Account Act 6 of 1974, as amended. I was unable to obtain sufficient appropriate audit evidence on sensitive projects expenditure and related investments due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. I was unable to confirm goods and services and investments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to sensitive projects expenditure included in the expenditure of R14,21 billion (2022: R12,83 billion), as per note 4 to the financial statements, and investments for special defence activities included in the investment amount of R179,16 million (2022: R179,16 million), as per note 11 to the financial statements.

#### Movable tangible capital assets

4. I was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as the department could not indicate where these assets are located or provide other information relating to the existence of these assets. I was unable to confirm or verify these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R66,78 billion (2022: R64,32 billion) in note 29 to the financial statements.

5. The department did not recognise all items of movable tangible capital assets in accordance with *MCS chapter 11, Capital assets*. I identified items of movable tangible capital assets belonging to the department that were not included in the underlying accounting records. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets, stated at R66,78 billion (2022: R64,32 billion) in note 29 to the financial statements, as it was impracticable to do so.
6. The department did not comply with the modified cash standard in ensuring that all movable tangible capital assets remain at historical cost in accordance with *MCS Chapter 11, Capital assets*. I identified value adjustments to the historical cost of certain movable tangible capital assets amounting to R919,27 million processed and included as part of the current year additions. This is in contravention with the MCS which prohibits cost adjustments for appreciation and devaluation. In addition, I was unable to obtain sufficient appropriate audit evidence for these adjustments as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets additions stated at R2,98 billion (2022: R479,66 million) in note 29 to the financial statements.
7. The department did not comply with the modified cash standard in ensuring that all movable tangible capital assets remain at historical cost in accordance with *MCS Chapter 11, Capital assets*. I identified cost adjustments to the historical cost of certain movable tangible capital assets amounting to R486,73 million processed and included as part of the current year disposals. This is in contravention with the MCS which prohibits cost adjustments for appreciation and devaluation. In addition, I was unable to obtain sufficient appropriate audit evidence for these adjustments as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets disposals stated at R524,26 million in note 29 to the financial statements.
8. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for movable tangible capital assets accounted for outside the normal asset management system, due to non-submission of registers in support of these assets. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R66,78 billion in note 29 to the financial statements.
9. The department did not recognise all movable tangible capital assets at cost in accordance with *MCS chapter 11, Capital assets*. I identified a significant number of assets acquired after 1 April 2002 which were recorded at R1. This is in contravention of the MCS which allows R1 values to be assigned only to those assets acquired prior to 1 April 2002 and where documentation to establish the cost is not available. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets stated at R66,78 billion (2022: R64,32 billion) in note 29 to the financial statements as it was impracticable to do so.

## Irregular expenditure

10. The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R553,94 million (2022: R4,10 billion) in note 24 to the financial statements, as it was impracticable to do so.

## Context for opinion

11. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

12. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

13. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of matters

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Contingent Liabilities

15. With reference to contingent liabilities of R8,26 billion as disclosed in note 18.1 to the financial statements, the department is the defendant in various lawsuits. The department is opposing the lawsuits. The ultimate outcome of these matters cannot presently be determined and therefore no provision for any liability that may result has been made in the financial statements.

## Unauthorised expenditure

16. As disclosed in note 24 to the financial statements, the department incurred unauthorised expenditure of R2,99 billion due to overspending of the main vote.

## Other matters

17. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited supplementary schedules.

18. The supplementary information set out on pages 273 to 294 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## National Treasury Instruction No.4 of 2022-23: PFMA Compliance and reporting framework

19. On 23 December 2022, the National Treasury issued Instruction No. 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 24 to the financial statements of the Department of Defence. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the Department of Defence.
20. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

### **Responsibilities of the accounting officer for the financial statements**

21. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard and the requirements of the Public Finance Management Act 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.
22. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the auditor-general for the audit of the financial statements**

23. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
24. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

25. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
26. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
<b>Force employment</b>	54	The purpose of the force employment programme is to provide and employ defence capabilities, including an operational capability, to successfully conduct operations, as well as joint, interdepartmental, interagency and multinational military (JIIM) exercises.
<b>Defence intelligence</b>	71	The purpose of the Defence intelligence programme is to provide defence intelligence and counter-intelligence capabilities.

27. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
28. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives.
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.

- the reported performance information is presented in the annual performance report in the prescribed manner.
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

29. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

30. The material findings on the performance information of the selected programmes are as follows:

### **Defence intelligence**

Number of vetting decisions taken in accordance with requirements

31. I could not determine whether the achievement of 5 111 reported against a target of 5 500 was correct, as information regarding the processes to consistently measure and report on achievements against planned indicators was not provided. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported.

### **Other matters**

32. I draw attention to the matters below.

### **Achievement of planned targets**

33. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and underachievements. This information should be considered in the context of the material findings on the reported performance information.

### **Material misstatements**

34. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2: force employment and Programme 7: defence Intelligence. Management subsequently corrected material misstatements relating to force employment only. I reported material findings on defence intelligence.

## Report on compliance with legislation

35. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
36. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
37. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

### Implementation of consequence management by the Secretary for Defence

38. According to chapter 2, section 8(a) of the Defence Act, the Secretary for Defence (SecDef) is the accounting officer of the Department of Defence as contemplated in section 36 of the PFMA. While both acts recognise the SecDef as the accounting officer of the department, there are certain stipulations in the Defence Act that place limitations on the powers of the SecDef with regards to taking disciplinary steps against members of the South African National Defence Force. These limitations have resulted in delays in the implementation of consequence management particularly in relation to material irregularities that I have identified and reported on in the section on material irregularities.
39. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual financial statements

40. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified opinion.

### Asset management

41. I was unable to obtain sufficient appropriate audit evidence that the disposal of movable assets was done in a manner most advantageous to the state, as required by treasury regulation 16A.7.1.
42. I was unable to obtain sufficient appropriate audit evidence that proper control systems were in place at the department to ensure the safeguarding of assets, as required by section 38(1)(d) of the PFMA.



43. Preventative mechanisms were not in place to eliminate the theft and loss of assets, as required by treasury regulation 10.1.1 (a).

### **Expenditure management**

44. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for qualified opinion, the value of R553,94 million as disclosed in note 24 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with SCM laws and regulations.

45. Resources of the department were not utilised economically, as required by section 45(b) of the PFMA. This was due to medical equipment that was not utilised at 2 Military hospital. The non-compliance resulted in a material irregularity to the department.

46. In some instances, payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

### **Consequence management**

47. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 38(1) (h) (iii) of the PFMA.

48. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 38(1) (h) (iii) of the PFMA.

49. I was unable to obtain sufficient appropriate audit evidence that investigations were conducted into all allegations of financial misconduct committed by officials as required by treasury regulation 4.1.1.

### **Procurement and contract management**

50. I was unable to obtain sufficient appropriate audit evidence that all contracts were awarded in accordance with the legislative requirements as department did not have proper record keeping in place. Similar limitations were also reported in the prior year.

51. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021-22. Similar non-compliance was also reported in the prior year.

52. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury Regulation 16A8.3. Similar non-compliance was also reported in the prior year.

53. Procurement by other means was not provided in the SCM policy of the institution or did not cover at least the minimum requirements as required by PFMA Instruction Note 3 of 2021-22 par. 4.3 and 4.4.

54. Deviations and procurement by other means were not provided for in the SCM policy and/or were not in line with the circumstances provided in the SCM policy under which the procurement can occur as required by PFMA instruction note no.3 of 2021-22 par. 4.3 and 4.4 (c) .
55. Some of the quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and preferential procurement regulation (PPR) 2017 and/or 2022. Similar non-compliance was also reported in the prior year.
56. Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and Construction Industry Development Board Regulations 17 and/or 25(7A). Similar non-compliance was also reported in the prior year.
57. The bid documentation/ invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
58. I was unable to obtain sufficient appropriate audit evidence that persons in service of the department who had a private or business interest in contracts awarded by the department disclosed such interest, as required by Treasury Regulation 16A8.4 and the Public Service Regulations 18(1).

#### Other information in the annual report

59. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
60. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
61. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
62. If, based on the work I have performed, I conclude that there is a material misstatement included in this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal control deficiencies

63. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation, however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report:
64. Leadership did not exercise sufficient oversight over financial and performance reporting, compliance with laws and regulations and related internal controls. The action plans developed to address prior year audit matters were not adequate, and they were also not effectively implemented and monitored, resulting in recurring audit findings.
65. Consequence management was not implemented to create a culture of compliance with policies and legislation and to deter further irregularities. The lack of consequence management due to the limitations placed on the powers of the accounting officer in taking disciplinary actions against military command officials also caused significant delays in addressing material irregularities as reported in the next section dealing with material irregularities previously reported.
66. Management did not prepare regular, accurate and complete financial and performance reports that were always supported and evidenced by reliable information. This was mainly due to lack of proper record management systems and insufficient controls over daily and monthly processing and reconciling of transactions. Additionally, reviewing and monitoring controls over compliance with laws and regulations were not effective to detect and prevent non-compliance.

## Material irregularities

67. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

### Material irregularities identified during the audit

68. The material irregularities identified are as follows:

#### Medical equipment at 2 Military Hospital not utilised

69. Medical equipment procured as part of the turn-key project at 2 Military Hospital were not utilised. This includes the cardiovascular theatre unit of R13 702 800, procured and installed in 2018 and six renal dialysis units of R2 328 114, procured and installed in 2019.
70. The non-utilisation of these material public resources could have been avoided with proper planning and processes to ensure effective and efficient use of the department's resources as required by section 45(b) of the PFMA.

71. The accounting officer was notified of the material irregularity on 3 April 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer confirmed that the medical equipment has been put into use effective from 2 June 2023. I visited the premises on 28 June 2023 and confirmed that the six (6) units of renal dialysis had been put into use, however the cardiovascular theatre unit remained unutilised.
72. I recommended that the accounting officer should take the following further actions to address the material irregularity, which should be implemented by 4 March 2024:
- Reasonable steps should be taken to prevent further non-utilisation of the cardiovascular theatre as required by Treasury Regulation 10.1.1(a).
73. I requested the accounting officer to provide a progress report on the implementation of the recommendation by 31 October 2023.
74. I will follow up on the implementation of this recommendation after the due date.
75. I am also in the process of determining additional actions available to take.

## **Material irregularities in progress**

76. I identified other material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due for one material irregularity, while I had not yet completed the process of evaluating the response for the remaining one. These material irregularities will be included in next year's auditor's report.

## **Status of previously reported material irregularities**

### **Inventory and asset management contract was not awarded only to the bidder that scored highest points in the evaluation process**

77. In February 2017, the department awarded a contract for services relating to inventory and asset verification for a period of five years, commencing from 1 March 2017. The department did not comply with the requirements of paragraph 2(1)(f) of the PPPFA in awarding this contract because it did not award the entire contract to the bidder that scored the highest points in the evaluation process. The non-compliance is likely to result in a material financial loss as the contract was awarded to two bidders on a 50/50 basis at an increased price of R922 million for the same scope of work. This resulted in an increase of R250,56 million in the project cost. The contract came to an end during the 2021-22 financial year, the department spent a total of R616,90 million on the contract.
78. The accounting officer was notified of the material irregularity on 18 July 2019. The accounting officer responded by disagreeing that there was non-compliance with legislation in awarding the contract. This resulted in the further review and investigation of the matter by the National Treasury, which confirmed on 28 February 2020 that legislation had been contravened in the awarding of this contract.

79. I recommended that the accounting officer take the following actions to address the material irregularity by 30 November 2020:
- a) The accounting officer should investigate the irregular expenditure and quantify the amount of the financial loss incurred, in accordance with the applicable instruction note(s) issued by the National Treasury dealing with irregular expenditure.
  - b) Effective and appropriate disciplinary steps must be taken against any official who the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3.
  - c) Appropriate action must be taken to determine whether the responsible official is liable by law for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1.
80. The accounting officer submitted a written response and supporting evidence on the implementation of the recommendations on 30 November 2020. Based on the assessment of the written response and supporting evidence submitted, I concluded that the recommendations had not been adequately implemented.
81. The accounting officer was notified of the outcome of the assessment on 6 April 2021 and given an extension until 30 April 2021 to implement those recommendations. Although an investigation was conducted, the accounting officer in her response cited limitations in terms of the Defence Act 42 of 2002, in so far as it relates to taking disciplinary action against military command members. I concluded that the recommendations had not been adequately implemented, particularly as they relate to non-military personnel in respect of whom the accounting officer has no limitations.
82. On 18 August 2021, I issued a directive to the accounting officer in terms of section 5A (3) of the PAA to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the responsible person by 18 November 2021.
83. In addition, I notified the accounting officer of the following remedial actions to address the material irregularity, which should have been implemented by the same date:
- a) Effective and appropriate disciplinary steps must be taken against any civilian official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3.
  - b) Appropriate action must be taken to determine whether the responsible civilian official(s) is liable for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1.
  - c) Steps must be taken to ensure that the chief of the South African National Defence Force (SANDF) takes:
    - i. Effective and appropriate disciplinary action against any military command official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3.

- ii. Appropriate action to determine whether the responsible military command official(s) is/are liable for the losses suffered by the department for the purpose of recovery, as envisaged by treasury regulations 9.1.4 and 12.7.1.

- d) If the chief of the SANDF fails to take effective and appropriate disciplinary action against military command official(s), and/or fails to take appropriate steps to determine whether the responsible command official(s) is/are liable for the losses suffered by the department for the purposes of recovery, the accounting officer must promptly, and before the expiry of the three-month period envisaged in the notification of remedial action, notify the executive authority of such failure.

84. On 8 November 2021, the accounting officer submitted a written response which was assessed to be incomplete. The accounting officer was therefore requested to provide a revised response that clearly indicated the progress that was made with the actions and the timelines for completing the actions. The supplementary response was received on 23 November 2021.

85. On 26 January 2022, I informed the accounting officer that I was not satisfied with the progress on implementation of the directive and remedial actions. A further submission by the accounting officer on 1 June 2022 confirmed the lack of progress in implementation of consequence management for both civilian and military command officials.

86. Since June 2022, I have pursued various interventions including engaging the accountability ecosystem role players on the challenges in implementation of consequence management regarding this matter (refer to par. 38 above). These interventions have not yielded positive results.

87. I am in the process of determining the most suitable action to take.

### **Lease payments made for unoccupied office buildings**

88. The department made lease payments in the financial years 2015-16 to 2019-20 for unoccupied office buildings, in contravention of section 45(b) of the PFMA, which requires the effective, efficient, economical and transparent use of the department's financial resources. The non-compliance resulted in a financial loss of R108,3 million, which forms part of the closing balance of fruitless and wasteful expenditure disclosed in note 24 to the financial statements.

89. The accounting officer was notified of the material irregularity on 11 August 2020. On 8 September 2020, the accounting officer issued an instruction to investigate this material irregularity and conclude on it by 30 October 2020.

90. I did not receive any response from the accounting officer on the implementation of the planned actions and the outcomes thereof and concluded that appropriate action was not being taken.

91. I recommended that the accounting officer take the following actions to address the material irregularity, which should have been implemented by 11 November 2021:

- The financial loss should be quantified and the officials responsible for the financial loss identified in accordance with the applicable instruction note(s) issued by the National Treasury dealing with fruitless and wasteful expenditure;

- Effective and appropriate disciplinary steps should commence against any civilian official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3;
- Effective and appropriate disciplinary steps should commence against any military command official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3; and
- Appropriate action must be taken to determine whether the responsible official is liable by law for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1.

92. On 8 November 2021, the accounting officer submitted a written response that did not appropriately address all the required actions to address the matter. I requested additional information to enable me to conclude on appropriateness of the actions being taken. The supplementary response was received on 23 November 2021. I assessed the accounting officer's revised response and concluded that adequate progress was not made with the implementation of the recommendations.

93. On 1 June 2022, the accounting officer provided a further written submission which acknowledged the financial loss but stated that the board of inquiry did not find anyone liable for the loss and therefore no disciplinary action could be taken against anyone.

94. I assessed the outcome of the board of inquiry and concluded that its conclusion was not appropriate, and that appropriate action was not taken to implement the AGSA's recommendations.

95. Since June 2022, I have pursued various interventions including engaging the accountability ecosystem role players on the implementation of consequence management regarding this matter (refer to par. 38 above). These interventions have not yielded positive results.

96. I am in the process of determining the most suitable action to take.

### **Unfair award for the supply of fuel**

97. In July 2019, the department awarded a contract worth R13,9 million for the supply and delivery of fuel to a supplier using evaluation criteria that differed from those stipulated in the original request for quotations. The original request for quotations stipulated that the award would be made to a bidder with a lower price, but the department used the rotation of suppliers as the criterion to award this contract. The mode of transport was also changed after the award, which resulted in a further price increase. The awarding of the contract using different criteria resulted in non-compliance with treasury regulation 16A.3.2 (a), which requires that the supply chain management process be fair, transparent, competitive and cost-effective. The non-compliance caused a material financial loss of R2,57 million due to a higher price being paid for the fuel.

98. The accounting officer was notified of the material irregularity on 11 August 2020. On 8 September 2020, the accounting officer issued an instruction to investigate this material irregularity and conclude on it by 30 October 2020.

99. On 27 November 2020, the accounting officer completed the investigation into this material irregularity and disagreed that there was non-compliance with legislation in awarding the contract.



100. I referred the material irregularity to the Directorate for Priority Crime Investigations (DPCI) on 15 November 2021 for investigation as provided for in section 5(1A) of the PAA. The referral was accepted by the DPCI on 6 December 2021.
101. I followed up with the DPCI regarding progress of the investigation during the current year and I was informed that, the investigation was still in progress.

### **Personal protective equipment (PPE) not procured in a cost-effective manner**

102. On 14 April 2020, the department procured 1 000 infra-red (IR) thermometers at a price of R3 984,75 each, spending a total of R3 984 750 on this transaction. The price paid was above the recommended price of R2 727,86 per IR thermometer, as indicated in National Treasury instruction note 8 of 2019-20 (annexure A, table 2), issued on 19 March 2020. The procurement of IR thermometers at a higher price resulted in non-compliance with paragraph 3.7.6(ii) of the same instruction note. This non-compliance is likely to result in a material financial loss for the department, as PPE items were procured at prices that were excessive.
103. I notified the accounting officer of the material irregularity on 15 July 2021. The accounting officer convened a board of inquiry on 16 August 2021 to investigate and report on the circumstances that led to the material irregularity. The board of inquiry planned to complete its investigation on or before 20 September 2021.
104. On 7 October 2021 and 17 May 2022, respectively, I submitted a request for information on the progress made in addressing the material irregularity. The accounting officer provided feedback on 30 May 2022 indicating that the board of inquiry had to be reconvened due to the shortcomings identified regarding the first inquiry.
105. The Special Investigating Unit (SIU) investigated procurement of PPE by the department as part of Proclamation no. R23 of 2020 and identified several irregularities in relation to contracts awarded by the department between March 2020 and April 2022. During December 2021, the SIU issued recommendations for disciplinary action and made criminal referrals against officials found to be responsible for the irregularities relating to PPE awards. The responsible officials have been criminally charged and legal proceedings are taking place through the civilian and military courts.
106. I have noted the progress made based on the SIU referrals which serve the purpose of assigning consequences for similar transgressions that informed this material irregularity. I have concluded that this material irregularity on PPE procurement will not be pursued further by me and is therefore resolved in the records of the AGSA.



## Importation of unregistered drugs without approval from regulating authority

107. The department imported an unregistered drug Heberon® Alfa R (Heberon) into the country between 27 April 2020 and 17 August 2020 without approval from the South African Health Products Regulatory Authority (Sahpra). This resulted in non-compliance with the General Regulations (R859 of 2017) to the Medicines and Controlled substances Act 101 of 1965 which states that a person shall only import a medicine or scheduled substance if such person in the case of unregistered medicines, is authorised by the authority to import such unregistered medicines. The department procured 970 695 vials of Heberon at a cost of US\$15 048 872,50 (approximately R260,59 million). The department paid a total amount of R33,5 million to the supplier for the Heberon drugs as at 31 March 2022. This non-compliance was likely to result in a material financial loss of R260 342 813 for the Department of Defence, as Sahpra had authorised the department to use only 10 of the 970 695 vials imported.
108. I notified the accounting officer of the material irregularity on 13 August 2021. On 28 September 2021, the accounting officer provided a written response indicating the measures that were to be implemented to address the material irregularity. The response did not appropriately indicate all the required actions to address the matter and I requested additional information to enable me to conclude on appropriateness of the actions being taken.
109. The Ministerial Task Team (MTT) was commissioned to investigate the procurement of Heberon drugs. They concluded their investigation during October 2021 and submitted the report to the executive authority. The MTT made certain recommendations on this matter which included the return of some Heberon drugs as requested by the Cuban authorities and taking disciplinary actions against officers who caused the irregularity.
110. At the instruction of Sahpra dated 3 November 2021, the department repatriated all the Heberon drugs to Cuba. The Cuban representatives acknowledged receipt of the two Heberon shipments on 20 January 2022 and 17 February 2022, respectively.
111. I did not receive any further response from the accounting officer on actions taken to resolve the material irregularity, including the R33,5 million paid.
112. On 30 September 2022, the Acting Public Protector, issued a report titled “Report on an investigation into allegations of maladministration and irregularities associated with the procurement of unauthorised medicines from Cuba by the Department of Defence”. The acting public protector made remedial actions against various role players which I believe are adequate for the purpose of assigning consequences for the transgressions that informed this material irregularity.
113. Due to the complexity of the department’s accountability structure, the accounting officer referred certain remedial actions from the acting public protector to the Special Investigation Unit (SIU) on 30 October 2022, to assist with implementation. On 4 July 2023, the SIU advised me that the investigation into this matter has commenced and that should the investigation identify any losses that have been incurred, these will be recovered through the civil litigation proceedings in the special tribunal for the appropriate relief.

114. I have noted the progress made in addressing this matter and I have concluded that this material irregularity on the importation of unregistered drugs, will not be pursued further by me and is therefore resolved in the records of the AGSA.

#### **Material irregularities - Defence intelligence**

115. I identified two (2) material irregularities relating to the Defence Intelligence division for which specific confidentiality clauses apply, in line with section 22(1)(a) of the Public Audit Act. As such, I do not provide detail on these material irregularities.

116. The accounting officer is taking appropriate actions to resolve one of the material irregularities. As at the date of this report I had not completed the process of evaluating the response of the accounting officer for the other material irregularity.

#### **Other reports**

117. In addition to the investigations relating to material irregularities, I draw attention to the following engagement conducted by an institution. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

118. The department conducted a forensic audit on the refurbishment and repairs and maintenance project at 1 Military Hospital. The investigation, which was completed in December 2020, has been referred by the department to the Directorate for Priority Crime Investigation (the Hawks) for further investigation (DPCIHQ Inquiry no. 2021/09/02). At the date of this report, the investigation was still in progress.

*Auditor General*

Pretoria

1 August 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

1. The annexure includes the following:
  - The auditor-general's responsibility for the audit.
  - The selected legislative requirements for compliance testing.

