

Department of Defence

annual report

FY2013/14



Safeguarding South Africa For A Better Life For All



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF DEFENCE

ANNUAL REPORT

1 April 2013 to 31 March 2014

Safeguarding South Africa for a better life for all

Vision

Effective defence for a democratic South Africa

Mission

To provide, manage, prepare and employ Defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, National Legislation, 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

The Department of Defence Annual Report is available on the DOD website: www.dod.mil.za

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defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF DEFENCE ANNUAL REPORT FY2013/14

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

Dear Minister,

THE DEPARTMENT OF DEFENCE ANNUAL REPORT FOR THE FY2013/14

I have the honour of submitting the Department of Defence Annual Report for the reporting period
01 April 2013 to 31 March 2014.

A handwritten signature in black ink, appearing to read 'S.M. Gulube'.

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

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Terminology

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

Where it refers to “*Information Classified*” it means that information has not been published for the consumption of the public but managed through the appropriate oversight institutions. The information was duly audited / made available for audit.

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

We present the FY2013/14 Annual Report to Parliament as we mark two decades of the democratic government in our country as well as the beginning of the political term of the fifth Administration of the democratic dispensation. This gives us an opportunity to take stock of the progress we've made as a country in transforming our society and establishing the foundation on which to build a better life for all our people. Such an assessment as we present through this report will form the basis of our future plans and to determine the capacity required to implement such plans.

As the fifth democratically elected Government is beginning its work, with high expectation from the electorate – topping the agenda is the speedy implementation of the programme of the new administration. The Department of Defence (DOD) is expected, as part of Government to contribute to consolidating the ground for the next five year programme, as set out in the 2014 mandate. It is imperative that the DOD in general, and the SANDF in particular, must be in a position to look at its organisational make up and determine whether it would be in a position to deliver on its core mandate. That mandate is to provide, manage, prepare and deploy capabilities commensurate with the needs of South Africa.

As the DOD takes stock of its work over the past five years and the year under review in particular, we can report that a lot was achieved in the pursuit of its legislative mandate in order to make "South Africa a better place to live in".

In compliance with Cabinet decision of 2009 that required the SANDF to return to the border safeguarding function, the DOD ensured the preparedness of the SANDF to effectively undertake such function with effect from FY2010/11. The SANDF adopted a phased approach to ensure that capabilities were gradually developed to take over the function. By FY2013/14, the SANDF had effective presence in the border areas ensuring protection of South Africa's economic wealth and sovereignty against cross border crime, which can cause great harm to the country's economy.

The deployment of the SANDF back to borderline resulted in noticeable number of interception of various illegal activities and great improvement of security of our borders. A lot of work has been done during the period since the return of the defence force on our borders and stamp our cross-borderline crime and illegal activities. Our successes are borne out of an incredible amount of



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

hard work by our troops, sustained over a long period of time as well as a dedicated integrated and coordinated approach of the cluster system. Working hand in hand with the communities along the borders and traditional leaders, farmers and business in general has added to our successes.

During the period under review, the requirement for the stabilisation of the region and the continent necessitated the SANDF's participation in a wide range of prominent and internationally recognised Peace Support Operations (PSO). These include the UN PSO in the Democratic Republic of Congo (DRC), AU/UN Hybrid Mission in Sudan and PSO in Burundi. Due to the increased rate of piracy in the Mozambique Channel, a SADC Maritime Security Strategy aimed at dealing with the scourge of piracy was developed and approved. Consequently the SANDF was deployed in the Mozambique Channel to counter acts of piracy and related maritime crime. The SANDF also deployed in assistance of the government of Mozambique in disaster aid and relief in flooded areas of central Mozambique. Five general military assistance and capacity building operations were also undertaken in the Central African Republic (CAR), South Sudan, Republic of Tanzania, Equatorial Guinea and the DRC.

Domestically, the SANDF carried out operations in

support of the South African Police Service, inter alia, the 2009 general elections, the 2009 Presidential Inauguration, the presentation of the Indian Premier League Cricket, hosting of the 2009 Confederation Cup, the 2010 FIFA World Cup, Durban Metro SAPS stability operations, anti-criminality in the Western Cape, African Cup of Nations, BRICS as well as the opening of Parliament in February of each year. The SANDF also provided support to other government departments in terms of Youth Development Programme. The SANDF also employed multi-role capabilities for VIP protection tasks for foreign government visitors from various countries around the world. "South Africa is indeed a better place to live in".

In terms of support to the people, the SANDF provided assistance with fire-fighting in the Western Cape and the Northern Cape areas, search and rescue at sea and on land in the Western Cape, Eastern Cape and Kwa-Zulu Natal. Support was also provided during the floods in Limpopo and Mpumalanga by airlifting the people to safety. Support was also provided to the Department of Correctional Service during continuous rain in the Overberg area (Western Cape) that cut off entry and exit routes to the Helderstroom Correctional Facility in November 2013. In this instance, support was provided by airlifting Correctional Service Personnel to and from the facility. Food and rations for the inmates was also airlifted to the facility.

The promulgation of the Defence Amendment Act (Act 22 of 2010) provided for the establishment of the permanent Defence Force Service Commission (DFSC) which has finally been appointed. The mandate of the DFSC will be amongst others, to focus on the improvement of the conditions of service of SANDF members. An improvement of service conditions of SANDF members, particularly salary levels 1-12, was finalised and implemented in December 2009. The Occupational Service Dispensation (OSD) for specialised professions was also implemented

as a measure of scarce skills' retention. The Defence Amendment Act (Act 22 of 2010), was signed into law 9 December 2010 and came into operation on 15 April 2011. As intended, the Defence Amendment Act has created a new service dispensation for the SANDF members.

At a policy level, the DOD undertook to revise the 1998 Defence Review to align it to current defence and security realities. In this regard a Defence Review Committee was constituted to look critically at the defence policy. Following an intensive all inclusive process on the defence policy processes, the critical policy review and strategy - the Defence Review 2014 - was completed, presented and approved by Cabinet in March 2014. Subsequent to that, the Defence Review 2014 will be tabled in Parliament. This expresses government intent for the Defence in the Republic of South Africa, by so doing, promote planning across all levels of the Department of Defence.

The Defence Review will form the basis for the work plan of the department over the next 20 years, starting with the plans for the implementation of its first milestone over the five years of the current MTSF. We intend to work with Parliament to finalise the Defence Review.

The DOD also played a significant role during the funeral of the late Commander-in Chief of the SANDF Mr Nelson Mandela. The necessary security and health support was provided throughout the mourning period as well as the final internment.

We present the report as contained herewith.



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

Strategic Overview by the Secretary for Defence, Director-General, Dr S.M. Gulube

Introduction

The Secretary for Defence as a Head of the Department has core responsibilities which involve the function of civil control over the SANDF. The Secretary for Defence directs specified managerial, administrative and advisory services to achieve the ends of the defence strategy and to enhance and effect the Minister's capacity for civil control.

In the period under review, the focus of the DOD was to ensure the completion of the five-year programme and consolidate the ground for the achievement of goals as set out in the Defence mandate. During the period, the DOD was required to work on many different fronts simultaneously and develop new approaches in the continued pursuit of creating a better life for all. There are many areas of progress highlighted in the annual report. However, there is still more work to be done.

Corporate Governance and Accountability

As is required by our Constitution and associated legislation, the DOD has been committed to transparent and accountable governance. This report is an account to the citizens of what the DOD has done over the financial year in pursuit of its mandate to provide, prepare and employ defence capabilities commensurate with the needs of South Africa. In the period under review, we recognised our challenges as mainly capacity constraints and limited budgetary allocation. We therefore, generated and implemented comprehensive plans of action in order to prioritise defence objectives and optimise performance accordingly.

One of the highlights of the period under review is the progress made in capacitating the Internal Audit Division and the Audit Committee as required by the Public Finance Management Act. Following the appointment of the Chief Audit Executive in the FY2012/13, the division has been capacitating itself with qualified personnel and acquiring the necessary resources. This division's responsibility is primarily to ensure improvement in the state of the DOD's internal controls and compliance. Some of the work that has been done includes improvement in the DOD's internal audit processes and improved relations between the DOD and the Auditor-General South Africa (AGSA).

Government Programme of Action

The DOD has continually, through its participation in the International Cooperation, Trade and Security (ICTS)



Dr S.M. Gulube, the Secretary for Defence

Cluster, as the cluster secretariat; and Justice, Crime Prevention and Security (JCPS) Cluster, strengthened its role in respect of policy matters pertaining to peace and stability in the region and continent. In addition to this, the DOD further actively participated in the Government and Administration (G&A) and Economic and Skills Cluster as part of the Government Programme of Action. All Cluster related matters and submissions were coordinated as defined in the Annual Cabinet Programme.

Audit Report

During the year under review, the DOD managed to reduce audit qualifications on asset management from two to one, and was qualified only on intangible capital assets. During the FY2012/13 audit process, the DOD did not receive an exemption on disclosure as in the FY2011/12 and was therefore qualified on moveable tangible and intangible capital assets. This improvement was due to action plans and various initiatives that the DOD implemented to reverse this asset qualification despite the complexity of the department's assets. Furthermore, in order to achieve a positive outcome, the DOD has continued to have engagements and meetings with the AGSA and regular interventions of Operation Clean Audit (OCA) committee and Audit Management Team (AMT).

Defence Diplomacy

With regard to defence diplomacy, the DOD continued to support government diplomatic initiatives relating to defence in foreign policy. The DOD continued to engage in a number of activities, including visits, hosting and servicing of various standing international obligations such as the Bi-National Commissions, Defence Cooperation Agreements and Memoranda of Understanding (MOUs) with various countries, including India, Brazil, France, Italy, Finland, Botswana, Mozambique, Tanzania, Senegal, South Sudan, Namibia, Angola, Niger, Democratic Republic of Congo, Ghana, Zimbabwe, Equatorial Guinea, Qatar, United States of America, United Kingdom and People's Republic of China.

Finance

During the period under review, the department ensured that allocated funds were utilised in an efficient, effective, economic and equitable manner to further strengthen accountability. In improving the financial management of the department expert advice and support provided by the National Treasury and the AGSA regarding budget management was valued. With the managers in the department assuming active responsibility, the DOD prioritised initiatives which included compensation of employees, peace support operations and addressing budget baselines reductions. Through these budget control measures, the DOD achieved an average of 99.5% expenditure.

Defence Strategic Package

In the area of strategic capital acquisition, the focus has been on acquiring new equipment and upgrading existing matériel in line with the requirements of the SANDF. This area has seen the delivery and operationisation of the military equipment acquired under the Strategic Defence Package. Over the years, the department has ensured that the acquired military equipment is delivered on time and efficiently integrated into existing structures. As a highlight in the reporting period, the contract for the new generation infantry combat vehicle for the SA Army was placed during September 2013 and the SANDF will have the full fleet by the year 2022 as planned. In addition, the delivery of replacement equipment for the SA Navy is planned for January 2016.

Arms Control

In support of the of the National Conventional Arms Control Committee (NCACC) arms transfer regulation mandate, the Secretary for Defence ensured the provision of an effective administrative and secretariat capability. The application of this capability realised the regular licensing of conventional arms transfers as well as the accountability for such arms transfers.

National Youth Service (NYS)

During the period under review, the DOD continued to support the SANDF in its mandate to deal with the NYS programme by ensuring that policies are implemented and to make required funding and further developments visible to National Treasury. The NYS Conceptual Framework was developed to set standards for the NYS within the DOD. The NYS Policy is currently being developed.

Through the NYS programme, the DOD will continue to provide initial training to selected young people for the purpose of creating a pool from which the DOD and other government institutions are able to recruit skilled and empowered young personnel. During the reporting period, a total number of 2 158 learners were successfully trained which reflects an achievement within the planned target of 2 000 learners. The success relating to this programme can be linked to excellent liaison with the Department of Rural Development and Land Reform and the Presidency that was established through the MOU during the period under review.

Military Skills Development System (MSDS)

The MSDS is a service system that supports the rejuvenation of the Department's Human Resources (HR) Renewal Strategy and the feeder system to ensure SANDF rejuvenation. During the reporting period, the DOD planned for 4 208 MSDS, however, the actual members on strength are 7 005. Subsequently, the DOD increased the numbers with the necessary changes to the plan. Owing to planning targets for MSDS being lowered as a result of National Treasury cuts, it is envisaged that approximately 4 272 young and fit MSDS members will be in the system during the FY2014/15.

Defence Policy Review

Subsequent to the extended government request to revise the White Paper on Defence and the Defence Review documents in order to bring them in line with the current realities, the Minister constituted the Defence Review Committee and mandated it to look critically at South Africa's defence policy. As a consequence of that, the Defence Review Committee presented its updated report to Cabinet in March 2014 and Cabinet approved it. The Defence Review report was subsequently tabled in Parliament. This review document provides guidance on key policy and strategic direction in conducting defence in a democratic South Africa.



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

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

The SANDF's Annual Report (AR) is provided at a time when the SANDF and the country celebrate 20 years of Defence in a democracy. The SANDF has, throughout the years (since 1994), made remarkable progress in doing away with the negatives of the past and has been transformed into an organisation that is more acceptable to the people of our country. I therefore take this opportunity to salute my predecessors who, since the dawn of democracy, worked hard to integrate the different forces into a single and unified SANDF that is commanded and controlled by a common military culture which we have today.

The SANDF's AR is generally reflective of the execution of our plans and is, in particular, a report on our achievements. In this regard a lot has been achieved and these achievements demonstrate the credibility of our combat forces, operational prowess and best practices in the preparation of our forces.

It was an honour for the SANDF to have participated and joined the nation in bidding farewell to our former Commander-in-Chief Mr Nelson Mandela. The SANDF will forever remember his leadership that contributed in forming and shaping the SANDF that we have today.

In terms of achievements for the reporting period, we recall our participation in external operations as part of the UN and AU/UN Hybrid Missions including military assistance to other countries in the continent. The presence of the SANDF in the Democratic Republic of Congo (DRC) and Sudan's UN and AU mandated operations continues to make a difference in situations that could easily degenerate to untold human suffering.

The SANDF has also participated in the UN led Force Intervention Brigade (FIB) that contributed to relative stability in the DRC. This participation was informed by our foreign policy and our military strategic objectives of contributing to peace and stability in the continent. Our soldiers' deployment in these difficult, volatile and complex missions have demonstrated the ability to successfully discharge the mandate assigned to them. We continue to maintain our presence in these missions as part of our pledge to support peace initiatives.

The SANDF has also participated in disaster relief in the country and made its presence felt on our borders



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

(for border safeguarding). The SANDF has registered operational successes against illegal cross-border activities which have negative implications for South Africa's economic growth. Fire-arms, drugs, illegal goods, etc, were seized at our border areas and arrests made. The SANDF will continue to build capacity for full scale deployment of sub-units for border safeguarding. This will ensure that the unfortunate situation of illegal cross-border activities is reduced if not eliminated.

As part of force preparation, multinational exercises were conducted. A variety of training and operational objectives were achieved. These exercises do not only assist members of the SANDF to master their military skills but also to prepare them to operate in a multinational environment.

The Defence Review 2014 is an important document for the SANDF as it will be an indication of "national consensus on defence" and will hopefully uphold the inviolable principle that budget must be defined by policy. The SANDF has taken the liberty over the reporting period to do a command appreciation in which the imperatives of

the Defence Review 2014 were analysed. The systematic development of domain capabilities in line with the Defence Review 2014 is contemplated and will realise with the implementation of the Defence Review 2014 (still in approval process) and the National Development Plan 2030 over the next Medium-Term Strategic Framework periods. The Defence Review 2014 will lay a solid foundation for the SANDF of the future.



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



PART I - THE MINISTRY

CHAPTER I INFORMATION ON THE MINISTRY

Institutions Reporting to the Executive Authority

The following Organs of State and Public Entities report to the Minister of Defence and Military Veterans in terms of the PFMA. These include the following;

- **Department of Military Veterans (DMV).** The Department of Military Veterans is responsible for the overall management and administration of military veteran affairs including but not limited to developing policy, legislation, programmes, benefits and services that assist the transition from active service to civilian life.
- **Defence Force Service Commission (DFSC).** The Commission is responsible for making recommendations to the Minister concerning conditions of service of SANDF members.
- **Armaments Corporation of South Africa (ARMSCOR).** ARMSCOR is a schedule 2 entity under the PFMA mandated to support the delivery

of the Strategic Defence Capabilities.

- **Castle Control Board (CCB).** The Castle Control Board is classified as a public entity under the PFMA and carries the mandate of managing and protecting the Castle of Good Hope on behalf of the Minister who has the ultimate ownership responsibility for the Castle.

Bills Submitted to the Legislature and Finalised During the Reporting Period

- No Bills were submitted to the legislature during the reporting period.

Ministerial Visits Abroad for the FY2013/14

The Minister of Defence and Deputy Minister of Defence were engaged in a number of defence-related diplomatic activities. International visits made by the Minister are

Table 1.1: International Visits by the Minister of Defence in the FY2013/14

<i>Minister N.N. Mapisa-Nqakula</i>		
<i>Date</i>	<i>Country</i>	<i>Purpose</i>
13 - 18 May 2013	Russia	Attended a Bilateral meeting on Defence Cooperation matters
24 – 28 July 2013	United States of America	Attended a Bilateral meeting on Defence Cooperation matters
30 – 31 July 2013	Kenya	Attended a Bilateral meeting on Defence Cooperation matters
14 – 18 August 2013	Malawi	Attended a Defence Committee meeting
24 – 27 August 2013	Malaysia	Attended a Bilateral meeting on Defence Cooperation matters
19 – 20 September 2013	Mozambique	Attended a Bilateral meeting on Defence Cooperation matters
21 – 27 September 2013	United States of America	Attended a Bilateral meeting on Defence Cooperation matters
30 September 2013 – 03 October 2013	Senegal	Attended a Bilateral meeting on Defence Cooperation matters
28 October 2013 – 01 November 2013	Democratic Republic of Congo	Attended a Bilateral meeting on Defence Cooperation matters
06 – 07 November 2013	Namibia	Inaugural Namibia/RSA Bi-National Commission

<i>Minister N.N. Mapisa-Nqakula</i>		
<i>Date</i>	<i>Country</i>	<i>Purpose</i>
16 – 19 November 2013	Dubai	Attended a Bilateral meeting on Defence Cooperation matters
20 – 21 November 2013	Zimbabwe	Attended a Joint Permanent Commission on Defence and Security
05 – 09 December 2013	France	Attended a Bilateral meeting on Defence Cooperation matters
28 – 31 January 2014	Ethiopia	Attended a Bilateral meeting on Defence Cooperation matters
01 – 05 February 2014	Spain	Attended a Bilateral meeting on Defence Cooperation matters

Table 1.2: International Visits by the Deputy Minister of Defence and Military Veterans in the FY2013/14

<i>Deputy Minister T.S.P. Makwetla</i>		
<i>Date</i>	<i>Country</i>	<i>Purpose</i>
12 – 13 July 2013	Tanzania	Attended the 15 th meeting of the Ministerial Committee of the Organ (MCO) on Politics, Defence and Security
08 – 14 September 2013	United Kingdom	Attended the Defence and Security Equipment International 2013 (DSEI 13) Exhibition
15 – 20 October 2013	Belgium and France	Attended the Crans Montana Forum Extraordinary Session: International Summit on Transnational Crime 15 th Session
02 – 08 November 2013	Thailand	Attended the Asian Defence and Security Exhibition 2013

shown in Table 1.1, whilst those made by the Deputy Minister are shown in Table 1.2.

