



Programme 4: Maritime Defence

- Training (Planned in brackets)
 - Functional and warfare: 13 (9) courses 648(250) learners (due to operational exigencies)
 - Technical: 13 (9) courses 648 (250) learners (Overachieved due to special recruitment drive)

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**Programme 5: Military Health Support
(AR p. 143-154)**

- SAMHS fulfilled its international obligations and supported all external and internal deployments.
- SAMHS was appointed as the lead service for operational BATA during the labour action of public servants, 2 946 members were deployed.
 - 1909 SA Army
 - 179 SA Air Force
 - 60 SA Navy members.
- SAMHS reviewed approach to the recruitment and training of healthcare practitioners, as well as new drive to increase the benefits to military healthcare professionals.
- The following benefits were achieved:
 - New dispensation for the nursing profession
 - Increase in training capabilities
 - Upgrading of the different healthcare facilities such military hospitals

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Programme 5: Military Health Support

- Strong cooperative relations were forged with countries in the continent (Africa)
- Assistance rendered to DRC, Burundi, Côte d'Ivoire, and Sudan
- Presented foreign intelligence course - attended by 24 participants from 17 countries
- Two SADIC instructors supported SADC Intelligence course in Tanzania
- SAHMS was part of the establishment of a Border Integrity Intelligence Centre
- Collection of information has improved
- Involved with updating of the African Battle Space analysis

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Programme 6: Defence Intelligence (AR p. 155-159)

- Strong cooperative relations were forged with other countries in Africa
- Assistance rendered to DRC, Burundi, Côte d'Ivoire, and Sudan
- Presented foreign intelligence course - attended by 24 participants from 17 countries
- Two SADIC instructors supported SADC Intelligence course in Tanzania
- DI was part of the establishment of a Border Integrity Intelligence Centre
- Collection of information has improved
- Involved with updating of the African Battle Space analysis

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Programme 6: Defence Intelligence

- Specific language training (languages in the operational area) was started
- Support to SANDF operations/exercises provided as required
- Two African female colonels promoted to brigadier general
- Training (Planned in brackets)
 - 7 (18) courses - 192 (310) learners
- Defence Intelligence is dealing with the challenge of the recruitment and retention of personnel

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**Programme 7: Joint Support CMIS
(AR p. 161-175)**

- Met STFE requirements
- Supported 11 operations and 10 exercises
- Participated in the ASF, AU Computer, Command and Control Information Systems, ISDSC Telecommunications and Information Systems Work Group and SADCBRIG Planning Element workshops
- Disaster Recovery Plan for the corporate ICT equipment systems was developed and tested
- Migration plan of CMIS Service Centres migrated to SAAF, SAN, DI and MPA was completed.

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Programme 7: Joint Support CMIS

- Participation in joint/multinational exercises, Exercise Combined ENDEAVOUR
- 136 MSDS members trained
- Training (Planned in brackets)
 - 380 (170) courses - Courses increased to accommodate new requirement 2361 (3 322) learners

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**Programme 7: Joint Support Logistic Agency
(AR p. 161-176)**

- 37 Units prioritized and funded in the RAMP and submitted to N DPW. However, progress with RAMP units for 2007/08 impeded due to NDPW changed requirements
- CSIR appointed to assist in compiling a strategic plan for immovable assets.
- A logistic intervention and repositioning programme (LIRP) has been established to manage gaps in logistic support performance.

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Programme 7: Joint Support Logistic Agency

- Mozambique - 1 213 tons of unexploded dangerous ammunition was demolished
- Uganda - 280 tons of old ammunition destroyed
- Utilized military veterans to eradicate alien and invasive vegetation on Defence Force controlled properties
- Provided a part of Ditholo Training Area for establishment of Dinokeng Game Reserve, donated game (Rm 1,7)
- Good progress with Wahmansthal land claim. Hell's Gate and Madimbo areas will be concluded once cleared of unexploded ordnance


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Programme 7: Joint Support Logistic Agency

- De Aar ammunition demolition range was re-qualified to conduct disposal through open demolition
- Castle of Good Hope – as previously reported.
- Training (Planned in brackets)
 - 155 (170) courses 2 237 (2 600) learners


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Programme 7: Joint Support Logistic Agency

- Maintenance backlog of facilities
- Asset accounting management system not fully compliant with GRAP
- Backlog in disposal of redundant and unserviceable ammunition
- Lack of specialist logistic personnel
- DOD Air Supply Unit – deteriorating facilities and lack of equipment
- 71 buildings were designated as safe and 51 buildings as unsafe
 - corrective plans in place and as part of the RAMP


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Programme 7: Joint Support Logistic Agency

- The Development of the new DI Head quarters is handled as a PPP Project with the following scope of work:
 - Appoint a transaction Advisors
 - Perform environment feasibility assessment
 - Implement tender process for PPP Partner
 - Appoint partner and enter into contract
- Progress so far
 - Transaction advisor appointed
 - Work to commence 01 December 2008 for environment assessment.