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

2. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

#### Financial statements

3. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit 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 department's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
  - Conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### **Compliance with legislation – selected legislative requirements.**

The selected legislative requirements are as follows:

<b>Legislation</b>	<b>Section or regulations</b>
Public Finance Management Act No.1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b); PFMA 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulation 16A 6.1; 16A6.2(a) ,(b) ; 16A 6.3(a);16A 6.3(b); 16A 6.3(c) ; 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7;TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A 9.1(d); 16A 9.1(e); 16A9.2(a)(ii) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Division of Revenue Act No. 5 of 2022	Section 16(1)
Public service regulation	Public service regulation 18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17: & 25(7A)

PPPFA	Section 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.8 Paragraph 7.8 Paragraph 8.2; 8.5 Paragraph 9.1;10.1;10.2 Paragraph 11.1
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
SITA ACT	Section 7(3)
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a);4.4 (c) - (d); Paragraph 5.4 Paragraph 7.2
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; and (b); 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a) and 3.3.1;
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1
Practice Note 5 of 2009/10	Paragraph 3.3

# **Defence - Vote 23**

## **Accounting Policies**

**for the year ended 31 March 2023**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (PFMA) (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

### **1. Basis of preparation**

The Financial Statements have been prepared in accordance with the Modified Cash Standard (MCS).

### **2. Going concern**

The Financial Statements have been prepared on a going concern basis.

### **3. Presentation currency**

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

### **4. Rounding**

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

### **5. Foreign currency translation**

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

### **6. Comparative information**

#### **6.1 Prior period comparative information**

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.

#### **6.2 Current year comparison with budget**

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

### **7. Revenue**

#### **7.1 Appropriated funds**

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (ie statutory appropriation).

# **Defence - Vote 23**

## **Accounting Policies**

**for the year ended 31 March 2023**

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

Appropriated funds are measured at the amounts receivable.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

### **7.2 Departmental revenue**

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

### **7.3 Accrued departmental revenue**

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and or penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the department's debt write-off policy.

## **8. Expenditure**

### **8.1 Compensation of employees**

#### **8.1.1 Salaries and wages**

Salaries and wages are recognised in the statement of financial performance on the date of payment.

#### **8.1.2 Social contributions**

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.



# **Defence - Vote 23**

## **Accounting Policies**

**for the year ended 31 March 2023**

### **8.2 Other expenditure**

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.

### **8.3 Accruals and payables not recognised**

Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.

### **8.4 Leases**

#### **8.4.1 Operating leases**

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

#### **8.4.2 Finance leases**

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

## **9. Cash and cash equivalents**

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

## **10. Prepayments and advances**

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

# **Defence - Vote 23**

## **Accounting Policies**

**for the year ended 31 March 2023**

Prepayments are expensed where a contract / agreement requires that a payment for goods and services be made before actual delivery of those goods and services takes place.

### **11. Loans and Receivables**

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

### **12. Investments**

Investments are recognised in the statement of financial position at cost.

### **13. Financial assets**

#### **13.1 Financial assets (not covered elsewhere)**

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

#### **13.2 Impairment of financial assets**

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

### **14. Payables**

Payables recognised in the statement of financial position are recognised at cost.

### **15. Capital Assets**

#### **15.1 Immovable capital assets**

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired in a non-exchange transaction are recorded at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project, unless the immovable asset is recorded by another department, in which case the completed project costs are transferred to that department.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

# **Defence - Vote 23**

## **Accounting Policies**

**for the year ended 31 March 2023**

### **15.2 Movable capital assets**

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 01 April 2002, and in the case of Minor Other Machinery and Equipment prior to 01 April 2013 are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Technical publications are recognised as library materials when they have been separately contracted for and are separately identifiable. Where they are not separately contracted for or separately identifiable, the cost is capitalised to the main asset.

Biological assets are recorded at cost except those bred by the department which are recorded at R100.00.

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

Project costs are carried in work-in-progress as incurred and added to the cost of the capital asset when delivered and available for operational purposes.

### **15.3 Intangible assets**

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1.

All assets acquired prior to 01 April 2002 are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

### **15.4 Project Costs: Work-in-progress on Immoveable assets**

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is delivered and available for operational purposes. Once the asset is delivered and available for operational purposes, the total accumulated payments are recorded in the asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

# **Defence - Vote 23**

## **Accounting Policies**

**for the year ended 31 March 2023**

Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian after completion.

### **16. Provisions and Contingents**

#### **16.1 Provisions**

Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

#### **16.2 Contingent liabilities**

Contingent liabilities are recorded in the notes to the financial statements when there 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 future events not within the control of the department, or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

#### **16.3 Contingent assets**

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

#### **16.4 Commitments**

Capital commitments are recorded at cost in the notes to the financial statements.

### **17. Unauthorised expenditure**

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure recorded in the notes to the financial statements comprise of:

- unauthorised expenditure that was under assessment in the previous financial year;
- unauthorised expenditure relating to previous financial year and identified in the current year; and
- unauthorised expenditure incurred in the current year.

# **Defence - Vote 23**

## **Accounting Policies**

**for the year ended 31 March 2023**

### **18. Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

### **19. Irregular expenditure**

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and
- irregular expenditure incurred in the current year.

### **20. Changes in accounting policies, accounting estimates and errors**

Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

### **21. Events after the reporting date**

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

### **22. 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.

# **Defence - Vote 23**

## **Accounting Policies**

for the year ended 31 March 2023

### **23. 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.

### **24. Related party transactions**

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The full compensation of key management personnel is recorded in the notes to the financial statements.

### **25. Inventories**

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

### **26. Public Private Partnerships**

Public Private Partnerships (PPP) are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the financial statements.

### **27. Employee benefits**

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Appropriation per programme									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Voted funds and Direct charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Programme</b>									
1 Administration	5 828 629	-	213 994	6 042 623	6 071 295	(28 672)	100.5%	5 374 069	5 367 098
2 Force Employment	5 045 826	-	(91 118)	4 954 708	5 012 398	(57 690)	101.2%	4 117 109	4 117 109
3 Landward Defence	15 971 557	-	(99 796)	15 871 761	17 732 035	(1 860 274)	111.7%	16 372 057	16 372 057
4 Air Defence	6 637 134	-	(258 291)	6 378 843	6 763 529	(384 686)	106.0%	5 881 165	5 881 165
5 Maritime Defence	4 726 660	-	(273 936)	4 452 724	4 662 636	(209 912)	104.7%	4 133 400	4 133 400
6 Military Health Support	5 632 165	-	102 327	5 734 492	5 979 581	(245 089)	104.3%	5 526 576	5 525 749
7 Defence Intelligence	1 166 297	-	(68 202)	1 098 095	1 114 004	(15 909)	101.4%	778 294	778 294
8 General Support	6 593 344	-	475 022	7 068 366	7 261 271	(192 905)	102.7%	6 613 751	6 601 042
<b>Total</b>	<b>51 601 612</b>	<b>-</b>	<b>-</b>	<b>51 601 612</b>	<b>54 596 749</b>	<b>(2 995 137)</b>	<b>105.8%</b>	<b>48 796 421</b>	<b>48 775 914</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				1 263 531				1 145 567	
NRF Receipts				-				-	
Aid assistance				-				-	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>52 865 143</b>				<b>49 941 988</b>	
<b>Add:</b>									
Aid assistance					-				-
Prior year unauthorised expenditure approved without funding									
Expenditure funded from retained funds/ funds retained					(728 988)				1 340 092
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					<b>53 867 760</b>				<b>50 116 006</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Appropriation per economic classification									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>45 272 265</b>	-	<b>(921 499)</b>	<b>44 350 766</b>	<b>47 184 402</b>	<b>(2 833 636)</b>	<b>106.4%</b>	<b>44 290 469</b>	<b>44 297 351</b>
Compensation of employees	31 786 419	-	-	31 786 419	34 660 928	(2 874 509)	109.0%	30 963 644	33 671 480
Salaries and wages	28 463 055	-	-	28 463 055	31 076 474	(2 613 419)	109.2%	27 716 093	30 266 167
Social contributions	3 323 364	-	-	3 323 364	3 584 454	(261 090)	107.9%	3 247 551	3 405 313
Goods and services	13 485 846	-	(921 499)	12 564 347	12 523 474	40 873	99.7%	13 326 825	10 625 871
Administrative fees	19 026	-	2 743	21 769	21 769	-	100.0%	15 589	15 589
Advertising	81 206	-	(66 724)	14 482	10 767	3 715	74.3%	47 948	46 625
Minor assets	174 150	-	(128 712)	45 438	45 438	-	100.0%	63 297	63 009
Audit costs: External	82 084	-	(5 491)	76 593	76 593	-	100.0%	64 792	64 792
Catering: Departmental activities	57 575	-	(31 717)	25 858	25 858	-	100.0%	13 145	13 002
Communication (G&S)	86 162	-	3 228	89 390	89 390	-	100.0%	91 707	91 388
Computer services	963 270	-	(104 040)	859 230	854 131	5 099	99.4%	816 421	753 501
Consultants: Business and advisory services	73 661	-	(54 052)	19 609	18 292	1 317	93.3%	83 257	12 109
Infrastructure and planning services	6 484	-	(5 683)	801	801	-	100.0%	4 908	4 908
Laboratory services	41 279	-	37 608	78 887	78 887	-	100.0%	77 099	77 099
Scientific and technological services	73 536	-	131 736	205 272	205 272	-	100.0%	70 229	70 229
Legal services	41 659	-	(21 605)	20 054	20 054	-	100.0%	17 364	17 364
Contractors	2 426 653	-	(1 033 590)	1 393 063	1 377 011	16 052	98.8%	3 064 651	1 215 416
Agency and support / outsourced services	650 322	-	387 463	1 037 785	1 037 785	-	100.0%	774 792	774 792
Entertainment	4 182	-	(3 090)	1 092	1 092	-	100.0%	805	805
Fleet services (including government motor transport)	253 116	-	(106 428)	146 688	146 688	-	100.0%	232 592	108 074
Inventory: Clothing material and accessories	87 871	-	(15 504)	72 367	72 367	-	100.0%	65 255	65 255
Inventory: Farming supplies	2 321	-	(406)	1 915	1 915	-	100.0%	3 042	3 042
Inventory: Food and food supplies	1 237 066	-	345 496	1 582 562	1 571 847	10 715	99.3%	1 413 474	1 413 474
Inventory: Fuel, oil and gas	857 637	-	(209 692)	647 945	647 945	-	100.0%	763 905	446 347
Inventory: Materials and supplies	150 447	-	(43 813)	106 634	106 634	-	100.0%	188 476	69 136
Inventory: Medical supplies	129 442	-	(65 446)	63 996	63 996	-	100.0%	415 573	415 573
Inventory: Medicine	249 736	-	(30 231)	219 505	219 505	-	100.0%	242 818	242 818
Inventory: Other supplies	98 377	-	(72 774)	25 603	25 603	-	100.0%	71 812	61 515
Consumable supplies	140 071	-	10 149	150 220	150 220	-	100.0%	153 646	153 646



# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Appropriation per economic classification									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery, printing and office supplies	76 186	-	(34 188)	41 998	41 998	-	100.0%	44 427	44 427
Operating leases	1 737 409	-	228 084	1 965 493	1 965 493	-	100.0%	1 379 835	1 379 835
Property payments	1 832 989	-	(471 653)	1 361 336	1 361 336	-	100.0%	1 571 166	1 539 523
Travel and subsistence	999 249	-	483 010	1 482 259	1 480 660	1 599	99.9%	1 073 596	1 071 467
Training and development	290 491	-	(83 432)	207 059	204 683	2 376	98.9%	187 961	186 596
Operating payments	544 251	-	670	544 921	544 921	-	100.0%	297 518	188 943
Venues and facilities	17 795	-	(4 600)	13 195	13 195	-	100.0%	10 607	10 454
Rental and hiring	143	-	41 185	41 328	41 328	-	100.0%	5 118	5 118
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>5 617 872</b>	<b>-</b>	<b>6 659</b>	<b>5 624 531</b>	<b>5 786 032</b>	<b>(161 501)</b>	<b>102.9%</b>	<b>3 460 521</b>	<b>3 446 703</b>
Provinces and municipalities	190	-	(25)	165	165	-	100.0%	169	169
Municipalities	190	-	(25)	165	165	-	100.0%	169	169
Municipal bank accounts	190	-	(25)	165	165	-	100.0%	169	169
Departmental agencies and accounts	2 793 633	-	10 550	2 804 183	2 804 183	-	100.0%	1 666 004	1 666 004
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	2 793 509	-	6 686	2 800 195	2 800 195	-	100.0%	1 666 004	1 666 004
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	139 300	-	(5 879)	133 421	133 421	-	100.0%	55 726	55 493
Public corporations and private enterprises	1 481 079	-	(788)	1 480 291	1 478 851	1 440	99.9%	1 480 118	1 480 118
Public corporations	358 953	-	(1 071)	357 882	356 442	1 440	99.6%	1 480 118	1 480 118
Subsidies on products and production (pc)	358 953	-	(1 138)	357 815	356 375	1 440	99.6%	1 480 055	1 480 055
Other transfers to public corporations	-	-	67	67	67	-	100.0%	63	63
Private enterprises	1 122 126	-	283	1 122 409	1 122 409	-	100.0%	-	-
Subsidies on products and production (pe)	1 122 126	-	-	1 122 126	1 122 126	-	100.0%	-	-
Other transfers to private enterprises	-	-	283	283	283	-	100.0%	-	-
Non-profit institutions	10 449	-	(5 999)	4 450	3 446	1 004	77.4%	10 232	7 753
Households	1 193 345	-	12 664	1 206 009	1 369 954	(163 945)	113.6%	248 272	237 166
Social benefits	1 193 345	-	-	1 193 345	1 357 290	(163 945)	113.7%	224 275	213 169
Other transfers to households	-	-	12 664	12 664	12 664	-	100.0%	23 997	23 997

## Defence - Vote 23

# Appropriation Statement

for the year ended 31 March 2023

Appropriation per economic classification									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>711 475</b>	-	<b>908 083</b>	<b>1 619 558</b>	<b>1 619 558</b>	-	<b>100.0%</b>	<b>1 029 955</b>	<b>1 028 860</b>
Buildings and other fixed structures	428 653	-	319 628	748 281	748 281	-	100.0%	416 052	416 052
Buildings	428 653	-	319 628	748 281	748 281	-	100.0%	416 052	416 052
Machinery and equipment	277 636	-	517 700	795 336	582 387	212 949	73.2%	563 602	562 859
Transport equipment	24 266	-	319 431	343 697	343 697	-	100.0%	180 792	180 292
Other machinery and equipment	253 370	-	198 269	451 639	238 690	212 949	52.8%	382 810	382 567
Heritage assets	-	-	-	-	212 949	(212 949)	-	-	-
Specialised military assets	1 096	-	(1 096)	-	-	-	-	-	-
Biological assets	40	-	(40)	-	-	-	-	287	287
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	4 050	-	71 891	75 941	75 941	-	100.0%	50 014	49 662
<b>Payment for financial assets</b>	-	-	<b>6 757</b>	<b>6 757</b>	<b>6 757</b>	-	<b>100.0%</b>	<b>15 476</b>	<b>3 000</b>
<b>Total</b>	<b>51 601 612</b>	-	-	<b>51 601 612</b>	<b>54 596 749</b>	<b>(2 995 137)</b>	<b>105.8%</b>	<b>48 796 421</b>	<b>48 775 914</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 1: Administration									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Ministry</b>	127 239	-	(68 102)	59 137	59 137	-	100.0%	74 302	74 302
2 <b>Departmental Direction</b>	45 782	-	(6 095)	39 687	39 687	-	100.0%	35 631	35 631
3 <b>Policy and Planning</b>	125 036	-	(9 326)	115 710	115 710	-	100.0%	96 291	96 291
4 <b>Financial Services</b>	438 328	-	(42 276)	396 052	396 052	-	100.0%	371 744	371 744
5 <b>Human Resources Support Services</b>	1 042 746	-	(40 327)	1 002 419	1 045 197	(42 778)	104.3%	910 012	910 012
6 <b>Legal Services</b>	379 735	-	25 700	405 435	391 329	14 106	96.5%	343 350	338 031
7 <b>Inspection and Audit Services</b>	151 777	-	3 256	155 033	155 033	-	100.0%	139 025	139 025
8 <b>Acquisition Services</b>	76 963	-	7 105	84 068	84 068	-	100.0%	72 090	72 090
9 <b>Communication Services</b>	123 576	-	(75 989)	47 587	47 587	-	100.0%	83 356	83 356
10 <b>South African National Defence Force Command and Control</b>	188 431	-	18 378	206 809	206 809	-	100.0%	192 133	192 133
11 <b>Religious Services</b>	20 798	-	2 285	23 083	23 083	-	100.0%	17 762	17 762
12 <b>Defence Reserve Direction</b>	37 780	-	(10 361)	27 419	27 419	-	100.0%	29 875	28 223
13 <b>Defence Foreign Relations</b>	273 271	-	46 568	319 839	319 839	-	100.0%	220 281	220 281
14 <b>Office Accommodation</b>	2 797 167	-	363 178	3 160 345	3 160 345	-	100.0%	2 788 217	2 788 217
<b>Total</b>	<b>5 828 629</b>	<b>-</b>	<b>213 994</b>	<b>6 042 623</b>	<b>6 071 295</b>	<b>(28 672)</b>	<b>100.5%</b>	<b>5 374 069</b>	<b>5 367 098</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>5 684 937</b>	<b>-</b>	<b>79 966</b>	<b>5 764 903</b>	<b>5 793 575</b>	<b>(28 672)</b>	<b>100.5%</b>	<b>5 283 286</b>	<b>5 279 164</b>
Compensation of employees	2 178 361	-	-	2 178 361	2 221 139	(42 778)	102.0%	2 097 508	2 102 638
Salaries and wages	1 924 365	-	-	1 924 365	1 962 408	(38 043)	102.0%	1 851 496	1 856 626
Social contributions	253 996	-	-	253 996	258 731	(4 735)	101.9%	246 012	246 012
Goods and services	3 506 576	-	79 966	3 586 542	3 572 436	14 106	99.6%	3 185 778	3 176 526
Administrative fees	4 303	-	(4 302)	1	1	-	100.0%	19	19
Advertising	78 019	-	(66 729)	11 290	7 575	3 715	67.1%	46 510	45 187
Minor assets	9 336	-	(6 723)	2 613	2 613	-	100.0%	3 405	3 117
Audit costs: External	1 983	-	(1 983)	-	-	-	-	-	-
Catering: Departmental activities	5 736	-	(414)	5 322	5 322	-	100.0%	2 962	2 819
Communication (G&S)	19 241	-	(7 030)	12 211	12 211	-	100.0%	13 173	12 854
Computer services	84 511	-	(19 335)	65 176	60 077	5 099	92.2%	62 328	59 397



# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 1: Administration									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	9 354	-	(5 999)	3 355	3 355	-	100.0%	9 179	7 527
Households	81 312	-	52 173	133 485	133 485	-	100.0%	24 158	24 056
Social benefits	81 312	-	52 173	133 485	133 485	-	100.0%	21 089	20 987
Other transfers to households	-	-	-	-	-	-	-	3 069	3 069
<b>Payments for capital assets</b>	<b>27 519</b>	<b>-</b>	<b>75 800</b>	<b>103 319</b>	<b>103 319</b>	<b>-</b>	<b>100.0%</b>	<b>26 550</b>	<b>25 455</b>
Buildings and other fixed structures	-	-	26 689	26 689	26 689	-	100.0%	1 188	1 188
Buildings	-	-	26 689	26 689	26 689	-	100.0%	1 188	1 188
Machinery and equipment	25 224	-	44 347	69 571	69 571	-	100.0%	24 984	24 241
Transport equipment	5 910	-	32 847	38 757	38 757	-	100.0%	4 217	3 717
Other machinery and equipment	19 314	-	11 500	30 814	30 814	-	100.0%	20 767	20 524
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 295	-	4 764	7 059	7 059	-	100.0%	378	26
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>1 591</b>	<b>1 591</b>	<b>1 591</b>	<b>-</b>	<b>100.0%</b>	<b>881</b>	<b>881</b>
<b>Total</b>	<b>5 828 629</b>	<b>-</b>	<b>213 994</b>	<b>6 042 623</b>	<b>6 071 295</b>	<b>(28 672)</b>	<b>100.5%</b>	<b>5 374 069</b>	<b>5 367 098</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 2: Force Employment									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Strategic Direction</b>	222 187	-	(22 673)	199 514	199 514	-	100.0%	171 043	171 043
2 <b>Operational Direction</b>	403 541	-	43 325	446 866	446 866	-	100.0%	394 368	394 368
3 <b>Special Operations</b>	967 720	-	63 496	1 031 216	1 099 621	(68 405)	106.6%	1 172 825	1 172 825
4 <b>Regional Security</b>	2 026 381	-	(69 677)	1 956 704	1 956 704	-	100.0%	852 850	852 850
5 <b>Support to the People</b>	1 425 997	-	(105 589)	1 320 408	1 309 693	10 715	99.2%	1 526 023	1 526 023
<b>Total</b>	<b>5 045 826</b>	<b>-</b>	<b>(91 118)</b>	<b>4 954 708</b>	<b>5 012 398</b>	<b>(57 690)</b>	<b>101.2%</b>	<b>4 117 109</b>	<b>4 117 109</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>4 123 559</b>	<b>-</b>	<b>(78 081)</b>	<b>4 045 478</b>	<b>4 103 168</b>	<b>(57 690)</b>	<b>101.4%</b>	<b>3 502 142</b>	<b>3 502 142</b>
Compensation of employees	2 719 864	-	-	2 719 864	2 788 269	(68 405)	102.5%	2 698 191	2 698 191
Salaries and wages	2 610 908	-	-	2 610 908	2 674 417	(63 509)	102.4%	2 590 648	2 590 648
Social contributions	108 956	-	-	108 956	113 852	(4 896)	104.5%	107 543	107 543
Goods and services	1 403 695	-	(78 081)	1 325 614	1 314 899	10 715	99.2%	803 951	803 951
Administrative fees	34	-	1 090	1 124	1 124	-	100.0%	150	150
Advertising	643	-	(413)	230	230	-	100.0%	105	105
Minor assets	25 157	-	(19 462)	5 695	5 695	-	100.0%	4 783	4 783
Catering: Departmental activities	4 169	-	(1 045)	3 124	3 124	-	100.0%	1 891	1 891
Communication (G&S)	14 763	-	1 600	16 363	16 363	-	100.0%	13 862	13 862
Computer services	5 388	-	(994)	4 394	4 394	-	100.0%	7 505	7 505
Consultants: Business and advisory services	213	-	(208)	5	5	-	100.0%	1	1
Infrastructure and planning services	1 360	-	(1 324)	36	36	-	100.0%	125	125
Laboratory services	-	-	591	591	591	-	100.0%	864	864
Scientific and technological services	12 406	-	(5 187)	7 219	7 219	-	100.0%	15 150	15 150
Contractors	177 334	-	(80 719)	96 615	96 615	-	100.0%	106 500	106 500
Agency and support / outsourced services	5 105	-	1 809	6 914	6 914	-	100.0%	5 369	5 369
Entertainment	30	-	(28)	2	2	-	100.0%	12	12
Fleet services (including government motor transport)	121 430	-	(101 917)	19 513	19 513	-	100.0%	16 136	16 136
Inventory: Clothing material and accessories	8 043	-	(1 791)	6 252	6 252	-	100.0%	1 847	1 847
Inventory: Farming supplies	1 335	-	(1 273)	62	62	-	100.0%	852	852