Appearances before the Parliamentary Committees

The Minister and DOD appeared before the Portfolio Committee on Defence and Military Veterans on six occasions and attended one hearing of the Standing Committee on Public Accounts (SCOPA) during the reporting period.

Parliamentary Questions

The Minister replied to 161 questions from the National Council of Provinces and the National Assembly during the period under review.

Council on Defence

The Council on Defence, which is the highest decision-making body in the DOD, met four times during the period under review.

MINISTER OF DEFENCE AND MILITARY VETERANS PRIORITIES FOR THE FY2013/14

Performance against the Priorities of the Minister of Defence and Military Veterans for the FY2013/14 is reported as follows:

- **Enhancement of the South African National Defence Force’s (SANDF’s) Landward Defence Capabilities.** For the landward defence capability to operate jointly with the air defence and maritime defence capabilities, the enhancement of the South African National Defence Force (SANDF) landward defence capabilities remains a priority. The landward defence capability lacks the required human resources, infrastructure and technologically appropriate Prime Mission Equipment (PME) in support of the defence mandate. The future SA Army Strategy is supported by a detailed PME and Technology Requirement Support Plan, which has directed and prioritised the requirements in terms of equipment and technology acquisition. The acquisition of a

new family of infantry combat vehicles has been contracted and will be finalised in the long term.

- **Maritime Security.** In terms of the National Development Plan 2030 (Transnational Crime), Chapter 7: "South Africa in the Region and the World", South Africa supports the Plan by combating maritime piracy along the east coast of Africa. The South African Maritime Strategy has been developed and is aligned with the broader South African Development Community (SADC) Maritime Security Strategy Strategies. A trilateral agreement between the Republic of South Africa (RSA), Mozambique and Tanzania for the implementation of the SADC Maritime Security Strategy was reached. Tanzania withdrew from the agreement, effectively leaving the RSA to bear the brunt of implementing the strategy with Mozambique. Frigates and offshore patrol vessels were deployed during the period under review. The SA Navy has focused and will continue to focus on the preparation of naval forces for operations in support of the Maritime Security Strategy, including patrols in support of other operations such as operations on border safeguarding, safety and security support to other departments, and combating piracy in the Mozambique Channel.
- **Force Rejuvenation (Job Creation).** In support of Government's Medium-Term Strategic Framework (MTSF) growth-path initiative aimed at job creation, the DOD will endeavour to create job opportunities within the Defence Industry in accordance with approved DOD projects. The finalised Defence Review has pronounced on the national approach and direction relating to the Defence Industry. The now approved White Paper on the Defence Industry (Chapter 15 of the Defence Review) informs the development and approval of the associated Defence Industry Strategy. The latter process will inform and support job creation within the defence portfolio and related industries.
- **Enhancement of the SANDF's Peacekeeping Capability (SANDF Deployability).** The role of the SANDF in promoting peace and security in the region and on the African continent under the auspices of the United Nations (UN), African Union (AU) and hybrid Peace-Support Operations (PSOs), necessitates the enhancement of the SANDF's peacekeeping capability that will include the SANDF's Forward Deployment Capability. The development of an appropriate concept "forward basing" to ensure the deployability of the SANDF for peace missions in external theatres in the continent has received impetus after the experience in the Central Africa Republic (CAR) but essentially not finalised.
- **National Youth Service.** The NYS policy will be developed in the FY2014/15 to set standards for

the NYS programme. Through this programme, the DOD has provided initial training for selected young people for the purpose of creating a pool of young and ready citizens from which the DOD and government are able to recruit personnel. During the reporting period, the department trained a total of 2 158 NYS members.

- **Revitalisation of the Reserves.** As part of the one-force concept, the Reserves will continue to be transformed and revitalised to fulfill their primary role of providing a large component of the conventional landward capability of the SANDF whilst at the same time supplementing peace support missions conducted by the Regulars. The DOD will continue to focus on the recruitment and training of university students through the University Reserve Training Programme (URTP). The reduction of the financial resource allocation for the Military Skills Development System (MSDS), as a feeder system for the Reserves may have a negative impact on the numbers of available Reserves and the ability of the SANDF to rejuvenate forces. The Reserves have contributed significantly to all SANDF deployments externally and internally. For the first time in the history of SANDF Reserves, a full battalion with troops and leader group was deployed on border safeguarding.
- **Restructuring and Support of the Defence Industry.** The restructuring of the Defence Industry continues to focus on current and future defence capability requirements in support of the Defence mandate. The developed White Paper on the Defence Industry has been included as Chapter 15 in the SA Defence Review 2014 that will inform the Defence Industry Strategy and the mandate and functions of the National Defence Industry Council. The drafting process of the Defence Industry Strategy commenced and has gone through several stages of stakeholder consultation.
- **Department of Defence Works Capability.** The DOD has steadily progressed with the establishment of the Defence Works Formation which is currently functional and executing renovation projects for facilities occupied by the DOD in close co-operation with the National Department of Public Works (NDPW). The Defence Works Formation shall continue to build capacity in the technical training environment to fully undertake defence facility maintenance projects and functions. In conjunction with the Council for Scientific and Industrial Research (CSIR), a plan has been developed to establish a Joint Interim Operations Centre (JIOC) to manage the migration of functions and responsibilities with respect to facilities management and maintenance from the NDPW to the DOD during a period agreed upon by both Departments.

DOD POLICY PROPOSALS IN SUPPORT OF THE MINISTER OF DEFENCE AND MILITARY VETERANS STRATEGIC PRIORITIES

Performance against the DOD Policy Proposals in support of the Minister of Defence and Military Veterans Strategic Priorities for the FY2013/14 is reported as follows:

- **Establishment of a Research Capacity in order to inform Policy Development.** The envisaged establishment of the organisational structure of the research capacity within the Defence Policy, Strategy and Planning Division was frozen in the FY2013/14, pending the finalisation of the Defence Review process which was to provide direction on a DOD strategic research capacity. The establishment of a strategic research capability for the DOD in the Office of the Secretary for Defence shall inform and enhance strategy and policy development in conjunction with identified stakeholders to oversee research and development in the DOD and aim at specific DOD related requirements.
- **Review of the White Paper on Defence Industries and Development of a Defence Industry Strategy.** The final draft of the White Paper on Defence Industries and Defence Industry Strategy planned for the FY2013/14 depended on the finalisation of the Defence Review process. Chapter 15 of the SA Defence Review 2014 consists of the White Paper on the Defence Industry. The Defence Industry Strategy was drafted and will be aligned with the SA Defence Review 2014.
- **The investigation into the Repositioning of the DOD “Central Staff” (Repositioning of the Defence Secretariat).** The investigation into the repositioning was dependant on the finalisation of the Defence Review which was approved by Cabinet on 19 March 2014.
- **The Human Resource Development (HRD) Strategy and Implementation Plan.** The HRD strategy and implementation plan in support of the HR Development Policy was piloted 75% during the FY2012/13 and the remainder 25% was finalised during the FY2013/14.
- **The Development of the Defence Fiscal Framework.** In the reporting period the defence fiscal framework was drafted and submitted to the Defence Review Committee for the alignment with the SA Defence Review 2014.
- **The DOD Armed Forces Day Policy Framework.** The draft framework is in the approval stages and therefore the implementation of the policy will be monitored during the FY2014/15.

MINISTER OF DEFENCE AND MILITARY VETERANS STRATEGIC FOCUS AREAS

Performance against the Strategic Focus Areas of the

Minister of Defence and Military Veterans for the FY2013/14 is as follows:

- **Military Skills Development System.** The MSDS is a service system that supports the rejuvenation of the Department’s human resources renewal strategy and the feeder system to ensure SANDF rejuvenation. The SANDF has reached a capacity ceiling in terms of being able to afford its force design in accordance with the Defence Review 1998. This service system serves as the entry point for most new recruits who serve for a two-year period in the Regular Force. This ensures a constant throughput of young and fit members for operational deployment purposes. The MSDS is regarded as the feeder system for the core service system and translations between the two are determined largely by personnel in-and-outflows. As at 28 February 2014, 50% of the total personnel strength was employed in the age category 18 to 39 years old (39 284). The latter were employed either in a permanent or contract capacity, and therefore was indicative of the Department’s emphasis on rejuvenating its force through the annual MSDS intakes. However, a challenge has been experienced with the budget cuts on MSDS by National Treasury in November 2011. The MSDS figures were reduced from 11,140 to an average of 4,272 for the FY2014/15. This will have an adverse impact on the Minister’s priority to rejuvenate the SANDF and will result in the average age of Privates increasing again, leaving an “older force”. The MSDS intakes also reached a ceiling due to funding and infrastructure limitations. Effectively the ability to deploy troops and honour ordered commitments internally and externally will be compromised.
- **The Defence Review.** The Defence Review was approved by Cabinet on 19 March 2014. The Department is now in the process of developing an implementation plan for consideration by the Minister.
- **Transformation within the DOD (SANDF).** There is a need to improve the representation of women in the DOD as a national imperative. The representation of women in the DOD continues to be addressed in a Departmental policy and is being addressed as follows:
 - Recruitment at entry level to be increased to 50% representivity.
 - Representation of women to be increased at all levels of military command.
 - The number of women Defence Attachés to be increased.
 - The number of women on military development courses to be increased.
 - Gender and leadership seminars to be conducted across the gender divide.
 - Gender perspectives and dynamics to be

incorporated into all military development courses.

- **DOD Grievance Procedures.** The DOD Grievance Procedures give effect to a single grievance process within the DOD that accommodates both uniformed members and Public Service Act Personnel (PSAP). The main intention of the Grievance Regulations is to streamline the process by reducing the command channels through which a grievance travels and for a set time frame of 90 working days in which to finalise grievances. The Grievance Board is mandated to ensure that the process followed in dealing with an individual grievance is substantially and procedurally fair. The DOD Grievance Procedures are fully functional and are aimed at protecting members of the department.
- **Reconfiguration of Force Number Allocation.** The current configuration of force numbers does not enhance the required force integration and cohesion. To address this, the DOD is considering an IT system that will bring about a totally reconfigured set of force numbers. A new generation Information Technology Financial Management System (IT FMS) for all Government Departments, has since been suspended and will hopefully resume at a date still to be determined by government. An investigation was done during the FY2001/02 by CMIS regarding the reconfiguration of force numbers. However, it was not followed through owing to the costs involved in changing all systems, as the force number is the key to all transactions. However, the department has since commenced with the process to modernise its human resource systems. It is believed that the matter of employee numbers will be addressed as part of this process. The Government IFMS Initiative will not in the short to medium term address the issue.
- **Maintenance and Enhancement of Discipline.** All Chiefs of Services, Divisions and Unit Commanders are responsible for discipline in the DOD. There should be a zero tolerance on all forms and manifestations of ill-discipline, including the abuse of power by commanders. The DOD legal system is being strengthened to attend to ill-discipline. The enforcement of discipline is also a priority of the C SANDF for which a plan is in the development process to enforce discipline in the SANDF.
- **DOD Audit.** The department continues to strengthen its internal mechanisms of accounting for the utilisation of resources at its disposal, which include, among other things, human resources,

finance, matériel and information systems. During the FY2012/13, the DOD received two audit qualifications on movable tangible capital assets and intangible capital assets. For the reporting period, the DOD focused on resolving challenges with asset management to ensure a clean audit report and was qualified only for intangible capital assets. Also during the period, the Internal Audit Division was established with the aim to ensure that the DOD internal audit assurance process is enhanced to enable the DOD to achieve a clean audit. For the FY2014/15, the DOD "Operation Clean Audit" will further be enhanced through the Audit Management Team that manages all audit issues in the DOD.

- **DOD Planning Instruments.** The development of annual departmental Planning Instruments (Defence Secretariat and South African National Defence Force Annual Performance Plans [APPs]) continue to be informed by the approved strategic plans in support of the priorities and strategic focus areas outlined in the Strategic Statement. Departmental planning is aligned with government's outcomes-oriented strategic planning, budgeting, risk management and monitoring and evaluation processes.
- **Corruption and Fraud.** The DOD continues to adopt a zero-tolerance attitude to all forms of fraud and corruption within the department. The Corruption and Fraud Prevention Plan was reviewed and approved by the DOD Management on 09 July 2012. The plan will be valid for a period of three years and strives to reduce corruption and fraud within Defence. Additional to the plan, the DOD will enhance the detection, investigation and prosecution of corruption and fraud in the DOD in the following ways:
 - **Anti-corruption Hotline Cases.** The DOD will improve feedback on anti-corruption hotline cases by strengthening and coordinating the responses at the departmental nodal point.
 - **Corruption and Fraud Awareness Campaign.** The DOD will provide a platform that will enhance the prevention of corruption and fraud in the broader DOD and specifically to the defence supply chain integration processes, through evaluation and awareness programmes and monitoring compliance to departmental government frameworks.
 - **DOD Procurement Policy.** The DOD will ensure that its procurement processes comply with the requirements and policies so as to avoid procurement fraud.



PART 2 - STRATEGIC DIRECTION

CHAPTER 2

STRATEGIC DIRECTION AND DEFENCE OUTCOMES

Introduction

The Department of Defence (DOD) Annual Report for the FY2013/14 is presented herewith. The Annual Report details how the DOD has achieved the defence strategic objectives of meeting ordered commitments, providing capabilities and ensuring sound administration and management in the department.

In the period under review, the DOD made significant progress in many areas against priorities set. SANDF troops were deployed outside the country in various peace missions and internally on several missions in support of the people of South Africa as well as other Government departments. Notwithstanding the limited budgetary allocation, the DOD committed itself to executing its functions in terms of its mandate.

Constitutional and Legislative Mandate of the DOD

The DOD derives its mandate primarily from Section 200(2) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This mandate is given substance by the Defence Act, 2002 (Act 42 of 2002), the White Paper on Defence (1996), the Defence Review (1998) and delegated legislation. The DOD comprises of the Defence Secretariat which is established in terms of section 204 of the Defence Act and the SANDF established in terms of section 200(2) of the interim constitution.

Vision

Effective defence for a democratic South Africa.

Mission

To provide, manage, prepare and employ defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, national legislation and Parliamentary and Executive direction. 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.

The DOD Shared Value System

The DOD has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion.

Individual Values

- Patriotism
- Loyalty
- Human dignity
- Professionalism
- Integrity
- Leadership
- Accountability

Organisational Values

In delivering the defence mission, the DOD will follow the principles set out below:

- **Service standards.** Service standards are based on clear direction and strong leadership. Our priority is, and shall always be, to maximise our defence capability and our contribution to peace and security. We shall maintain high standards of excellence and professionalism in everything we do.
- **Excellence.** We shall build on what we do well and actively foster a climate of success. We shall invest in our people and encourage innovation. We shall provide the right incentives and recognise individual and team contributions.
- **Ethics.** We shall adopt and encourage reasonable working practices. We shall not be deflected by

the demands of vested interests. We shall foster fairness and trustworthiness in all that we do. We shall not ignore difficult issues.

- **Openness and transparency.** We shall ensure clear communication and better understanding. We shall ensure that our messages are understood. We shall listen to clients' concerns and make sure we understand what they are saying to us. We shall aim to create a climate of trust and transparency in our decision-making.
- **Consultation rooted in effective and efficient partnership and collaboration.** We shall encourage and improve links with other Government departments and other relevant organs of state. We will strengthen partnerships with industry, allies and the community at large. We shall promote collaboration within the DOD, harmonise activities and systems and, where sensible, share knowledge.
- **People.** We shall uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.
- **Teamwork.** Within the DOD we are one team and embrace one purpose. We shall debate issues fully, whilst rigorously representing our individual responsibilities. Our overriding aim, however, is to reach conclusions that are best for the entire department and then to act on them.
- **Accountability.** We shall create a learning organisation in which all employees seek and share knowledge and information, whilst committing themselves to personal growth. We shall lead by example and influence others to follow these principles. We shall be sensible to the demands we make on people and recognise the unique commitments they make.
- **Discipline.** We shall consistently strive towards upholding a high level of discipline. We shall individually and collectively rebuild the profile and image of the defence establishment as the best-disciplined profession.

Medium-Term Strategic Framework (MTSF) for 2009 to 2014

The DOD, in pursuing its legislative mandate and inherent defence capabilities, has contributed to the high level governmental drivers. The 2009 electoral mandate of the current administration identified the following five strategic priorities as the focus of effort during the current MTSF period:

- Halve poverty and unemployment by 2014.
- Ensure a more equitable distribution of the benefits of economic growth and reduce inequality.

- Improve the national health profile and skills base and ensure universal access to basic services.
- Improve the safety of citizens by reducing incidents of crime and corruption.
- Build a nation free of all forms of racism, sexism, tribalism and xenophobia.

The Government's MTSF furthermore provided support for the ten (10) strategic priorities of government with the pronouncement of twelve (12) approved outcomes with their associated performance indicators and targets for achievement during the MTSF 2009 to 2014. The DOD, through the pursuance of its legislative mandate and inherent defence capabilities, has continued to give support to the selected MTSF outcomes.

Each of the 12 MTSF outputs was linked to a set of activities and performance targets aimed at facilitating the achievement of the specific outcome. The content of each of the 12 MTSF outcomes has formed the basis for the formulation and approval of a Delivery Agreement (DA) between an identified Cabinet member and the President of the Republic of South Africa. The MOD&MV is a co-signatory responsible for the coordination and chairpersonship of the International Cooperation Trade and Security (ICTS) Cluster for the MTSF Outcome 11:

- **Outcome 11:** Creating a better South Africa and contributing to a better and safer Africa in a better World.

