

**GOAL 9: ARMSCOR'S OPERATIONAL STRATEGIC OBJECTIVES
HUMAN RESOURCES (continued)**

KEY PERFORMANCE INDICATOR	GOAL	PERFORMANCE AGAINST GOAL
9.2 Bursaries	Grant bursaries to six tertiary level students in line with Armcor's strategic manpower plans	<p>Bursaries were granted to four students during the 2007/08 financial year.</p> <p>Objective partially achieved – 67% completed.</p> <p>The bursar programme was reviewed and nine bursaries were awarded in April 2008.</p> <p>1 male (African) 4 African females 4 Indian females</p> <p>All bursaries were granted to students in engineering.</p>

**GOAL 9: ARMSCOR'S OPERATIONAL STRATEGIC OBJECTIVES
HUMAN RESOURCES (continued)**

KEY PERFORMANCE INDICATOR	GOAL	PERFORMANCE AGAINST GOAL
9.3 Talent Development Programme (TDP)	Have 12 trainees under the TDP scheme	<p>A total of 15 people went through the Talent Development Pool programme during the 2007/08 financial year.</p> <p>Objective exceeded – 125% completed.</p>

**6. ARMSCOR'S RESPONSE TO MATTERS
RAISED BY THE PORTFOLIO COMMITTEE
ON DEFENCE**

RECOMMENDATIONS BY THE PORTFOLIO COMMITTEE ON DEFENCE TO BE FOLLOWED UP

1. **Armcor should check with Treasury how the report of the Audit Committee should be structured and do it as such in the next Report.**
 - Changes implemented in 2007/08 Annual Report

2. **Armcor should manage its transformation in such a way that it does not become a qualification matter in the next financial year as this issue has been put as Emphasis of Matter by the Auditor General.**
 - The Auditor-General should as part of his audit procedures consider the applicability of the going concern principle. As the transformation process is still not completed the Auditor-General again referred the reader of his report to the relevant sections in the annual report to the ongoing transformation process. The going concern principle is, however, not questioned and therefore an unqualified opinion was again received.

3. There is a great need by the PCD to have a detailed presentation on the strategic facilities in both the DOD and Armscor. (General Shür indicated that a formal strategy on DOD's assessment of what facilities are strategic for the DOD will be available before end of 2007).

Armscor manages strategic facilities such as:

- GEROTEK

Accredited automotive and related test facility, rendering essential testing services to ensure that components, products or systems procured conform to military specifications.

- ALKANTPAN TEST FACILITY
All-purpose ballistic test range for artillery armour, rockets, short range missiles, mortar rapid fire and anti-aircraft tests.

- **INSTITUTE FOR MARITIME TECHNOLOGY (IMT)**
Multi-disciplinary division specializing in defence research, development and evaluation of maritime systems to meet the requirements of the SA Navy
- **PROTECHNIK LABORATORIES**
An applied chemistry laboratory which performs chemical and biological development work for the DoD in decontamination, detection, protection, verification and biomedical.
- **HAZMAT PROTECTIVE SYSTEMS**
Manufactures impregnated activated carbon, which is used in a complement of filter cartridges canisters and silicone half-mask respirators.
- **DEFENCE INSTITUTE**
Impartial integrated decision support on short medium and long-term decisions required by the DoD.

- **FLAMENGRO**
Computer Aided Engineer (CAE) soft- and hardware ballistics simulation, modelling, analysis and verification.
- **ERGOTECH**
Providing ergonomics (human factors) services to the DOD focusing on military ergonomics research in the areas of soldier perception, anthropometry, soldier functional and physiological performance to ensure the effective and efficient integration of ergonomics in all defence systems.
- **ARMOUR DEVELOPMENT**
Conducts continued research and development to maintain and advance armour protection technologies.

4. **Armcor should seriously consider having a five-year plan on skills development.**
 - The Employment Equity Plan has a 5 year horizon.
 - Implemented a five year+ skills transfer and development plan as part of succession planning for the following categories:
 - Employees 55 years and older.
 - Core technical skills categories as part of the succession planning practice.
 - All employees have individual development plans making provision for multi-year development actions.

5. Seeing that the issue of women was hotly debated, it would be wise to reflect in the Report the position of women in relation to their number, the positions they occupy, the target of Armscor in terms of appointing women and whether or not the target was achieved.
- The 2007/08 Annual Report page 40 reflect the position of woman per race and broad band level.
 - Specific targets have been set for the appointment of woman in
 - Technical positions
 - Non-technical positions, and
 - Supervisory and higher positionsAchievement of targets is reported in the Armscor Annual Report (p 40 and 61)

6. **Armescor should look at its current relationship with the DOD. It must look at the agreements they have with the DOD. The Committee will be calling on the DOD to indicate whether or not it needs Armescor as its public entity.**
 - Addressed on pages 9 - 10 of the Annual Report

7. **A list of acronyms utilised in the Report would have been welcome as many of these are utilised throughout the Report. For instance on page 34 there are 5 abbreviations that may be difficult for the reader to recall when reading the entire Report.**
 - The 2007/08 Annual Report have a list of acronyms (Pages 104-106)

8. **The Report does not detail the number, gender and categories of employees of Armscor. This should be included to be able to track changes in this regard.**
 - The 2007/08 Annual Report page 40 has information on number and gender and categories of employees of Armscor

SERIOUS CONCERNS THAT THE PORTFOLIO COMMITTEE HAD:

“The 2006/07 Annual Report of Armscor indicates that the group has done well, as it not only received an unqualified report from the Auditor-General, but also generated a surplus of R27,8 million through its subsidiaries for the year under review.”