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 2: Force Employment									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Food and food supplies	291 989	-	107 684	399 673	388 958	10 715	97.3%	281 145	281 145
Inventory: Fuel, oil and gas	133 686	-	(28 832)	104 854	104 854	-	100.0%	84 335	84 335
Inventory: Materials and supplies	21 940	-	(13 840)	8 100	8 100	-	100.0%	32 389	32 389
Inventory: Medical supplies	1 919	-	(1 071)	848	848	-	100.0%	1 758	1 758
Inventory: Medicine	869	-	(385)	484	484	-	100.0%	206	206
Inventory: Other supplies	296	-	(185)	111	111	-	100.0%	202	202
Consumable supplies	26 647	-	6 767	33 414	33 414	-	100.0%	33 078	33 078
Consumable: Stationery, printing and office supplies	6 814	-	(1 930)	4 884	4 884	-	100.0%	6 514	6 514
Operating leases	3 051	-	(219)	2 832	2 832	-	100.0%	3 012	3 012
Property payments	29 333	-	(23 881)	5 452	5 452	-	100.0%	9 504	9 504
Travel and subsistence	259 541	-	42 444	301 985	301 985	-	100.0%	166 857	166 857
Training and development	8 376	-	(6 238)	2 138	2 138	-	100.0%	1 555	1 555
Operating payments	238 770	-	52 625	291 395	291 395	-	100.0%	7 824	7 824
Venues and facilities	3 054	-	(2 731)	323	323	-	100.0%	420	420
Rental and hiring	-	-	982	982	982	-	100.0%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>776 592</b>	<b>-</b>	<b>(16 410)</b>	<b>760 182</b>	<b>760 182</b>	<b>-</b>	<b>100.0%</b>	<b>394 235</b>	<b>394 235</b>
Provinces and municipalities	11	-	(7)	4	4	-	100.0%	6	6
Municipalities	11	-	(7)	4	4	-	100.0%	6	6
Municipal bank accounts	11	-	(7)	4	4	-	100.0%	6	6
Departmental agencies and accounts	572 105	-	(47)	572 058	572 058	-	100.0%	325 988	325 988
Departmental agencies	572 105	-	(47)	572 058	572 058	-	100.0%	325 988	325 988
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	139 300	-	(5 879)	133 421	133 421	-	100.0%	45 555	45 555
Public corporations and private enterprises	9 724	-	-	9 724	9 724	-	100.0%	10 298	10 298
Public corporations	9 724	-	-	9 724	9 724	-	100.0%	10 298	10 298
Subsidies on products and production (pc)	9 724	-	-	9 724	9 724	-	100.0%	10 298	10 298
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	55 452	-	(10 477)	44 975	44 975	-	100.0%	12 388	12 388
Social benefits	55 452	-	(10 812)	44 640	44 640	-	100.0%	12 265	12 265
Other transfers to households	-	-	335	335	335	-	100.0%	123	123

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 2: Force Employment									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>145 675</b>	-	<b>3 295</b>	<b>148 970</b>	<b>148 970</b>	-	<b>100.0%</b>	<b>220 631</b>	<b>220 631</b>
Buildings and other fixed structures	70 284	-	(63 024)	7 260	7 260	-	100.0%	4 743	4 743
Buildings	70 284	-	(63 024)	7 260	7 260	-	100.0%	4 743	4 743
Machinery and equipment	74 295	-	67 415	141 710	141 710	-	100.0%	215 888	215 888
Transport equipment	979	-	100 012	100 991	100 991	-	100.0%	144 400	144 400
Other machinery and equipment	73 316	-	(32 597)	40 719	40 719	-	100.0%	71 488	71 488
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	1 096	-	(1 096)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>78</b>	<b>78</b>	<b>78</b>	-	<b>100.0%</b>	<b>101</b>	<b>101</b>
<b>Total</b>	<b>5 045 826</b>	-	<b>(91 118)</b>	<b>4 954 708</b>	<b>5 012 398</b>	<b>(57 690)</b>	<b>101.2%</b>	<b>4 117 109</b>	<b>4 117 109</b>



# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 3: Landward Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Strategic Direction</b>	842 440	-	(319 765)	522 675	522 675	-	100.0%	450 730	450 730
2 <b>Infantry Capability</b>	5 997 960	-	171 498	6 169 458	6 888 135	(718 677)	111.6%	6 276 254	6 276 254
3 <b>Armour Capability</b>	534 942	-	14 528	549 470	628 314	(78 844)	114.3%	607 242	607 242
4 <b>Artillery Capability</b>	588 947	-	(30 687)	558 260	631 370	(73 110)	113.1%	631 423	631 423
5 <b>Air Defence Artillery Capability</b>	393 199	-	10 948	404 147	476 165	(72 018)	117.8%	467 584	467 584
6 <b>Engineering Capability</b>	886 791	-	40 759	927 550	1 061 355	(133 805)	114.4%	1 019 993	1 019 993
7 <b>Operational Intelligence</b>	239 358	-	12 503	251 861	308 682	(56 821)	122.6%	291 360	291 360
8 <b>Command and Control Capability</b>	228 514	-	10 175	238 689	284 439	(45 750)	119.2%	255 434	255 434
9 <b>Support Capability</b>	4 279 160	-	(49 692)	4 229 468	4 532 300	(302 832)	107.2%	4 097 811	4 097 811
10 <b>General Training Capability</b>	511 423	-	961	512 384	709 365	(196 981)	138.4%	664 576	664 576
11 <b>Signal Capability</b>	1 468 823	-	38 976	1 507 799	1 689 235	(181 436)	112.0%	1 609 650	1 609 650
<b>Total</b>	<b>15 971 557</b>	<b>-</b>	<b>(99 796)</b>	<b>15 871 761</b>	<b>17 732 035</b>	<b>(1 860 274)</b>	<b>111.7%</b>	<b>16 372 057</b>	<b>16 372 057</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>15 204 251</b>	<b>-</b>	<b>(73 187)</b>	<b>15 131 064</b>	<b>16 992 778</b>	<b>(1 861 714)</b>	<b>112.3%</b>	<b>16 137 720</b>	<b>16 147 620</b>
Compensation of employees	13 118 360	-	-	13 118 360	14 980 074	(1 861 714)	114.2%	12 785 458	14 443 293
Salaries and wages	11 678 105	-	-	11 678 105	13 389 141	(1 711 036)	114.7%	11 366 821	12 927 763
Social contributions	1 440 255	-	-	1 440 255	1 590 933	(150 678)	110.5%	1 418 637	1 515 530
Goods and services	2 085 891	-	(73 187)	2 012 704	2 012 704	-	100.0%	3 352 262	1 704 327
Advertising	555	-	816	1 371	1 371	-	100.0%	376	376
Minor assets	30 611	-	(28 370)	2 241	2 241	-	100.0%	2 193	2 193
Catering: Departmental activities	5 357	-	(3 089)	2 268	2 268	-	100.0%	974	974
Communication (G&S)	17 180	-	(6 028)	11 152	11 152	-	100.0%	12 206	12 206
Computer services	47 076	-	(10 095)	36 981	36 981	-	100.0%	40 338	40 338
Consultants: Business and advisory services	952	-	(718)	234	234	-	100.0%	61	61
Infrastructure and planning services	4 552	-	(3 791)	761	761	-	100.0%	4 726	4 726
Scientific and technological services	190	-	145 763	145 953	145 953	-	100.0%	-	-
Contractors	599 984	-	(555 417)	44 567	44 567	-	100.0%	1 152 531	44 185
Agency and support / outsourced services	7 241	-	(3 477)	3 764	3 764	-	100.0%	6 760	6 760
Entertainment	69	-	(54)	15	15	-	100.0%	19	19

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 3: Landward Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	24 032	-	28 671	52 703	52 703	-	100.0%	155 810	31 338
Inventory: Clothing material and accessories	27 436	-	(989)	26 447	26 447	-	100.0%	19 688	19 688
Inventory: Farming supplies	59	-	1 112	1 171	1 171	-	100.0%	1 381	1 381
Inventory: Food and food supplies	674 313	-	81 363	755 676	755 676	-	100.0%	750 097	750 097
Inventory: Fuel, oil and gas	241 392	-	(9 838)	231 554	231 554	-	100.0%	359 990	172 233
Inventory: Materials and supplies	6 537	-	5 438	11 975	11 975	-	100.0%	128 420	9 080
Inventory: Medical supplies	48	-	(16)	32	32	-	100.0%	157	157
Inventory: Medicine	18	-	(12)	6	6	-	100.0%	4	4
Inventory: Other supplies	345	-	(338)	7	7	-	100.0%	-	-
Consumable supplies	25 108	-	836	25 944	25 944	-	100.0%	23 805	23 805
Consumable: Stationery, printing and office supplies	9 672	-	(1 726)	7 946	7 946	-	100.0%	6 889	6 889
Operating leases	688	-	815	1 503	1 503	-	100.0%	2 382	2 382
Property payments	39 631	-	(31 062)	8 569	8 569	-	100.0%	10 139	10 139
Travel and subsistence	270 935	-	331 109	602 044	602 044	-	100.0%	498 720	498 720
Training and development	37 775	-	(7 116)	30 659	30 659	-	100.0%	27 613	27 613
Operating payments	10 414	-	(18 770)	(8 356)	(8 356)	-	100.0%	140 112	32 092
Venues and facilities	3 719	-	1 559	5 278	5 278	-	100.0%	6 871	6 871
Rental and hiring	2	-	10 237	10 239	10 239	-	100.0%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>750 965</b>	<b>-</b>	<b>(101 279)</b>	<b>649 686</b>	<b>648 246</b>	<b>1 440</b>	<b>99.8%</b>	<b>208 219</b>	<b>198 319</b>
Provinces and municipalities	10	-	8	18	18	-	100.0%	17	17
Municipalities	10	-	8	18	18	-	100.0%	17	17
Municipal bank accounts	10	-	8	18	18	-	100.0%	17	17
Departmental agencies and accounts	229 640	-	(22)	229 618	229 618	-	100.0%	114 743	114 743
Departmental agencies	229 640	-	(22)	229 618	229 618	-	100.0%	114 743	114 743
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	2 577	-	(787)	1 790	350	1 440	19.6%	6 000	6 000
Public corporations	2 577	-	(1 070)	1 507	67	1 440	4.4%	6 000	6 000
Subsidies on products and production (pc)	2 577	-	(1 137)	1 440	-	1 440	-	6 000	6 000
Other transfers to public corporations	-	-	67	67	67	-	100.0%	-	-

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 3: Landward Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private enterprises	-	-	283	283	283	-	100.0%	-	-
Other transfers to private enterprises	-	-	283	283	283	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	518 738	-	(100 478)	418 260	418 260	-	100.0%	87 459	77 559
Social benefits	518 738	-	(109 932)	408 806	408 806	-	100.0%	71 271	61 371
Other transfers to households	-	-	9 454	9 454	9 454	-	100.0%	16 188	16 188
<b>Payments for capital assets</b>	<b>16 341</b>	-	<b>72 452</b>	<b>88 793</b>	<b>88 793</b>	-	<b>100.0%</b>	<b>25 625</b>	<b>25 625</b>
Buildings and other fixed structures	470	-	401	871	871	-	100.0%	2 332	2 332
Buildings	470	-	401	871	871	-	100.0%	2 332	2 332
Machinery and equipment	15 871	-	71 761	87 632	87 632	-	100.0%	22 729	22 729
Transport equipment	-	-	50 914	50 914	50 914	-	100.0%	22	22
Other machinery and equipment	15 871	-	20 847	36 718	36 718	-	100.0%	22 707	22 707
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	290	290	290	-	100.0%	564	564
<b>Payment for financial assets</b>	-	-	<b>2 218</b>	<b>2 218</b>	<b>2 218</b>	-	<b>100.0%</b>	<b>493</b>	<b>493</b>
<b>Total</b>	<b>15 971 557</b>	-	<b>(99 796)</b>	<b>15 871 761</b>	<b>17 732 035</b>	<b>(1 860 274)</b>	<b>111.7%</b>	<b>16 372 057</b>	<b>16 372 057</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 4: Air Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Strategic Direction</b>	26 018	-	1 395	27 413	28 826	(1 413)	105.2%	23 967	23 967
2 <b>Operational Direction</b>	158 382	-	25 923	184 305	184 305	-	100.0%	80 774	80 774
3 <b>Helicopter Capability</b>	1 108 078	-	(33 079)	1 074 999	1 085 391	(10 392)	101.0%	874 779	874 779
4 <b>Transport and Maritime Capability</b>	1 054 061	-	(532 354)	521 707	536 516	(14 809)	102.8%	458 063	458 063
5 <b>Air Combat Capability</b>	306 433	-	86 466	392 899	403 728	(10 829)	102.8%	189 187	189 187
6 <b>Operational Support and Intelligence Capability</b>	355 278	-	13 639	368 917	414 638	(45 721)	112.4%	387 244	387 244
7 <b>Command and Control Capability</b>	349 009	-	53 600	402 609	430 783	(28 174)	107.0%	408 092	408 092
8 <b>Base Support Capability</b>	2 139 867	-	129 184	2 269 051	2 406 819	(137 768)	106.1%	2 271 154	2 271 154
9 <b>Command Post</b>	66 161	-	4 488	70 649	82 149	(11 500)	116.3%	68 447	68 447
10 <b>Training Capability</b>	459 838	-	(4 355)	455 483	458 846	(3 363)	100.7%	473 664	473 664
11 <b>Technical Support Services</b>	614 009	-	(3 198)	610 811	731 528	(120 717)	119.8%	645 794	645 794
<b>Total</b>	<b>6 637 134</b>	<b>-</b>	<b>(258 291)</b>	<b>6 378 843</b>	<b>6 763 529</b>	<b>(384 686)</b>	<b>106.0%</b>	<b>5 881 165</b>	<b>5 881 165</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>5 960 974</b>	<b>-</b>	<b>(293 418)</b>	<b>5 667 556</b>	<b>6 000 695</b>	<b>(333 139)</b>	<b>105.9%</b>	<b>5 516 683</b>	<b>5 516 683</b>
Compensation of employees	3 963 712	-	-	3 963 712	4 312 903	(349 191)	108.8%	3 841 186	4 162 534
Salaries and wages	3 525 244	-	-	3 525 244	3 814 335	(289 091)	108.2%	3 416 585	3 702 433
Social contributions	438 468	-	-	438 468	498 568	(60 100)	113.7%	424 601	460 101
Goods and services	1 997 262	-	(293 418)	1 703 844	1 687 792	16 052	99.1%	1 675 497	1 354 149
Administrative fees	-	-	-	-	-	-	-	19	19
Advertising	351	-	194	545	545	-	100.0%	33	33
Minor assets	11 222	-	(7 151)	4 071	4 071	-	100.0%	4 499	4 499
Catering: Departmental activities	3 637	-	712	4 349	4 349	-	100.0%	2 157	2 157
Communication (G&S)	8 968	-	65	9 033	9 033	-	100.0%	8 388	8 388
Computer services	27 835	-	24 552	52 387	52 387	-	100.0%	39 944	39 944
Consultants: Business and advisory services	203	-	(199)	4	4	-	100.0%	105	105
Infrastructure and planning services	14	-	(10)	4	4	-	100.0%	57	57
Laboratory services	10	-	(10)	-	-	-	-	-	-
Scientific and technological services	63	-	(21)	42	42	-	100.0%	38	38
Contractors	1 124 340	-	(186 851)	937 489	921 437	16 052	98.3%	1 121 036	799 688

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 4: Air Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Agency and support / outsourced services	6 471	-	(2 634)	3 837	3 837	-	100.0%	12 425	12 425
Entertainment	25	-	(18)	7	7	-	100.0%	10	10
Fleet services (including government motor transport)	22 772	-	(7 119)	15 653	15 653	-	100.0%	15 311	15 311
Inventory: Clothing material and accessories	2 983	-	13 647	16 630	16 630	-	100.0%	9 740	9 740
Inventory: Farming supplies	411	-	(74)	337	337	-	100.0%	617	617
Inventory: Food and food supplies	165	-	112 621	112 786	112 786	-	100.0%	112 008	112 008
Inventory: Fuel, oil and gas	198 363	-	(16 054)	182 309	182 309	-	100.0%	100 664	100 664
Inventory: Materials and supplies	22 979	-	(12 853)	10 126	10 126	-	100.0%	(10 907)	(10 907)
Inventory: Medical supplies	42	-	32	74	74	-	100.0%	133	133
Inventory: Medicine	-	-	28	28	28	-	100.0%	59	59
Inventory: Other supplies	19 771	-	(19 389)	382	382	-	100.0%	27 707	27 707
Consumable supplies	17 645	-	3 736	21 381	21 381	-	100.0%	20 747	20 747
Consumable: Stationery, printing and office supplies	7 143	-	(397)	6 746	6 746	-	100.0%	6 880	6 880
Operating leases	475	-	(307)	168	168	-	100.0%	485	485
Property payments	31 510	-	(12 057)	19 453	19 453	-	100.0%	22 222	22 222
Travel and subsistence	175 487	-	(36 534)	138 953	138 953	-	100.0%	79 126	79 126
Training and development	144 123	-	(59 696)	84 427	84 427	-	100.0%	61 013	61 013
Operating payments	169 819	-	(96 108)	73 711	73 711	-	100.0%	40 209	40 209
Venues and facilities	423	-	185	608	608	-	100.0%	466	466
Rental and hiring	12	-	8 292	8 304	8 304	-	100.0%	306	306
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>648 005</b>	-	<b>19 993</b>	<b>667 998</b>	<b>719 545</b>	<b>(51 547)</b>	<b>107.7%</b>	<b>283 123</b>	<b>283 123</b>
Provinces and municipalities	3	-	(1)	2	2	-	100.0%	4	4
Municipalities	3	-	(1)	2	2	-	100.0%	4	4
Municipal bank accounts	3	-	(1)	2	2	-	100.0%	4	4
Departmental agencies and accounts	502 791	-	(3)	502 788	502 788	-	100.0%	242 593	242 593
Departmental agencies	502 791	-	(3)	502 788	502 788	-	100.0%	242 593	242 593
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-

## Defence - Vote 23

### Appropriation Statement

for the year ended 31 March 2023

Programme 4: Air Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	145 211	-	19 997	165 208	216 755	(51 547)	131.2%	40 526	40 526
Social benefits	145 211	-	19 723	164 934	216 481	(51 547)	131.3%	39 477	39 477
Other transfers to households	-	-	274	274	274	-	100.0%	1 049	1 049
<b>Payments for capital assets</b>	<b>28 155</b>	-	<b>14 375</b>	<b>42 530</b>	<b>42 530</b>	-	<b>100.0%</b>	<b>81 219</b>	<b>81 219</b>
Buildings and other fixed structures	17	-	539	556	556	-	100.0%	2 859	2 859
Buildings	17	-	539	556	556	-	100.0%	2 859	2 859
Machinery and equipment	28 138	-	13 836	41 974	41 974	-	100.0%	78 121	78 121
Transport equipment	14 951	-	(124)	14 827	14 827	-	100.0%	26 320	26 320
Other machinery and equipment	13 187	-	13 960	27 147	27 147	-	100.0%	51 801	51 801
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	207	207
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	32	32
<b>Payment for financial assets</b>	-	-	<b>759</b>	<b>759</b>	<b>759</b>	-	<b>100.0%</b>	<b>140</b>	<b>140</b>
<b>Total</b>	<b>6 637 134</b>	-	<b>(258 291)</b>	<b>6 378 843</b>	<b>6 763 529</b>	<b>(384 686)</b>	<b>106.0%</b>	<b>5 881 165</b>	<b>5 881 165</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 5: Maritime Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Maritime Direction</b>	788 058	-	44 071	832 129	878 055	(45 926)	105.5%	772 007	772 007
2 <b>Maritime Combat Capability</b>	1 692 590	-	(166 947)	1 525 643	1 525 643	-	100.0%	1 345 008	1 345 008
3 <b>Maritime Logistic Support Capability</b>	1 190 655	-	(333 584)	857 071	972 602	(115 531)	113.5%	918 435	918 435
4 <b>Maritime Human Resource and Training Capability</b>	526 320	-	(13 278)	513 042	513 273	(231)	100.0%	492 753	492 753
5 <b>Base Support Capability</b>	529 037	-	195 802	724 839	773 063	(48 224)	106.7%	605 197	605 197
<b>Total</b>	<b>4 726 660</b>	<b>-</b>	<b>(273 936)</b>	<b>4 452 724</b>	<b>4 662 636</b>	<b>(209 912)</b>	<b>104.7%</b>	<b>4 133 400</b>	<b>4 133 400</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>3 536 411</b>	<b>-</b>	<b>(454 409)</b>	<b>3 082 002</b>	<b>3 228 933</b>	<b>(146 931)</b>	<b>104.8%</b>	<b>3 010 541</b>	<b>3 010 541</b>
Compensation of employees	2 456 431	-	-	2 456 431	2 603 362	(146 931)	106.0%	2 376 138	2 572 087
Salaries and wages	2 181 063	-	-	2 181 063	2 298 392	(117 329)	105.4%	2 105 831	2 279 573
Social contributions	275 368	-	-	275 368	304 970	(29 602)	110.7%	270 307	292 514
Goods and services	1 079 980	-	(454 409)	625 571	625 571	-	100.0%	634 403	438 454
Advertising	297	-	2	299	299	-	100.0%	46	46
Minor assets	10 399	-	(9 397)	1 002	1 002	-	100.0%	1 537	1 537
Catering: Departmental activities	700	-	787	1 487	1 487	-	100.0%	294	294
Communication (G&S)	8 220	-	(872)	7 348	7 348	-	100.0%	7 624	7 624
Computer services	15 808	-	(1 771)	14 037	14 037	-	100.0%	15 235	15 235
Consultants: Business and advisory services	3 683	-	(2 229)	1 454	1 454	-	100.0%	294	294
Infrastructure and planning services	558	-	(558)	-	-	-	-	-	-
Contractors	376 603	-	(180 995)	195 608	195 608	-	100.0%	243 784	153 132
Agency and support / outsourced services	347	-	193	540	540	-	100.0%	340	340
Entertainment	32	-	(18)	14	14	-	100.0%	15	15
Fleet services (including government motor transport)	6 037	-	812	6 849	6 849	-	100.0%	4 258	4 258
Inventory: Clothing material and accessories	25 201	-	(17 023)	8 178	8 178	-	100.0%	13 375	13 375
Inventory: Farming supplies	-	-	-	-	-	-	-	2	2
Inventory: Food and food supplies	108 795	-	(12 607)	96 188	96 188	-	100.0%	69 092	69 092
Inventory: Fuel, oil and gas	210 365	-	(170 966)	39 399	39 399	-	100.0%	115 943	20 943
Inventory: Materials and supplies	87 126	-	(31 296)	55 830	55 830	-	100.0%	15 165	15 165