The MTSF outcomes have informed output deliverables of government departments to ensure well-defined and strategically focused departmental five-year strategic plans, annual performance plans and operational plans with the associated resource requirements. The MTSF outcomes to which Defence indirectly contributed by virtue of its legislative mandate and inherent capabilities were as follows:

- **Outcome 2:** A long and healthy life for all South Africans.
- **Outcome 3:** All people in South Africa are and feel safe.
- **Outcome 5:** Skilled and capable workforce to support an inclusive growth path.
- **Outcome 12:** An efficient, effective and development-oriented public service and empowered, fair and inclusive citizenship.

The DOD Medium-Term Strategic Focus

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

- To defend and protect South Africa, its sovereignty,

its territorial integrity, its national interests and its people in accordance with the Constitution and principles of international law regulating the use of force.

- To contribute to freedom from fear and want, including the promotion of human security, both nationally and internationally.
- To contribute to a better life for the people of South Africa.

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

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

Defence Outcomes

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

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

Defence Outputs

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

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

Defence Activities

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

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

Defence Inputs

- Provide professional and supported DOD human resources.
- Provide appropriate and sustained matériel.
- Provide integrated and reliable defence information and intelligence.
- Provide sound financial management for the DOD.

Building for the Future (Rejuvenation)

- Ensure appropriate strategic reserves.
- Renew DOD main equipment and doctrine.
- Undertake defence research & development.
- Promote & appropriate defence industry.
- Ensure consensus on defence.

OVERVIEW OF SERVICE DELIVERY AND ORGANISATIONAL ENVIRONMENT

SANDF Selected Performance Indicators

Table 2.1 reflects the achievement of the trendable performance indicators as indicated in the SANDF Annual Performance Plan FY2013/14.

Table 2.1: SANDF Selected Performance Indicators for the FY2013/14

Indicator Number	Accountability/ Reporting responsibility	Performance Indicator	Performance		
			Projection FY2013/14	Actual Achievement FY2013/14	Reasons for Under-/ Overachievement
D2_I03	Force Employment	Compliance with South African Defence Community (SADC) standby force agreements and South African Pledge when required	100% ¹	79%	<u>Underachieved</u> . SA Navy will be unable to provide one combat support ship, one diving team and two harbour patrol boats, whereas SAMHS will be unable to provide a Level 2 field hospital when required.
P3_I03	Defence Intelligence (DFR)	Total number of defence attaché offices	40	43	<u>Overachieved</u> . Three additional offices were opened in Ghana, Senegal and South Sudan.
DI_I10	Force Employment Defence Intelligence Landward Defence	Percentage compliance with number of ordered commitments (external operations ²)	100% (6)	83% (5)	<u>Underachieved</u> . Termination of the mission in the Central African Republic.
DI_I10	Force Employment	Percentage compliance with number of ordered commitments (internal operations ³)	100% (4)	100% (4)	Achieved
P3_I02	Force Employment	Number of joint, inter-departmental and multinational military exercises conducted per year	9	5	<u>Underachieved</u> . Joint Operations Division did not achieve its target of 9 exercises to be executed during the FY2013/14 due to cancellation of exercises BELL BUOY, TRANSOCEANIC, FAIRWAY BUOY and ATLANTIC TIDINGS.

¹ 100% means full compliance subject to or commensurate with resource allocation.

² External operations include peace support operations and general military assistance (GMA) operations of which two are not funded.

³ These include border safeguarding, which is only partially funded, and operations in support of other government departments.

Indicator Number	Accountability/ Reporting responsibility	Performance Indicator	Performance		
			Projection FY2013/14	Actual Achievement FY2013/14	Reasons for Under-/ Overachievement
RI_IIB	Administration (Human Resources Support Services)	Number of military skills development members in the system per year	4 208	7 005	<u>Overachieved.</u> The planned number of MSDS for the FY2013/14 was lower owing to NT guidelines to cut the intakes. However, the actual members trained and on strength during the FY2013/14 increased as a result of Services' requirements to rejuvenate their forces and improve their capacity.
RI_IIC	Administration (Human Resource Support Services)	Number of Reserves utilised per year	24 243	96 137 (14 668)	<u>Overachieved.</u> The projected target for the FY2013/14 of 24 243 (equal to 2 041 173 man-days) was based on the number of call-ups (including multiple call-ups) per individual which was planned at 12 400 number of Reserves utilised per force number per year. The actual target achievement of 96 137 (equal to 2 677 528 man-days) is based on number of multiple call-ups per individual during the FY2013/14, which is equivalent to 14 668 total number of Reserves utilised per force number.
DI_I05	Air Defence	Number of force employment hours flown per year	6 300 ⁴	4 471	<u>Underachieved.</u> The requirements of Force Employment were less than predicted.
DI_I06	Maritime Defence	Number of hours at sea per year ⁵	22 000	11 080,7	<u>Underachieved.</u> The hours underutilised were due to unavailability of vessels that were delayed in maintenance cycles or where operational defects occurred and the repair process proved to be lengthy.
DI_I02	Force Employment	Number of landward sub-units deployed on border safeguarding	13	13	Achieved

⁴ 800 hours will be flown for VIP operations and 5 500 hours for joint force employment requirements subject to resource allocation.

⁵ The number of hours at sea per year includes force preparation and force employment both in the RSA maritime zones as well as in international waters.

SANDF Contribution to Ministerial Priorities

Table 2.2 below provides details of the SANDF contribution to the Ministerial priorities.

Table 2.2: SANDF Contribution to Ministerial Priorities

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
Landward Defence Renewal					
Percentage compliance with the approved force design (Landward Defence)	P2_I02	Information Classified ⁶			Landward Defence
Maritime Security					
Percentage compliance with number of ordered commitments ⁷ (external) (maritime)	DI_I10	100% (1)	100% (1)	Achieved	Force Employment
National Youth Service					
Percentage compliance with DOD formal training targets (NYS)	P2_I06	100% (2 000)	108% (2 158)	<u>Overachieved.</u> Due to the capacity available to train more, additional NYS participants (158) were trained during the FY2013/14.	Administration (Human Resource Support Services)
Revitalisation of Reserves					
Number of Reserves utilised per year	RI_IIC	24 243	96 137 (14 668)	<u>Overachieved.</u> The projected target for the FY2013/14 of 24 243 (equal to 2 041 173 man-days) was based on the number of call-ups (including multiple call-ups) per individual which was planned at 12 400 number of Reserves utilised per force number per year. The actual target achievement of 96 137 (equal to 2 677 528 man-days) is based on number of multiple call-ups per individual during the FY2013/14, which is equivalent to 14 668 total number of Reserves utilised per force number.	Administration (Human Resource Support Services)

⁶ Classified information has not been published for the consumption of the public but managed through the appropriate oversight institutions. The information was duly audited / made available for audit.

⁷ These operations were joint in nature and are dependent on the maritime security situation at the time.

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
DOD Works Capability					
Percentage compliance with planned staffing of funded posts (DOD Works Capability)	RI_IIA	70% (1 762 of 2 517)	55% (1 383)	<u>Underachieved.</u> The target of 70% (1 762 posts of 2 517 funded posts) was not achieved owing to delays in the staffing process, resignations and normal attrition. The actual achievement is cumulative in nature against the total number of funded posts (2 517).	Joint Logistic Service

SANDF Strategic Outcomes and Outputs

Table 2.3 below provides details in the preparation of mission-ready capabilities.

Table 2.3: Prepare Mission-ready Capabilities

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
Output 1: Prepare forces as stipulated in the in the Joint Force Employment Requirement					
Percentage compliance with joint force employment requirement	D2_I01	Information classified			Force Employment
Activity 1.1: Enhance defence capabilities by complying with the approved SANDF Force Design and Structure					
Percentage compliance with the approved force design	P2_I02	Information classified			Administration (MPSPO)
Percentage compliance with the approved force structure	P2_I01	Information classified			
Number of units closed down per year	P2_I12	16	07	<u>Underachieved.</u> 24 units for closing down were audited, but only seven were finally deactivated/closed down after the ministerial authority, the unit codes deactivation certificated and the certificate of condonement were issued.	Administration (Inspection Service)
Activity 1.2: Ensure combat-ready defence capabilities					
Broader DOD health/fitness status	P2_I04	Positive trend	Positive trend	Achieved	Military Health Support
Trend of deployable status on concurrent health assessments (CHA)	P2_I05	Positive trend	Positive trend	Achieved	

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
Percentage of approved Capital Works Plan projects completed as scheduled per year	R2_I02	100% (9)	22.22% (2)	<u>Underachieved.</u> The percentage target was based on funding allocated and the under performance is due to slow initiation of new planned capital projects by NDPW.	Joint Logistics Services
Percentage compliance with DOD refurbishment programme annual schedule	R2_I01	100% (36)	67.8% (24)	<u>Underachieved.</u> The percentage target was based on funding allocated and the under performance is due to slow initiation of new planned refurbishment projects by NDPW.	
Activity I.3: Ensure matériel to satisfy the requirements of the SANDF					
Overarching Logistic Strategy	D3_I01	Approved	Not approved	<u>Underachieved.</u> The Overarching Logistic Strategy is 30% complete owing to Log Div awaiting the approval of the Defence Review. The Defence Review was not approved during the period under review.	Joint Logistics Services
Activity I.4: Ensure required level of strategic reserves					
Level of strategic reserves (ammunition)	FI_I01	Information classified			Joint Logistics Services

Table 2.4 below provides details of executing ordered commitments.

Table 2.4: Execute Ordered Commitments

Performance Indicator	Indicator Number	Projection	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
Output 2.1: Border Safeguarding					
Number of landward sub-units deployed on border safeguarding	DI_I02	13	13	Achieved	Force Employment

Performance Indicator	Indicator Number	Projection	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
Output 2.2: Regional Security					
% compliance to agreed force levels as per signed memorandum of understanding (MOU) / letter of assist (LOA)					
Percentage compliance with force levels for external operations	DI_I01A	96%	96%	Achieved	Force Employment
Percentage compliance with serviceability of equipment for external operations	DI_I01B	90%	77%	<u>Underachieved</u> . This underachievement results from difficulties experienced by the SANDF in maintaining its ageing B Vehicle fleet.	
Percentage of the value of reimbursement by the UN/AU recognised	DI_I01C	75%	76%	<u>Overachieved</u> . The UN paid quicker than anticipated.	
Percentage compliance with self-sustainment of personnel	DI_I01D	100%	83%	<u>Underachieved</u> . This underachievement is due to internet connection not available 24/7 and the installation of fire detection and alarm equipment in all the areas as specified in the MOU.	
Activity 1: Employ the SANDF					
Percentage compliance with number of ordered commitments (internal operations ⁸)	DI_I10	100% (4)	100% (4)	Achieved	Force Employment Defence Intelligence
Percentage compliance with number of ordered commitments (external operations ⁹)	DI_I10	100% (6)	83% (5)	<u>Underachieved</u> . Termination of the mission in the Central African Republic.	Landward Defence

⁸ One operation is partially funded.

⁹ One operation is not funded.

Table 2.5 below provides details of providing defence and strategic direction.

Table 2.5: Provide Defence and Strategic Direction

Performance Indicator	Indicator Number	Target Projections	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
Activity I: Administer the DOD (Direction)					
Number of defence attaché offices	P3_I03	40	43	<u>Overachieved.</u> Three additional offices were opened in Ghana, Senegal and South Sudan.	Defence Intelligence (DFR)
Number of positions filled against allocated quota for international institutions	D3_I02	36	14	<u>Underachieved.</u> The DOD does not have control over the secondments and management thereof. Department of International Relations and Co-operation (DIRCO) controls this function. As such the DOD could only staff 14 out of 36 posts during the period under review.	

Table 2.6 below provides details of compliance with the regulatory framework.

Table 2.6: Compliance with the Regulatory Framework

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Under-/Overachievement	Accountability
		FY2013/14	FY2013/14		
Activity I: Administer the DOD (control)					
Percentage military court cases outstanding	PI_I04	16% (192)	122.5% (1 471)	<u>Overachieved.</u> Owing to the call up of Reserves Force MLPs.	Administration (Legal Services)
Percentage litigation settled in favour of the DOD	PI_I07	60% (31)	44% (23)	<u>Underachieved.</u> Owing to the fact that finalisation of court cases are beyond the control of DLSD. Some cases drag on beyond the reporting period due to complex dynamics.	

SANDF ACTIVITIES, PERFORMANCE INDICATORS AS DERIVED FROM THE GOVERNMENT STRATEGIC OUTCOMES

The SANDF is involved in the following Medium-Term Strategic Framework (MTSF) outcomes:

- Outcome 2 – A long and healthy life for all South Africans. The SANDF contributes to this outcome through the Military Health Support Programme which provides health services for all SANDF members and their dependants as well for the Department of Health when required.
- Outcome 3 – All people in South Africa are and feel safe. The SANDF contributes to this outcome by conducting border safeguarding operations in which it cooperates with the SAPS during safety and security operations which involve conducting search and rescue operations, providing humanitarian aid during natural disasters and supporting other government departments when required to do so. Peace support and general

military assistance operations conducted in support of Outcome 11 also contribute to the achievement of this outcome.

- Outcome 5 – A skilled and capable workforce to support an inclusive growth path. The SANDF contributes to this outcome by means of various training programmes. As reflected in each programme, the training is provided in support of the national youth strategy and military skills development system and the empowering of Reserve Force members.
- Outcome 11 – Creating a better South Africa and contributing to a better and safer Africa in a better world. The DOD is the coordinating department for Outcome 11. The SANDF contributes to this outcome by ensuring that the RSA is defended and protected, conducting peace support operations and providing humanitarian and disaster aid where and when required to do so.

Table 2.7 below provides details of strategic outputs for MTSF Outcome 2.

Table 2.7: Strategic Outputs for MTSF Outcome 2

<i>MTSF Outcome 2 - A long and Healthy Life for All South Africans</i>							
<i>DOD Outcome</i>	<i>SANDF Output</i>	<i>Performance Indicator</i>	<i>Indicator Number</i>	<i>Estimated Performance FY2013/14</i>	<i>Actual Achievement</i>	<i>Reasons for Under-/Overachievement</i>	<i>Accountability</i>
					<i>FY2013/14</i>		
RSA is defended and protected	Mission-ready defence capabilities	Broader SANDF health/fitness status	P2_I04	Positive trend	Positive trend	Achieved	Military Health Support
	Ordered defence commitments	Trend of deployable status on concurrent health assessments (CHA)	P2_I05	Positive trend	Positive trend	Achieved	
		Percentage compliance with number of ordered commitments (internal operations)	DI_I10	100% (4)	100% (4)	Achieved	Force Employment

Table 2.8 below provides details of the strategic outputs for MTSF Outcome 3.

Table 2.8: Strategic Outputs for MTSF Outcome 3

MTSF Outcome 3 - All People in South Africa are and feel Safe							
DOD Outcome	SANDF Output	Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Under-/Overachievement	Accountability
				FY2013/14	FY2013/14		
RSA is defended and protected	Mission-ready defence capabilities	Percentage compliance with the joint force employment requirement	D2_I01	Information classified			Force Employment
		Percentage compliance with the approved force design	P2_I02	Information classified			Administration (MPSP0)
		Percentage compliance with the approved force structure	P2_I01	Information classified			
		Number of units closed down per year	P2_I12	16	07	<u>Underachieved.</u> 24 units for closing down were audited, but only seven were finally deactivated/ closed down after the ministerial authority, the unit codes deactivation certificated and the certificate of condonement were issued.	Administration (Inspection Service)
	Ordered defence commitments	Percentage compliance with number of ordered commitments (internal operations)	DI_I10	100% (4)	100% (4)	Achieved	Force Employment
	Compliance with the regulatory framework	Number of incidents of corruption and fraud reported for detection	D4_I05	25	17	<u>Underachieved.</u> All incidents of corruption and fraud reported are investigated for detection. Out of 37 incidents reported, 17 were found to meet the requirement.	Administration (Inspection Service)

Table 2.9 below provides details of the strategic outputs for MTSF Outcome 5.

Table 2.9: Strategic Outputs for MTSF Outcome 5

<i>MTSF Outcome 5 - Skilled and Capable Workforce to Support an Inclusive Growth Path</i>							
<i>DOD Outcome</i>	<i>SANDF Output</i>	<i>Performance Indicator</i>	<i>Indicator Number</i>	<i>Estimated Performance</i>	<i>Actual Achievement</i>	<i>Reasons for Under-/Overachievement</i>	<i>Accountability</i>
				<i>FY2013/14</i>	<i>FY2013/14</i>		
RSA is defended and protected	Military direction	Percentage compliance with DOD training targets (Non-combat professional military development)	P2_106	100% (128)	140% (179)	<u>Overachieved.</u> The target of 128 HR programmes was incorrectly published in the SANDF APP FY2013/14, instead a target of 175 was aimed. The over achievement is therefore based on the capacity available to present 179 HR programmes.	Administration (Human Resource Support Service)
		Percentage compliance with DOD training targets (re-skilling)	P2_106	75% (9)	250% (30)	<u>Overachieved.</u> The target was based on historical information (ie average projections over a 3 year term). The actual achievement for the FY2013/14 was more than expected due to additional candidates for re-skilling received.	
		Percentage compliance with DOD training targets (NYS)	P2_106	100% (2 000)	108% (2 158)	<u>Overachieved.</u> Owing to the capacity available to train more, additional NYS participants (158) were trained during the FY2013/14.	

Table 2.10 below provides details of the strategic outputs for MTSF Outcome 11.

Table 2.10: Strategic Outputs for MTSF Outcome 11

MTSF Outcome 11 - Create a Better South Africa and Contribute to a Better and Safer Africa and a Better World								
DOD Outcome	SANDF Output	Performance Indicator	Indicator Number	Estimated Performance	Actual Achievement	Reasons for Under-/Overachievement	Accountability	
				FY2013/14	FY2013/14			
RSA is defended and protected	Defence direction	Percentage adherence to DOD governance promulgation schedule (Approved force design)	D3_I01	Approved	Approved	Achieved. Interim Force Design Approved. Awaiting the approval of Defence Review	Administration (MPSP0)	
		Percentage adherence to DOD governance promulgation schedule (Approved force structure)	D3_I01	Approved	Approved	Achieved. Interim Force Structure Approved.		
		Percentage compliance with the joint force employment requirements	D2_I01	Information classified				Force Employment
		Number of defence attaché offices	P3_I03	40	43	Overachieved. Three additional offices were opened in Ghana, Senegal and South Sudan.	Defence Intelligence (DFR)	
		Number of positions filled against allocated quota for international institutions	D3_I02	36	14	Underachieved. The SANDF (DFR) does not have control over the secondments and management thereof. DIRCO has control over this function. As such the DOD could only staff 14 out of 36 posts during the period under review.		