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Programme 7: Joint Support Military Police

- Met STFE requirements.
- Backlog of 7 521 cases from the previous year reduced to 6 788.
- First DOD Anti-Crime Conference opened by the Deputy Minister of Defence.
- 86 MPs deployed externally at any given time.
- Nodal Point on Anti-Criminality established at MP Div HQ.
- Minister of Defence approved the new Divisional structure
- 10 MPs transferred to SAPS
- 58 MSDS members recruited
- Training (Planned in brackets)
 - 30 (24) courses; 805 (797) learners


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Appendix A: Status of the SANDF Reserves (AR p. 201)

- Implementation of the Reserves Force Strategy approved in 2004, received a boost in 2007 at the Reserve Force Symposium when the Strategy was publicly evaluated and endorsed.
- Role of the Reserves has been confirmed in the Defence Update as:
 - Providing the majority of the conventional landward defence capability;
 - Providing support to the people;
 - Supplementing peace support operations; and
 - Maintaining a pool of specialist skills;


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Appendix A: Status of the SANDF Reserve

- Service in the Reserves continues to be popular, with the total number of men and women volunteering approaching 18 000 out of a force design of 70 052 per the latest draft of the Defence Update.


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Appendix A: Status of the SANDF Reserve


- Current Strength of the Reserves as rounded off is
 - SA Army 12 250
 - SA Air Force 1 050
 - SA Navy 1 250
 - SAMHS 1 300
 - Divisions 1 900
 - Totals 17 750
- At the end of 2007, the first significant transfer of 1 800 Military Skills Development System (MSDS) Members to the Reserves occurred.

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CHALLENGES AND CORRECTIVE ACTIONS


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Human Resources

- **Challenges**
- Loss of expertise in key musterings/corps
- Inadequate numbers joining Reserves
- Health and age-rank profile
- The Military Bargaining Council (MBC) and Military Arbitration Board (MAB) are currently not functioning, resulting in a breakdown of communication between the DOD as employer and the two major military unions.

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Human Resources

Corrective Action

- Skills Retention
 - Incentive schemes and new remuneration dispensation investigated.
 - Scarce skills addressed through special marketing/ recruitment drives.
 - Use of SITA to provide ITC skills.
 - Selective use of Reserves to transfer skills.
 - The incentive schemes have helped stabilise the rate of resignations, however resignations in key musterings and scarce skills remain a challenge
- Rejuvenation of the SANDF Through the MSDS


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Logistics

- **Challenges**
- Sustainment of operations, training and exercises
- Ongoing challenges of SA Army equipment
- Deteriorating state of facilities
- Waterkloof runway upgrade rescheduled for FY2008/09 – due to NDPW changed requirements


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Logistics


- **Corrective Actions**
- Prime Mission Equipment (PME) - Re-prioritisation of the Strategic Capital Acquisition Master Plan (SCAMP)
- Facilities - Repair and Maintenance Programme (RAMP) (Action Plan in place- short term)
- General Logistic Support - Logistics Intervention and Repositioning Programme (LIRP) (Action Plan in place -long term)

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- **Challenge**
 - DOD Qualifications – Internal controls.
- **Corrective Action**
 - Internal Control processes under review and rectification, underway.
- **Corrective actions in place.**
 - However, the corrective measures are impeded by lack of resources/capacity to implement new systems and the moratorium on enhancements to current Information Systems, placed by National Treasury due to the implementation of the government-wide integrated financial management system (IFMS).