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 5: Maritime Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Medical supplies	29	-	657	686	686	-	100.0%	939	939
Inventory: Other supplies	77 543	-	(52 442)	25 101	25 101	-	100.0%	43 902	33 605
Consumable supplies	14 479	-	2 216	16 695	16 695	-	100.0%	13 309	13 309
Consumable: Stationery, printing and office supplies	6 210	-	(3 800)	2 410	2 410	-	100.0%	1 747	1 747
Operating leases	517	-	10 819	11 336	11 336	-	100.0%	125	125
Property payments	31 472	-	(29 376)	2 096	2 096	-	100.0%	1 772	1 772
Travel and subsistence	44 290	-	36 398	80 688	80 688	-	100.0%	47 792	47 792
Training and development	9 669	-	217	9 886	9 886	-	100.0%	19 530	19 530
Operating payments	40 321	-	(10 862)	29 459	29 459	-	100.0%	17 505	17 505
Venues and facilities	1 238	-	37	1 275	1 275	-	100.0%	188	188
Rental and hiring	41	-	17 665	17 706	17 706	-	100.0%	590	590
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 183 206</b>	-	<b>48 944</b>	<b>1 232 150</b>	<b>1 295 131</b>	<b>(62 981)</b>	<b>105.1%</b>	<b>1 070 797</b>	<b>1 070 797</b>
Provinces and municipalities	-	-	5	5	5	-	100.0%	4	4
Municipalities	-	-	5	5	5	-	100.0%	4	4
Municipal bank accounts	-	-	5	5	5	-	100.0%	4	4
Departmental agencies and accounts	738 173	-	-	738 173	738 173	-	100.0%	711 364	711 364
Departmental agencies	738 173	-	-	738 173	738 173	-	100.0%	711 364	711 364
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	340 152	-	(1)	340 151	340 151	-	100.0%	327 192	327 192
Public corporations	340 152	-	(1)	340 151	340 151	-	100.0%	327 192	327 192
Subsidies on products and production (pc)	340 152	-	(1)	340 151	340 151	-	100.0%	327 192	327 192
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	104 881	-	48 940	153 821	216 802	(62 981)	140.9%	32 237	32 237
Social benefits	104 881	-	48 649	153 530	216 511	(62 981)	141.0%	32 141	32 141
Other transfers to households	-	-	291	291	291	-	100.0%	96	96
<b>Payments for capital assets</b>	<b>7 043</b>	-	<b>131 220</b>	<b>138 263</b>	<b>138 263</b>	-	<b>100.0%</b>	<b>51 897</b>	<b>51 897</b>
Buildings and other fixed structures	-	-	98 625	98 625	98 625	-	100.0%	556	556
Buildings	-	-	98 625	98 625	98 625	-	100.0%	556	556
Machinery and equipment	6 388	-	28 584	34 972	34 972	-	100.0%	50 424	50 424



# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 5: Maritime Defence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transport equipment	386	-	20 155	20 541	20 541	-	100.0%	-	-
Other machinery and equipment	6 002	-	8 429	14 431	14 431	-	100.0%	50 424	50 424
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	655	-	4 011	4 666	4 666	-	100.0%	917	917
<b>Payment for financial assets</b>	-	-	<b>309</b>	<b>309</b>	<b>309</b>	-	<b>100.0%</b>	<b>165</b>	<b>165</b>
<b>Total</b>	<b>4 726 660</b>	-	<b>(273 936)</b>	<b>4 452 724</b>	<b>4 662 636</b>	<b>(209 912)</b>	<b>104.7%</b>	<b>4 133 400</b>	<b>4 133 400</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 6: Military Health Support									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Strategic Direction</b>	323 970	-	(57 683)	266 287	271 342	(5 055)	101.9%	284 801	283 974
2 <b>Mobile Military Health Support</b>	187 020	-	(3 632)	183 388	189 222	(5 834)	103.2%	200 964	200 964
3 <b>Area Military Health Service</b>	2 088 785	-	87 206	2 175 991	2 300 660	(124 669)	105.7%	2 069 507	2 069 507
4 <b>Specialist/Tertiary Health Service</b>	2 266 864	-	108 442	2 375 306	2 433 405	(58 099)	102.4%	2 256 331	2 256 331
5 <b>Military Health Product Support Capability</b>	393 939	-	(34 669)	359 270	371 443	(12 173)	103.4%	322 652	322 652
6 <b>Military Health Training Capability</b>	371 587	-	2 663	374 250	413 509	(39 259)	110.5%	392 321	392 321
<b>Total</b>	<b>5 632 165</b>	<b>-</b>	<b>102 327</b>	<b>5 734 492</b>	<b>5 979 581</b>	<b>(245 089)</b>	<b>104.3%</b>	<b>5 526 576</b>	<b>5 525 749</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>5 465 830</b>	<b>-</b>	<b>(26 616)</b>	<b>5 439 214</b>	<b>5 685 307</b>	<b>(246 093)</b>	<b>104.5%</b>	<b>5 474 440</b>	<b>5 475 544</b>
Compensation of employees	3 958 682	-	-	3 958 682	4 204 775	(246 093)	106.2%	3 857 504	4 222 358
Salaries and wages	3 531 197	-	-	3 531 197	3 771 428	(240 231)	106.8%	3 437 669	3 802 523
Social contributions	427 485	-	-	427 485	433 347	(5 862)	101.4%	419 835	419 835
Goods and services	1 507 148	-	(26 616)	1 480 532	1 480 532	-	100.0%	1 616 936	1 253 186
Advertising	319	-	(256)	63	63	-	100.0%	8	8
Minor assets	17 716	-	(15 241)	2 475	2 475	-	100.0%	2 749	2 749
Catering: Departmental activities	1 794	-	(274)	1 520	1 520	-	100.0%	596	596
Communication (G&S)	6 746	-	(2 353)	4 393	4 393	-	100.0%	7 854	7 854
Communication (G&S)	44 773	-	(25 370)	19 403	9 403	-	100.0%	19 132	19 072
Consultants: Business and advisory services	1 016	-	(603)	413	413	-	100.0%	285	285
Laboratory services	41 269	-	37 027	78 296	78 296	-	100.0%	76 235	76 235
Scientific and technological services	15 079	-	-	15 079	15 079	-	100.0%	15 126	15 126
Contractors	61 167	-	(28 916)	32 251	32 251	-	100.0%	361 607	32 718
Agency and support / outsourced services	624 542	-	98 942	723 484	723 484	-	100.0%	542 406	542 406
Entertainment	-	-	34	34	34	-	100.0%	23	23
Fleet services (including government motor transport)	35 048	-	(17 781)	17 267	17 267	-	100.0%	11 213	11 213
Inventory: Clothing material and accessories	16 264	-	(7 527)	8 737	8 737	-	100.0%	12 148	12 148
Inventory: Farming supplies	483	-	(144)	339	339	-	100.0%	164	164
Inventory: Food and food supplies	111 241	-	4 696	115 937	115 937	-	100.0%	107 720	107 720
Inventory: Fuel, oil and gas	19 445	-	2 340	21 785	21 785	-	100.0%	46 973	12 172

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 6: Military Health Support									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	5 761	-	(4 559)	1 202	1 202	-	100.0%	1 314	1 314
Inventory: Medical supplies	127 192	-	(68 566)	58 626	58 626	-	100.0%	62 985	62 985
Inventory: Medicine	248 849	-	(29 862)	218 987	218 987	-	100.0%	242 549	242 549
Inventory: Other supplies	239	-	(239)	-	-	-	-	-	-
Consumable supplies	26 366	-	(6 202)	20 164	20 164	-	100.0%	14 641	14 641
Consumable: Stationery, printing and office supplies	11 662	-	(5 274)	6 388	6 388	-	100.0%	5 914	5 914
Operating leases	911	-	578	1 489	1 489	-	100.0%	1 429	1 429
Property payments	27 525	-	(200)	27 325	27 325	-	100.0%	17 610	17 610
Travel and subsistence	49 698	-	36 674	86 372	86 372	-	100.0%	52 752	52 752
Training and development	7 293	-	6 430	13 723	13 723	-	100.0%	8 858	8 858
Operating payments	4 369	-	(42)	4 327	4 327	-	100.0%	4 592	4 592
Venues and facilities	381	-	72	453	453	-	100.0%	53	53
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>156 743</b>	-	<b>(14 218)</b>	<b>142 525</b>	<b>141 521</b>	<b>1 004</b>	<b>99.3%</b>	<b>31 839</b>	<b>29 908</b>
Provinces and municipalities	8	-	-	8	8	-	100.0%	3	3
Municipalities	8	-	-	8	8	-	100.0%	3	3
Municipal bank accounts	8	-	-	8	8	-	100.0%	3	3
Departmental agencies and accounts	13	-	(13)	-	-	-	-	-	-
Departmental agencies	13	-	(13)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	1 095	-	-	1 095	91	1 004	8.3%	1 053	226
Households	155 627	-	(14 205)	141 422	141 422	-	100.0%	30 783	29 679
Social benefits	155 627	-	(14 370)	141 257	141 257	-	100.0%	28 234	27 130
Other transfers to households	-	-	165	165	165	-	100.0%	2 549	2 549
<b>Payments for capital assets</b>	<b>9 592</b>	-	<b>141 729</b>	<b>151 321</b>	<b>151 321</b>	-	<b>100.0%</b>	<b>19 958</b>	<b>19 958</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	304	304
Buildings	-	-	-	-	-	-	-	304	304
Machinery and equipment	8 884	-	142 437	151 321	151 321	-	100.0%	19 574	19 574
Transport equipment	-	-	103 371	103 371	103 371	-	100.0%	-	-

## Defence - Vote 23

# Appropriation Statement

for the year ended 31 March 2023

Programme 6: Military Health Support									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other machinery and equipment	8 884	-	39 066	47 950	47 950	-	100.0%	19 574	19 574
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	40	-	(40)	-	-	-	-	80	80
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	668	-	(668)	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>1 432</b>	<b>1 432</b>	<b>1 432</b>	-	<b>100.0%</b>	<b>339</b>	<b>339</b>
<b>Total</b>	<b>5 632 165</b>	<b>-</b>	<b>102 327</b>	<b>5 734 492</b>	<b>5 979 581</b>	<b>(245 089)</b>	<b>104.3%</b>	<b>5 526 576</b>	<b>5 525 749</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 7: Defence Intelligence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Operations</b>	584 012	-	-	584 012	584 012	-	100.0%	234 012	234 012
2 <b>Defence Intelligence Support Services</b>	582 285	-	(68 202)	514 083	529 992	(15 909)	103.1%	544 282	544 282
<b>Total</b>	<b>1 166 297</b>	<b>-</b>	<b>(68 202)</b>	<b>1 098 095</b>	<b>1 114 004</b>	<b>(15 909)</b>	<b>101.4%</b>	<b>778 294</b>	<b>778 294</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>564 947</b>	<b>-</b>	<b>(79 156)</b>	<b>485 791</b>	<b>501 700</b>	<b>(15 909)</b>	<b>103.3%</b>	<b>493 105</b>	<b>493 105</b>
Compensation of employees	463 647	-	-	463 647	479 556	(15 909)	103.4%	468 750	468 750
Salaries and wages	411 458	-	-	411 458	422 772	(11 314)	102.7%	413 737	413 737
Social contributions	52 189	-	-	52 189	56 784	(4 595)	108.8%	55 013	55 013
Goods and services	101 300	-	(79 156)	22 144	22 144	-	100.0%	24 355	24 355
Advertising	-	-	1	1	1	-	100.0%	59	59
Minor assets	222	-	(48)	174	174	-	100.0%	212	212
Catering: Departmental activities	274	-	181	455	455	-	100.0%	363	363
Communication (G&S)	1 077	-	(264)	813	813	-	100.0%	818	818
Contractors	35	-	12	47	47	-	100.0%	160	160
Agency and support / outsourced services	1 116	-	(1 091)	25	25	-	100.0%	1 062	1 062
Entertainment	-	-	1	1	1	-	100.0%	-	-
Fleet services (including government motor transport)	924	-	84	1 008	1 008	-	100.0%	828	828
Inventory: Clothing material and accessories	54	-	12	66	66	-	100.0%	55	55
Inventory: Food and food supplies	6 391	-	(2 267)	4 124	4 124	-	100.0%	6 546	6 546
Inventory: Fuel, oil and gas	4 743	-	(1 464)	3 279	3 279	-	100.0%	3 231	3 231
Inventory: Materials and supplies	79	-	30	109	109	-	100.0%	48	48
Inventory: Medical supplies	-	-	23	23	23	-	100.0%	-	-
Consumable supplies	645	-	(150)	495	495	-	100.0%	356	356
Consumable: Stationery, printing and office supplies	1 688	-	(107)	1 581	1 581	-	100.0%	1 160	1 160
Operating leases	53 381	-	(53 381)	-	-	-	-	-	-
Property payments	1 583	-	(1 149)	434	434	-	100.0%	455	455
Travel and subsistence	26 472	-	(19 132)	7 340	7 340	-	100.0%	5 193	5 193
Training and development	1 809	-	386	2 195	2 195	-	100.0%	2 966	2 966
Operating payments	277	-	(657)	(380)	(380)	-	100.0%	542	542

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 7: Defence Intelligence									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	492	-	(138)	354	354	-	100.0%	264	264
Rental and hiring	38	-	(38)	-	-	-	-	37	37
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>601 350</b>	-	<b>10 721</b>	<b>612 071</b>	<b>612 071</b>	-	<b>100.0%</b>	<b>236 741</b>	<b>236 741</b>
Provinces and municipalities	22	-	(19)	3	3	-	100.0%	2	2
Municipalities	22	-	(19)	3	3	-	100.0%	2	2
Municipal bank accounts	22	-	(19)	3	3	-	100.0%	2	2
Departmental agencies and accounts	584 012	-	-	584 012	584 012	-	100.0%	234 012	234 012
Departmental agencies	584 012	-	-	584 012	584 012	-	100.0%	234 012	234 012
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	17 316	-	10 740	28 056	28 056	-	100.0%	2 727	2 727
Social benefits	17 316	-	10 705	28 021	28 021	-	100.0%	2 727	2 727
Other transfers to households	-	-	35	35	35	-	100.0%	-	-
<b>Payments for capital assets</b>	-	-	<b>71</b>	<b>71</b>	<b>71</b>	-	<b>100.0%</b>	<b>48 378</b>	<b>48 378</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	48 378	48 378
Buildings	-	-	-	-	-	-	-	48 378	48 378
Machinery and equipment	-	-	71	71	71	-	100.0%	-	-
Other machinery and equipment	-	-	71	71	71	-	100.0%	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>162</b>	<b>162</b>	<b>162</b>	-	<b>100.0%</b>	<b>70</b>	<b>70</b>
<b>Total</b>	<b>1 166 297</b>	-	<b>(68 202)</b>	<b>1 098 095</b>	<b>1 114 004</b>	<b>(15 909)</b>	<b>101.4%</b>	<b>778 294</b>	<b>778 294</b>

# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 8: General Support									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1 <b>Joint Logistic Services</b>	3 418 615	-	357 167	3 775 782	3 903 684	(127 902)	103.4%	3 681 565	3 681 565
2 <b>Command and Management Information Systems</b>	1 046 097	-	111 617	1 157 714	1 158 307	(593)	100.1%	939 385	939 385
3 <b>Military Police</b>	736 805	-	24 970	761 775	826 185	(64 410)	108.5%	742 716	742 716
4 <b>Technology Development</b>	133 490	-	-	133 490	133 490	-	100.0%	-	-
5 <b>Departmental Support</b>	1 258 337	-	(18 732)	1 239 605	1 239 605	-	100.0%	1 250 085	1 237 376
<b>Total</b>	<b>6 593 344</b>	<b>-</b>	<b>475 022</b>	<b>7 068 366</b>	<b>7 261 271</b>	<b>(192 905)</b>	<b>102.7%</b>	<b>6 613 751</b>	<b>6 601 042</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>4 731 356</b>	<b>-</b>	<b>3 402</b>	<b>4 734 758</b>	<b>4 878 246</b>	<b>(143 488)</b>	<b>103.0%</b>	<b>4 872 552</b>	<b>4 872 552</b>
Compensation of employees	2 927 362	-	-	2 927 362	3 070 850	(143 488)	104.9%	2 838 909	3 001 629
Salaries and wages	2 600 715	-	-	2 600 715	2 743 581	(142 866)	105.5%	2 533 306	2 692 864
Social contributions	326 647	-	-	326 647	327 269	(622)	100.2%	305 603	308 765
Goods and services	1 803 994	-	3 402	1 807 396	1 807 396	-	100.0%	2 033 643	1 870 923
Administrative fees	14 689	-	5 955	20 644	20 644	-	100.0%	15 401	15 401
Advertising	1 022	-	(339)	683	683	-	100.0%	811	811
Minor assets	69 487	-	(42 320)	27 167	27 167	-	100.0%	43 919	43 919
Audit costs: External	80 101	-	(3 508)	76 593	76 593	-	100.0%	64 792	64 792
Catering: Departmental activities	35 908	-	(28 575)	7 333	7 333	-	100.0%	3 908	3 908
Communication (G&S)	9 967	-	18 110	28 077	28 077	-	100.0%	27 782	27 782
Computer services	737 879	-	(71 027)	666 852	666 852	-	100.0%	631 939	572 010
Consultants: Business and advisory services	57 786	-	(51 312)	6 474	6 474	-	100.0%	72 668	1 520
Scientific and technological services	42 462	-	(9 459)	33 003	33 003	-	100.0%	38 640	38 640
Legal services	41 653	-	(21 599)	20 054	20 054	-	100.0%	17 353	17 353
Contractors	80 802	-	4 128	84 930	84 930	-	100.0%	77 224	77 224
Agency and support / outsourced services	1 010	-	296 299	297 309	297 309	-	100.0%	204 299	204 299
Entertainment	134	-	(132)	2	2	-	100.0%	2	2
Fleet services (including government motor transport)	27 800	-	(6 893)	20 907	20 907	-	100.0%	17 760	17 760
Inventory: Clothing material and accessories	4 916	-	(713)	4 203	4 203	-	100.0%	5 142	5 142





# Defence - Vote 23

## Appropriation Statement

for the year ended 31 March 2023

Programme 8: General Support									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	114 684	-	2 110	116 794	166 211	(49 417)	142.3%	17 994	17 994
Social benefits	114 684	-	-	114 684	164 101	(49 417)	143.1%	17 071	17 071
Other transfers to households	-	-	2 110	2 110	2 110	-	100.0%	923	923
<b>Payments for capital assets</b>	<b>477 150</b>	-	<b>469 141</b>	<b>946 291</b>	<b>946 291</b>	-	<b>100.0%</b>	<b>555 697</b>	<b>555 697</b>
Buildings and other fixed structures	357 882	-	256 398	614 280	614 280	-	100.0%	355 692	355 692
Buildings	357 882	-	256 398	614 280	614 280	-	100.0%	355 692	355 692
Machinery and equipment	118 836	-	149 249	268 085	55 136	212 949	20.6%	151 882	151 882
Transport equipment	2 040	-	12 256	14 296	14 296	-	100.0%	5 833	5 833
Other machinery and equipment	116 796	-	136 993	253 789	40 840	212 949	16.1%	146 049	146 049
Heritage assets	-	-	-	-	212 949	(212 949)	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	432	-	63 494	63 926	63 926	-	100.0%	48 123	48 123
<b>Payment for financial assets</b>	-	-	<b>208</b>	<b>208</b>	<b>208</b>	-	<b>100.0%</b>	<b>13 287</b>	<b>811</b>
<b>Total</b>	<b>6 593 344</b>	-	<b>475 022</b>	<b>7 068 366</b>	<b>7 261 271</b>	<b>(192 905)</b>	<b>102.7%</b>	<b>6 613 751</b>	<b>6 601 042</b>

# Defence - Vote 23

## Notes to the Appropriation Statement

for the year ended 31 March 2023

### 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-F) 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 Appropriation
	R'000	R'000	R'000	%
Administration	6 042 623	6 071 295	(28 672)	-0.47%
Force Employment	4 954 708	5 012 398	(57 690)	-1.16%
Landward Defence	15 871 761	17 732 035	(1 860 274)	-11.72%
Air Defence	6 378 843	6 763 529	(384 686)	-6.03%
Maritime Defence	4 452 724	4 662 636	(209 912)	-4.71%
Military Health Support	5 734 492	5 979 581	(245 089)	-4.27%
Defence Intelligence	1 098 095	1 114 004	(15 909)	-1.45%
General Support	7 068 366	7 261 271	(192 905)	-2.73%

Main contributing factors resulting in unauthorised expenditure within programmes are as follow:

- Compensation of Employees. Compensation of Employees (CoE) vote allocations had been specifically and exclusively appropriated, with set ceiling amounts in the Appropriation Act, Act No 07 of 2022 dated 11 July 2022. Contributing factors to the inability of the Department of Defence (DOD) to remain within the budget ceiling set by the National Treasury (NT), as well as overspending the budget with Rb2,995, are as follows:
  - The inability of Defence to continue to reprioritise the operational budget requirements appropriated to assure successful military operations.
  - Reserve Force utilisation has exceeded the planned mandays which was precipitated by an increased capacity to support current military operations and to provide protection services to military installations.
  - The impact of carry-through-costs emanating from collective bargaining resolutions concluded and implemented.
  - The unbalanced HR budget requirements and adjusted Compensation of Employees' allocation pertaining to unplanned/unforeseen military operations and cost of living adjustments.
- Households (Social Benefits). The exit strategy implemented for military personnel, with agreement of National Treasury, resulted in additional departmental liabilities payable to the Government Employees' Pension Fund (GEPF) as well as severance cost amounting to Rm163,945.

# Defence - Vote 23

## Notes to the Appropriation Statement

for the year ended 31 March 2023

### 4.2 Per economic classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<b>Current Expenditure</b>				
Compensation of employees	31 786 419	34 660 928	(2 874 509)	-9.04%
Goods and services	12 564 347	12 523 474	40 873	0.33%
<b>Transfers and Subsidies</b>				
Public corporations and private enterprises	1 480 291	1 478 851	1 440	0.10%
Non-profit institutions	4 450	3 446	1 004	22.56%
Households	1 206 009	1 369 954	(163 945)	-13.59%

#### Compensation of Employees:

Compensation of Employees. Compensation of Employees (CoE) vote allocations had been specifically and exclusively appropriated, with set ceiling amounts in the Appropriation Act, Act No 07 of 2022 dated 11 July 2022. Contributing factors to the inability of the Department of Defence (DOD) to remain within the budget ceiling set by the National Treasury (NT), as well as overspending the budget with Rb2,995, are as follows:

- The inability of Defence to continue to reprioritise the operational budget requirements appropriated to assure successful military operations.
- Reserve Force utilisation has exceeded the planned mandays which was precipitated by an increased capacity to support current military operations and to provide protection services to military installations.
- The impact of carry-through-costs emanating from collective bargaining resolutions concluded and implemented.
- The unbalanced HR budget requirements and adjusted Compensation of Employees' allocation pertaining to unplanned/unforeseen military operations and cost of living adjustments.

#### Goods and Services:

The under expenditure was mainly due to:

- Operation CHARLOT. The lower than anticipated expenditure on rations requirements, for the deployment of RSA forces to KwaZulu-Natal affected by floods, resulted in a saving of Rm10,715.
- Military Ombud. The Military Ombud within the Legal Services' Subprogramme underspend their budget operating allocation with Rm14,106. This was mainly due to the reduction of outreaches conducted, limited training events were attended as well as cost savings measures implemented during the annual symposium of the office. Furthermore, prolonged procurement processes of a backup storage device requirement due to delays during discussions with SITA hampered expenditure.
- South African Air Force. The absence of an approved fuel contract hampered the procurement of fuel required for operational purposes which resulted in an under expenditure of Rm16,052.

#### Transfers and Subsidies:

The under expenditure was mainly due to:

- Public Corporations and Private Enterprises. Under expenditure of Rm1,440 was as a result of administrative delays in signing the Service Level Agreement between the SA Army and ARMSCOR for specialist services pertaining to product system management forums.
- Non-profit Institutions. Under expenditure of Rm1,004 to non-profit institutions within the SAMHS was mainly due to the transfer payment claim by the St John's Ambulance Brigade being less than what was anticipated. It should be noted that volunteer activities were drastically curtailed resulting in less volunteers meeting the criteria for being recognised for the grant-in-aid.
- Households (Social Benefits). The exit strategy implemented for military personnel, with agreement of National Treasury, resulted in additional departmental liabilities payable to the Government Employees' Pension Fund (GEPEF) as well as severance cost to the amount of Rm163,945.