MTSF Outcome II - Create a Better South Africa and Contribute to a Better and Safer Africa and a Better World							
DOD Outcome	SANDF Output	Performance Indicator	Indicator Number	Estimated Performance	Actual Achievement	Reasons for Under-/Overachievement	Accountability
				FY2013/14	FY2013/14		
	Ordered defence commitments	Percentage compliance with force levels for external operations	DI_I01A	96%	96%	Achieved	Force Employment
		Percentage compliance with serviceability of equipment for external operations	DI_I01B	90%	77%	<u>Underachieved.</u> This underachievement is due to difficulties experienced by the SANDF in maintaining it's ageing B Vehicle fleet.	
		Percentage % of the value of reimbursement by the UN/AU recognised	DI_I01C	75%	76%	<u>Overachieved.</u> The UN paid faster than anticipated.	
		Percentage compliance with self-sustainment of personnel	DI_I01D	100%	83%	<u>Underachieved.</u> Internet stations are available but the Internet was not online at all times as required by the MOU. Fire detection and alarm equipment was installed but not at all areas as specified in the MOU.	
	Mission-ready defence capabilities	Percentage compliance with the approved force design	P2_I02	Information classified			Administration (MPSP0)
		Percentage compliance with the approved force structure	P2_I01	Information classified			
		Percentage compliance with the joint force employment requirements	D2_I01	Information classified			Force Employment

<i>MTSF Outcome II - Create a Better South Africa and Contribute to a Better and Safer Africa and a Better World</i>							
<i>DOD Outcome</i>	<i>SANDF Output</i>	<i>Performance Indicator</i>	<i>Indicator Number</i>	<i>Estimated Performance</i>	<i>Actual Achievement</i>	<i>Reasons for Under-/Overachievement</i>	<i>Accountability</i>
				<i>FY2013/14</i>	<i>FY2013/14</i>		
	Communi- cation	Level of communi- cation in the DOD	RI_I04	Positive	Neutral	<u>Underachieved.</u> The perception of the DOD members regarding communication indicated that communication was acceptable.	Administration (Inspection Services)

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 3 THE DEFENCE VOTE

AIM OF THE VOTE

The aim of the Department of Defence and Military Veterans is 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 and to provide for military veterans' benefits.

Main Programmes

The outputs of Defence are provided through the programmes as indicated in Table 3.1.

Table 3.1: Defence Budget Programme Structure

<i>Programme</i>	<i>Purpose</i>
Programme 1: Administration	Policy development, management and administration of the department
Programme 2: Force Employment	Provide and employ defence capabilities, including an operational capability, to successfully conduct all operations, including joint, interdepartmental 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 a defence intelligence and counter-intelligence capability
Programme 8: General Support	Provide general support capabilities and services to the department

DEFENCE VOTE 22

Details of the final DOD Medium Term Expenditure Framework (MTEF) Allocation are reflected in the Defence Vote for the FY2013/14, as indicated in Table 3.2 below.

Table 3.2: Department of Defence and Military Veterans voted funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000
40,243,343	40,658,184	40,447,521	210,663
Administering Department	Department of Defence and Military Veterans		
Executive Authority	Minister of Defence and Military Veterans - Ms N.N. Mapisa-Nqakula		
Accounting Officer	Secretary for Defence (Sec Def) – Dr S.M. Gulube		

Table 3.3: Defence Vote for the 2013/14 MTEF

Defence Vote	2013/14	2014/15	2015/16
	R'000	R'000	R'000
Defence Vote per Main Programme			
Administration	4 434 602	4 778 369	5 096 303
Force Employment	3 283 875	3 423 185	3 647 456
Landward Defence	13 853 840	13 992 816	15 145 567
Air Defence	6 250 213	7 210 275	7 483 684
Maritime Defence	3 171 066	3 651 493	3 719 314
Military Health Support	3 642 498	3 791 342	3 904 539
Defence Intelligence	762 405	789 858	825 822
General Support	4 844 844	5 058 126	5 298 824
Total Expenditure Estimates	40 243 343	42 695 464	45 121 509
Defence Vote per Economic Classification			
Current Payments	32 207 873	33 217 217	35 008 761
Transfers and Subsidies	7 355 002	8 724 049	9 661 887
Payment for Capital Assets	680 468	754 198	450 861
Total Expenditure Estimates	40 243 343	42 695 464	45 121 509

Additional Funds Requested

During the course of the FY2013/14 MTEF process, the DOD submitted policy proposals for additional funding.

Details of submitted policy proposals for additional funding for the FY2013/14 are reflected in Table 3.4.

Table 3.4: Policy Proposals for Additional Funding

Policy Proposal	2013/14	2014/15	2015/16
	R'000	R'000	R'000
Border Safeguarding	1 814 800	2 634 100	2 672 000
Enhancement of the Landward Defence Capability	235 160	357 700	490 600
Maritime Security Strategy	585 000	585 000	585 000
Military Health Care	925 500	1 000 157	1 081 034
Department of Defence Works Capability	164 820	100 755	89 202
Enhancement of the SANDF's Peacekeeping Capability	345 700	442 300	656 000
Restructuring of and Support to the Defence Industry	263 800	239 900	240 100
Defence Infrastructure	756 260	951 480	744 982
Other Additional Requirements	1 214 299	1 566 309	1 820 418
Total Policy Proposals	6 305 339	7 877 701	8 379 336

Additional Funds Received

After the 2013/14 MTEF process was completed, the DOD only received additional funding as reflected in Table 3.5.

Table 3.5: Additional Funding Received by the DOD

Additional Funding Received	2013/14	2014/15	2015/16
	R'000	R'000	R'000
Military Veterans Operations and Benefits	300 000	450 000	550 000
Improvement in Condition of Services	348 683	448 355	892 123
Border Safeguarding	0	0	300 000
Maritime Security Strategy	585 000	585 000	585 000
Deployment in Foreign Countries	200 000	215 000	0
Compensation of Employees	-205 645	-675 006	-1 038 900
Transport and Subsistence	-96 100	-96 100	-96 100
Special Defence Account	-583 255	-263 894	0
Contractors	-250 000	-300 000	-350 000
Total Additional Funding Received	298 683	363 355	842 123

DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC ASPECTS

Collection of Departmental Revenue

The department has seen a general improvement in revenue management processes. The substantial increase in transfers received was a result of the collection of arrears from the United Nations reimbursements for foreign deployments. The huge revenue earned in 2011/12 was a result of the deposit repayment due to the cancellation of the A400M Aircraft contract. The department has increased its revenue with an average of 7,74% annually since 2010.

The sources of revenue are reflected in Table 3.6 below.

Table 3.6: Sources of Revenue

Economic Classification	2010/11	2011/12	2012/13	2013/14	2013/14	% Deviation from Target
	Actual	Actual	Actual	Target	Actual	
	R'000	R'000	R'000	R'000	R'000	
Tax Revenue	0	0	0	0	0	0
None	0	0	0	0	0	0
Non Tax Revenue	689 688	4 249 010	1 044 487	798 930	849 972	6 39%
Sale of Goods and Services other than Capital Assets	263 989	345 513	307 172	320 067	352 681	10 19%
Fines, Penalties and Forfeits	4 459	890	1 297	3 776	1 225	-67 56%
Interest, Dividends and Rent on Land	2 628	2 703	36 776	2 583	2 877	11 38%
Sales of Capital Assets	23 068	25 620	64 220	55 025	24 904	-54 74%
Financial Transactions in Assets and Liabilities	144 777	3 534 078	64 700	246 381	50 277	-79 59%
Transfers Received	250 767	340 206	570 322	171 098	418 008	144 31%
Total Revenue Received	689 688	4 249 010	1 044 487	798 930	849 972	6 39%

CONDITIONAL GRANTS AND EARMARKED FUNDS

No Conditional Grants were reported for the FY2013/14. Earmarked Funds in the Defence allocation for the FY2013/14 are reflected in Table 3.7

Table 3.7: Earmarked Funds

Earmarked Amounts	2013/14	2014/15	2015/16
	R'000	R'000	R'000
Devolution of Funds from Public Works	2 116 643	2 244 741	2 361 972
<i>of which:</i>			
Accommodation Charges	1 090 575	1 157 109	1 224 309
Leases	238 893	253 227	264 875
Municipal Charges	787 175	834 405	872 788
Border Safeguarding	550 000	617 198	945 589
Deployment in Foreign Countries	200 000	215 000	0
Military Veterans	351 431	504 160	606 841
Total	3 218 074	3 581 099	3 914 402

TRANSFER PAYMENTS FOR THE FY2013/14

Transfer Payments

The DOD provided transfer payments to the following institutions and as indicated in Table 3.8 during the course of the FY2013/14:

- The Armaments Corporation of South Africa Ltd (Armcor) to subsidise them in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence materiel, related products and services. Audited financial statements for the FY2012/13 were submitted according to payment conditions.
- The Safety and Security Sector Education and Training Authority (SASSETA), who acts as the Sector Educational Training Authority (SETA) for Defence, to subsidise their administrative expenditure in terms of the Skills Development Act, No 97 of 1998. Audited financial statements for the FY2012/13 were submitted according to payment conditions.
- The Reserve Force Council to subsidise them in their mission to obtain and secure community and private sector support for the Reserves and to maintain a sound relationship and communication between the Reserves, the Minister of Defence and the SA National Defence Force. Audited financial statements for the FY2012/13 were submitted according to payment conditions.

- The St John's Ambulance Brigade to provide accreditation for training of Defence members and make their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency. Audited financial statements for the FY2012/13 were submitted according to payment conditions.
- The Special Defence Account (SDA) to acquire, procure and develop armament and technology. Audited financial statements for the FY2012/13 form part of the financial statements of the department.
- To Defence members that are being separated from the department through the Mobility Exit Mechanism in terms of the employment and social benefits due to them.
- To institutions and individuals who successfully instituted legitimate claims against the department.
- To the Department of Military Veterans to provide national policy and standards on socio-economic support for military veterans and to their dependents, including benefits and entitlements. Payments are made according to amount voted.
- Payments made as an act of grace to the families of soldiers who died during foreign deployments.

The estimated expenditure and actual amounts transferred for the FY2013/14 are reflected in table 3.8 below.

Table 3.8: Transfer Payments for the FY2013/14

Institution	Estimated Expenditure	Amount Transferred
	FY2013/14	FY2013/14
	R'000	R'000
Special Defence Account	4 325 301	4 325 301
Armaments Corporation of South Africa (Armcor)	1 135 799	1 131 586
Safety and Security Sector Education and Training Authority	18 936	18 936
Reserve Force Council	6 523	6 523
Department of Military Veterans	351 431	351 431
St Johns Ambulance Brigade	832	832
Households - Employer Social Benefits	69 418	69 418
Claims against the Department	516 043	516 043
Acts of Grace	2 000	2 000
Total	6 426 283	6 422 070

DEPARTMENTAL EXPENDITURE FOR THE FY2013/14

Table 3.9: DOD Expenditure for the FY2013/14

Programme	Vote	Total Additional Appropriation	Adjusted Additional Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Administration	4 434 602	74 397	4 508 999	0	1 986	4 510 985	4 510 985	0
Force Employment	3 283 875	271 867	3 555 742	0	(33 944)	3 521 798	3 346 655	175 143
Landward Defence	13 853 840	(248 987)	13 604 853	0	(5 730)	13 599 123	13 599 123	0
Air Defence	6 250 213	(535 780)	5 714 433	0	317 090	6 031 523	6 031 523	0
Maritime Defence	3 171 066	(63 725)	3 107 341	0	145 221	3 252 562	3 226 378	26 184
Military Health Support	3 642 498	119 553	3 762 051	0	(19 112)	3 742 939	3 733 603	9 336
Defence Intelligence	762 405	5 535	767 940	0	6 743	774 683	774 683	0
General Support	4 844 844	791 981	5 636 825	0	(412 254)	5 224 571	5 224 571	0
Total	40 243 343	414 841	40 658 184	0	0	40 658 184	40 447,521	210 663

OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR THE FY2013/14

ADDITIONS TO MAIN APPROPRIATION

The Defence Vote was increased by Rm 414,841 to Rb 40,658,184 through the Adjustments Vote for the following:

Unforeseeable and Unavoidable Expenditure. An additional Rm 150 was allocated to the South African National Defence Force for the deployment of members as part of the United Nations Security Council approved force intervention brigade in the Democratic Republic of the Congo.

Other Adjustments. Other adjustments include:

Adjustments due to Significant and Unforeseeable Economic and Financial Events

- **Programme 4: Air Defence.** An additional R m60,872 was allocated to the department to cover the costs of

increases in personnel remuneration that were higher than provided for in the Budget.

Self-financing Expenditure

- Rm 50,357 in revenue generated from selling equipment and spares procured through the Special Defence Account has been allocated as follows:
- Programme 3: Landward Defence
Rm 41,873
- Programme 4: Air Defence
Rm 6,830
- Programme 8: Maritime Defence
Rm 1,654

VIREMENTS / SHIFTS WITHIN THE VOTE

Reasons for Additions to or Virements between Main Appropriation Allocation

National Treasury (NT) approved the following:

- Rm 153,612 increase in Transfers and Subsidies: Public Corporations and Private Enterprises in order to rectify expenditure incorrectly classified as Payments for Financial Assets with regards to the Denel contract termination cost.
- Rm 1,765 increase in the transfer payments in order to rectify expenditure incorrectly classified as Payments for Financial Assets with regards to claims against the state, the final payment of SASSETA and St John's.

The Accounting Officer approved the following:

- Rm 245,116 was reallocated, from the General Support Programme, in order to align the Compensation of Employees budget allocation on the Financial Management System (FMS) with projected expenditure as follows:
 - Reallocation of Rm 52,004 to the Air Defence Programme (SAAF).
 - Reallocation of Rm 50,000 to the Maritime Defence Programme (SA Navy).
 - Reallocation of Rm 143,112 to the Military Health Support Programme (SAMHS).
- Rm 18,457 increase in the transfer payment to ARMSCOR for the funding of the Institute of

Maritime Technology (IMT) in the Maritime Defence Programme.

- Rm 85,000 increase in the transfer payment to ARMSCOR for the funding of the critical shortfalls within the ARMSCOR Dockyard.
- Rm 68,196 was reallocated from the General Support Programme (Joint Logistic Services) to the Administration Programme (Property Management) for the payment of municipality services and leases.
- Rm 10,000 was reallocated from the General Support Programme (Joint Logistic Services) to the Landward Defence Programme for guard services rendered.
- The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of authorised losses, Compensation of Employees and Goods and Services to balance the expenditure for the FY2013/14 financial year.

Roll-overs

Rm 153,612 has been rolled over for termination costs of the contract with Denel Personnel Solutions/Atlas Manpower Group within Programme 8, General Support.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

CAPITAL INVESTMENTS

Building projects currently in progress

Table 3.10: Projects Currently in Progress for the FY2013/14

Location	Project Description	Progress Status	Expected Completion Date
Pretoria	Waterkloof Air Force Base	The project was completed. The National Department of Public Works (NDPW) is still processing final invoices from service providers in order to conclude final payment, completion certificates and official hand over to the client.	The project was completed in January 2013.
Bloemfontein	3 Military Hospital - upgrading	The project is in construction phase.	The project is planned to be completed in 2015.
Saldanha	Construction of medical health facility Saldanha	The project is in planning and design phase.	The project is planned to be completed by March 2015.
Bloemfontein	3 Military Hospital - consultant fees	The project is in process.	The project is planned to be completed in 2014.
Various	Disability access	The project is in process.	The project is planned to be completed in 2014.
Wonderboom	Wonderboom: 3 Electronic Workshop: disability project	The project is in process.	The project is planned to be completed in 2015.

DEPARTMENT OF DEFENCE

<i>Location</i>	<i>Project Description</i>	<i>Progress Status</i>	<i>Expected Completion Date</i>
Pretoria	Air Command: Wheelchair lift	The project is in design in progress.	The project is planned to be completed in 2015.
Ladysmith	Military Police Office Ladysmith: Security project	The project was completed. The NDPW is still processing final invoices from service providers in order to conclude final payment, completion certificates and official hand over to the client.	The project was completed in September 2012.
Durban	Security installations at Maisonettes on Bluff	The project is in process.	The project is planned to be completed in March 2014.
Thaba Tshwane	Dequar Road Military Police Office: Security project	The project was completed. The NDPW is still processing final invoices from service providers in order to conclude final payment, completion certificates and official hand over to the client.	The project was completed in May 2012.
Wonderboom	Wonderboom: Military Police Office: Security fence project	The project is in process.	The project is planned to be completed in August 2014.
Saldanha	SASi6 Saldanha: Construction of security fence	The project is in design phase.	The project is planned to be completed in March 2015.
Alexander Bay	Construction of security fence: Alexander Bay	The NDPW has not yet initiated the project.	NDPW has not yet activated the project.
Durban	Replacement of standby generators at Navy Communications (NAVCOM) Bluff SA Navy Communication Centre (COMCEN)	The project was completed. The NDPW has not officially handed over the building to SA Navy.	The project was completed in December 2012.
Thaba Tshwane	Northern Military Police Regional (NMPR) HQ: Security Installations	The project is in the planning phase. The construction will commence in 2014.	The project is planned to be completed in March 2015.
Bloemfontein	Military Police Agency (MPA): Conversion of building into female detention facility	The project was completed. The NDPW is still processing final invoices from service providers in order to conclude final payment, completion certificates and official hand over to the client.	Completed in September 2011.
Langebaan	4 Special Forces Regiment: Construction of 20 duplex houses at Langebaan	The project is in process.	The project is planned to be completed in August 2015.
Thaba Tshwane	Construction of mess and living-in complex at Military Health Training Formation to accommodate 1 200 members	The project is in the planning and design phase.	NDPW has not yet activated the project.
Kimberley	Construction of single quarters at Army Support Base Kimberley	The project is in the planning and design phase.	NDPW has not yet activated the project.
Thaba Tshwane	Refurbishment of existing SA Air Force Warrant Officers Mess at Thaba Tshwane	The project is in the planning and design phase.	NDPW has not yet activated the project.
Kimberley	Army Support Base Kimberley: Upgrading of living-in accommodation at Jack Hindon	The project is in the planning and design phase.	NDPW has not yet activated the project.
Kempton Park	Upgrading of Jack Frost flats	The project is in the planning and design phase.	NDPW has not yet activated the project.