Concern 1:

- One of the biggest challenges is Armscor’s reclassification as a Schedule 3 public entity and the anticipated loss of income, expertise, research and development capabilities that will accrue to the planned DERI.
- This is a matter that should be followed closely since a decline or lack of performance in this field can not only jeopardise the execution of our international obligations, but could also compromise our defence capability in the medium term.
 - Addressed on pages 9 - 10 of the Annual Report.

SERIOUS CONCERNS THAT THE PORTFOLIO COMMITTEE HAS:

Concern 2:

- A secondary concern is the minimal progress made in achieving transformation targets, especially regarding women. Additional measures, such as purposeful headhunting and the early identification of potential employees – schools, colleges and universities – should be considered.
- In the light of the crucial strategic role that Armscor plays in the defence of our country and the fulfilment of our international obligations, as well as in the creation of employment, it is advisable that this capacity should be treasured and nurtured, as its loss may have far-reaching consequences not only for our country, but also the region and the continent.
 - Armscor do visit Colleges and Universities for recruitment and bursar identification
 - As part of Corporate Social Investment (CSI) programme Armscor support the promotion of studies in maths and science
 - Support Science Olympiad and other science events
 - Adopted a school to promote performance in maths and science

TRANSFORMATION INFORMATION ADDRESSED UNDER:

- Black appointments
- Women
- Bursar scheme
- The Talent Development Programme

BLACK APPOINTMENTS 2001 TO 2008

YEAR	TOTAL APPOINTMENTS NUMBER	BLACK APPOINTMENTS NUMBER	TARGET %	ACTUAL BLACK APPOINTMENTS %
2000/01	42	32	60	76.2
2001/02	50	31	60	62
2002/03	64	53	80	82.8
2003/04	57	50	80	87.7
2004/05	49	44	80	89.8
2005/06	39	37	80	94.9
2006/07	60	57	80	95
2007/08	77	70	80	90.9
2008 Apr- Sept	42	39	80	92.9

HR CORPORATE PLAN TARGETS VS PERFORMANCE

OUTPUT	2007/08 TARGET	PERF 2007/08	PERF 2008 Apr-Sept
% of external appointees to be black	80%	90.91%	92.9%
% of external appointees in the technical functional groups to be women	20%	20%	31.25%
% of external appointees in the non-technical functional groups to be women	65%	63.83%	68%
% of employees in supervisory (STS) and above to be women	29%	29.07%	29.96%

CORPORATE PLAN TARGETS VS PERFORMANCE

OUTPUT	2007/08 TARGET	PERF 2007/08	PERF Apr-Sept 2008
Trainees on the Talent Development Programme	12	7 on scheme by year end 15 during the fin year	11 7 on scheme 4 appointed permanent
Number of bursars	6	3	8 1 Male (African) 7 Females - 3 African females - 4 Indian females All in engineering"

Question submitted on 4 November SKILLS LOSSES AND SHORTAGES:

An outline of the innovative measures or programmes in place to address the retention and recruitment of skilled personnel

Amongst other Armscor is doing the following:

- Run a bursar scheme for full time studies in engineering at SA Universities
- Supporting the DoD's technology portfolio promoting post graduate studies in science, engineering and technology through a grant programme.
- Using assignment to foreign project offices as a fast track development opportunity
- Utilising the Talent Development Programme (TDP) where newly qualified talent, typically from the designated groups are employed on a contract basis to gain meaningful work experience in the Armscor work environment whilst on a formal training programme under the guidance of a mentor.
- Using interns from the UMSOBOMBU programme for job less people to gain work experience with a view of permanent employment.
- Running programmes to promote the studies in Maths and Science e.g supporting the Science Olympiad and science events

Question submitted on 4 November SKILLS LOSSES AND SHORTAGES:

- Using the Armscor mentorship and coaching programme to develop employees.
- Ensuring the exit interviews is conducted with all employees who resign and that appropriate action is taken to eliminate the controllable reasons for the resignation.
- The organisations inability to pay market related remuneration is one of the biggest resignation drivers as well as the inability to recruit candidates of the best calibre for employment. Actions taken includes:
 - Using the median of the market as the benchmark for the payment of new recruits.
 - Doing a study to pay all employees on the 25th percentile of the market
 - Making presentations to the DoD to get additional funding to bring the average pay of Armscor closer to the 50th percentile in the market
 - Making presentation to the DoD to get additional funding for a skills rejuvenation programme to bring in technical specialists to in time to gain the necessary skills to replace employees 60 and older
- Implementing a five year+ skills transfer and development plan as part of succession planning for the following categories:
 - Employees 55 years and older.
 - Core technical skills categories as part of the succession planning practice.