# Defence - Vote 23

## Statement of Financial Performance

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>REVENUE</b>			
Annual appropriation	1	51 601 612	48 796 421
Departmental revenue	2	1 263 531	1 145 567
<b>TOTAL REVENUE</b>		<b>52 865 143</b>	<b>49 941 988</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	34 660 930	33 671 479
Goods and services	4	14 213 783	12 830 501
<b>Total current expenditure</b>		<b>48 874 713</b>	<b>46 501 980</b>
<b>Transfers and subsidies</b>	<b>6</b>	<b>3 023 982</b>	<b>1 816 158</b>
<b>Expenditure for capital assets</b>			
Tangible capital assets	7	1 886 367	1 745 206
Intangible assets	7	75 941	49 662
<b>Total expenditure for capital assets</b>		<b>1 962 308</b>	<b>1 794 868</b>
<b>Unauthorised expenditure approved without funding</b>		<b>-</b>	<b>-</b>
<b>Payments for financial assets</b>	<b>5</b>	<b>6 757</b>	<b>3 000</b>
<b>TOTAL EXPENDITURE</b>		<b>53 867 760</b>	<b>50 116 006</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>(1 002 617)</b>	<b>(174 018)</b>
<b>Reconciliation of Net Surplus for the year</b>			
Voted Funds		(2 266 148)	(1 319 585)
Departmental revenue and NRF Receipts	13	1 263 531	1 145 567
<b>NET SURPLUS FOR THE YEAR</b>		<b>(1 002 617)</b>	<b>(174 018)</b>

# Defence - Vote 23

## Statement of Financial Position

as at 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>6 999 350</b>	<b>9 150 495</b>
Cash and cash equivalents	8	6 051 540	8 448 319
Prepayments and advances	9	523 797	416 272
Receivables	10	424 013	285 904
<b>Non-current assets</b>		<b>688 424</b>	<b>814 989</b>
Investments	11	179 156	179 156
Prepayments and advances	9	5 691	-
Receivables	10	503 577	635 833
<b>TOTAL ASSETS</b>		<b>7 687 774</b>	<b>9 965 484</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>415 158</b>	<b>340 784</b>
Voted funds to be surrendered to the Revenue Fund	12	-	20 507
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	147 368	21 446
Payables	14	267 790	298 831
<b>Non-Current liabilities</b>			
Payables	15	3 872	2 438
<b>TOTAL LIABILITIES</b>		<b>419 030</b>	<b>343 222</b>
<b>NET ASSETS</b>		<b>7 268 744</b>	<b>9 622 262</b>
<b>Represented by:</b>			
Capitalisation Reserves		71 992	71 992
Recoverable revenue		562 369	649 739
Retained funds		9 629 520	8 900 531
Unauthorised expenditure		(2 995 137)	-
<b>TOTAL</b>		<b>7 268 744</b>	<b>9 622 262</b>

# Defence - Vote 23

## Statement of Changes in Net Assets

for the year ended 31 March 2023

	2022/23 R'000	2021/22 R'000
<b>NET ASSETS</b>		
<b>Capitalisation Reserves</b>		
Opening balance	71 992	75 000
Transfers:		
Movement in Equity	-	-
Other movements	-	(3 008)
Closing balance	<u>71 992</u>	<u>71 992</u>
<b>Recoverable revenue</b>		
Opening balance	649 739	948 985
<b>Transfers</b>	<b>(87 370)</b>	<b>(299 246)</b>
Irrecoverable amounts written off	(9 675)	(6 149)
Debts revised	(81 318)	(850)
Debts recovered (included in departmental receipts)	(184 121)	(443 706)
Debts raised	187 744	151 459
<b>Closing balance</b>	<u><b>562 369</b></u>	<u><b>649 739</b></u>
<b>Retained funds</b>		
Opening balance	8 900 531	10 240 623
Transferred to NRF	(33 527)	(6 395)
Retained funds or (funds utilised during the year)	762 516	(1 333 695)
Rounding differences	-	(2)
<b>Closing balance</b>	<u><b>9 629 520</b></u>	<u><b>8 900 531</b></u>
<b>Unauthorised expenditure</b>		
Opening balance	-	-
Unauthorised expenditure - current year	(2 995 137)	-
Relating to overspending of the vote or main division within the vote	(2 995 137)	-
Incurred not in accordance with the purpose of the vote or main division	-	-
<b>Closing balance</b>	<u><b>(2 995 137)</b></u>	<u><b>-</b></u>
<b>TOTAL</b>	<u><u><b>7 268 744</b></u></u>	<u><u><b>9 622 262</b></u></u>

# Defence - Vote 23

## Cash Flow Statement

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>52 846 735</b>	<b>49 939 431</b>
Annual appropriated funds received	1	51 601 612	48 796 421
Departmental revenue received	2	1 240 074	1 139 669
Interest received	2.3	5 049	3 341
Net (increase) / decrease in working capital		(282 366)	46 191
Surrendered to Revenue Fund		(1 158 116)	(1 309 927)
Current payments		(48 874 713)	(46 501 980)
Payments for financial assets		(6 757)	(3 000)
Transfers and subsidies paid		(3 023 982)	(1 816 158)
<b>Net cash flows available from operating activities</b>	<b>16</b>	<b>(499 199)</b>	<b>354 557</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7.1	(1 962 308)	(1 794 868)
Proceeds from sale of capital assets	2.4	18 408	2 557
(Increase) / decrease in investments		-	3 008
(Increase) / decrease in non-current receivables		132 256	195 818
<b>Net cash flows from investing activities</b>		<b>(1 811 644)</b>	<b>(1 593 485)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase / (decrease) in net assets		(87 370)	(302 254)
Increase / (decrease) in non-current payables		1 434	1 603
<b>Net cash flows from financing activities</b>		<b>(85 936)</b>	<b>(300 651)</b>
Net increase / (decrease) in cash and cash equivalents		(2 396 779)	(1 539 579)
Cash and cash equivalents at beginning of period		8 448 319	9 987 898
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	<b>17</b>	<b>6 051 540</b>	<b>8 448 319</b>

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

### 1. Annual Appropriation

#### 1.1 Annual Appropriation

	2022/23		2021/22		
	Final Appropriation	Actual Funds Received	Funds not requested / not received R'000	Final Appropriation	Appropriation Received
	R'000	R'000		R'000	R'000
<b>Programmes</b>					
Administration	6 042 623	6 042 623	-	5 374 069	5 374 069
Force Employment	4 954 708	4 954 708	-	4 117 109	4 117 109
Landward Defence	15 871 761	15 871 761	-	16 372 057	16 372 057
Air Defence	6 378 843	6 378 843	-	5 881 165	5 881 165
Maritime Defence	4 452 724	4 452 724	-	4 133 400	4 133 400
Military Health Support	5 734 492	5 734 492	-	5 526 576	5 526 576
Defence Intelligence	1 098 095	1 098 095	-	778 294	778 294
General Support	7 068 366	7 068 366	-	6 613 751	6 613 751
<b>Total</b>	<b>51 601 612</b>	<b>51 601 612</b>	<b>-</b>	<b>48 796 421</b>	<b>48 796 421</b>

	2022/23 R'000	2021/22 R'000
<b>2. Departmental Revenue</b>		
Sales of goods and services other than capital assets	499 049	721 886
Fines, penalties and forfeits	1 178	1 077
Interest, dividends and rent on land	5 049	3 341
Sales of capital assets	18 408	2 557
Transactions in financial assets and liabilities	100 027	57 753
Transfers received	639 820	358 953
<b>Departmental revenue collected</b>	<b>1 263 531</b>	<b>1 145 567</b>
<b>2.1 Sales of goods and services other than capital assets</b>	<b>2</b>	<b>2</b>
Sales of goods and services produced by the department	498 112	721 074
Administrative fees	9	6
Other sales	498 103	721 068
Sales of scrap, waste and other used current goods	937	812
<b>Total</b>	<b>499 049</b>	<b>721 886</b>
Included in other sales is an amount of Rm77 689 (2021/22: Rm348 163) for services rendered to the United Nations iro Letters of Assist (LOA).		
<b>2.2 Fines, penalties and forfeits</b>	<b>2</b>	<b>2</b>
Fines	1 178	1 077
<b>2.3 Interest, dividends and rent on land</b>	<b>2</b>	<b>2</b>
Interest	5 049	3 341



## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>2.4 Sales of capital assets</b>	<b>2</b>		
Tangible capital assets			
Specialised military assets	<b>30.2</b>	4 513	2 557
Intangible capital assets			
Patents, licences, copyright, brand names, trademarks		13 895	-
<b>Total</b>		<b>18 408</b>	<b>2 557</b>
Included in Intangible Capital Assets - Patents, licences, copyright, brand names, trademarks is the Royalties received from Armscor for the utilisation of DOD intellectual property.			
<b>2.5 Transactions in financial assets and liabilities</b>	<b>2</b>		
Forex gain		11 846	4 077
Other Receipts including Recoverable Revenue		88 181	53 676
<b>Total</b>		<b>100 027</b>	<b>57 753</b>
<b>2.6 Transfers received</b>	<b>2</b>		
Foreign governments		<b>639 820</b>	<b>358 953</b>
United Nations MOU reimbursements.			
<b>3. Compensation of employees</b>			
<b>3.1 Salaries and wages</b>			
Basic salary		21 497 734	20 552 867
Performance award		1 220	367
Service Based		279 784	226 147
Compensative/circumstantial		2 999 741	3 308 998
Periodic payments		24 284	19 088
Other non-pensionable allowances		6 273 714	6 158 699
<b>Total</b>		<b>31 076 477</b>	<b>30 266 166</b>
Included in the total compensation of employees is an amount of Rm4 615 for 2022/23 paid for the two members of legislature (Rm4 323 for 2021/22).			
<b>3.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		3 371 554	3 204 071
Medical		211 908	200 270
Bargaining council		991	972
<b>Total</b>		<b>3 584 453</b>	<b>3 405 313</b>
<b>Total compensation of employees</b>		<b>34 660 930</b>	<b>33 671 479</b>
<b>Average number of employees</b>		<b>71 219</b>	<b>71 143</b>

The prior year amount for Pension (GEPF) has been restated with Rm50 563 due to GEPF Liabilities which were incorrectly classified into SCOA classifications. It has been correctly classified as Transfers/Households wef 01 April 2022.

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>4. Goods and services</b>			
Administrative fees		21 770	15 589
Advertising		10 766	46 625
Minor Assets	4.1	48 012	63 938
Catering		25 858	13 002
Communication		89 390	91 388
Computer services	4.2	854 130	753 501
Consultants: Business and advisory services		680 594	929 728
Infrastructure and planning services		801	4 908
Laboratory services		78 887	77 099
Scientific and technological services		458 152	687 554
Legal services		20 054	17 364
Contractors		1 460 886	1 334 933
Agency and support / outsourced services		1 037 785	774 791
Entertainment		1 092	805
Audit cost – external	4.3	76 593	64 792
Fleet services		168 103	118 532
Inventory	4.4	3 029 439	2 973 676
Consumables	4.5	192 217	198 074
Operating leases		1 965 493	1 379 835
Property payments	4.6	1 361 336	1 539 523
Rental and hiring		41 328	5 118
Travel and subsistence	4.7	1 480 661	1 071 467
Venues and facilities		13 195	10 454
Training and development		204 683	186 596
Other operating expenditure	4.8	892 558	471 209
<b>Total</b>		<b>14 213 783</b>	<b>12 830 501</b>
<b>4.1 Minor assets</b>	<b>4</b>		
<b>Tangible assets</b>		<b>27 727</b>	<b>35 457</b>
Buildings and other fixed structures		63	189
Machinery and equipment		25 083	34 284
Transport assets		7	27
Specialised military assets		2 574	957
<b>Intangible assets</b>		<b>20 285</b>	<b>28 481</b>
Software		20 285	28 481
<b>Total</b>		<b>48 012</b>	<b>63 938</b>
<b>4.2 Computer services</b>	<b>4</b>		
SITA computer services		777 626	676 990
External computer service providers		76 504	76 511
<b>Total</b>		<b>854 130</b>	<b>753 501</b>
<b>4.3 Audit cost – external</b>	<b>4</b>		
Regularity audits		66 552	59 673
Environmental audits		-	13
Computer audits		10 041	5 106
<b>Total</b>		<b>76 593</b>	<b>64 792</b>

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>4.4 Inventory</b>	<b>4</b>		
Clothing material and accessories		215 852	65 255
Farming supplies		1 915	3 042
Food and food supplies		1 571 030	1 413 474
Fuel, oil and gas		648 762	446 347
Materials and supplies		142 386	84 372
Medical supplies		63 996	415 573
Medicine		219 505	242 818
Other supplies	4.4.1	165 993	302 795
<b>Total</b>		<b><u>3 029 439</u></b>	<b><u>2 973 676</u></b>
<b>4.4.1 Other Supplies</b>			
Other		165 993	302 795
<b>Total</b>		<b><u>165 993</u></b>	<b><u>302 795</u></b>
Included in Other are payments for Laboratory Chemicals and Supplies, Military Stores - Ammunition etc.			
<b>4.5 Consumables</b>	<b>4</b>		
Consumables supplies		<b>150 219</b>	<b>153 647</b>
Uniform and clothing		905	701
Household supplies		62 947	53 713
Building material and supplies		-	24 388
IT consumables		59 828	65 682
Other consumables		26 539	9 163
Stationary, printing and office supplies		41 998	44 427
<b>Total</b>		<b><u>192 217</u></b>	<b><u>198 074</u></b>
Included in other consumables are payments for tent flags and accessories, materials and supplies etc.			
<b>4.6 Property payments</b>	<b>4</b>		
Municipal services		1 259 476	1 443 796
Property maintenance and repairs		51 166	58 158
Other		50 694	37 569
<b>Total</b>		<b><u>1 361 336</u></b>	<b><u>1 539 523</u></b>
Included in Other are payments for Cleaning Services, Gardening Services, Laundry Services etc.			
<b>4.7 Travel and subsistence</b>	<b>4</b>		
Local		1 283 234	975 087
Foreign		197 427	96 380
<b>Total</b>		<b><u>1 480 661</u></b>	<b><u>1 071 467</u></b>
<b>4.8 Other operating expenditure</b>	<b>4</b>		
Professional bodies, membership and subscription fees		11 169	3 562
Resettlement costs		72 413	62 798
Other		808 976	404 849
<b>Total</b>		<b><u>892 558</u></b>	<b><u>471 209</u></b>
Included in Other are payments for Air Charter, Courier Services, Freight Services, Printing Services etc.			

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>5. Payments for financial assets</b>			
Debts written off	5.1	6 757	3 000
Forex losses	5.2	-	-
<b>Total</b>		<b>6 757</b>	<b>3 000</b>
<b>5.1 Debts written off</b>	<b>5</b>		
<b>Other debt written off</b>			
Salary related / overpayments		5 783	2 586
Estates		666	217
Suppliers in debt		163	192
Loss of state funds		145	5
<b>Total debt written off</b>		<b>6 757</b>	<b>3 000</b>
<b>5.2 Forex losses</b>	<b>5</b>		
<b>Nature of losses</b>			
Forex Losses		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>6. Transfers and subsidies</b>			
Provinces and municipalities	34 / Annex 1A	165	169
Departmental agencies and accounts	Annex 1B	38 145	35 459
Foreign governments and international organisations	Annex 1D	133 421	55 493
Public corporations and private enterprises	Annex 1C	1 478 851	1 480 118
Non-profit institutions	Annex 1E	3 446	7 753
Households	Annex 1F	1 369 954	237 166
<b>Total</b>		<b>3 023 982</b>	<b>1 816 158</b>
<b>7. Expenditure for capital assets</b>			
<b>Tangible assets</b>		<b>1 886 367</b>	<b>1 745 206</b>
Buildings and other fixed structures	31	748 281	416 052
Machinery and equipment	29	902 921	739 801
Specialised military assets	29	235 165	589 066
Biological assets	29	-	287
<b>Intangible assets</b>		<b>75 941</b>	<b>49 662</b>
Software	30	75 941	49 662
<b>Total</b>		<b>1 962 308</b>	<b>1 794 868</b>
<b>7.1 Analysis of funds utilised to acquire capital assets - 2022/23</b>			
<b>Tangible assets</b>		<b>1 886 367</b>	<b>1 886 367</b>
Buildings and other fixed structures		748 281	748 281
Machinery and equipment		902 921	902 921
Specialised military assets		235 165	235 165
Biological assets		-	-
<b>Intangible assets</b>		<b>75 941</b>	<b>75 941</b>
Software		75 941	75 941
<b>Total</b>		<b>1 962 308</b>	<b>1 962 308</b>

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

	Voted Funds R'000	Aid assistance R'000	Total R'000
<b>7.2 Analysis of funds utilised to acquire capital assets - 2021/22</b>			
<b>Tangible assets</b>	<b>1 745 206</b>	-	<b>1 745 206</b>
Buildings and other fixed structures	416 052	-	416 052
Machinery and equipment	739 801	-	739 801
Specialised military assets	589 066	-	589 066
Biological assets	287	-	287
<b>Intangible assets</b>	<b>49 662</b>	-	<b>49 662</b>
Software	49 662	-	49 662
<b>Total</b>	<b>1 794 868</b>	-	<b>1 794 868</b>
	Note	2022/23 R'000	2021/22 R'000
<b>7.3 Finance lease expenditure included in Expenditure for Capital assets</b>			
<b>Tangible assets</b>			
Machinery and equipment		<b>45 378</b>	<b>37 510</b>
<b>8. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		5 828 457	8 347 843
Cash on hand		98 240	58 526
Investments (Domestic)		124 843	41 950
<b>Total</b>		<b>6 051 540</b>	<b>8 448 319</b>
<b>9. Prepayments and advances</b>			
Staff advances		9 800	29 020
Travel and subsistence		210 483	127 041
Advances paid (Not expensed)	9.1	309 205	260 211
<b>Total</b>		<b>529 488</b>	<b>416 272</b>
<b>Analysis of Total Prepayments and advances</b>			
Current Prepayments and advances		523 797	409 707
Non-current Prepayments and advances		5 691	6 565
<b>Total</b>		<b>529 488</b>	<b>416 272</b>

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

9.1 Advances Paid (Not expensed)		Balance as at 1 April 2022	Less: Amount expensed in current year R'000	Add / Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2023 R'000
	Note	R'000	R'000	R'000	R'000	R'000
National Departments	9	217 115	(155 908)	-	205 276	266 483
Other Institutions		43 096	(374)	-	-	42 722
<b>Total</b>		<b>260 211</b>	<b>(156 282)</b>	<b>-</b>	<b>205 276</b>	<b>309 205</b>

The advance payment to other Institutions is made to a Travel agent (AB Logistic) for services rendered to the Department.

Advances Paid (Not expensed)		Balance as at 1 April 2021	Less: Amount expensed in current year R'000	Add / Less: Other R'000	Add: Current Year advances R'000	Amount as at 31 March 2022 R'000
	Note	R'000	R'000	R'000	R'000	R'000
National Departments	9	241 165	(121 476)	-	97 426	217 115
Other Institutions		39 159	(59 120)	-	63 057	43 096
<b>Total</b>		<b>280 324</b>	<b>(180 596)</b>	<b>-</b>	<b>160 483</b>	<b>260 211</b>

The advance payment to other institutions is made to a Travel agent (AB Logistic) for services rendered to the Department.

9.2 Prepayments (Expensed)		Balance as at 1 April 2022	Less: Amount received in current year R'000	Add / Less: Other R'000	Add: Prepayments: Amount Received In Current Year R'000	Amount as at 31 March 2023 R'000
		R'000	R'000	R'000	R'000	R'000
Listed by economic classification						
Goods and services		345 465	(178 476)	-	8 557	175 546
Capital assets		3 300	(8 086)	542	6 493	2 249
<b>Total</b>		<b>348 765</b>	<b>(186 562)</b>	<b>542</b>	<b>15 050</b>	<b>177 795</b>

As a result of contractual obligations, Armscor made prepayments to other institutions on behalf of the SDA which have been expensed.

Prepayments (Expensed)		Balance as at 1 April 2021	Less: Amount received in current year R'000	Add / Less: Other R'000	Add: Prepayments: Amount Received In Current Year R'000	Amount as at 31 March 2022 R'000
		R'000	R'000	R'000	R'000	R'000
Listed by economic classification						
Goods and services		601 625	(294 689)	-	38 529	345 465
Capital assets		13 375	(97 227)	-	87 152	3 300
<b>Total</b>		<b>615 000</b>	<b>(391 916)</b>	<b>-</b>	<b>125 681</b>	<b>348 765</b>

As a result of contractual obligations, Armscor made prepayments to other institutions on behalf of the SDA which have been expensed.

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

9.3 Advances paid (Expensed)	Balance as at 1 April 2022 R'000	Less: Amount received in current year R'000	Add / Less: Other R'000	Add: Current Year advances R'000	Amount as at 31 March 2023 R'000
Public entities	2 494 145	(22 537)	-	68 187	2 539 795
<b>Total</b>	<b>2 494 145</b>	<b>(22 537)</b>	<b>-</b>	<b>68 187</b>	<b>2 539 795</b>

As a result of contractual obligations, Armscor made advance payments to public entities on behalf of the SDA which have been expensed.

Advances paid (Expensed)	Balance as at 1 April 2021 R'000	Less: Amount received in current year R'000	Add / Less: Other R'000	Add: Current Year advances R'000	Amount as at 31 March 2022 R'000
Public entities	2 442 417	(18 069)	-	69 797	2 494 145
<b>Total</b>	<b>2 442 417</b>	<b>(18 069)</b>	<b>-</b>	<b>69 797</b>	<b>2 494 145</b>

As a result of contractual obligations, Armscor made advance payments to public entities on behalf of the SDA which have been expensed.