<i>Location</i>	<i>Project Description</i>	<i>Progress Status</i>	<i>Expected Completion Date</i>
Pretoria	Upgrading of SAS Magaliesburg Naval Mess at Pretoria	The project is in the planning and design phase.	NDPW has not yet activated the project.
Lohatla	Replace temporary buildings with permanent buildings at Lohatla	The project is in process using own resources from SA Army Engineer Formation.	The project is planned to be completed in September 2014.
Boekenhoutskloof	2 Signal Regiment: Upgrading of water and sewerage reticulation at the residential area.	The project is in the planning and design phase.	NDPW has not yet activated the project.
Thaba Tshwane	Upgrading and refurbishment of mass transport park offices and hangar at Thaba Tshwane	The project is in the planning and design phase.	NDPW has not yet activated the project.
Lyttelton	Upgrading of buildings 25, 46 and 47 at Log Support Formation Headquarters Unit at Lyttelton	The project is in the planning and design phase.	NDPW has not yet activated the project.
Thaba Tshwane	Upgrading of the Comprehensive Health Assessment Centre at Thaba Tshwane	The project is in the planning and design phase.	NDPW has not yet activated the project.
Langebaan	4 Special Forces Regiment: Construction of boat park at Salamander	The project was completed. The NDPW is still processing final invoices from service providers in order to conclude final payment, completion certificates and official hand over to the client.	The project was completed in March 2013.
Pretoria	Refurbishment of 9 ammo stores at 91 Ammunition Depot	The project is in the planning and design phase.	NDPW has not yet activated the project.
Langebaan	4 Special Forces Regiment: Replacement of boat park fuel tank	The project was completed. The NDPW is still processing final invoices from service providers in order to conclude final payment, completion certificates and official hand over to the client.	The project was completed in September 2011.
Pretoria	91 Ammunition Depot Disposal Centre electrical work	The project was completed. The NDPW is still processing final invoices from service providers in order to conclude final payment, completion certificates and official hand over to the client.	The project was completed in June 2011.
Durban	Financial Division: Construction of training facility	The project is in the planning and design phase.	NDPW has not yet activated the project.
Murrayhill	Defence Intelligence facility training requirement SA Defence Intelligence Centre (SADIC)	Three sub-projects is in the construction phase using own resources (via Central Procurement Service Centre).	The project is planned to be completed in April 2014.
Phalaborwa	5 Special Forces Regiment: Upgrading of aquatic training facility: Phalaborwa	The project is in the design phase. The construction is planned to commence during FY2014/15.	The project is planned to be completed in August 2014.
Thaba Tshwane	Upgrading of Military Police School	The project is in progress.	The project is planned to be completed in April 2014.
Simons Town	Construction of Maritime Warfare Training Centre	The project is in process.	The project is planned to be completed in June 2016.
Murray Hill	Special Forces School: Development of master plan	The master plan is completed.	The next phase of the project will commence in 2014.
Elandsfontein	Upgrading of selected facilities. (Works Formation Training School)	The project is in the planning and design phase.	NDPW has not yet activated the project.

Location	Project Description	Progress Status	Expected Completion Date
Pretoria	Lightning conductors / detectors at SADIC	The project is in the planning and design phase.	NDPW has not yet activated the project.
Nelspruit	Nelspruit: Replacement of kitchen equipment	The project is in process.	The project is planned to be completed in April 2014.
Saldanha	Construction of Military Skills Development System accommodation at Saldanha	The project is in the planning and design phase.	NDPW has not yet activated the project .
Various	Demolition of infrastructure	The project is in the approval phase by NDPW. The NDPW has not initiated the demolition of the Free State Facilities although the tender is already approved and funded.	NDPW has not yet activated the project.

Plans to Close Down or Downgrade Current Facilities.

The Logistics Division has no current plans to downgrade or close down any facility indicated on the Immovable Asset Register of the DOD.

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

Developments Relating to the Above that are Expected to Impact on the DOD’s Current Expenditure. The fact that maintenance is deferred, and the resultant continuous deterioration of facilities before maintenance projects start in earnest, will result in a huge negative impact on the DOD’s expenditure.

MAINTENANCE

The Actual Maintenance Expenditure. On normal maintenance expenditure the National Department of Public Works (NDPW) spent Rm 77 out of a total allocation of Rm 84 which represents a 91% expenditure.

Addressing the Maintenance Backlog. Only 47% of the budgeted amount was spent on refurbishment projects which had the effect that the backlog grew during the reporting period.

ASSET MANAGEMENT

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

Asset Register. Immovable Assets Register was verified by the DOD during the year under review. The register was updated with the verified information.

State of Capital Stock. Immovable assets were 1% good, 38 % acceptable, 55% fair, 4% poor and 2% very poor.

Major Maintenance Projects undertaken during the FY2013/14. Major maintenance projects that have been undertaken during the FY2013/14 are reflected in Table 3.11.

Table 3.11: Major Maintenance Projects Undertaken during the FY2013/14

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

Projects Carried Forward

Details of projects carried forward to the FY2013/14 from previous reporting year are reflected in Table 3.12 below.

Table 3.12: Projects Carried Forward from the FY2012/13 to the FY2013/14

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

New Projects to Commence in the FY2014/15

Details of projects that were planned to commence during the FY2013/14 are reflected in Table 3.13 below.

Table 3.13: New Projects planned to commence in the FY2013/14

Location (Province)	Project Description
Gauteng	Refurbishment of Thaba Tshwane B Mess (in process)
Eastern Cape	Refurbishment of 14 SA Infantry Battalion (not yet commenced)
Western Cape	Refurbishment of 9 SA Infantry Battalion (not yet commenced)
Free State	Refurbishment of School of Armour (not yet commenced)
Gauteng	Refurbishment of Boekenhoutskloof sewerage (not yet commenced)
Limpopo	Refurbishment of Air Force Base Hoedspruit (base and flood damage) (in process)
Western Cape	Refurbishment of Air Force Base Overberg (Test Flight Development Centre – TFDC) (in process)
Western Cape	Refurbishment of Simon's East Yard (in process)
Western Cape	Refurbishment of Simon's Town Mountain Klaver Vallei (not yet commenced)
Western Cape	Refurbishment of SAS Wingfield (not yet commenced)
KwaZulu-Natal	Refurbishment of SAS Salisbury Island (in process)
Gauteng	Refurbishment of Lyttelton Complex (7 Med/SA Communication Service Agency) (not yet commenced)
Gauteng	Refurbishment of Tech Base Complex (Technical Service Unit/Vehicle Research Park/8 Med) (not yet commenced)
Limpopo	Refurbishment of Lephalale (South African Military Health Service (SAMHS) military training area) (in process)
Free State	Refurbishment of Military Health Training Service (MHTS) at Bloemfontein (planning)
Western Cape	Refurbishment of Hebron Village (not yet commenced)
Western Cape	Refurbishment of 18 Married Quarters Langebaan (not yet commenced)
Limpopo	Refurbishment of 35 Married Quarters Duplex (Phalaborwa) (not yet commenced)
Western Cape	Refurbishment of 10 km road resurface at Langebaan (not yet commenced)
Gauteng	Refurbishment of 2 km road resurface at Swartkop (not yet commenced)
Gauteng	Refurbishment of South African Defence Intelligence College/resurface all roads (not yet commenced)
Gauteng	Refurbishment of Garrison Finance Office (in process)
Western Cape	Refurbishment of Youngsfield Finance Office (completed)
Eastern Cape	Refurbishment of Mthatha Finance Office (in process)
Eastern Cape	Refurbishment of Grahamstown Finance Office (in process)
Eastern Cape	Refurbishment of GSB PE Finance Office (in process)
Western Cape	Refurbishment of Military Academy (in process)
Gauteng	Refurbishment of Defence College (in process)
Western Cape	Refurbishment of the Castle in Cape Town (in process)

Tendering Processes. National Treasury compliant procurement processes were followed by the department.

User Immovable Asset Management Plan (UAMP). The UAMP for the financial years 2014 to 2018 was submitted to the NDPW and the National Treasury during September 2013, for inclusion into the national budgetary programme. The UAMP is the management tool utilised by the department to make informed decisions regarding immovable asset management.

The UAMP assisted the department in making informed decisions regarding immovable asset management. The user immovable asset management plan has ensured the following:

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

DOD LONG-TERM INFRASTRUCTURE AND CAPITAL PLAN

Table 3.14 provides feedback in respect of the DOD Long-term Infrastructure and Capital Plan for the FY2013/14.

Table 3.14: DOD Long-term Infrastructure and Capital Plan for the FY2013/14

	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Output	Project stage	Project cost			Appropriation		
				2009/10	2010/11	2011/12	2012/13	2013/14
				R'000	R'000	R'000	R'000	R'000
Departmental infrastructure								
Capital								
Rebuilding of runway at Air Force Base (AFB) Waterkloof	Ripping up of existing unserviceable runway, excavation and ground works for new runway, construction of new runway and tar macadam placed, and installation of runway lighting	Construction		402.1	180	294.4	159.6	10.5
Upgrading of medical health facilities	Construction of examination rooms, operating theatres, administration sections, wards, and mechanical systems like gas, oxygen, water, and fire detection and prevention	Construction		–	43.5	31.3	237.1	139.5
Construction of boat park	Construction of store facilities for boats, mechanical workshops to repair boats, administration section to do planning and rest areas for personnel	Construction		–	30.5	38.4	7	–
Construction of training facilities	Construction of facilities for functional training, like offensive building penetration or defensive building protection, artisan training, like electrical, electronic and construction, and vehicle driving skills	Various		–	7.5	3.2	217.9	–
Upgrading of infrastructure for disabled members	Upgrading of offices, workshops and pathways by constructing ramps, installation of water closets, hand wash basins, and enlarging of toilet cubicles	Various		–	0.2	3.2	0.5	0.4

DEPARTMENT OF DEFENCE

	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Output	Project stage	Project cost			Appropriation		
				2009/10	2010/11	2011/12	2012/13	2013/14
				R'000	R'000	R'000	R'000	R'000
Upgrading of kitchens	Upgrading six kitchens, and preparation of floors, walls and ceilings to accommodate the new equipment	Various		-	-	7.2	0.8	-
Construction of security	Installation of security fences, gates, burglar bars, lights and monitor systems	Various		-	-	9.8	0	12.3
Construction of ammunition storage facility	Construction of buildings to comply with legislation on the storage of ordnance	Construction		-	8.3	1.1	4.7	-
Construction of living accommodation	Construction of single and married houses and flats for military personnel	In process		-	-	-	2.2	35.6
Construction of office accommodation	Construction of new office accommodation, comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery and site works	Identification		-	-	0.3	0.6	-
Construction of hangars	Construction of two hangars to comply with legislation on the storage of ordnance	Identification		-	-	-	-	-
Fences and Gates		In process						0.3
Workshops and Stores		In process						0.4
Electricity and Generators		In process						0.2

	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Output	Project stage	Project cost			Appropriation		
				2009/10	2010/11	2011/12	2012/13	2013/14
				R'000	R'000	R'000	R'000	R'000
Maintenance								
1 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Construction		81.6	140.7	-	12	-
AFB Waterkloof		Identification		48.2	12.7	-	2.4	-
35 Engineer Support Regiment		Identification		41.6	11.9	3.5	-	-
2 Military Hospital		Construction		14.8	46.6	78.6	73.8	142.8
4 SA Infantry Battalion		Construction		48.1	26.1	44	13.4	2.9
Naval Dockyard Simons Town		Tender	339.5	5.6	54.5	131.4	89.7	13.8
21 SA Infantry Battalion		Construction	466.2	1.1	76.6	183.9	57.7	33.8
10 SA Infantry Battalion		Construction	246.6	1.5	41.1	98.6	21.6	33.1
A-Mess Thaba Tshwane		Construction	88.8	-	13.9	44.4	0.6	3.2
1 SA Infantry Battalion		Construction	25.5	0.5	-	-	0.05	3.3
4 Artillery Regiment		Construction	35.2	1.4	-	-	0.007	-
6 SA Infantry Battalion		Design	199.4	4.6	-	-	-	1.4
8 SA Infantry Battalion		Construction	244.3	1.1	-	-	-	85.8
School of Artillery		Design	63.4	0.9	-	-	-	-
1 Parachute Battalion		Identification	7.9	0.2	-	-	-	-
10 Anti-Aircraft and Air Defence Artillery School		Design	225.1	2	-	-	-	-
44 Parachute Regiment		Design	31.5	0.8	-	-	-	-
School of Engineers	Construction	131.0	1.2	-	-	-	1.0	
2 Field Engineering Regiment	Construction	95.8	1.1	-	-	0.001	0.5	

DEPARTMENT OF DEFENCE

	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Output	Project stage	Project cost			Appropriation		
				2009/10	2010/11	2011/12	2012/13	2013/14
				R'000	R'000	R'000	R'000	R'000
South African Army Combat Training Centre (including 16 Maintenance Unit)		Construction	893.6	4.3	38.4	85.1	0.6	57.5
1 Special Service Battalion		Design	28.7	0.6	-	-	-	0.9
7 SA Infantry Battalion		Identification	157.2	2	-	-	-	-
South African Army office, Dequar Road		Identification	186.4	-	-	-	-	-
South African Air Force Blenny Complex		Identification	226.1	-	-	-	20	-
Boekenhoutkloof Communication Facility		Identification	47.1	-	-	-	-	-
Rooiwal Communication Facility	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	47.1	-	-	-	-	-
SAS Saldanha		Identification	165.7	-	-	-	-	-
Military Veterinary Institute		Identification	73.5	-	-	-	-	-
3 SA Infantry Battalion		Identification	90.0	-	-	-	-	-
121 SA Infantry Battalion		Identification	96.8	-	-	-	-	-
1 Tactical Intelligence Regiment		Identification	130.6	-	-	-	-	-
AFB Bloemspruit		Identification	630.3	-	-	-	-	-
9 SA Infantry Battalion		Identification	314.2	-	-	-	-	-
Military Police School		Identification	87.0	-	-	-	-	-
Military Base Mussina		Identification	42.6	-	-	-	-	-
Fort Ikapi (Scorpio)		Identification	14.5	-	-	-	-	-
Refurbishment of the official residence of CSANDF		Completed	0.2	-	-	-	0.2	-

	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Output	Project stage	Project cost			Appropriation		
				2009/10	2010/11	2011/12	2012/13	2013/14
				R'000	R'000	R'000	R'000	R'000
Payment of a SAMHS Project wrt the building of a Medical Health Base at Salvokop (Pretoria)		Completed	109.1	-	-	-	4	-
Additional projects to be added to the DOD Long-term Infrastructure and Capital Plan for the FY2013/14								
Military Academy		Completed	82.1	-	-	-	-	3.0
B-Mess		Completed	49.3	-	-	-	-	0.8
AFB Overberg		Completed	180.0	-	-	-	-	0.2
Castle		Completed	45.3	-	-	-	-	1.6
Kimberley Transport Park		Completed	5	-	-	-	-	1.1
AFB Waterkloof Single Quarters		Completed	28	-	-	-	-	0.7
AFB Hoedspruit Infrastructure		Completed	152.6	-	-	-	-	1.9
AFB Waterkloof Refurbishment		Completed	81.0	-	-	-	-	0.3
14 SA Infantry Battalion		Completed	43.9	-	-	-	-	0.8
SAAF Refurbishment (Several)		Completed	55.0	-	-	-	-	1.5
Total			8 945.1	665.3	732.5	1 058.4	926.6	591.3

CHAPTER 4

PROGRAMME I: ADMINISTRATION

Introduction

The Defence Administration Programme is aimed at facilitating the overall management of the Department. The Defence Administration Programme provides services in the form of Ministerial direction emanating from the office of the Minister of Defence and Military Veterans as well as departmental direction from the office of the Secretary for Defence and Chief of the South African National Defence Force (C SANDF). The following Sub-programmes form part of the Defence Administration:

- Ministerial Direction
- Departmental Direction
- Government Information Technology Officer (GITO)
- Policy and Planning (Defence Policy, Strategy and Planning)
- Financial Services
- Acquisition Services (Defence Matériel)
- Defence Supply Chain Integration
- Defence International Affairs
- Human Resource Support Services
- Legal Services

In addition, the following Sub-programmes of the Defence Administration Programme fall within the responsibilities of the C SANDF:

- SANDF Command and Control
- Military Policy, Strategy and Planning Office
- Inspection Services
- Communication Services
- Corporate Staff Office
- Religious Services
- Defence Reserve Direction
- Defence Foreign Relations

Purpose of the Programme

The Defence Administration Programme coordinates the Department's overall management, administration and policy development.

Outputs

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

SUB-PROGRAMME: MINISTERIAL DIRECTION

Purpose of the Sub-programme

The Ministerial Direction Sub-programme provides political direction for the DOD, to ensure the defence of South Africa by meeting the required defence commitments and providing appropriate defence capabilities.

Overview

In the year under review, the Minister of Defence, as the Executive Authority of the department, continued to uphold and fulfil the DOD's mandate, as spelt out in the Constitution. The DOD's mandate is to defend and protect the sovereignty and the territorial integrity of the Republic. The Defence Ministry's primary responsibility is to provide political direction for the DOD by contributing to global peace, security and stability through the deployment of the SANDF in missions and pursuing defence diplomacy.

In the period under review, the SANDF continued to participate in the United Nations Peace Support Operations in the DRC (Operation MISTRAL) and the United Nations / African Union Hybrid Peace Support Operation in Sudan (Op CORDITE). The Minister has ensured that all these missions are undertaken under the legally required political authorisation and are fully accounted for.

In the FY2013/14, in compliance with the 2009 Cabinet decision on the SANDF's return to the border safeguarding function, the Minister continued to ensure political

direction for the effective deployment of the SANDF to the borders of Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West provinces.

In order to ensure that the service conditions of the SANDF are always taken care of, the National Defence Force Service Commission (NDFSC) was legally appointed during the reporting year, and it is currently fully operational. The role of the NDFSC is to improve the service conditions of the SANDF members which include accommodation, grievance resolution, discipline, remuneration and conditions of service in recognition of associated hardships inherent in the military.

The Minister directed the establishment of the Office of the Military Ombud in the FY2011/12, and its structure and legislative mandate was completed by the FY2012/13. In the reporting year, the Office of the Military Ombud was fully operational. The Office is responsible for providing independent, impartial and expeditious investigations and resolution processes for complaints in respect of conditions of service for members and former members of the SANDF.

The welfare of the South African military veterans was placed high on the agenda of DOD priorities. In the FY2013/14, the Minister facilitated the government's initiative to provide free health care for former soldiers. The provision and distribution of health access cards to military liberation struggle veterans commenced in several provinces. All eligible military veterans are able to access health services free of charge at military hospitals and sickbays.