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Defence Materiel (Acquisition)

- **Challenges**
 - Non-performance of contractors resulting to milestones not met in the procurement of the Gripen and Hawk Aircraft.
 - Slow invoicing resulting in non-payment of suppliers.
 - Required performance standards of Prime mission Equipment not being met
 - Failure of contractors to submit offers in time
- **Corrective Action**
 - Continual pressure on and liaison with suppliers to improve performance

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SA Army

Challenges

- Affordability of SA Army – re-prioritisation vs operating budget increase
- State of facilities, prime mission equipment
- Sustainment of operations, training and exercises
- Revitalisation of SA Army's Technical Services Corps capability
- Ammunition, general commodities
- Outflow of skilled personnel and rank/age profile of members


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SA Air Force

- Deteriorating aircraft systems, equipment and facilities
- Loss of critical skills/experience shortages – all SAAF disciplines
- Significant levels of under-funding of operating budget – rising fuel price


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SA Air Force

- SAAF force preparation and force employment funded at the cost of longer term needs – air base maintenance, aircraft spares purchases, vehicle renewal, infrastructure maintenance
- The SAAF Logistic Strategic Plan is under revision.
- The Air Force units structures are being reviewed for optimisation of resources.

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SA Navy

- Loss of technical skills and expertise – diving and technical domains in spite of measures to retain skills
- Maintenance of ageing equipment and facilities at acceptable levels.

Corrective Measures

- The SAN's turnaround strategy to recruit technically qualified, skilled personnel from within the SAN through recruitment initiatives.

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SA Military Health Service

- Availability and retention of health care professionals
- SAMHS facilities and renewal of main medical equipment
- High rate of medical inflation

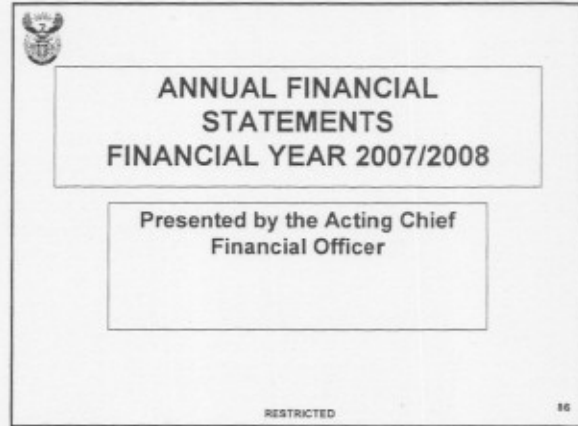
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SANDF Reserves

- Ongoing transfers of MSDS members to the Reserves and the possible implementation of new feeder system.
- Training for Reserves units, with a concomitant improvement in readiness.
- Budget Constraints is currently the most weakness in the Reserves system.
- Widening the employer support base.

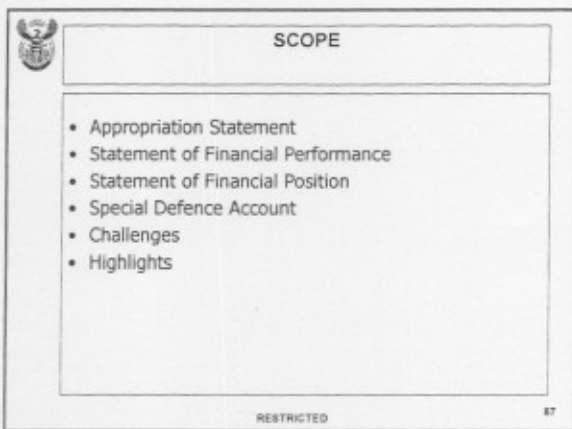
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ANNUAL FINANCIAL STATEMENTS
FINANCIAL YEAR 2007/2008

Presented by the Acting Chief
Financial Officer

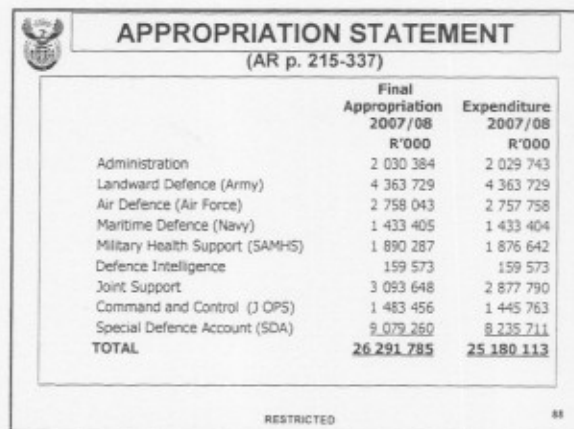
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SCOPE

- Appropriation Statement
- Statement of Financial Performance
- Statement of Financial Position
- Special Defence Account
- Challenges
- Highlights

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APPROPRIATION STATEMENT
(AR p. 215-337)