### 10. Receivables

	Note	2022/23			2021/22		
		Current R'000	Non-Current R'000	Total R'000	Current R'000	Non-Current R'000	Total R'000
Claims recoverable	<b>10.1 Annex 4</b>	160 826	101 628	262 454	81 771	97 791	179 562
Staff debt	<b>10.2</b>	116 519	31 203	147 722	124 682	31 510	156 192
Other receivables	<b>10.3</b>	146 668	370 746	517 414	79 451	506 532	585 983
<b>Total</b>		<b>424 013</b>	<b>503 577</b>	<b>927 590</b>	<b>285 904</b>	<b>635 833</b>	<b>921 737</b>

#### 10.1 Claims recoverable

	2022/23 R'000	2021/22 R'000
National departments	261 994	179 216
Provincial departments	431	346
Local governments	29	
<b>Total</b>	<b>262 454</b>	<b>179 562</b>

#### 10.2 Staff debt

	2022/23 R'000	2021/22 R'000
Salary related	107 535	123 002
Study loans - Students	20 721	21 980
Motor vehicle accidents	4 832	4 399
Travel and subsistence	12 419	4 509
Private patients	91	91
Loss of state money	1 740	1 853
Damage to state property	384	337
Irregular expenditure	-	21
<b>Total</b>	<b>147 722</b>	<b>156 192</b>

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

	2022/23 R'000	2021/22 R'000
<b>10.3 Other receivables</b>		
Fruitless and wasteful expenditure	-	300
Suppliers in debt	36 190	-
Operations	178	178
Study loans - Students	87 628	90 582
Salary related	56 286	20 502
Salary overpayments	34 983	34 311
Aviation services	341	560
Suppliers	718	14 239
Motor vehicle accidents	10 441	12 856
Estates	1 519	2 397
Armcor receivables	7 035	21 435
Medical claims	1 365	1 378
Private patients	841	853
UN Services Rendered LOA	222 477	363 215
Aviation fuel	9 329	3 417
Private institutions	38	48
Damage to state property	134	135
Unallocated deposits	73	108
Loss of state money / property	6 212	5 922
UN Reimbursement MOA / MOU	-	9 603
Armcor suspense account	12 618	3 427
Medical United Nations	115	115
Unallocated debits	4 100	-
Medical Embassy	235	222
Sales per tender	36	180
DI suspense account	770	-
Foreign Exchange adjustments	16 712	-
Clearing account	7 040	-
<b>Total</b>	<b>517 414</b>	<b>585 983</b>
<b>10.5 Impairment of receivables</b>		
Estimate of impairment of receivables	145 013	136 413
<b>Total</b>	<b>145 013</b>	<b>136 413</b>
<p>At the end of the reporting date the Department assesses whether there is objective evidence that a financial asset should be considered for impairment.</p> <p>Impairment estimates are determined by estimating the present value of the expected future inflow of cash that is expected in settlement of the financial asset. PV is determined by using the prevailing interest rate at the reporting date.</p>		
<b>11. Investments</b>		
<b>Non-Current</b>		
<b>Shares and other equity</b>		
Armcor	75 000	75 000
Special Defence activities	104 156	104 156
<b>Total</b>	<b>179 156</b>	<b>179 156</b>
<b>Analysis of non-current investments</b>		
Opening balance	179 156	182 164
Additions in cash	-	-
Disposals for cash	-	-
Non-cash movements	-	(3 008)
<b>Closing balance</b>	<b>179 156</b>	<b>179 156</b>

An impairment test performed on the Investment in Armcor, based on FY2022/23 Annual Financial Statements, indicates no impairment.



# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

		2022/23 R'000	2021/22 R'000			
<b>12. Voted funds to be surrendered to the Revenue Fund</b>						
	Opening balance	20 507	115 097			
	Prior period error	-	-			
	As restated	20 507	115 097			
	Transfer from Statement of Financial Performance	(2 266 148)	(1 319 585)			
	Add: Unauthorised expenditure for current year	2 995 137	-			
	Transferred to retained revenue	(728 989)	1 340 092			
	Paid during the year	(20 507)	(115 097)			
	<b>Closing balance</b>	<b>-</b>	<b>20 507</b>			
<b>13. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund</b>						
	Opening balance	21 446	70 709			
	Prior period error	-	-			
	As restated	21 446	70 709			
	Transfer from Statement of Financial Performance	1 263 531	1 145 567			
	Paid during the year	(1 137 609)	(1 194 830)			
	<b>Closing balance</b>	<b>147 368</b>	<b>21 446</b>			
<b>14. Payables - current</b>						
		<b>Note</b>				
	Clearing accounts	14.1	46			
	Other payables	14.2	298 805			
	<b>Total</b>		<b>267 790</b>			
<b>14.1 Clearing accounts</b>						
	Suppliers		26			
	<b>Total</b>		<b>26</b>			
<b>14.2 Other payables</b>						
	Salary related	100 429	37 623			
	Debtors in credit	-	1			
	Travel and subsistence / UN Operations	6 990	3 248			
	Unallocated deposits	1 458	147			
	Suppliers / Creditors	70 800	178 915			
	Unallocated credits	5 709	5 062			
	Armcor contract creditors	82 331	63 929			
	Compliance programme	27	25			
	Foreign Exchange Adjustments	-	9 855			
	<b>Total</b>	<b>267 744</b>	<b>298 805</b>			
<b>15. Payables non-current</b>						
		<b>2022/23</b>			<b>2021/22</b>	
	<b>Note</b>	<b>One to two years</b>	<b>Two to three years</b>	<b>More than three years</b>	<b>Total</b>	<b>Total</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
	Other payables	15.1	2 855	814	203	3 872
	<b>Total</b>		<b>2 855</b>	<b>814</b>	<b>203</b>	<b>3 872</b>

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
<b>15.1 Other Payables</b>	<b>15</b>		
Salary related		3 423	2 426
Suppliers		-	12
Travel & subsistence		38	-
Unallocated deposits		11	-
Unallocated credits		400	-
<b>Total</b>		<b>3 872</b>	<b>2 438</b>
<b>16. Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		<b>(1 002 617)</b>	<b>(174 018)</b>
Add back non cash/cash movements not deemed operating activities		<b>503 418</b>	<b>528 575</b>
(Increase)/decrease in receivables		(138 109)	(19 288)
(Increase)/decrease in prepayments and advances		(113 216)	(64 861)
Increase/(decrease) in payables – current		(31 041)	130 340
Proceeds from sale of capital assets		(18 408)	(2 557)
Expenditure on capital assets		1 962 308	1 794 868
Surrenders to Revenue Fund		(1 158 116)	(1 309 927)
<b>Net cash flow generated by operating activities</b>		<b>(499 199)</b>	<b>354 557</b>
<b>17. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		5 828 457	8 347 843
Cash on hand		98 240	58 526
Cash with commercial banks (Local)		124 843	41 950
<b>Total</b>		<b>6 051 540</b>	<b>8 448 319</b>

# Defence - Vote 23

## Notes to the Annual Financial Statement

for the year ended 31 March 2023

### 18. Contingent liabilities and contingent assets

#### 18.1 Contingent liabilities

Liable to	Nature	Note	2022/23 R'000	2021/22 R'000
Housing loan guarantees	Employees	Annex 3A	605	886
Claims against the department		Annex 3B	6 758 764	5 931 062
Intergovernmental payables (unconfirmed balances)		Annex 5	165	132
Environmental rehabilitation liability		Annex 3B	1 497 694	1 399 143
<b>Total</b>			<b>8 257 228</b>	<b>7 331 223</b>

#### 18.2 Contingent assets

##### Nature of contingent asset

Claim against SANDU due to damage to Military Police Vehicles during a protest	147	147
Damage to state property	-	8
Breach of contract	1 330	1 457
Wrongful payment to a supplier	-	28
Expired ration packs	28 837	28 837
Overpayment to supplier	8 916	8 916
<b>Total</b>	<b>39 230</b>	<b>39 393</b>

#### Housing

- Not possible to determine any outflow, as the outflow would depend on the non-payments made by Defence employees to Bond institutions.

#### Claims against the department

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the third parties.
- These are contingent liabilities hence, we cannot be certain as to the timing of the outflow of the related resources / amounts.
- There was no possibility for any reimbursements as at 31 March 2023.
- The claim against the Special Defence Account (SDA) relates to a commission claim of EUR 192 180 623 with a rand value of R3 715 064 567 (1 Euro = R19.331109) (2021/22: R3 109 093 503). The matter is defended in the Civil Court of Lisbon, Portugal. The Plaintiff has now also filed an application in the High Court in Pretoria to compel the Auditor-General of South Africa to make available certain documentation alleged to be relevant to the litigation in Portugal. Armscor as the second respondent is opposing the application. The Applicant in this matter has not applied for a court date yet. In respect of the main application to be heard in Lisbon, all the preliminary work has been done. The matter was enrolled for trial for 13 - 17 March 2023. The preparation for the hearing started during January 2023. The matter was further postponed by agreement to 13 - 23 September 2023. Armscor is confident that the matter can be defended successfully.
- The claim against the SDA relates to a claim of payment in terms of contractual conditions of EUR 17 562 575 (2022/23: EUR 17 601 975 - EUR 9 964 583) (Paid in accordance with the agreement) + EUR 9 925 183 (new amount with amended particulars of claim) with a rand value of R339 762 235 (1 Euro = R19.331109 plus ZAR 258 168.19) (2021/22: R284 385 098). The Plaintiff filed amended particulars of claim to which Armscor has responded by filing a plea. Patria has not approached the Court for a trial date. Armscor is confident that the matter can be defended successfully.
- The claim against the SDA relates to a contractual cancellation to the amount of R381 200 000. Armscor is defending the matter. Armscor has filed a Notice of Exception. The Plaintiff did not respond in time and has not filed a reply. Subsequently, the Plaintiff has filed the intention to amend the particulars of claim and appointed new attorneys. The notice of amendments are cosmetic in nature and increased the Plaintiff's claim, however they still do not affect the exception filed by Armscor that the Plaintiff's particulars have a cause of action. The Plaintiff's new attorneys have also withdrawn as attorneys of record. Armscor will proceed to set the matter down and bring it to finality. Armscor is confident that the matter can be defended successfully and will thus set the matter down.
- The claim against the SDA relates to services rendered to repair outboard engines and failure by the supplier to deliver the engines to the amount of R1 475 438 (R1 300 000 plus R175 438). Armscor has been able to communicate with the third party that is in possession of the assets. It was agreed that Armscor shall provide sufficient proof of ownership of the said assets as ownership was in dispute. The matter was also reported to the Military Police and an investigation revealed that the engines are in possession of a third party and it should be regarded as stolen property. The Military Police did not proceed with the attachment of the assets as a result of insufficient proof of

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

ownership of the engines. The third party submitted a settlement proposal, to be paid to the amount of R500 000 for the release of the engines. However, when Armscor proceeded to negotiations, the third party indicated that the assets had been sold. The matter will be reported to the South African Police Services.

- The claim against the SDA relates to a bid in respect of a tender for the Procurement of General Hospital Equipment for SAMHS to the amount of R7 415 624. Armscor has in the interim entered an appearance to defend in the High Court, Gauteng North. Armscor has filed its plea. The matter is progressing in the normal course.

### Civil Claims:

S/N	Type of Claim	Amounts
12	Shooting during Exercise and Operation	R310 634 000.00
148	Unlawful assault, arrest, detention, and prosecution	R378 507 892.30
13	Breach, cancellation and termination of contracts and services	R328 843 811.11
12	Loss of support due to collision of vehicles and helicopters	R18 599 065.63
67	HR and labour related claims	R464 795 155.19
23	Damages, explosions and fire	R147 180 855.55
7	Personal injuries	R28 142 986.00
34	Medical negligence	R374 840 554.63
50	Underpaid and unpaid invoices for services rendered	R247 638 197.19
1	Miscellaneous claims	R145 467.66
309	MAA	R14 310 561.50
<b>676</b>	<b>Total Claims Against the State</b>	<b><u><u>R2 313 845 546.76</u></u></b>

### Environmental Liability

- The baseline costing for the removal and disposal of unexploded ordinance at SANDF facilities was accepted to be the baseline cost as determined from February 2012.
- The actual escalation in contract value has since proven to be above CPIX projections, therefore the increase.

### Contingent Assets

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the Department of Defence.
- These are Contingent Assets hence, we cannot be certain as to the timing of the inflow of the related resources / amounts.
- There was no possibility for any cancellation of these claims by the DOD as at 31 March 2023.

	2022/23 R'000	2021/22 R'000
<b>19. Commitments</b>		
Buildings and other fixed structures	136 273	421 557
Machinery and equipment	573 966	589 010
Specialised Military assets	9 689 951	9 186 785
Biological assets	556	-
Intangible assets	2 904	6 416
	<b><u><u>10 403 650</u></u></b>	<b><u><u>10 203 768</u></u></b>

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## Notes to the Annual Financial Statement

for the year ended 31 March 2023

		2022/23		2021/22	
		R'000		R'000	
<b>20. Accruals and Payables not recognised</b>					
<b>20.1 Accruals</b>					
<b>Listed by economic classification</b>					
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>	
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
Goods and services	48 844	46 625	95 469	138 883	
Transfers and subsidies	-	42 234	42 234	13 312	
Capital assets	1 010	212	1 222	14 508	
<b>Total</b>	<b>49 854</b>	<b>89 071</b>	<b>138 925</b>	<b>166 70</b>	
<b>Listed by programme level</b>					
Administration			53 965	55 110	
Landward Defence			23 979	14 957	
Air Defence			9 403	12 666	
Maritime Defence			5 934	42 306	
Military Medical Health Services			36 215	1 800	
Defence Intelligence			56	-	
General Support			6 652	38 650	
Force Employment			2 721	1 214	
<b>Total</b>			<b>138 925</b>	<b>166 703</b>	
<b>20.2 Payables not recognised</b>					
<b>Listed by economic classification</b>					
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>	
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
Goods and services	204 783	53 021	257 804	198 431	
Capital assets	37 610	2 885	40 495	148 309	
Other	-	-	-	10 798	
<b>Total</b>	<b>242 393</b>	<b>55 906</b>	<b>298 299</b>	<b>357 538</b>	
<b>Listed by programme level</b>					
Administration			141 818	69 405	
Landward Defence			30 119	17 061	
Air Defence			24 523	31 762	
Maritime Defence			8 522	35 695	
Military Medical Health Services			32 651	15 388	
Defence Intelligence			215	271	
General Support			6 334	107 690	
Force Employment			54 117	80 266	
<b>Total</b>			<b>298 299</b>	<b>357 538</b>	
<b>Included in the above totals are the following:</b>					
		<b>Note</b>			
Confirmed balances with departments		<b>Annex 5</b>	12 058	8 818	
Confirmed balances with other government entities		<b>Annex 5</b>	-	-	
<b>Total</b>			<b>12 058</b>	<b>8 818</b>	

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## Notes to the Annual Financial Statements

for the year ended 31 March 2023

	2022/23 R'000	2021/22 R'000
<b>21. Employee benefits</b>		
Leave entitlement	1 284 524	1 418 736
Service bonus	921 253	932 189
Performance awards	-	-
Capped leave	727 521	893 128
Other	173 373	204 963
<b>Total</b>	<b>3 106 671</b>	<b>3 449 016</b>

Included in the above amount of leave entitlement are negative balances of R69 527 560 for the 2022/23 financial year (2021/22: R47 880 859). The prior year capped leave has been restated from Rm894 439 to Rm893 128 due to incorrect inclusion of resignations and deceased members in the closing balance. System enhancements were made to the Persol system to ensure that these balances are calculated correctly.

### 22. Lease Commitments

#### 22.1 Finance leases

2022/23	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	-	-	-	16 365	16 365
Later than 1 year and not later than 5 years	-	-	-	7 917	7 917
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 282</b>	<b>24 282</b>

2021/22	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	-	-	-	18 514	18 514
Later than 1 year and not later than 5 years	-	-	-	6 387	6 387
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 901</b>	<b>24 901</b>

The Department is not aware of any sub-leased assets

### 23. Accrued departmental revenue

Transfers received	175 983	166 378
<b>Total</b>	<b>175 983</b>	<b>166 378</b>

#### 23.1 Analysis of accrued revenue

Opening balance	166 378	140 590
Less: Amounts received	453 207	326 263
Add: Amounts recorded	541 559	379 232
Less: Amounts written off / reversed as irrecoverable	78 747	27 181
Other (Specify)	-	-
Closing balance	<b>175 983</b>	<b>166 378</b>

- The prior year closing balance was restated with Rm24,614 due to penalties deducted from personnel reimbursements.
- The prior year amounts received was restated with Rm33,242 which relates to Op VIKELA. The amounts was not accrued for in FY2020/21 and should not have been included. The amount is recognised in Revenue in the current year.
- Included in the amounts recorded is an amount of Rm15,845 which relates to monies collected by the SIU on behalf of the Department.
- The amount of Rm210,380 relating to Op VIKELA was not accrued for in prior FY2021/22 and should have not been included in the amounts received. The amount is recognised in Revenue in the current year.
- Included in the amounts received is an amount of Rm23,768 which relates to monies collected by the SIU on behalf of the Department (note 23.1).
- Included in the amounts received is an amount of Rm70,368 relating to Op MISTRAL.

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## Notes to the Annual Financial Statement

for the year ended 31 March 2023

	2022/23 R'000	2021/22 R'000
<b>23.2 Accrued departmental revenue written off</b>		
Penalty imposed by the United Nations	<u>78 747</u>	<u>27 181</u>
The amount represents actual penalties deducted from revenue from the DOD for unserviceable equipment.		
<b>23.3 Impairment of accrued departmental revenue</b>		
Estimate of impairment of accrued departmental revenue	<u>40 835</u>	<u>48 441</u>
Estimate is based on 22.70% of latest 2 quarters. The amount represents provision for penalties still to be deducted due to unserviceable equipment.		
<b>24. Unauthorised, Irregular and Fruitless and wasteful expenditure</b>		
Unauthorised expenditure	2 995 137	-
Irregular expenditure	553 935	4 100 565
Fruitless and wasteful expenditure	<u>2 569</u>	<u>3 322</u>
<b>Total</b>	<u><b>3 551 641</b></u>	<u><b>4 103 887</b></u>

Information on any criminal or disciplinary steps taken as a result of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

Irregular Expenditure Prior Year was adjusted with R187 238 747.27 to include R819 651.08 that was under assessment in FY2021/22 and R186 419 096.19 that relates to FY2021/22 and was identified in FY2022/23.

### 25. Identification and nature of related party relationship

As at 31 March 2023 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 DOD has a related party transaction with the Armaments Corporation of South Africa Limited (ARMSCOR), including its subsidiaries, joint ventures or units under its control.
    - The relationship between the DOD and ARMSCOR is at arm's length, where the Department transfers funds to ARMSCOR (as disclosed in Note 6) in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of Defence Material related products and services.
    - Castle Control Board (CCB);
    - South African National Defence Force Fund (SANDF);
    - South African (SA) Army Foundation; and
  - Reserve Force Council
  - Key Management Personnel
- As per clarification letter from the National Treasury dated 31 March 2009, Department of Defence Funds (messes, clubs, regimental funds, etc.) are not regarded as related parties.

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## Notes to the Annual Financial Statements

for the year ended 31 March 2023

### Related party transactions

The Department is not aware of any related party transactions (i.e. transactions not at arm's 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.

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 administrative support to the SANDF Fund at no consideration.
- 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 transactions during the period between the Department and its Key management personnel (other than normal salary related cost as disclosed in note 26), as well as the entities under the control, joint control or significant influence of key management personnel of the Department.

During the period the following related party transactions occurred between the Department and the State Information Technology Agency SOC Ltd. (SITA):

- The Department and SITA have a business agreement which governs the relationship between SITA and the DOD. Included in this agreement is the provisioning of accommodation by SITA and the DOD to officials from both parties to enhance service delivery and which is mutually beneficial, at no cost to either party.

The South African (SA) Army Foundation:

The Department of Defence had mandated the SA Army Foundation to facilitate the process of acquiring a lease for the residential, training, catering, conference, events and ancillary purposes of the Department. The undermentioned company was identified by the SA Army Foundation:

- Dadzani Pty Ltd  
A five (5) year lease was entered into between Dadzani Pty Ltd and the Department from 07 February 2022 until 04 February 2027.



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## Notes to the Annual Financial Statement

for the year ended 31 March 2023

	2022/23 R'000	2021/22 R'000
<b>26. Key management personnel</b>		
<b>Description</b>		
Political Office Bearers:	4 615	4 323
Officials		
Level 15 to 16	24 755	29 000
Level 14	14 697	12 892
Level 11 to 13	9 864	8 899
Family members of key management personnel	1 202	1 973
<b>Total</b>	<b>55 133</b>	<b>57 087</b>
<b>27. Provisions</b>		
Mobile Assets Accidents (MAA) / Civil Claims GDA	215	-
Armcor Rate of Exchange differences SDA	193 842	188 343
Armcor retention fees SDA / GDA	20 667	19 653
Environmental Liability - Aviation fuel contamination	194 578	156 219
<b>Total</b>	<b>409 302</b>	<b>364 215</b>

Reconciliation of movement in provisions - 2022/23	Armcor retention fees SDA / GDA	Environmental Liability – Aviation Fuel Contamination	Armcor Rate of Exchange differences SDA	MAA / Civil Claims GDA	Total Provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	19 653	156 219	188 343	-	364 215
Increase in provision	22 992	38 359	-	215	61 566
Settlement of provision	(21 978)	-	(50 943)	-	(72 921)
Change in provision due to change in estimation of inputs	-	-	56 442	-	56 442
<b>Closing balance</b>	<b>20 667</b>	<b>194 578</b>	<b>193 842</b>	<b>215</b>	<b>409 302</b>

Reconciliation of movement in provisions - 2021/22	Armcor retention fees SDA / GDA	Environmental Liability – Aviation Fuel Contamination	Armcor Rate of Exchange differences SDA	MAA / Civil Claims GDA	Total provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	156 219	488 625	-	644 844
Increase in provision	19 653	-	-	-	19 653
Settlement of provision	-	-	(2 178)	-	(2 178)
Change in provision due to change in estimation of inputs	-	-	(298 104)	-	(298 104)
<b>Closing balance</b>	<b>19 653</b>	<b>156 219</b>	<b>188 343</b>	<b>-</b>	<b>364 215</b>

#### Armcor retention fees

- Armcor, prior to September 2014 withheld 10% in retention fees for suppliers that are not BEE compliant.
- Once the supplier has submitted proof that the company is compliant, the retention fee is released.
- Non-compliance with order value, a percentage withheld from suppliers.

#### Armcor Rate of Exchange differences

- The amount of a provision is the best estimate of the rate of exchange expenditure expected to be required to settle the present obligation at the reporting date. As the rate of exchange fluctuates on a daily basis, the exact amount for the settlement of these capital commitments are unknown at the reporting date, hence a weighted average is utilised based on past and present expenditure. The expected timing of the outflows of economic benefits is based on the estimated delivery dates over the next four (4) financial years. Rate of Exchange differences relating to Commitments are disclosed as a provision.

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

### Mobile Assets Accidents (MAA) / Civil Claims GDA

- Civil Claims. A case for Civil Claims is partly paid and has an outstanding balance that is still under investigation.
- MAA. One case is awaiting banking details from the claimant, the other cases have warrant of execution and awaiting units to confirm and provide accident report and the name of the person who was driving the military vehicle.

### Environmental Liability

- AFB Makhado - The environmental liability provision has been adjusted with Rm36,930 based on the assessment performed by the AGSA audit expert.
- AFB Hoedspruit Rm1,380 - The estimate is based upon a quote dated 07 July 2022 for remediation of contaminated soil at AFB Hoedspruit following a spillage in June 2022.
- AFB Bloemspruit R49 089 - The estimate is based upon a quote dated 12 April 2023 for remediation of contaminated soil at AFB Bloemspruit following a spillage in December 2022.

### 28. Non-adjusting events after reporting date

The Department is not aware of any non-adjusting events.