Under the direction of the Minister, the SANDF played a significant role during the funeral of the late former President Dr. Nelson Rolihlahla Mandela, in terms of the provision of the necessary security and health support throughout the mourning period, as well as the final burial. The event was conducted with the necessary decorum and dignity it deserved.

The Minister ensured that the DOD actively participated in activities relating to the Arms Procurement Commission (Seriti Commission) which was constituted by the State

President to look into the 1990 Strategic Defence Packages. To that end, the DOD presented evidence before the Commission to demonstrate the regularity of the processes undertaken by the DOD in this acquisition.

In ensuring the sound administration and management of the DOD, the Minister established a formal strategic management forum with the members of the SANDF general staff and flag officers to discuss issues affecting the SANDF, the security of the country and change management within the DOD. Furthermore, in support of DOD diplomatic efforts, the Minister established an annual forum of engagement with defence attachés.

In the area of defence policy, the Defence Review Committee was mandated by the Minister to look critically at South Africa's defence policy following the request from government to revise the 1998 White Paper on Defence. The Defence Review Committee presented its report to Cabinet on 19 March 2014 and Cabinet approved it. Subsequent to this, the Defence Review report was tabled in Parliament. The DOD is currently developing an implementation plan in this regard.

In a bid to retain and improve the SANDF's medical health capability, the Minister appointed a Ministerial task team in March 2014. Thirteen areas were identified for investigation in the Terms of Reference. These included, amongst others, staffing levels, reasons for resignations and the state of medical equipment in military hospitals. The Ministerial Task Team's final report is to be submitted to the Minister for consideration and action during the FY2014/15.

At the end of the FY2013/14, the Minister announced the appointment of the new Armscor Board of Directors. The term of the outgoing Board of Directors ended in April 2014. The new Board of Directors assumed office on 01 May 2014.

Office of the Military Ombud

The Office of the Military Ombud has been established in the Office of the Minister, in order to provide advice for the Minister on the conditions of service of the SANDF members. The role of this office is to investigate and

Table 4.1 Military Ombud Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
To investigate and ensure that complaints are resolved in a fair, economical and expeditious manner	Office of the Military Ombud status	Office fully functional and recommendations to the MOD&MV	Office fully functional	Achieved

ensure that complaints in the DOD are resolved in a fair, economical and expeditious manner.

Table 4.1 above provides details of the Office of the Military Ombud outputs, performance indicator and target as specified in the Defence Secretariat Annual Performance Plan (APP) FY2013/14.

SUB-PROGRAMME: DEPARTMENTAL DIRECTION

Purpose of the Sub-programme

The Departmental Direction Sub-programme provides departmental direction for the DOD to ensure the effective, efficient and proper conduct of defence activities in accordance with legislation and policy. The Secretary for Defence is the Accounting Officer and the Principal Policy Advisor to the Minister of Defence and Military Veterans. The Secretary for Defence, in conjunction with the Chief of the SANDF, guides the provision of strategic direction for the DOD.

Overview

In the period under review, the main responsibilities of the Secretary for Defence remained to provide strategic direction for the DOD through various governance activities and interventions. These included timeous decision-making on strategic matters, effective management and processing of documents, attendance of Director-Generals' meetings and chairing of DOD command bodies meetings. The Secretary for Defence has also ensured that the DOD maintains and implements all the Minister of Defence and Military Veterans, Cabinet, Parliament and Cluster decisions, applicable to the DOD for accountability purposes.

During the period under review, the DOD was actively involved in the government clusters, namely the International Cooperation, Trade and Security (ICTS) Cluster, as the cluster secretariat, Justice, Crime Prevention and Security (JCPS) Cluster, Government and Administration (G&A) and, Economic and Skills Cluster as part of the Government Programme of Action. In collaboration with other organs of state, the DOD contributed substantially towards the achievement of national priorities and provided progress reports on obligations arising from Clusters.

The Secretary for Defence played an active role in the area of defence diplomacy. The DOD engaged in a number of activities, including visits, hosting and servicing various

standing international legal instruments such as the Bi-national Commissions, Defence Cooperation Agreements and Memoranda of Understanding (MOUs) with various countries, including the Democratic Republic of Congo, India, France, Italy, Finland, Botswana, Mozambique, Tanzania, Senegal, South Sudan, Namibia, Angola, Niger, Ghana, Zimbabwe, Equatorial Guinea, the United States, United Kingdom and People's Republic of China.

In support of the of the National Conventional Arms Control Committee (NCACC) arms transfer regulation mandate, the Secretary for Defence ensured the provision of an effective administrative and secretariat capability. The application of this capability realised the regular licensing of conventional arms transfers as well as accountability for such arms transfers.

Furthermore, the Secretary for Defence ensured that the operational commitments of the DOD were authorised by Cabinet and the President, as required by the Constitution, national legislation and the Handbook on the Executive Acts of the President.

In the area of strategic capital acquisition, the focus was placed on acquisition of new equipment and upgrading of existing matériel in line with the requirements of the SANDF. This area has seen the delivery and operationalisation of the military equipment acquired under the Strategic Defence Package. Various projects regarding the upgrading of existing equipment were successfully carried out. The defence matériel acquisition process remains fully accounted for as required.

During the year under review, the DOD managed to reduce audit qualifications on asset management from two to one. The DOD was qualified only on intangible capital assets.. During the FY2012/13 audit process, the DOD did not receive an exemption on disclosure as in the FY2011/12 and was thus qualified on moveable tangible and intangible capital assets. This improvement was due to action plans and various initiatives that the DOD implemented to reverse this asset qualification.

SUB-PROGRAMME: GOVERNMENT INFORMATION TECHNOLOGY OFFICER (GITO)

Purpose of the Sub-programme

The Government Information Technology Officer is responsible for the strategic governance of the Defence Enterprise Information System. The Division seeks to ensure the delivery of effective and efficient information

and communication system strategic direction, in order to manage Department of Defence information as a strategic resource and provide guidelines to ensure that correct, accurate and quality information is distributed securely to support decision-making in achieving the department’s objectives.

Overview

During the period under review, the Defence Enterprise Information System Management (DEISM) Division has achieved all the core outputs as captured in the Defence Secretariat Annual Performance Plan for 2013.

The Department of Defence’s Information Strategy, promulgated in 2010, has been under review during this reporting period and is due for promulgating again during the FY2014/15.

The Defence Information and Communication Systems Interoperability Standards are constantly reviewed and developed to ensure alignment with government prescripts, international best practices and integrated departmental information and communication technology systems in support of effective and efficient decision-making.

The Information and Communication Systems Policy Development Plan ensures that the DOD Information and Communication Systems Policies are aligned with national legislation; as such the Software Asset Management Policy, to mention but one, has been promulgated in support of the Intangible Capital Asset Policy to ensure accurate reporting and management of the department’s software.

The proposed structure of Directorate Promotion of Access to Information was approved during the current reporting period. The implementation and enabling

of the structure is planned to be concluded during the FY2014/15 to address all information requests effectively and efficiently, in accordance with the Promotion of Access to Information Act (2 of 2000).

Table 4.2 below provides details of the GITO Sub-programme outputs, performance indicators and targets as specified in the Defence Secretariat APP for the FY2013/14.

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

Purpose of the Sub-programme

The Defence Policy, Strategy and Planning Sub-programme provides the DOD’s defence policy, strategy and planning capability through credible defence policy direction, effective defence strategic management, and secretariat and administrative support for the NCACC.

Overview

In the period under review, the Division achieved all its core outputs as captured in the Defence Secretariat Annual Performance Plan for the FY2013/14. The Division also ensured that in the execution of its outputs, it remained in line with the Medium-term Strategic Framework (MTSF), government priorities, national policy and related prescripts.

The Division provided key personnel to assist the Defence Review process. Members were embedded in the Defence Review Technical Secretariat and the Defence Review Resource Group. The Defence Review was approved by Cabinet on 19 March 2014 for implementation in the DOD.

Table 4.2: GITO Output Details for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
To develop Department of Defence Information and Communication System governance to direct the department to ensure internal and external communication enabling effective and efficient decision-making in achieving departmental goals and objectives	Department of Defence Information Strategy status	Monitor and review	In process of review	Achieved
	Information and communication systems Policy Development Plan	Monitor and review	Monitored and Reviewed	Achieved

The Division effectively and efficiently linked the DOD with identified Government Clusters and executed all Secretariat responsibilities pertaining to the International Cooperation, Trade and Security (ICTS) Cluster at both Director-General and Ministerial level. The Cluster is fully aligned with the Forum of South African Director-Generals (FOSAD) and Cabinet guidelines.

The Division coordinated and edited all Outcome 11 (Creating a better South Africa and contributing to a better and safer Africa in a better world) Programme of Action (POA) Quarterly Reports which included the approval process within the Technical Implementation Forum of DGs and Implementation Forum of Ministers. In accordance with the Presidency (DPM&E) guidelines, the ICTS Secretariat facilitated the Outcome 11 Delivery Agreement review on an annual basis. The ICTS Secretariat also ensured that there was alignment between the DOD and the various Delivery Agreements which the Minister is a signatory to.

During the period under review, the Division prepared and submitted Presidential papers for the employment of the SANDF in various operations and events, according to national prescripts.

The Strategic Planning Framework (SPF), based on National Treasury Regulations and Framework for developing the Strategic Plan (SP) and Annual Performance Plan (APP) has provided the guidelines for the development of the SP and APP in the Department. The DOD Executive Authority Overarching Annual Strategic Statement (EA OASS) for 2013/14 was compiled to anchor the Defence Secretariat and the SANDF APPs. The Planning Instruments for the FY2014/15 were tabled in Parliament on 12 March 2014 and were subsequently presented to the Portfolio Committee on Defence and Military Veterans (PCD&MV).

The DOD has managed to institutionalise performance information management systems in terms of the mandate

Table 4.3: Policy and Planning Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Credible Defence Policy direction	Established DOD Policy Research Capability	Approved Organisational structure	Indicator reassigned to the Office of the Secretary for Defence	<u>Underachieved</u> . The aspect of a Policy Research Capability is being redesigned to encompass the full spectrum of DOD Research.
	Coordinated Defence Engagements in Clusters	Cluster related submissions as defined in the Annual Cabinet Programme	100 %	Achieved
Effective Defence Strategic Management	Tabling of DOD (Defence Secretariat and SANDF) APP in Parliament in line with National Prescripts on Planning	Tabled by February 2014	DOD APP tabled in Parliament in line with National Prescripts on Planning on 12 March 2014	Achieved
	Tabling of the DOD Annual Report in Parliament in line with National Prescripts	Tabled in line with National prescripts	Tabled in line with National prescripts on 30 September 2013	Achieved
	DOD MPAT Assessment Level	Level 3	Level 2.4 obtained	<u>Underachieved</u> . L3 score is challenging in terms of the assessment tool.
	DOD Enterprise Risk Management (ERM) Maturity level	Level 4	Level 5 Excellent progress with the institutionalisation of ERM in the DOD	Achieved

of the DOD from a management and an accountability perspective, through the functions of the Performance Information Core Group. This has been achieved through the development of the DOD performance information plan, the refinement and the improvement of technical datasheets as per the National Treasury Framework and the identification of a need for an integrated strategic management enabler for strategic planning, budgeting and reporting.

The compilation and co-ordination of the DOD Quarterly Performance Reports and the Annual Report for the FY2012/13 were undertaken in line with the statutory requirements for the submission of these performance reports. The Annual Report was tabled in September 2013 and was subsequently presented to the PCD&MV on 15 October 2013 by the Secretary for Defence.

In order to comply with the government initiative to improve service delivery, the DOD participated in the Management Performance Assessment Tool (MPAT) 1.3 self-assessment led by the Department of Performance Monitoring and Evaluation (DPM&E) in the Presidency. The DOD assessment took place at the Defence Staff Council (DSC) of 25 September 2013 and was approved by the Head of Department and submitted to DPM&E on 15 October 2013. The preliminary moderated results were received and challenged during March 2014 and the final results were received in June 2014.

During the reporting period, the DOD achieved an Enter-

prise Risk Management (ERM) rating of five (5) out of six (6) rating scale during the National Treasury assessment in April 2013. This rating indicates that the DOD has an effective risk management system. Furthermore, in ensuring improvement in the maturity level of the DOD ERM, the DOD promulgated the Risk Management Policy (Edition 2) in March 2014.

Table 4.3 provides details of the Policy and Planning Sub-programme outputs, performance indicators and targets as specified in the Defence Secretariat APP for the FY2013/14.

SUB-PROGRAMME: FINANCIAL SERVICES

Purpose of the Sub-programme

To provide a cost-effective financial management service for the Minister of Defence and Military Veterans, the Secretary for Defence and the Chief of the South African National Defence Force within the evolving regulatory framework, by means of a professional representative civilian financial management corps and an appropriate financial management system.

Overview

During the reporting period, the Financial Management Division (FMD) played a pivotal role in ensuring that the DOD upholds the principles of best practice of financial management. The Division ensured an environment

Table 4.4: Financial Services Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
To provide cost-effective financial management service to the DOD with the evolving regulatory framework by means of a professional, representative civilian financial management corps, which is supported by an appropriate financial management system	Defence Fiscal Framework Status	Full Implementation of Defence Fiscal Framework	A draft Defence Fiscal Framework was compiled	<u>Underachieved</u> . The draft Defence Fiscal Framework's status is subject to the implementation of the Defence Review.
	Number of adverse audit findings	0	The DOD received one audit qualification on intangible capital assets	<u>Underachieved</u> . Insufficient documentation available to support figures reported on.
	Approved DOD policy regulating resource unit costing status.	Policy implementation	A chapter – Chapter 6 Costing of the Budget - has been included in the policy – Process, Procedures and Systems for Budget Preparation in the DOD (Fin 11/2000 edition 3)	<u>Underachieved</u> . The policy is still being reviewed by the various Policy Advisers. Once it has been finalised, the policy will be presented for approval by the Policy Board.

in which the prescribed deliverables in the utilisation of resources were in line with the principles in the Public Finance Management Act (PFMA) of efficiency, effectiveness and economy. The Division ensured that all prescribed reporting deliverables were achieved. Financial reports such as the Estimates of National Revenue and Expenditure, Annual and Interim Financial Statements and internal Financial Management Information, such as Roll-overs, Drawings on National Revenue Fund Request, 30 Day Payments, Early Warning Reports on expenditure and cash flow as well as those that are submitted to the National Treasury were submitted on time.

The continued engagements and meetings with the Auditor-General South Africa (AGSA) as well as the regular intervention of Operation Clean Audit Committee (OCA) have contributed towards producing positive annual audit outcomes for the DOD. The monthly OCA meetings are assisting with creating a smooth auditing process.

The Division continues to refine departmental financial processes, systems and policies with a view to ensure alignment with the Public Finance Management Regulatory Framework in order to improve service delivery. However, the continuous delay in the implementation of the Integrated Financial Management Systems (IFMS) together with a lack of appropriate technical support for the legacy Financial Management Systems (FMS) is a serious threat to sound financial management. This hampers the FMD in its quest to provide credible, accurate and timely management information for reporting and decision-making. The finalisation of the restructuring of the finance function will provide stability and improve service delivery.

Table 4.4 provides details of the Financial Services Sub-programme output, performance indicators and targets specified in the Defence Secretariat APP for the FY2013/14.

SUB-PROGRAMME: ACQUISITION SERVICES (DEFENCE MATÉRIEL)

Purpose of the Sub-programme

The Acquisition Services Sub-programme optimally directs and manages the acquisition of DOD specified matériel and technology requirements by means of competent personnel within the allocated budget and in accordance with policies and prescripts.

Overview

Based on the South African National Defence Force (SANDF) priorities, combined with the prevalent industrial capability as well as the particular status of individual projects, update and renewal projects were scheduled within the limits of the Medium Term Expenditure Frame-

work (MTEF) allocation agreed upon for weapon systems and technology development.

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

- **New Generation Infantry Combat Vehicle for the SA Army.** The contract for the New Generation Infantry Combat Vehicle was placed with Denel Land Systems in September 2013. This contract represents the most significant Defence contract ever signed with a South African company. The SANDF ordered 238 "Badger" vehicles and will have the full fleet by the year 2022.
- **Replacement of Tugs for the SA Navy.** A contract for two harbour tugs and logistic support for the SA Navy was placed in January 2014. The first tug is due to be delivered on 03 March 2015 and the second tug on 03 January 2016.
- **Umkhonto Missile Firing.** The DENEL Dynamics arranged an UMKHONTO missile firing in October 2013 at the Overberg Test Range for international marketing purposes. At this firing experimental technology demonstrators were successfully integrated as part of the firing. This opens the path for considering a combination of these technologies as a Ground Based Air Defence System for the SANDF.

The most prominent challenge encountered during the period under review was major non-expenditure / under-performance of projects. This can mainly be attributed to delays in the approval of project milestone documents, delays in the placement of contracts by Armscor and non-performance by defence industry.

In order to optimise the acquisition process and turnaround times, a comprehensive appreciation regarding the current acquisition process was done. An Acquisition Improvement Plan has been compiled and in August 2012 an Acquisition Improvement Workshop, chaired by the Deputy Minister, was held. A report was drafted which contained 10 recommendations and was supported by the Plenary Defence Staff Council of December 2012. During the Council of Defence of 21 January 2014, the Minister approved these recommendations in principle. A directive in this regard is currently being drafted, whereafter all parties concerned are to pursue the implementation of the recommendations made by the Acquisition Improvement Workshop.

The Defence Policy Board recommended the newly drafted Policy on the Management of Defence Intangible Capital Assets (ICA) on 07 March 2014. The policy has subsequently been approved.

Table 4.5: Defence Matériel Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
Acquisition Services	Strategy on Defence Industry Status	2 nd and 3 rd Draft SA Defence Industry Strategy	Process on hold	<u>Underachieved</u> . The drafting process of the Defence Industry Strategy has commenced and gone through several stages of stakeholder consultation on the way forward; but is currently on hold to allow for the constitution of the Defence Industry Council under the chairmanship of the Deputy Minister to be promulgated.
	Percentage (%) Budget Allocation for the Renewal of DOD Main Equipment ¹	30%	10% allocation received	<u>Underachieved</u> . According to National Treasury Medium term Budget Allocations to Departments as well as Accounting Officer's Departmental Budget Allocations in terms of Personnel, Operating and Capital expenditure.
	Defence Intangible Capital Asset (ICA) Policy	Continuous management and monitoring of ICA	The ICA DODI was recommended by the Defence Policy Board on 07 March 2014 and subsequently approved on 19 May 2014.	Achieved
	Percentage (%) Budget Allocation for Technology Development ²	10%	13% of allocation received	<u>Overachieved</u> . According to National Treasury Medium term Budget Allocations to Departments as well as Accounting Officer's Departmental Budget Allocations in terms of Personnel, Operating and Capital expenditure.