	Final Appropriation 2007/08 R'000	Expenditure 2007/08 R'000
Administration	2 030 384	2 029 743
Landward Defence (Army)	4 363 729	4 363 729
Air Defence (Air Force)	2 758 043	2 757 758
Maritime Defence (Navy)	1 433 405	1 433 404
Military Health Support (SAMHS)	1 890 287	1 876 642
Defence Intelligence	159 573	159 573
Joint Support	3 053 648	2 877 790
Command and Control (J OPS)	1 483 456	1 445 763
Special Defence Account (SDA)	9 079 260	8 235 711
TOTAL	26 291 785	25 180 113

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APPROPRIATION STATEMENT	
	2007/08
	R'000
Final appropriation	25 291 785
Less: Actual expenditure	<u>25 180 113</u>
Under spending on vote	<u>1 111 672</u>
Unspent as % of Vote =	4.2%
Under spending reasons :	
Committed capital works =	214 302
Unspent =	897 370

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Statement of Financial Performance (Income Statement)		
	2006/07	2007/08
	R'000	R'000
REVENUE		
Annual Appropriation	23 902 904	26 291 785
Departmental Revenue	492 972	551 855
Local and Foreign Aid		
TOTAL REVENUE	24 395 876	26 843 640
EXPENDITURE		
Current Expenditure	14 511 711	15 795 504
Transfers and Subsidies	8 882 837	8 926 890
Expenditure for Capital Assets	434 276	497 719
Less: Local and Foreign Aid	11 240	
TOTAL EXPENDITURE	23 828 824	25 180 113
Net Surplus	567 366	1 663 527
Add Back Fruitless and Wasteful Expenditure	494	55
Net Surplus for the Year	567 366	1 663 582

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Statement of Financial Position (Balance Sheet)		
	2006/07	2007/08
	R'000	R'000
Assets		
Current assets		
Unauthorized expenditure	20 425	20 425
Fruitless and wasteful expenditure	909	901
Cash and cash equivalents	87 330	57 788
Loans	12 362	12 362
Prepayments and advances	176 471	74 476
Receivables	688 802	711 524
Non-Current Assets		
Investments	-	75 000
Liabilities	866 440	856 806
Current liabilities		
Voted funds to be surrendered	85 614	260 178
Departmental revenue to be surrendered	37 919	105 724
Bank overdraft	690 987	228 901
Payables	42 347	180 429
Local and foreign aid unutilised	-	-
TOTAL LIABILITIES	857 067	765 832
NET ASSETS	109 273	193 974
Represented by:		
Capitalisation Reserve	-	75 000
Recoverable revenue	109 273	118 974
TOTAL	109 273	193 974

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SPECIAL DEFENCE ACCOUNT	
<ul style="list-style-type: none"> • STATEMENTS FOR THE SPECIAL DEFENCE ACCOUNT • BALANCE SHEET • INCOME STATEMENT 	

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SPECIAL DEFENCE ACCOUNT			
Balance Sheet			
	2006/07	2007/08	
	R'000	R'000	
ASSETS			
Advances	12 049	14 727	
Trade and other receivables	117 066	73 668	
Cash and cash equivalents	3 898 894	4 127 957	
Investments	16 930	18 653	
TOTAL ASSETS	4 044 938	4 235 005	
EQUITY			
Reserves	3 441 587	3 973 106	
LIABILITIES			
Creditors	603 351	261 899	
TOTAL EQUITY & LIABILITIES	4 044 938	4 235 005	

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SPECIAL DEFENCE ACCOUNT			
Income Statement			
	2006/07	2007/08	
	R'000	R'000	
REVENUE			
Transfer from DOD	8 280 738	8 237 711	
Other revenue	97 720	42 048	
Interest received	10	13	
TOTAL REVENUE	8 378 468	8 277 772	
Less: Expenditure	7 700 027	7 747 631	
NET PROFIT	678 441	530 141	

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GDA CHALLENGES	
<ul style="list-style-type: none"> • QUALIFIED AUDIT OPINION BASED ON IMPROPER DISCLOSURE OF THE FOLLOWING: <ul style="list-style-type: none"> - Tangible and intangible capital assets - Employees benefit provision - Accruals - Lease commitments - Contingent liabilities - Revenue - Related parties 	

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Summary						
Qualifications	1	3	3	4	16	7
EDM	6	6	10	13	-	
TOTAL	7	9	13	17	16	7

To Demonstrate
Comparing 06/07 and 07/08
10 Adverse audit findings cleared, 1 new one

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GDA HIGH LIGHTS

- Reduction in number of items forming basis of qualification (17 to 7)
- Insignificant under-spending

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QUESTIONS AND COMMENTS/PROPOSAL

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