### 29. Movable Tangible Capital Assets

#### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>274</b>	-	-	-	<b>274</b>
Heritage assets	274	-	-	-	274
<b>MACHINERY AND EQUIPMENT</b>	<b>14 581 212</b>	-	<b>1 565 795</b>	<b>524 155</b>	<b>15 622 852</b>
Transport assets	5 329 238	-	532 746	1 632	5 860 352
Computer equipment	1 351 286	-	243 155	140 698	1 453 743
Furniture and office equipment	290 879	-	26 620	22 245	295 254
Other machinery and equipment	7 609 809	-	763 274	359 580	8 013 503
<b>SPECIALISED MILITARY ASSETS</b>	<b>49 737 711</b>	-	<b>1 412 417</b>	<b>13</b>	<b>51 150 115</b>
Specialised military assets	49 737 711	-	1 412 417	13	51 150 115
<b>BIOLOGICAL ASSETS</b>	<b>4 256</b>	-	<b>1</b>	<b>94</b>	<b>4 163</b>
Biological assets	4 256	-	1	94	4 163
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>64 323 453</b>	-	<b>2 978 213</b>	<b>524 262</b>	<b>66 777 404</b>

# Defence - Vote 23

## Notes to the Annual Financial Statement

for the year ended 31 March 2023

### 29.1 Movement for 2021/22

#### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>274</b>	-	-	-	<b>274</b>
Heritage assets	274	-	-	-	274
<b>MACHINERY AND EQUIPMENT</b>	<b>13 864 907</b>	-	<b>764 639</b>	<b>48 334</b>	<b>14 581 212</b>
Transport assets	5 068 584	-	266 429	5 775	5 329 238
Computer equipment	1 289 503	-	66 782	4 999	1 351 286
Furniture and office equipment	278 019	-	13 805	945	290 879
Other machinery and equipment	7 228 801	-	417 623	36 615	7 609 809
<b>SPECIALISED MILITARY ASSETS</b>	<b>50 023 048</b>	-	<b>(285 337)</b>	-	<b>49 737 711</b>
Specialised military assets	50 023 048	-	(285 337)	-	49 737 711
<b>BIOLOGICAL ASSETS</b>	<b>3 987</b>	-	<b>354</b>	<b>85</b>	<b>4 256</b>
Biological assets	3 987	-	354	85	4 256
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>63 892 216</b>	-	<b>479 656</b>	<b>48 419</b>	<b>64 323 453</b>

**2021/22  
R'000**

#### 29.1.1 Prior period error

##### Nature of prior period error

Relating to 2020/21 (Affecting the opening balance)

-

##### Relating to 2021/22 (Affecting the opening balance)

**(348 152)**

Specialised Military Assets

(323 315)

Computers and Other Machinery and Equipment

(24 902)

Biological Assets

65

**Total**

**(348 152)**

### 29.2 Minor assets

#### MOVEMENT IN MINOR CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	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	-	3 003	-	472 171	-	475 174
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	37 043	-	37 043
Disposals	-	-	-	59 157	-	59 157
<b>TOTAL MINOR CAPITAL ASSETS</b>	<b>-</b>	<b>3 003</b>	<b>-</b>	<b>450 057</b>	<b>-</b>	<b>453 060</b>
	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 Minor assets	-	-	-	1 509 020	-	1 509 020
Number of minor assets at cost	-	-	-	261 269	-	261 269
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 770 289</b>	<b>-</b>	<b>1 770 289</b>

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

### Minor Capital Assets under investigation

Included in the above total of the minor capital assets per the asset register are assets that are under investigation

	Number	Value R'000
Specialised military assets	36	2 170
Intangible assets	-	-
Heritage assets	-	-
Machinery and equipment	1 662	80 043
Biological assets	-	-

The value of cases under investigation for the period ending 31 March 2023 increased slightly compared to the cases under investigation disclosed in the Annual Financial Statements for the period ending 31 March 2022. During the course of the FY2022/23, cases were finalised bearing no financial implication, due to items either recovered or incidents finalised at MAA compared to the previous FY2021/22.

### 29.2 Minor assets (Continued)

#### MOVEMENT IN MINOR CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	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	-	3 003	-	464 636	-	467 639
Prior period error	-	-	-	-	-	-
Additions	-	-	-	12 283	-	12 283
Disposals	-	-	-	4 748	-	4 748
<b>TOTAL MINOR CAPITAL ASSETS</b>	<b>-</b>	<b>3 003</b>	<b>-</b>	<b>472 171</b>	<b>-</b>	<b>475 174</b>
	<b>Specialised Military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
Number of R1 Minor assets	-	-	-	1 307 048	-	1 307 048
Number of minor assets at cost	-	-	-	243 365	-	243 365
<b>TOTAL NUMBER OF MINOR CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 550 413</b>	<b>-</b>	<b>1 550 413</b>

2021/22  
R'000

#### 29.2.1 PRIOR PERIOD ERROR

##### Nature of prior period error

Relating to 2020/21 (affecting the opening balance)

-

-

Relating to 2021/22

-

-

**Total**

-

# Defence - Vote 23

## Notes to the Annual Financial Statement

for the year ended 31 March 2023

### 29.3 Movable tangible capital assets written-off

#### MOVABLE TANGIBLE CAPITAL ASSETS WRITTEN-OFF FOR THE YEAR ENDED 31 MARCH 2023

	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written-off	480	-	-	5 305	55	5 840
<b>TOTAL MOVABLE ASSETS WRITTEN-OFF</b>	<b>480</b>	<b>-</b>	<b>-</b>	<b>5 305</b>	<b>55</b>	<b>5 840</b>

#### MOVABLE TANGIBLE CAPITAL ASSETS WRITTEN-OFF FOR THE YEAR ENDED 31 MARCH 2022

	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written-off	793	-	-	55 383	1	56 177
<b>TOTAL MOVABLE ASSETS WRITTEN-OFF</b>	<b>793</b>	<b>-</b>	<b>-</b>	<b>55 383</b>	<b>1</b>	<b>56 177</b>

The value of cases finalised in terms of write offs for the period ended 31 March 2023 decreased in comparison to cases disclosed in the Annual Financial Statements for the period ended 31 March 2022, although the number of cases written off increased. The submission of incomplete investigation documents hindered the effective writing off of cases under investigation in the FY2022/23.

### 29.4 Movable tangible capital assets: Capital Work-in-progress

#### CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Opening Balance 1 April 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 31 March 2023
	Annex 7	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-
Machinery and equipment		-	-	-	-
Specialised military assets		14 112 213	550 337	1 220 736	13 441 814
Biological assets		-	-	-	-
<b>TOTAL</b>		<b>14 112 213</b>	<b>550 337</b>	<b>1 220 736</b>	<b>13 441 814</b>

#### Payables not recognised relating to Capital WIP

[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]

#### Total

2022/23 R'000	2021/22 R'000
6 799	41 172
<b>6 799</b>	<b>41 172</b>

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

### CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Note	Opening Balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 31 March 2022
	Annex 7	R'000	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-	-
Machinery and equipment		-	-	-	-	-
Specialised military assets		12 686 611	-	1 698 123	272 521	14 112 213
Biological assets		-	-	-	-	-
<b>TOTAL</b>		<b>12 686 611</b>	<b>-</b>	<b>1 698 123</b>	<b>272 521</b>	<b>14 112 213</b>

# Defence - Vote 23

## Notes to the Annual Financial Statement

for the year ended 31 March 2023

### 30. Intangible Capital Assets

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	2 427 017	75 942	5 147	2 497 812
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	4 831 518	50 410	64 504	4 817 424
SERVICES AND OPERATING RIGHTS	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>7 258 535</b>	<b>126 352</b>	<b>69 651</b>	<b>7 315 236</b>

#### Intangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register are assets that are under investigation.		
Software	-	-
Mastheads and publishing titles	-	-
Patents, licences, copyright, brand names, trademarks	-	-
Recipes, formulae, prototypes, designs, models	-	-
Services and operating rights	-	-

### 30.1 Movement for 2021/22

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	2 194 975	-	232 042	-	2 427 017
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	4 504 760	11 110	315 648	-	4 831 518
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>6 699 735</b>	<b>11 110</b>	<b>547 690</b>	<b>-</b>	<b>7 258 535</b>

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

	2021/22 R'000
<b>30.1.1 PRIOR PERIOD ERROR</b>	
Nature of prior period error	
<b>Relating to 2020/21 (affecting the opening balance)</b>	<b>11 110</b>
Additions not previously recognised	11 110
	-
<b>Relating to 2021/22</b>	<b>23 153</b>
Additions not disclosed	23 153
	-
<b>Total</b>	<b>34 263</b>

### 30.2 Intangible capital assets: Capital Work-in-progress

#### CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Opening Balance 1 April 2022	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2023
	Annex 7	R'000	R'000	R'000	R'000
Intangible assets		-	-	-	-
<b>TOTAL</b>		-	-	-	-

Intangible assets developed through the Armscor acquisitions process, are only identifiable once established and developed into the DOD. Armscor is responsible for the intangible assets register and once the DOD is notified, at the end of each financial period, they are recognised in the AFS as additions in the relevant period.

	2022/23 R'000	2021/22 R'000
<b>Payables not recognised relating to Capital WIP</b>		
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]	-	-
	-	-
<b>Total</b>	-	-

#### CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Note	Opening Balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2022
	Annex 7	R'000	R'000	R'000	R'000	R'000
Intangible assets		-	-	-	-	-
<b>TOTAL</b>		-	-	-	-	-

Intangible assets developed through the Armscor acquisitions process, are only identifiable once established and developed into the DOD. Armscor is responsible for the intangible assets register and once the DOD is notified, at the end of each financial period, they are recognised in the AFS as additions in the relevant period.



# Defence - Vote 23

## Notes to the Annual Financial Statement

for the year ended 31 March 2023

### 31. Immovable Tangible Capital Assets

#### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>16 456 342</b>	<b>34 711</b>	-	<b>16 491 053</b>
Dwellings	1 485 218	2 040	-	1 487 258
Non-residential buildings	14 531 082	32 392	-	14 563 474
Other fixed structures	440 042	279	-	440 321
<b>HERITAGE ASSETS</b>	<b>2 880 806</b>	-	-	<b>2 880 806</b>
Heritage assets	2 880 806	-	-	2 880 806
<b>LAND AND SUBSOIL ASSETS</b>	<b>12 870 888</b>	-	-	<b>12 870 888</b>
Land	12 870 888	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>32 208 036</b>	<b>34 711</b>	-	<b>32 242 747</b>

Intangible Capital Assets under investigation	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register are assets that are under investigation.		
Building and other fixed structures	-	-
Heritage assets	-	-
Land and subsoil assets	-	-

#### 31.1 Movement for 2021/22

##### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>15 152 192</b>	<b>238 051</b>	<b>1 066 099</b>	-	<b>16 456 342</b>
Dwellings	1 482 835	-	2 383	-	1 485 218
Non-residential buildings	13 246 903	220 806	1 063 373	-	14 531 082
Other fixed structures	422 454	17 245	343	-	440 042
<b>HERITAGE ASSETS</b>	<b>2 880 806</b>	-	-	-	<b>2 880 806</b>
Heritage assets	2 880 806	-	-	-	2 880 806
<b>LAND AND SUBSOIL ASSETS</b>	<b>12 870 888</b>	-	-	-	<b>12 870 888</b>
Land	12 870 888	-	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>30 903 886</b>	<b>238 051</b>	<b>1 066 099</b>	-	<b>32 208 036</b>

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

	Note	2021/22 R'000			
<b>31.1.1 PRIOR PERIOD ERROR</b>					
Nature of prior period error					
<b>Relating to 2020/21 (affecting the opening balance)</b>		<b>238 051</b>			
Non-Residential Buildings increased		220 806			
Other Fixed Assets increased		17 245			
<b>Relating to 2021/22</b>		<b>2 485</b>			
Additions increase for:		-			
Non-Residential Buildings		2 307			
Other Fixed Assets		178			
<b>Total</b>		<b>240 536</b>			
<b>31.2 Immovable tangible capital assets: Capital Work-in-progress</b>					
<b>CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2023</b>					
	Note	Opening Balance 1 April 2022	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2023
	Annex 7	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-
Buildings and other fixed structures		728 401	182 778	(5 001)	916 180
Land and subsoil assets		-	-	-	-
<b>TOTAL</b>		<b>728 401</b>	<b>182 778</b>	<b>(5 001)</b>	<b>916 180</b>

The prior period error in the opening balance is due to a correction of Rm38 in accruals which were not previously accounted for.

	2022/23 R'000	2021/22 R'000
<b>Payables not recognised relating to Capital WIP</b>		
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]	39 577	79 596
<b>Total</b>	<b>39 577</b>	<b>79 596</b>

### CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Note	Opening Balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2022
	Annex 7	R'000	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-	-
Buildings and other fixed structures		1 640 113	61 628	84 231	1 057 571	728 401
Land and subsoil assets		-	-	-	-	-
<b>TOTAL</b>		<b>1 640 113</b>	<b>61 628</b>	<b>84 231</b>	<b>1 057 571</b>	<b>728 401</b>

The opening balance of Non-Residential Buildings increased by Rm78,873, from the prior year in light of projects that were incorrectly treated based on erroneous information from DPW. Updated information has however been received from DPW in this regard to allow the correction of the treatment. Additions to Non-Residential Buildings decreased by Rm8 from the prior amount due to the receipt of updated information from DPW. Ready for use Non-Residential Buildings increased by Rm2,307 from the prior year due to updated information from DPW. The opening balance of the Other Fixed Structures decreased by Rm17,245 and the ready for use Other Fixed Structures increased by Rm178 due to updated information from DPW.

# Defence - Vote 23

## Notes to the Annual Financial Statement

for the year ended 31 March 2023

### 31.3 Immovable tangible capital assets written off

#### IMMOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

	Building and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
Immovable assets written off	-	-	-	-
<b>TOTAL IMMOVABLE CAPITAL ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### IMMOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022

	Building and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
Immovable assets written off	-	-	-	-
<b>TOTAL IMMOVABLE CAPITAL ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

		Note	2022/23	2021/22
<b>31.4 Immovable capital assets additional information</b>				
<b>Properties deemed vested</b>	<b>Estimated completion date</b>	<b>Annex 9</b>	<b>Number</b>	<b>Number</b>
<b>Land parcels</b>			12	12
<b>Facilities</b>				
Training Area			5	5
High Site			1	1
Office Accommodation			1	1
Operation Facility			1	1
Military Base			3	3
Historical Military Base			1	1
Other			-	-

Unsurveyed land: The Department does not have any unsurveyed land, nor does it have facilities that have been constructed on unsurveyed land.

Deemed vested properties: These properties consist of Defence Endowment facilities that are built on Defence Endowment Property, but that intersect with non-Defence Endowment Properties. The properties that are intersected by Defence Endowment Facilities are all registered in the name of the Republic of South Africa and are disclosed by other Departments, such as the Department of Public Works and the Department of Rural Development and Land Reform.

From the review of the Defence property portfolio and the Defence facilities, no potential contingent assets were identified.

# Defence - Vote 23

## Notes to the Annual Financial Statements

for the year ended 31 March 2023

32. Prior period errors		2022/23		
32.1 Revenue	Note	Amount before error correction R'000	Prior period error R'000	Restated amount R'000
		-	-	-
		-	-	-
		-	-	-
<b>Net effect</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure:</b>				
Compensation of employees: Social Contributions, Employer contributions - Pension	3.2	3 254 634	(50 563)	3 204 071
		-	-	-
		-	-	-
<b>Net effect</b>		<b>3 254 634</b>	<b>(50 563)</b>	<b>3 204 071</b>
<b>Assets:</b>				
Analysis of accrued departmental revenues : Opening balance	23	157 750	(24 614)	133 136
WIP Immovable: Building and other fixed structures: Closing balance	31.2	669 265	59 136	728 401
WIP Tangible Capital Assets: SMA "Current year and Ready for use"	29.4	1 459 785	(34 183)	1 425 602
Tangible Capital Assets: Computer equipment - Disposals	29.1	4 980	19	4 999
Tangible Capital Assets: Other machinery and equipment - Disposals	29.1	11 732	24 883	36 615
Tangible Capital Assets: SMA - Additions	29.1	37 978	(323 315)	(285 337)
Tangible Capital Assets: Biological assets - Additions	29.1	290	64	354
Analysis of accrued departmental revenue: Amounts received	23.1	359 505	(33 242)	326 263
Movement in Immovable TCA: Non-Residential Buildings – Additions	31.1	1 061 067	2 306	1 063 373
Movement in Immovable TCA: Other Fixed Structures - Additions	31.1	165	178	343
Immovable TCA: Payables not recognised relating to Capital WIP	31.2	41 172	38 424	79 596
<b>Net effect</b>		<b>3 803 689</b>	<b>(290 344)</b>	<b>3 513 345</b>

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

### 33. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	2022/23							2021/22	
	GRANT ALLOCATION				TRANSFER			Division of Revenue Act and other transfers	Actual Transfer
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Provincial and Local Governments	190	-	(25)	165	165	-	-	-	169
	<b>190</b>	<b>-</b>	<b>(25)</b>	<b>165</b>	<b>165</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169</b>

## Defence - Vote 23

# Notes to the Annual Financial Statements

for the year ended 31 March 2023

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information

	Note	2022/23 R'000	2021/22 R'000
<b>34. COVID-19 Response Expenditure</b>	<b>Annex 10</b>		
Compensation of employees		10	9 360
Goods and services		13 951	436 752
Transfers and subsidies		6 000	5 500
Expenditure for capital assets		609	9 078
Other		-	-
<b>Total</b>		<b>20 570</b>	<b>460 690</b>

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

ANNEXURE 1A  
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2021/22	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by Municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act and other transfers	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Provincial and Local Governments	190	-	(25)	165	165	-	-	165	165	-	100%	169	169
<b>TOTAL</b>	<b>190</b>	<b>-</b>	<b>(25)</b>	<b>165</b>	<b>165</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>165</b>	<b>-</b>		<b>169</b>	<b>169</b>

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

**ANNEXURE 1B**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENTS / AGENCY / ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2021/22	
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Safety and Security Sector Education and Training Authority (SASSETA)	25 318	-	6 598	31 916	31 916	100%	29 935	29 935
Communication Licences (Radio & TV)	137	-	(96)	41	41	100%	24	24
Castle Control Board	6 004	-	(4)	6 000	6 000	100%	5 500	5 500
Department Agency: Fines & Penalties	-	-	188	188	188	100%	-	-
<b>TOTAL</b>	<b>31 459</b>	<b>-</b>	<b>6 686</b>	<b>38 145</b>	<b>38 145</b>		<b>35 459</b>	<b>35 459</b>



# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 1C

#### STATEMENT OF TRANSFERS / SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION / PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2021/22	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Public Corporations</b>										
<b>Transfers</b>										
Armaments Corporation of South Africa	1 481 079	-	(1 138)	1 479 941	1 478 501	99.9%	-	-	1 480 055	1 480 055
Claims against the State	-	-	67	67	67	100%	-	-	63	63
<b>Sub total</b>	<b>1 481 079</b>	<b>-</b>	<b>(1 071)</b>	<b>1 480 008</b>	<b>1 478 568</b>	<b>99.9%</b>	<b>-</b>	<b>-</b>	<b>1 480 118</b>	<b>1 480 118</b>
<b>Private Enterprises</b>										
<b>Transfers</b>										
Claims against the State	-	-	283	283	283	100%	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1 481 079</b>	<b>-</b>	<b>(788)</b>	<b>1 480 291</b>	<b>1 478 851</b>	<b>99.9%</b>	<b>-</b>	<b>-</b>	<b>1 480 118</b>	<b>1 480 118</b>

## Defence - Vote 23

# Annexures to the Annual Financial Statements

for the year ended 31 March 2023

## ANNEXURE 1D

## STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2021/22	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers</b>								
Southern Africa Development Community	139 300	-	(5 879)	133 421	133 421	100%	55 493	55 493
<b>TOTAL</b>	<b>139 300</b>	<b>-</b>	<b>(5 879)</b>	<b>133 421</b>	<b>133 421</b>		<b>55 493</b>	<b>55 493</b>

**Defence - Vote 23**  
**Annexures to the Annual Financial Statements**  
for the year ended 31 March 2023

ANNEXURE 1E  
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2021/22	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers</b>								
St John's Ambulance Brigade	1 095	-	-	1 095	91	8%	226	226
Reserve Force Council	9 354	-	(5 999)	3 355	3 355	100%	7 527	7 527
<b>TOTAL</b>	<b>10 449</b>	<b>-</b>	<b>(5 999)</b>	<b>4 450</b>	<b>3 446</b>		<b>7 753</b>	<b>7 753</b>

## Defence - Vote 23

# Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 1F STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2021/22	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers</b>								
DOD members	1 193 345	-	-	1 193 345	1 357 290	114%	173 712	213 169
Claims against the State	-	-	12 664	12 664	12 664	100%	23 997	23 997
<b>TOTAL</b>	<b>1 193 345</b>	<b>-</b>	<b>12 664</b>	<b>1 206 009</b>	<b>1 369 954</b>		<b>197 709</b>	<b>237 166</b>

The prior year for Transfers/Households has been restated with Rm50,563 to include the amount previously recognised in Compensation of Employees, Pension (GEPF).

## Defence - Vote 23

# Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 2A

#### STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY / TO NATIONAL / PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% of shares held		Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
		2022/23	2021/22	2022/23	2021/22	R'000		R'000		R'000		Yes/No
						2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
<b>National / Provincial Public Entity</b>												
Castle Control Board (under control of the Minister of Defence).	3A	100%	100%	-	-	-	-	8 455	5 664	2 792	1 994	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	75 000	2 697 314	2 502 274	195 040	4 447	No
<b>TOTAL</b>						<b>75 000</b>	<b>75 000</b>	<b>2 705 769</b>	<b>2 507 938</b>	<b>197 832</b>	<b>6 441</b>	

## Defence - Vote 23

# Annexures to the Annual Financial Statements

for the year ended 31 March 2023

## ANNEXURE 2B

## STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY / TO NATIONAL / PROVINCIAL PUBLIC ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
<b>Controlled entities</b>									
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.	-	-	8 455	5 664	-	-	-	-
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 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 is directly support technology and acquisition strategies.	75 000	75 000	2 697 314	2 502 274	-	-	-	-
<b>TOTAL</b>		<b>75 000</b>	<b>75 000</b>	<b>2 705 769</b>	<b>2 507 938</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2022 - LOCAL**

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 1 April 2022	Guarantees drawdowns during the year	Guaranteed repayments / cancelled / reduced / released during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2023 R'000	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	<b>Housing</b>								
	ABSA	-	135	-	46	-	89	-	-
	First National Bank	-	363	-	127	-	236	-	-
	Free State Dev Corp	-	68	-	46	-	22	-	-
	Greenstart Home Loans	-	82	-	29	-	53	-	-
	Standard Bank	-	238	-	33	-	205	-	-
	<b>TOTAL</b>	<b>-</b>	<b>886</b>	<b>-</b>	<b>281</b>	<b>-</b>	<b>605</b>	<b>-</b>	<b>-</b>

- Not possible to determine any outflow, as the outflow would depend on the non-payments made by Defence employees to Bond institutions.