The Defence Matériel Division generally achieved its targets for the FY2013/14 according to the set performance measures.

Table 4.5 provides details of the Defence Matériel Sub-programme outputs, performance indicators and targets as specified in the Defence Secretariat APP for the FY2013/14.

SUB-PROGRAMME: DEFENCE SUPPLY CHAIN INTEGRATION

Purpose of the Sub-programme

The Defence Supply Chain Integration Division Sub-programme conducts governance on Defence Matériel in accordance with Government policy and strategies.

Overview

The performance of the Defence Supply Chain Integration Division is managed on behalf of the Accounting Officer in compliance with the dictates of the Public Finance Management Act (PFMA) in matériel related oversight duties. The Division is accountable and reports directly to the Secretary for Defence. It ensures that it supports the vision, mission and corporate values of the DOD, as well as the broad strategies, programmes and objectives on governance.

During the period under review, the Division recorded the following highlights:

It ensured improvement in the supply chain process in the DOD, which resulted in a reduction of negative audit findings.

¹ Performance Indicator has been revised for the FY2014/15 to read as follows: Percentage Armament Acquisition Commitments approved.

² Performance Indicator has been revised for the FY2014/15 to read as follows: Percentage Technology Development Commitments approved.

It supported the Minister during the official international visits to Brazil, India and China (BRICS countries).

It also supported the South African Defence Industry by means of visits to foreign countries with a view to attracting business opportunities. These included visits to Tanzania, Brazil, Russia and China. The effort has benefited the country by way of supporting the objective to build economic and social infrastructure.

The National Defence Industry Council chaired by the Deputy Minister of Defence and Military Veterans was established during the reporting period. The Council is the highest consultative body that brings together the Defence Industry, DOD, Armscor and related stakeholders to discuss industry-related progress, challenges and to map the way forward.

A successful Defence Industry Day was conducted at the Council for Scientific and Industrial Research (CSIR) on 19 September 2013. The Deputy Minister of Defence and Military Veterans addressed the audience. Presentations for the day included, amongst others, the South African Defence Industry (SADI) strategic perspective on resolutions from the previous Industry day, strategic focus on Armscor, arms control issues, Industrial Policy and Action Plan (IPAPA) and industry support Initiatives.

Table 4.6 below provides details of the Defence Supply Chain Integration Sub-programme output, performance indicators and targets as specified in the Defence Secretariat APP for the FY2013/14.

SUB-PROGRAMME: DEFENCE INTERNATIONAL AFFAIRS

Purpose of the Sub-programme

The Defence International Affairs Sub-programme formulates and provides policy advice on the determination and conduct of Defence Foreign Relations and the attendant Defence diplomatic engagement and

ensures that such a policy accords with the evolving and emerging foreign policy of the country.

Overview

The Defence International Affairs (DIA) Division is mandated to provide policy related products and strategic direction relating to defence bilateral and multilateral relations as well as to provide advice and support on the formulation of international legal instruments in accordance with government’s foreign policy priorities.

The Division provided products in the form of bilateral and multilateral agreements with South Africa’s foreign allies and international organisations. In order to ensure that the DOD’s conduct of international relations accords with emerging government policy, the Division coordinated several departmental meetings to prepare properly for the successful convening of bilateral engagements with foreign partners. The Division also coordinated and supported South Africa’s international relations policy through participation in Department of International Relations and Cooperation (DIRCO) led meetings and activities. The activities of the Division included policy support to the Minister on international engagements by providing background policy briefing documents.

The Division facilitated the processing and signing of the Defence Cooperation Agreement / Memoranda of Understanding (MOU) in respect of the amendments to the MONUSCO MOU to accommodate the RSA Infantry Battalion to the Force Intervention Brigade in the Eastern Democratic Republic of Congo, including the provision of aviation assets.

The Division led the co-ordination of the DOD’s participation in Bi-national Commissions including Ghana, Botswana, India, Namibia, Niger and Senegal, and the Joint Cooperation Commissions and SADC forums such as an Inter-state Defence and Security Committee (ISDSC) and bilateral structures such as IBSA. In addition, the Division was instrumental in convening

Table 4.6: Defence Supply Chain Integration Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
To conduct governance on Defence Matériel in accordance with government policy and strategies.	White Paper on Defence Industry Status	Approved Chapter on White Paper on Defence Industry Status	The White Paper on Defence Industry was approved as Chapter 15 of the Defence Review	Achieved

Table 4.7: Defence International Affairs Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
To manage all defence international affairs and related activities	DOD Foreign Relations Strategy Status ³	Monitor Implementation ⁴	The draft policy has been completed and is undergoing consultation	<u>Underachieved</u> . Monitoring the implementation of DOD Foreign Relations Strategy will commence once the policy is approved.
	Percentage (%) deployments including training exercises, where applicable, supported with appropriate legal instruments	100%	100%	Achieved

as well as ensuring effective participation of the DOD in bilateral engagements with countries such as the United Kingdom, Tanzania, Zimbabwe, Mozambique, Angola, the Democratic Republic of Congo and the United States of America.

Table 4.7 provides details of the Defence International Affairs Sub-programme output, performance indicators and targets specified in the Defence Secretariat APP for the FY2013/14.

SUB-PROGRAMME: HUMAN RESOURCE SUPPORT SERVICES

Purpose of the Sub-programme

The Human Resource Support Services provide full human resource support services for the DOD and the National Defence Force Service Commission functions.

Overview

In the year under review, the Human Resources Division accomplished most of its planned objectives during the FY2013/14 and can reflect on a number of achievements some of which are highlighted below as follows:

- **Consolidation of Service Conditions.** In order to ensure that the service conditions of the SANDF are always taken care of, a permanent National Defence Force Service Commission was legally established, appointed and is currently fully operational.
- **Non-Statutory Forces (NSF) Pension Dispensation.** The implementation of this revised dispensation brought equity between the NSF members with former SADF members. The Government Employees Pension Fund (GEPF)

rules for the revised dispensation were approved and paved the way for implementation.

- **Reactivation of the DOD Grievance Board.** The reactivation of the DOD Grievance Board took effect from July 2013 and has resulted in a significant improvement in terms of finalising grievances within the DOD.
- **National Youth Service Programmes (NYSP).** Three National Youth Service Programmes were successfully conducted; two intakes at 3 SAI Bn and one intake at SAS Saldanha with a total number of 2 158 learners. This reflects an over-achievement within the HR Division's planned target of 2 000 learners for the FY2013/14. The success related to the NYSP was due to excellent liaison with the Department of Rural Development and Land Reform and the Presidency that was established.
- **Human Resource Charter.** The continued implementation of the DOD's Human Resource Charter ensured professional human resource services in all domains of the human resource value chain.

During the period under review, the Human Resources Division also experienced a number of challenges, which included:

- **Policy and Procedures on Incapacity Leave and Ill-health Retirement (PILIR).** Even though the contract concerning the Policy and Procedures on Incapacity Leave and Ill-health Retirement (PILIR) with the new service provider, namely SOMA, has been finalised, the Department was faced with a backlog of cases due to the prolonged court case. These cases occurred over the period 01 January 2013 to 31 October 2013 and might lead to

³ Policy will be developed by Defence International Affairs, whereas the Strategy should be developed by Defence Foreign Relations.

⁴ The order is: policy – strategy – implementation – monitoring.

Ministerial enquiries, court cases and grievances. The matter has been referred to the Department of Public Service and Administration (DPSA) for intervention.

- **DOD Human Resource (HR) Information Technology (IT) System.** The lack of an integrated DOD HR IT system as well as the aging PERSOL system had a negative effect on the HR value chain.

Table 4.8: Human Resource Support Services Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
HR strategic direction and policy to the DOD	Number of MSDS members in the system per year	4 208	7 005	<u>Overachieved.</u> The planned number of MSDS was lower than the actual members on strength during the financial year due to planning targets for MSDS being lowered as a result of NT cuts, but subsequently increased by Services with the necessary changes to plan.
	DOD HR Retention Strategy status.	Monitor (Implementation).	Not yet approved. Draft strategy was withdrawn as it now forms an integral part of the DOD HR Overarching Strategy and HR Charter	<u>Underachieved.</u> Refining of draft separate Strategy was withdrawn as the DOD HR Retention aspects form an integral part of the DOD HR Overarching Strategy and HR Charter.
	DOD HR Performance Management System status.	One (1) comprehensive system implemented and reviewed	One (1) comprehensive system implemented and reviewed	Achieved
	Defence Force Service Commission status.	Impact assessment reviewed	Fully Functional	Achieved
	Percentage of DOD collective grievances and disputes resolved.	80%	87% (27 of 31 collective grievances were resolved)	<u>Overachieved.</u> The nature of the collective grievances or disputes allowed for the target set in this regard to be overachieved.
	Percentage of PSAP disciplinary cases finalised within 90 days in the DOD	80%	29% (58 of 203 within 90 days) However, in total 76% (203 of 268 were finalised during FY2013/14)	<u>Underachieved.</u> The complexity of some of the PSAP disciplinary cases as well as the procedures with regard to the involvement of chairpersons and department representatives from the respective Services and Divisions does not always allow finalisation within the required time frame.
	% Compliance with planned staffing of funded posts	90% (69 585)	113% (78,864)	<u>Overachieved.</u> The translation of more than planned MSDS to the CSS in Jan 13 resulted in the DOD strength above the planned strength. The business rule was also changed to read 100% for the FY2014/15.
	Armed Forces Day policy framework	Monitor (Implementation)	Draft finalised, but not yet approved	<u>Underachieved.</u> The final consultation process with Services and Divisions so as to ensure full participation before commencing with the approval process took longer than anticipated.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
HR management service to the DOD.	Percentage achievement of signed and submitted performance agreements by DOD SMS members	100%	88%	<u>Underachieved.</u> Not all SMS members complied with the target date. The matter was elevated to C SANDF as statistics are presented to the PDSC on a monthly basis. Monthly reporting of status to the AMC, PASC and MCC meetings was also undertaken.
	Percentage compliance with annual submission and recording of SMS financial disclosures.	100%	92%	<u>Underachieved.</u> Not all SMS members complied with the target date. The matter was elevated to C SANDF as statistics are presented to the PDSC on a monthly basis. Monthly reporting of status to the AMC, PASC and MCC meetings is also undertaken.
Directed, orchestrated and controlled HR development for the DOD.	Human Resource Development Strategy and Plans status.	Strategy piloted	Strategy 100% piloted	Achieved
	Percentage DOD skills audit completion status.	75% Completed	100% Completed	<u>Overachieved.</u> Project HR Connect was completed earlier than planned and handed over to CD Human Resource Management on 25 th Oct 2013.
	Number of PSAP attending training programmes	2 587	1 716	<u>Underachieved.</u> Opportunities to attend Training Programmes were not fully utilised by PSAP members.
	Number of NYS programme participants trained per year	2 000	2 158	<u>Overachieved.</u> Owing to the capacity available, additional NYS participants (158) were trained during the FY2013/14.

Table 4.8 provides details of the Human Resource Support Services Sub-programme outputs, performance indicators and targets specified in the Defence Secretariat APP for the FY2013/14.

SUB-PROGRAMME: DEFENCE LEGAL SERVICES

Purpose of the Sub-programme

The Defence Legal Services provides professional, legitimate and deployable defence legal services and support commensurate with the needs of the DOD.

Overview

The reporting period saw the Defence Legal Services Division (DLSD) making significant progress. At

present the Division is finalising the staffing of all newly established posts. Further structural expansion of the DLSD is envisaged in the next financial year.

The Division effectively rendered legal support in the form of operational advice and support to the DOD and SANDF with regard to legal advice, operational support, civil litigation, legal opinions, the drafting of international instruments (i.e. Status of Forces Agreements (SOFAs) and Memoranda of Understanding (MOUs)), Presidential Employment Papers, Inter-departmental Cooperation Agreements and negotiation support. The Division complied with the timelines and quality in which these are managed.

The Military Defence Council complied with all 260 requests for assistance that were received during the reporting year. The Military Judicial Reviews received

1 664 new cases and attended to 1 898 cases. 14 Court of Military Appeals (CMA) cases were received, 26 CMA cases were scheduled and 11 CMA cases were reviewed. Furthermore, the Division provided a Military Prosecution service for 464 nolle prosequi, conducted 510 preliminary investigations, attended to 781 Boards of Inquiry, received 1 018 Military Police dockets and processed them. Furthermore, the Division complied with plans and procedures in respect of military judges, presiding officers and assessors within the provisions of current legislation. The average hours spent by military judges in court were 315.26 hours for the FY2013/14.

During the reporting year, the Division received 96 cases and attended to 83 cases. Only 23 litigation cases were settled in favour of the DOD out of the 89 cases that were received. The reasons for the underachievement was due to ongoing cases that may only be finalised over an extended period and some witnesses not participating timeously, which placed the cases in jeopardy. The Division continues to work in partnership with the Office of the State Attorney to reduce the number of losses in litigation against the DOD.

The Hydrographic Bill was referred to the State Law Adviser for re-certification process.

The Division facilitated legal support to the Arms Procurement Commission of Inquiry (Seriti Commission) that is currently investigating the procurement of arms in the SANDF/DOD by facilitating the taking of statements and preparing SANDF witnesses for participation in the proceedings of the commission.

During the reporting period, the Division experienced a shortage of Military Defence Counsels, which is experienced by all Legatsos, and influences the desired objectives by DLSD negatively. In addition, the Division experienced challenges with the organisation and work study report that was compiled on the insufficient structures for operations and force preparation law support to the SANDF.

Table 4.9 below provides details of the Defence Legal Services Sub-programme output, performance indicator and target as specified in Defence Secretariat APP for the FY2013/14.

SUB-PROGRAMME: SANDF COMMAND AND CONTROL

Purpose of the Sub-programme

The SANDF Command and Control is a Sub-programme of the Administration Programme and its purpose is to provide command and control capability for the SANDF. The Office of the C SANDF is responsible for the core, including outputs such as the Military Policy Adviser to the MOD and the monitoring of standards of military professionalism.

Overview

The Office of the C SANDF has successfully orchestrated the achievements of SANDF objectives for the year under review, the details of which are contained in the SANDF Programmes.

Under the command of the Office of the C SANDF, the organisation broke new ground both internally and externally. The border safeguarding function for which the SANDF has been deployed registered profound achievements and saved the Republic of South Africa millions of rands. The collateral utility of the SANDF for the country's citizens through the construction of three Bailey bridges at Qunu, Mancan and Pitseng; the execution of search and rescue operations; and support to other state departments. Furthermore, the deployment of the SANDF in the Kruger National Park to assist with the fight against rhino poaching received attention from the Office of the C SANDF.

Through the stewardship of the Office of the C SANDF, the South African Development Community (SADC) region has a military health strategy that streamlines its

Table 4.9: Defence Legal Services Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over/Under Achievement
To provide professional, legitimate and deployable defence legal services and support commensurate with the needs of the DOD.	Percentage (%) Litigation Settled in favour of the DOD	60% (31)	45% (23)	<u>Underachieved.</u> Ongoing cases that may only be finalised over an extended period, some witnesses do not attend timeously, placing the cases in jeopardy and the outcome is dependent on decisions by the courts / arbitrators.

Table 4.10: SANDF Command and Control Output Detail for the FY2013/14

Output	Performance Measure	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
SANDF Command and Control				
Military policy adviser to the Minister of Defence (MOD)	Timeliness, relevance and quality of military policy advice to the Minister	Military policy advice provided as and when required	All meetings were held as planned and appropriate military advice was provided	Achieved
Command and control of the SANDF	Provision of strategic direction on operational-readiness according to SANDF force employment requirements	Readiness maintained in accordance with force employment guidelines	Force Employment executed to guidelines	Achieved
Ordered commitments	Level of success of ordered commitments	Successful conduct of ordered commitments	International, continental commitments were honoured as required, nine visits and five hosted	Achieved
Monitoring standards of military professionalism	Providing ceremonial functions for the offices of the Minister and the President	Successful conduct of commitments	All annual ceremonial events with relevant strategic impact took place as scheduled	Achieved

efforts to support forces in combat and peace missions.

The C SANDF has continued to support the participation of the SANDF military forces in the United Nations / African Union Peace Support Operations in the DRC and Sudan.

During the period under review, the C SANDF continued to strengthen military relations between the SANDF and other foreign armed forces. In the reporting year, the C SANDF welcomed top military dignitaries from South Sudan, Senegal, Uganda, Angola and Italy to South Africa. In return, the C SANDF visited the chiefs of other foreign armed forces, including Uganda, Tanzania, Ethiopia, Namibia, the United Kingdom, Cuba, the United Arab Emirates, Botswana and Russia.

The C SANDF also facilitated and co-ordinated numerous meetings that led to the finalisation of the Defence Review 2014 report.

Table 4.10 provides details of the SANDF Command and Control Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUB-PROGRAMME: MILITARY POLICY, STRATEGY AND PLANNING OFFICE

Purpose of the Sub-programme

The Military Policy, Strategy and Planning Office (MPSPPO)

is part of the Policy and Planning Sub-programme of the Administration Programme and is to advise on national security policy matters and coordinate the strategic direction process by developing, formulating, monitoring and adapting defence policy, strategy and plans in accordance with national policy to enable the effective, efficient and proper conduct of defence activities. The objectives include managing the strategic planning / control and programming process of the SANDF, and providing a military strategising capability and service for C SANDF.

Overview

The Environmental Scan for the FY2015/16 was completed and approved by the Plenary Defence Staff Council and the process for the FY2016/17 has commenced. The DOD Environmental Scan provides a platform for decision-makers to better understand, manage and respond to complex and interdependent information on the future. It combines the most compelling insights, drawn from various research sources and contributors in order to identify possible points of intervention, in particular with respect to defence contingency planning.

The Military Strategy was revised and amended to ensure that it is aligned with the National Security Strategy and the Defence Review 2014, which is yet to be discussed in Parliament.

The SANDF risks were reassessed and presented to the Strategic Risk Management Committee to be incorporated

into the departmental strategic risk register. This ensures that risks are identified and addressed timeously to execute the mandate of the SANDF.

The Office played a key role in the development and presentation of the Strategic Direction Module in support of the Programme presented at the South African National War College to train officers to understand the strategic environment.

The Directorate Planning played a role during the annual audit cycle to ensure that all SANDF audit enquiries were responded to.