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 3B

#### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 March 2023

Nature of Liability	Opening Balance 1 April 2022	Liabilities incurred during the year	Liabilities paid / cancelled /reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Civil claims	2 320 182	406 202	426 849	-	2 299 535
Mobile assets accidents (MAA)	12 201	6 417	4 307	-	14 311
Claims - Special Defence Account	3 598 679	846 239	-	-	4 444 918
<b>Sub Total</b>	<b>5 931 062</b>	<b>1 258 858</b>	<b>431 156</b>	<b>-</b>	<b>6 758 764</b>
<b>Environmental Liability</b>					
UXO contamination and rehabilitation	1 399 143	98 551	-	-	1 497 694
<b>Sub Total</b>	<b>1 399 143</b>	<b>98 551</b>	<b>-</b>	<b>-</b>	<b>1 497 694</b>
<b>TOTAL</b>	<b>7 330 205</b>	<b>1 357 409</b>	<b>431 156</b>	<b>-</b>	<b>8 256 458</b>

#### Claims against the department

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the third parties.
- These are contingent liabilities hence, we cannot be certain as to the timing of the outflow of the related resources/amounts.
- There was no possibility for any reimbursements as at 31 March 2023.
- The claim against the Special Defence Account (SDA) relates to a commission claim of EUR 192 180 623 with a rand value of R3 715 064 567 (1 Euro = R19.331109) (2021/22: R3 109 093 503). The matter is defended in the Civil Court of Lisbon, Portugal. The Plaintiff has now also filed an application in the High Court in Pretoria to compel the Auditor-General of South Africa to make available certain documentation alleged to be relevant to the litigation in Portugal. Armscor as the second respondent is opposing the application. The Applicant in this matter has not applied for a court date yet. In respect of the main application to be heard in Lisbon, all the preliminary work has been done. The matter was enrolled for trial for 13 - 17 March 2023. The preparation for the hearing started during January 2023. The matter was further postponed by agreement to 13 - 23 September 2023. Armscor is confident that the matter can be defended successfully.
- The claim against the SDA relates to a claim of payment in terms of contractual conditions of EUR 17 562 575 (2022/23: EUR 17 601 975 - EUR 9 964 583) (Paid in accordance with the agreement) + EUR 9 925 183 (new amount with amended particulars of claim) with a rand value of R339 762 235 (1 Euro = R19.331109 plus ZAR 258 168.19) (2021/22: R284 385 098). The Plaintiff filed amended particulars of claim to which Armscor has responded by filing a plea. Patria has not approached the Court for a trial date. Armscor is confident that the matter can be defended successfully.



# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

- The claim against the SDA relates to a contractual cancellation to the amount of R381 200 000. Armscor is defending the matter. Armscor has filed a Notice of Exception. The Plaintiff did not respond in time and has not filed a reply. Subsequently, the Plaintiff has filed the intention to amend the particulars of claim and appointed new attorneys. The notice of amendments are cosmetic in nature and increased the Plaintiff's claim, however they still does not affect the exception filed by Armscor that the Plaintiff's particulars have a cause of action. The plaintiff's new attorneys have also withdrawn as attorneys of record. Armscor will proceed to set the matter down and bring it to finality. Armscor is confident that the matter can be defended successfully and will thus set the matter down.
- The claim against the SDA relates to services rendered to repair outboard engines and failure by the supplier to deliver the engines to the amount of R1 475 438 (R1 300 000 plus R175 438). Armscor has been able to communicate with the third party that is in possession of the assets. It was agreed that Armscor shall provide sufficient proof of ownership of the said assets as ownership was in dispute. The matter was also reported to the Military Police and an investigation revealed that the engines are in possession of a third party and it should be regarded as stolen property. The Military Police did not proceed with the attachment of the assets as a result of insufficient proof of ownership of the engines. The third party submitted a settlement proposal, to be paid to the amount of R500 000 for the release of the engines. However, when Armscor proceeded to negotiations, the third party indicated that the assets had been sold. The matter will be reported to the South African Police Services.
- The claim against the SDA relates to a bid in respect of a tender for the Procurement of General Hospital Equipment for SAMHS to the amount of R7 415 624. Armscor has in the interim entered an appearance to defend in the High Court, Gauteng North. Armscor has filed its plea. The matter is progressing in the normal course.

### Civil Claims:

S/N	Type of Claim	Amounts
12	Shooting during Exercise and Operation	R310 634 000.00
148	Unlawful assault, arrest, detention, and prosecution	R378 507 892.30
13	Breach, cancellation and termination of contracts and services	R328 843 811.11
12	Loss of support due to collision of vehicles and helicopters	R18 599 065.63
67	HR and labour related claims	R464 795 155.19
23	Damages, explosions and fire	R147 180 855.55
7	Personal injuries	R28 142 986.00
34	Medical negligence	R374 840 554.63
50	Underpaid and unpaid invoices for services rendered	R247 638 197.19
1	Miscellaneous claims	R145 467.66
309	MAA	R14 310 561.50
<b>676</b>	<b>Total Claims Against the State</b>	<b>R2 313 845 546.76</b>

### Environmental Liability

- The baseline costing for the removal and disposal of unexploded ordinance at SANDF facilities was accepted to be the baseline cost as determined from February 2012.
- The actual escalation in contract value has since proven to be above CPIX projections, therefore the increase.

## Defence - Vote 23

# Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 4 CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2022/2023*	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
Department of Correctional Services	-	-	-	-	-	-	)	-
Department of Health Cape Town	-	-	-	-	-	-	-	-
Department of Health Gauteng	264	264	167	243	431	507	-	-
Department of Health North West	-	12 275	-	-	-	12 275	-	-
Department of Military Veterans	-	-	184 217	147 280	184 217	147 280	-	-
Department of Public Works	-	-	71 421	12 569	71 421	12 569	-	-
Department of Rural Development	-	-	-	-	-	-	-	-
National Treasury	-	-	6 315	6 843	6 315	6 843	-	-
San Parks	-	-	20	20	20	20	-	-
South African Police Services	-	-	18	68	18	68	-	-
South African Revenue Services	-	-	30	-	30	-	-	-
<b>TOTAL</b>	<b>264</b>	<b>12 539</b>	<b>262 188</b>	<b>167 023</b>	<b>262 452</b>	<b>179 562</b>		-

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

**ANNEXURE 5**  
**INTER-GOVERNMENT PAYABLES**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/2022*	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
Department of Health Western Cape	-	-	80	-	80	-	-	-
Department of Health	-	-	-	64	-	64	-	-
Department of Justice and Constitutional Development	12 058	8 818	-	-	12 058	8 818	-	-
Department of Transport and Public Works Cape Town	-	-	39	39	39	39	-	-
Department of Correctional Services	-	-	29	29	29	29	-	-
Department of Social Development Gauteng	-	-	17	-	17	-	-	-
<b>TOTAL</b>	<b>12 058</b>	<b>8 818</b>	<b>165</b>	<b>132</b>	<b>12 223</b>	<b>8 950</b>	<b>-</b>	<b>-</b>

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 6 INVENTORIES

#### INVENTORIES FOR THE YEAR ENDED 31 MARCH 2023

	Food	Fuel	Medical supplies	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	815 957	5 394 495	11 225 838	19 996 030	37 432 320
Add/ (Less): Adjustments to prior year balances	1 164 769	-2 583 561	-7 942 203	15 545 824	6 184 829
Add: Additions/Purchases - Cash	1 566 101	514 614	219 018	137 458	2 437 191
Add: Additions - Non-cash	-	-	-	35 954	35 954
(Less): Disposals	-	-	-	-	-
(Less): Issues	(2 440 868)	(2 521 019)	(1 998 807)	(4 363 133)	(11 323 827)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/ (Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	<b>1 105 959</b>	<b>804 529</b>	<b>1 503 846</b>	<b>31 352 133</b>	<b>34 766 467</b>

#### INVENTORY FOR THE YEAR ENDED 31 MARCH 2022

	Food	Fuel	Medical supplies	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	1 027 611	847 809	1 147 497	18 141 561	21 164 478
Add/ (Less): Adjustments to prior year balances	312 368	5 401 143	11 042 008	3 510 601	20 266 120
Add: Additions/Purchases - Cash	1 413 474	446 347	656 988	215 949	2 732 758
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	(1 937 496)	(1 300 804)	(1 620 655)	(1 872 081)	(6 731 036)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/ (Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	<b>815 957</b>	<b>5 394 495</b>	<b>11 225 838</b>	<b>19 996 030</b>	<b>37 432 320</b>

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 7

#### Movement in Capital Work-in-Progress

#### MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	-	-	-	-
Heritage assets	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	-	-	-	-
Other machinery and equipment	-	-	-	-
<b>SPECIALISED MILITARY ASSETS</b>	<b>14 112 213</b>	<b>550 337</b>	<b>(1 220 736)</b>	<b>13 441 814</b>
Specialised military assets	14 112 213	550 337	(1 220 736)	13 441 814
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>728 401</b>	<b>182 778</b>	<b>(5 001)</b>	<b>906 178</b>
Dwellings	47 859	-	-	47 859
Non-residential buildings	680 542	182 778	(5 001)	858 319
Other fixed structures	-	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>	-	-	-	-
Land	-	-	-	-
<b>COMPUTER SOFTWARE</b>	-	-	-	-
Computer software	-	-	-	-
<b>MASTHEADS AND PUBLISHING TITLES</b>	-	-	-	-
Mastheads and publishing titles	-	-	-	-

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 7 (Continued)

#### Movement in Capital Work-in-Progress

#### MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
<b>TRADEMARKS</b>	-	-	-	-
Patents, Licences, Copyright, Brand names, Trademarks	-	-	-	-
<b>MODELS</b>	-	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-	-
<b>SERVICES AND OPERATING RIGHTS</b>	-	-	-	-
Services and operating rights	-	-	-	-
<b>TOTAL</b>	<b>14 840 614</b>	<b>733 115</b>	<b>(1 225 737)</b>	<b>14 347 992</b>

Projects delayed beyond 5 years are due to the following difficulties faced by the Department of Public Works:

- The ratio of Project Managers versus projects shows that the Department is under-resourced. A single Project Manager manages an average of 21 projects and in some cases the ratio is 1:40.
- Administrative business and supply chain processes are not streamlined to support infrastructure programme implementation and effective delivery of infrastructure projects. For example, projects may be in tender stage and may not progress to the award stage due to internal cumbersome evaluation requirements.
- A lack of professionals is experienced in the former B regions (Mthatha, Mmabatho, Polokwane, Nelspruit and Kimberley).
- Delays in planning i.e. site clearance, sketch plan approval and evaluation and award etc.
- Lack of construction procurement that supports effective delivery of infrastructure.
- Lack of internal capacity due to shortage of built environment practitioners such as project managers, architects, engineers and quantity surveyors.
- Failure to document Client Department needs during the project planning phase resulting in scope changes and variation orders during construction phase. This also results into huge financial costs.
- Poor performance of some contractors on certain contracts, resulting in extension of time with penalties.

The opening balance of Non-Residential Buildings increased by Rm78,873, from the prior year in light of projects that were incorrectly treated based on erroneous information from DPW. Updated information has however been received from DPW in this regard to allow the correction of the treatment. Additions to Non-Residential Buildings decreased by Rm8 from the prior amount due to the receipt of updated information from DPW. Ready for use Non-Residential Buildings increased by Rm2,307 from the prior year due to updated information from DPW. The opening balance of the Other Fixed Structures decreased by Rm17,245 and the ready for use Other Fixed Structures increased by Rm178 due to updated information from DPW.

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

### ANNEXURE 7 (Continued)

#### Movement in Capital Work-in-Progress

#### MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	-	-	-	-	-
Heritage assets	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
<b>SPECIALISED MILITARY ASSETS</b>	<b>12 686 611</b>	-	<b>1 698 123</b>	<b>(272 521)</b>	<b>14 112 213</b>
Specialised military assets	12 686 611	-	1 698 123	(272 521)	14 112 213
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>1 640 113</b>	<b>61 628</b>	<b>84 231</b>	<b>(1 057 571)</b>	<b>728 401</b>
Dwellings	47 859	-	-	-	47 859
Non-residential buildings	1 575 009	78 873	84 053	(1 057 393)	680 542
Other fixed structures	17 245	(17 245)	178	(178)	-
<b>LAND AND SUBSOIL ASSETS</b>	-	-	-	-	-
Land	-	-	-	-	-
<b>COMPUTER SOFTWARE</b>	-	-	-	-	-
Computer software	-	-	-	-	-
<b>MASTHEADS AND PUBLISHING TITLES</b>	-	-	-	-	-
Mastheads and publishing titles	-	-	-	-	-
<b>TRADEMARKS</b>	-	-	-	-	-
Patents, Licences, Copyright, Brand names, Trademarks	-	-	-	-	-

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

## ANNEXURE 7 (Continued)

## Movement in Capital Work-in-Progress

## MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MODELS</b>	-	-	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-	-	-
<b>SERVICES AND OPERATING RIGHTS</b>	-	-	-	-	-
Services and operating rights	-	-	-	-	-
<b>TOTAL</b>	<b>14 326 724</b>	<b>61 628</b>	<b>1 782 354</b>	<b>(1 330 092)</b>	<b>14 840 614</b>

Projects delayed beyond 5 years are due to the following difficulties faced by the Department of Public Works:

- The ratio of Project Managers versus projects shows that the Department is under-resourced. A single Project Manager manages an average of 21 projects and in some cases the ratio is 1:40.
- Administrative business and supply chain processes are not streamlined to support infrastructure programme implementation and effective delivery of infrastructure projects. For example, projects may be in tender stage and may not progress to the award stage due to internal cumbersome evaluation requirements.
- A lack of professionals is experienced in the former B regions (Mthatha, Mmabatho, Polokwane, Nelspruit and Kimberley).
- Delays in planning i.e. site clearance, sketch plan approval and evaluation and award etc.
- Lack of construction procurement that supports effective delivery of infrastructure.
- Lack of internal capacity due to shortage of built environment practitioners such as project managers, architects, engineers and quantity surveyors.
- Failure to document Client Department needs during the project planning phase resulting in scope changes and variation orders during construction phase. This also results into huge financial costs.
- Poor performance of some contractors on certain contracts, resulting in extension of time with penalties.

The opening balance of Non-Residential Buildings increased by Rm78,873, from the prior year in light of projects that were incorrectly treated based on erroneous information from DPW. Updated information has however been received from DPW in this regard to allow the correction of the treatment. Additions to Non-Residential Buildings decreased by Rm8 from the prior amount due to the receipt of updated information from DPW. Ready for use Non-Residential Buildings increased by Rm2,307 from the prior year due to updated information from DPW. The opening balance of the Other Fixed Structures decreased by Rm17,245 and the ready for use Other Fixed Structures increased by Rm178 due to updated information from DPW.



## Defence - Vote 23

# Annexures to the Annual Financial Statements

for the year ended 31 March 2023

**ANNEXURE 8A**  
**INTER-ENTITY ADVANCES PAID (note 9)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Advance paid to DIRCO	-	-	266 483	217 115	266 483	217 115
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>266 483</b>	<b>217 115</b>	<b>266 483</b>	<b>217 115</b>
<b>OTHER INSTITUTIONS</b>						
AB Logistics	-	-	42 722	43 096	42 722	43 096
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>42 722</b>	<b>43 096</b>	<b>42 722</b>	<b>43 096</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>309 205</b>	<b>260 211</b>	<b>309 205</b>	<b>260 211</b>

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

**ANNEXURE 9****Immoveable assets additional information**

Properties deemed vested	Estimated completion date	Note 31.4	2022/2023 Number
<b>Land parcels</b>			12
<b>Facilities</b>			
Training area			5
High site			1
Office accommodation			1
Operation facility			1
Military base			3
Historical Military base			1

Unsurveyed land: The Department does not have any unsurveyed land, neither does it have facilities that have been constructed on unsurveyed land.

Deemed vested properties: These properties consist of Defence Endowment facilities that are built on Defence Endowment Property, but that intersects with non-Defence Endowment Properties. The properties that are intersected by Defence Endowment Facilities are all registered in the name of the Republic of South Africa and are disclosed by other Departments, such as the Department of Public Works and the Department of Rural Development and Land Reform.

From the review of the Defence property portfolio and the Defence facilities, no potential contingent assets were identified.

# Defence - Vote 23

## Annexures to the Annual Financial Statements

for the year ended 31 March 2023

**ANNEXURE 10**  
**COVID-19 RESPONSE EXPENDITURE**  
 Per quarter and in total

Expenditure per economic classification	APRIL	MAY	JUN	Subtotal	JUL	AUG	SEPT	Subtotal	OCT	NOV	DEC	Subtotal	JAN	FEB	MAR	Subtotal	2022/23	2021/22
	2022	2022	2022	Q1	2022	2022	2022	Q2	2022	2022	2022	Q3	2023	2023	2023	Q4	TOTAL	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Compensation of employees</b>	-	9	-	9	-	-	1	1	-	-	-	-	-	-	-	-	10	9 360
<b>Goods services</b>	434	4 133	5 356	9 923	430	344	525	1 299	1 114	19	-	1 133	1 265	62	269	1 596	13 951	436 752
<i>Please list all the applicable SCOA level 4 items:</i>																		
Minor assets	-	-	-	-	2	-	2	4	-	-	-	-	-	-	1	1	5	548
Catering: Departmental Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Communication (G&S)	-	-	-	-	102	-	21	123	61	17	-	78	-	60	-	60	261	125
Computer services	-	24	16	40	1	-	14	15	-	-	-	-	-	-	-	-	55	161
Laboratory Services	-	-	1 282	1 282	-	-	-	-	304	-	-	304	134	-	-	134	1 720	17 306
Contractors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	184
Agency and support/outsourced services	-	-	328	328	-	-	-	-	482	-	-	482	1 131	-	-	1 131	1 941	12 218
Fleet services (including government motor transport)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
Inventory: Clothing material and accessories	-	-	-	-	2	-	-	2	10	-	-	10	-	2	-	2	14	129
Inventory: Food and food supplies	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	2 136
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 514
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-	2	-	2	-	-	-	-	2	136
Inventory: Medical supplies	434	759	1 620	2 813	316	313	486	1 115	244	-	-	244	-	-	242	242	4 414	359 481
Inventory: Medicine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67
Consumable supplies	-	2	2	4	7	2	2	11	-	-	-	-	-	-	21	21	36	316
Consumables: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Leases	-	-	17	17	-	-	-	-	-	-	-	-	-	-	-	-	17	49
Property payments	-	-	-	-	-	29	-	29	13	-	-	13	-	-	5	5	47	173
Travel and subsistence	-	3 327	2 091	5 418	-	-	-	-	-	-	-	-	-	-	-	-	5 418	41 977
Operating payments	-	20	-	20	-	-	-	-	-	-	-	-	-	-	-	-	20	213

## Defence - Vote 23

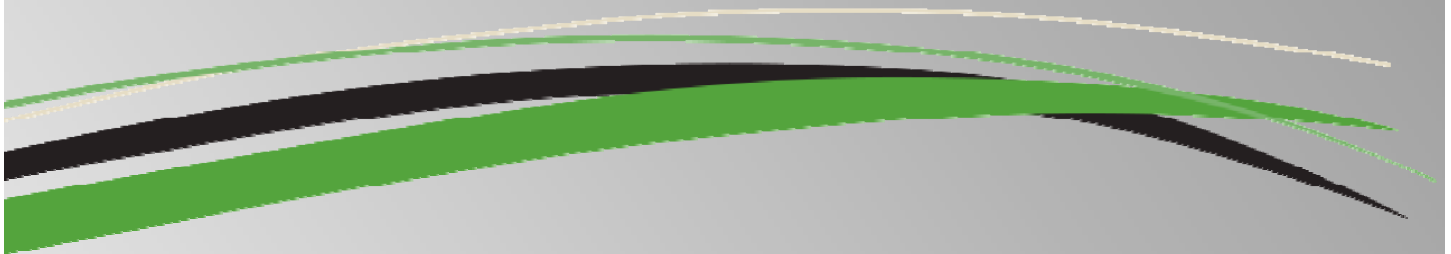
# Annexures to the Annual Financial Statements

for the year ended 31 March 2023

Expenditure per economic classification	APRIL 2022	MAY 2022	JUN 2022	Subtotal Q1	JUL 2022	AUG 2022	SEPT 2022	Subtotal Q2	OCT 2022	NOV 2022	DEC 2022	Subtotal Q3	JAN 2023	FEB 2023	MAR 2023	Subtotal Q4	2022/23 TOTAL	2021/22 TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Transfers and subsidies</b> <i>Please list all the applicable SCOA level 4 items:</i>	-	-	-	-	-	-	6 000	6 000	-	-	-	-	-	-	-	-	6 000	5 500
Departmental agencies (non-business entities)	-	-	-	-	-	-	6 000	6 000	-	-	-	-	-	-	-	-	6 000	5 500
<b>Expenditure for capital assets</b> <i>Please list all the applicable SCOA level 4 items:</i>	-	-	-	-	-	504	105	609	-	-	-	-	-	-	-	-	609	9 078
Machinery and equipment	-	-	-	-	-	504	105	609	-	-	-	-	-	-	-	-	609	9 078
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other expenditure not listed above</b> <i>Please list all the applicable SCOA level 4 items</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COVID-19 RESPONSE EXPENDITURE</b>	434	4 142	5 356	9 932	430	848	6 631	7 909	1 114	19	-	1 133	1 265	62	269	1 596	20 570	460 690

# **Assurance Report**

**National Conventional  
Arms Control Committee**



# 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, as amended

## Assurance report

### Introduction

1. In accordance with section 12 of the National Conventional Arms Control Act of South Africa 41 of 2002, as amended (the act), I have performed a limited assurance audit engagement on the conduct of the affairs of the National Conventional Arms Control Committee (NCACC) for the period ended 31 December 2022.
2. My full responsibility under the law, for my work and this report, is to Parliament.

### Responsibility of the NCACC

3. The NCACC is responsible for compliance with the act and related regulations.

### Auditor-general's responsibility

4. As required by section 12 of the act, my responsibility is to conclude on the compliance by the NCACC with sections 4, 7, 14, 23 and 27 of the act. The functions of the NCACC, as stipulated in section 4(1) of the act, refer to the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act of South Africa, 27 of 2006, which has not yet come into operation, as no date has been determined by the president by proclamation in the *Government Gazette*.
5. I am independent of the NCACC in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I performed the assurance engagement in accordance with International Standard on Assurance Engagement (ISAE) 3000, *Assurance engagement other than audits or reviews of historical information*. The standard requires me to comply with ethical requirements and to plan and perform the 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

7. As the auditor of the NCACC, I have also audited the Department of Defence, which provided the secretariat for the NCACC for the period ended 31 December 2022. My limited assurance procedures included the following specific procedures related to the affairs of the NCACC:

- Inspecting the processes and structures established by the NCACC for the effective control of, trade in and possession of controlled items
- Inspecting the processes and structures established by the NCACC for the effective regulation of the rendering of certain assistance or services in a country of armed conflict
- Inspecting 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
- Confirming whether the NCACC has liaised with the relevant government agencies regarding the enforcement of the act
- Inspecting a sample of the authorisation or refusal of issuing any permits as contemplated in section 14 of the act
- Performing procedures to verify compliance with the conditions under which a permit was issued
- Inspecting the register that must be kept in the prescribed form of persons involved in the trade in and possession of controlled items
- Inspecting the register that must be kept of every permit issued:
  - Selecting a sample of permits issued and following them through to the register
  - Selecting a sample of entries in the register and following them through to the permits
- Confirming whether all reports were issued as specified in section 23 of the act
- Analysing reported data to identify anomalies
- Verifying whether information supplied was relevant, reliable, complete and understandable
- Verifying whether the NCACC performed any of the engagements as per section 4(2), 4(3), 4(4) and 4(5) of the act, and performing additional audit procedures to obtain evidence of compliance with these sections, if applicable
- Performing procedures to obtain evidence regarding the affairs of the NCACC as required by any regulations or notices published in the Government Gazette, as indicated in section 27 of the act.

8. My procedures for gathering evidence were limited due to the nature of a limited assurance engagement; therefore, less assurance was obtained than would have been the case in a reasonable assurance engagement.
9. I believe that the audit evidence obtained as part of my assurance engagement with the NCACC for the period ended 31 December 2022 is sufficient and appropriate to provide a basis for my conclusion expressed below.

### Internal control

10. I considered internal control relevant to my audit of compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

### Conclusion

11. Based on my work described in this report, nothing has come to my attention that caused 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

29 August 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*







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