The Office played a significant role in the development and

tabling of the SANDF Annual Performance Plan for the FY2014/15 in Parliament. The Office also contributed to the development of quarterly reports and the compilation of the tabled DOD Annual Report for the FY2012/13.

The Office assisted in preparing for the ICTS and JCPS cluster meetings by providing inputs to ensure that Outcomes 3 and 11 are included in the initiatives as stated in the National Development Plan.

Table 4.11 below provides details of the Military Policy, Strategy and Planning Office Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

Table 4.11: Military Policy, Strategy and Planning Office Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Military Policy, Strategy and Planning Office				
Directing the MPSPO	The degree to which direction is provided to the directorates and offices within the MPSPO that ensures C SANDF expectations are met	100%	100%	Achieved
	The degree to which the strategic advice on Military Strategy and strategic planning meets the requirements of C SANDF and the SANDF in general	100%	100%	Achieved
Managing the strategic planning/control and programming process of the SANDF	Degree to which SANDF strategic planning and reporting objectives are met according to C SANDF directives	SANDF plans and reports submitted timely	All reports and Plans for the year were submitted on time	Achieved
Providing a military strategising capability and service for the CSANDF	The degree of alignment of the Military Strategy with the National Security Strategy imperatives and the successful implementation thereof.	Reviewed fully aligned and approved Military Strategy	The Military Strategy was revised and aligned with the National Security Strategy	Achieved
Providing a secretarial service for the command bodies.	The degree of accuracy of the minutes	Accuracy of the minutes fully accepted	Minutes were available timeously and accurately	Achieved
	Maintenance of a credible Decision Register	Availability of approved Decision Register in accordance with approved minutes	The decision register is maintained and updated	Achieved

SUB-PROGRAMME: INSPECTION SERVICES

Purpose of the Sub-programme

The Inspection Services is a Sub-programme of the Administration Programme and is to ensure the validity and veracity of management information of the DOD.

Overview

The Defence Inspectorate Division, as a multi-functionary division conducts performance, regulatory compliance and closing down audits; anti-corruption and anti-fraud awareness training, special investigations and perception surveys. The Division is assisting the DOD to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal controls and governance processes.

During the year under review, the Division achieved most of its objectives notwithstanding the challenges

experienced, which included insufficient capacity, the required support to the Internal Audit Division and ad hoc special investigation requests.

The Division succeeded in maintaining the certification of its Quality Management System (ISO 9001: 2008) during the annual surveillance audit as conducted by the South African Bureau of Standards (SABS).

During the FY2013/14, a total of 110 audits / inspections and special investigations were completed with a small number cancelled or postponed owing to capacity challenges.

The Division was involved in the training of the inspectors of the Angolan, Namibian and Lesotho Armed Forces as per the instruction of the Defence Committee (DefCom). In this regard, other SADC countries have indicated similar requests for the next financial year.

The Division functions as the DOD Anti-corruption and Anti-fraud Nodal Point with the main focus being to attend to corruption and fraud-related cases and has

Table 4.12: Inspector Services Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Inspection Services				
Performance audit / inspections	Number of completed performance audit/inspection reports as per annual performance audit schedule	21	27	<u>Overachieved</u> . Owing to ad hoc requests for special investigations, although there are capacity challenges.
Regulatory audits	Number of completed compliance audit / inspection reports as per the annual compliance audit schedule	87	83	<u>Underachieved</u> . Capacity challenges in compiling and completing compliance reports were experienced as a result of secondment of members to support the establishment of the Internal Audit Division as well as ad hoc requests to conduct special investigations. As a result some of the planned compliance audits were cancelled or combined.
Anti-fraud and Anti-corruption Services	Number of members sensitized to the reporting of fraud and corruption in the DOD through an awareness campaign	10 000	11 121	<u>Overachieved</u> . More members than expected attended the training sessions.
	Number of incidents reported for corruption and fraud detected for investigation	25	17	<u>Underachieved</u> . All incidents of corruption and fraud reported are investigated for detection. Out of 37 incidents reported, 17 were found to meet the requirement.
Closing down audits	Number of closing down audits conducted as per closing-down audit requests.	16	24	<u>Overachieved</u> . Owing to well-planned closing-down audits that resulted in more audits being conducted.
Perception survey	Number of perception survey reports finalised according to the annual perception survey scheduled	47	40	<u>Underachieved</u> . Fewer perception surveys were completed owing to capacity challenges being experienced.

formed a DOD Corruption and Fraud Risk Committee. In the reporting year, the drafting of a Corruption and Fraud Register was finalised and will be rolled-out to lower levels during the FY2014/15.

During the year under review, awareness training road shows were conducted to sensitise the DOD about corruption and fraud. These were attended by 9 138 members. About 37 incidents were reported via the Whistle-blow Hotline 17 of which were detected and investigated for corruption and fraud.

During the FY2013/14, Project MOUNTING, which is the closing down audit capability, audited 24 Force Structure Elements (FSEs) and de-activated seven unit codes. This project has achieved its mandate and reached the end of its term by 31 March 2014. A request has been submitted for the extension of the project until the process for the establishment of a permanent directorate for closing down has been completed.

The Directorate Effect Analysis undertook longitudinal and cross-sectional qualitative and quantitative perception / research projects on communication, management psychology, sociology and perception. A total of 39 qualitative morale perception surveys were conducted and 6 929 members participated in the quantitative communication and ethics research. A quantitative perception survey on the "Level of Communication in the DOD" was also conducted and the preliminary results indicate that the level of communication is perceived to be neutral. A comprehensive report in this regard will be released during the FY2014/15.

Table 4.12 provides details of the Inspection Services Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUB-PROGRAMME: COMMUNICATION SERVICES

Purpose of the Sub-programme

The Communication Services is a Sub-programme of the Administration Programme and is to provide defence communication policy, strategy and plans in accordance with DOD and national (Government Communication and Information System – GCIS) policy, and a centralised corporate communication capability, services and products in order to enable effective, efficient, interactive, two-way communication between the DOD and its stakeholders.

Overview

The Defence Corporate Communication (DCC) is the custodian for the management and protection of the reputation and image of the DOD and continued with its efforts to ensure stronger public awareness, understanding and support for Defence among its key stakeholders.

Liaison with the media ensured that several DOD events were covered to showcase the capabilities of the SANDF and portray the DOD as an organisation that is the pride of the nation. These events included the Armed Forces Day Parade, Freedom Day Parade and National Heritage Day Parade.

Table 4.13: Corporate Communication Service Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Communication Services (Corporate Communication)				
Corporate communication policy, strategy and specialist advice	Timeliness, relevance and quality of corporate communication advice to the DOD	Corporate communication advice provided as and when required	Corporate communication advice was provided as and when required	Achieved
	Degree of integrated and aligned DOD communication strategy, policy and guidelines provided to the DOD	Promulgated and implemented corporate communication strategy and policy	Corporate communication strategy and policy were promulgated and implemented	Achieved
Corporate communication products and services	Percentage compliance with annual requirements in terms of media liaison, communication information products and services as well as marketing and communication support requirements	95%	95%	Achieved

Coverage of the multinational exercise and other exercises further promoted the image of the DOD, which included; Exercise SHARED ACCORD between the USA and South Africa, Exercise BLUE ZAMBEZI in Angola and Exercise SEBOKA at the SA Army Combat Training Centre (CTC). Other media coverage events included the Chief of Joint Operations media briefing on the situation in the DRC, the C Army media breakfast, the state of the SA Air Force and SA Navy media briefings and Festival 2014.

During the reporting period, the SANDF supported the Minister with the Budget Vote, the Minister's Outreach Programmes at the SA Army CTC, Air Force Base Makhado and the University of the North West. The Minister visited deployed members in the DRC and presented a Communication Workshop with all functionaries in the SANDF. Furthermore, the DCC was present when the C SANDF conducted a farewell parade for the Chief of the Navy and the Chief of Logistics Division.

The DCC was also present when the SANDF participated in the Italian Military Film Festival during June / July 2013 and was awarded first prize for the best television advertisement. DCC covered the participation of the SANDF in the Rand Easter Show, the Ladysmith Show, the Pietermaritzburg Royal Show, the KwaZulu-Natal Military Tattoo, Mitchell's Plain Festival and the Department of Social Development Youth Camp. The role of the SANDF was also highlighted in peacekeeping missions, border safeguarding as a social responsibility, and the SANDF training and recruitment of women.

During the period under review, DCC experienced challenges in the staffing of specialist posts. In addressing this challenge, DCC recruited 10 interns to assist with

specialist functions, especially in the Defence news environment and visual communication.

Table 4.13 provides details of the Corporate Communication Services Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUB-PROGRAMME: CORPORATE STAFF OFFICE

Purpose of the Sub-programme

The Corporate Staff Office is a Sub-programme of the Administration Programme and is to manage the provision of a corporate staff capability and service.

Overview

On behalf of the C SANDF, a strategic direction capability for the SANDF was provided. In this regard the Division participated in the development of the draft Medium-Term Strategic Framework (MTSF) 2014 to 2019 documents for outcomes 3 and 11. The planning and accountability instruments, ie the strategic and annual performance plans and reports were tabled in Parliament as required by law. Support was also provided to the Secretary for Defence as an Accounting Officer for the department, to allow him the authority to exercise his oversight role. In order to support the accountability process of the DOD, the SANDF presented reports to the Audit Committee during the reporting period.

The Corporate Staff Division played a central role in decision-making in the SANDF through scheduling

Table 4.14: Corporate Staff Office Output Detail for the FY2013/14

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

and providing secretariat services to command bodies, namely the Military Command Council and the Defence Staff Council. As a result important decisions were made to redirect the organisation towards the achievement of its objectives.

During the year under review, the Division also played a critical role in coordinating CMIS, Defence Reserves, Chaplaincy, Military Police and Communication Services in the DOD.

Table 4.14 provides details of the Corporate Staff Office Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUB-PROGRAMME: RELIGIOUS SERVICE

Purpose of the Sub-programme

The Religious Service is a Sub-programme of the Administration Programme and is to provide a chaplain service that cares for all DOD members and their dependants and promotes spiritual growth, social support and ethical conduct.

Overview

During the year under review, the Religious Service achieved its planned objectives. The ministry focus of the Religious Service was on following a holistic religious approach to all DOD members and their dependants, which including deployed members both internally and externally.

The Religious Service continued to contribute to the SADC chaplains' development agenda. The Chaplain General was re-elected as chair of the Spiritual and Moral Support Work Group (SMSWG) of the Operations Sub-subcommittee (OSSC) of the Interstate Defence and Security Council (ISDSC). In his capacity as chair, he has submitted a report on the activities of chaplains in the SADC region. The Chaplain General was tasked to chair the SMSWG conference in Maseru, Lesotho. During the reporting year, five SADC chaplains were trained by the Religious Services.

Interdepartmental ties continued between the DOD and the Department of Environmental Affairs. Ministry and support were provided during the research missions to the South African Naval Antarctica Expedition (SANAE) bases, namely Gough and Marion Islands and Antarctica. These voyages were supported by the Religious Service in such a way that each of them had a chaplain to support the expedition, with members taking over and the group

returning home. An emergency voyage was undertaken, accompanied by a Reserve Force chaplain, to assist after the tragedy of the death of a DEA member on Gough Island. This included trauma counselling for the team.

Furthermore, progress was made in the covenantal relationship with the Religious Advisory Boards (RABs). Meetings were held with RABs of all recognised religions in the DOD, such as Christianity, Islam and Hinduism.

During the year under review, positive interaction in the form of meetings and invitations to events, continued to take place between Chaplain Service and religions like African Traditional Religions which were not previously represented in the DOD. The policy proposals and planned State and Church agreements are in the process of consultation and will eventually be implemented.

With regard to deployment, 12 chaplains were deployed externally at all DOD deployment missions, including the RSA borders with neighboring countries where troops are deployed. The Chaplain General and the officials conducted goodwill visits to deployed areas, in particular to conduct Christmas devotions and to hand over goodwill parcels to members.

During the year under review, 27 Reserve Force Chaplains attended courses, and three are continuing with studies as part of the MPhil Chaplaincy Studies Programme at the University of Stellenbosch.

The Religious Service also made contribution to Government's Moral and Regeneration Programme by running specific ethical programmes at all units on the basis of the prescribed monthly themes. In addition, the Combating of HIV/AIDS through Spiritual and Ethical Conduct (CHATSEC) programme trained 3 521 MSDS members and to 971 National Youth Service members.

On the international front, the Chaplain Service was invited to the international gatherings of Chaplains' and the Chaplain General attended the Chief of Chaplains Conference in Paris, France. Two senior members of the Division were invited to assist the Lesotho Defence Force with the establishment of a Chaplain's service. The Division also took advantage of the international learning opportunities by attending the inauguration parade of the Lesotho Chaplains Service.

The Chaplain Service successfully supported the department by proactively enhancing the spiritual, moral and ethical level of members in order to maintain the defence capabilities of the SANDF. These achievements were made despite the challenge of being understaffed.

Table 4.15: Religious Services Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Religious Services				
Strategic Planning and Direction				
Religious policy	Number of Cpln Gen Staff Council meetings where religious policy matters are discussed.	11	11	<u>Achieved</u> . 10 Staff Council meetings were held including one Annual Symposium.
	Number of religious policy presentations at the four Services and Cpln Gen annual conference.	5	5	Achieved
Provide strategic support and advice to SADC Cpln services	Number of training opportunities made available to SADC Cplns.	2	3	<u>Overachieved</u> . Support of the Lesotho Defence Force Chaplaincy was upon request and as such was not planned for.
Religious Ministry Direction				
Provide strategic guidance on spiritual, ethical and social support to the DOD	Number of strategic spiritual, ethical and moral guidelines for Services and Divisions issued.	1	1	Achieved
	Number of Cpln Gen Staff Council meetings where ministry guidance is offered.	11	11	<u>Achieved</u> . 10 at the Staff councils and one at the Annual Symposium.
	Number of Cpln Gen Annual Conference in which ministry guidance is offered.	1	1	Achieved
Staffing				
Provide Cplns to the DOD	% of Cplns posts staffed.	93%	90%	<u>Underachieved</u> . Long delays in document approval, medical and signatories hampered the process.
Provide specialised training to Cplns	Number of training opportunities presented.	23	21	<u>Underachieved</u> . Two mentoring and coaching courses did not materialise owing to venue and payment problems with suppliers.
Covenantal relationship with stakeholders such as religious bodies				
To ensure a sound covenantal relationship and good communication with religious organisations to which Cplns belong	Number of visits to Religious Advisory Boards.	5	5	Achieved
	Number of annual reports compiled for all the following Religious Advisory Boards: Christians, Islam and Hindu.	3	3	<u>Achieved</u> . Annually one report per religious board.
	Number of presentations to the Christian Advisory Board.	3	3	<u>Achieved</u> . At every board meeting (3 scheduled annually).
	Number of presentations to the Muslim and Hindu Advisory Boards.	2	2	Achieved
	Number of meetings with prospective Religious Advisory Boards	3	2	<u>Underachieved</u> . One Advisory Board was postponed owing to national funerals.

Table 4.15 provides details of the Religious Services Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUB-PROGRAMME: DEFENCE RESERVES DIRECTION

Purpose of the Sub-programme

The Defence Reserves Direction is a Sub-programme of the Administration Programme and directs the development and maintenance of the Reserve Force system, provides specialist policy advice on Reserve matters and promotes / markets the Reserves and the volunteer Reserve system.

Overview

The Defence Reserves Division conducted its monitoring role through the Defence Reserve Board to ensure the implementation of the Reserve Force Strategy by the DOD. The total strength of the Reserves at the end of the FY2013/14 was 21 764, of which a total of 14 668 were called-up. The external deployments of the Reserve Force members in peace support operations continued and Reserves were also successfully employed in border safeguarding duties.

The Revitalisation and Transformation Plans as prepared by the DOD and coordinated by the Defence Reserves are being implemented although the unavailability of funding is posing a challenge.

In terms of the Defence Reserves mandate of promoting and marketing the Reserve Force System, the following was achieved:

The Reserve Force Volunteer magazine was published twice during the FY2013/14 and it has been widely distributed while the website, www.rfdiv.mil.za is being continuously updated.

The Defence Reserves participated meaningfully in all the exhibitions held around the country, such as the agricultural show in Bloemfontein (Free State), a career exhibition in Willowvale (Eastern Cape), the Royal Show in Pietermaritzburg (KwaZulu-Natal), a SAAF memorial at Bays Hill in Pretoria (Gauteng) and Gunner's Memorial in Potchefstroom (North West).

Further activities of importance were held within the country in which Defence Reserves participated and interacted with the internal and external public. These include, inter alia, a career exhibition at the Nelson

Mandela Metropolitan University in Port Elizabeth, the Pretoria Regiment's 100th birthday activities and the annual Partnership and Inter-allied Confederation of Reserves Officers (CIOR) Military Skills Training camp in the Netherlands. A Reserve Force team also participated in the CIOR Military Skills competition in the Czech Republic. Furthermore, the Midlands Highland and Traditional Games, which is an annual event, was well attended in KZN, and the KZN and Cape Town Military Tattoo which normally attract large crowds from around the country, were highly successful.

The Division was part of the El Alamein memorial service, which is a civic memorial service held at the Union Buildings in Pretoria. Remembrance Day occasions were held in which wreaths were laid in Durban, Kimberley, Cape Town and Sophiatown in Johannesburg; and national Sidi Rezegh and Cenotaph memorial services in Johannesburg.

The University Reserve Training Programme (URTP) progressed well. Increased support from the leadership of the DOD at Ministerial level and the SANDF was observed. A passing-out-parade was held at 4 Artillery Regiment in Potchefstroom on 21 January 2014, for the 113 URTP members who had successfully completed Basic Military Training. Initial engagements with the KZN tertiary Institutions continued in order to introduce the programme in preparation for the FY2014/15 recruitment drive in the province.

The main challenge experienced by the Division is the inadequate feeder system to provide the required number of new Reserve members.

Table 4.16 provides details of the Defence Reserve Direction Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUB-PROGRAMME: DEFENCE FOREIGN RELATIONS

Purpose of the Sub-programme

The Defence Foreign Relations (DFR) provides the DOD and the Minister with a foreign relations capability and services.

Overview

The SANDF through the Defence Foreign Relations Subdivision has expanded and maintained its

Table 4.16: Defence Reserves Direction Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Policy, Strategy and Plan				
Strategic direction to the development and maintenance of the Reserve system	% Reserves called up compared to requirements	100%	397%	<u>Overachieved.</u> The projected target for the FY2013/14 of 24 243 (which is equal to 2 041 173 man-days) was based on the number of call-ups (including multiple call-ups) per individual which was planned at 12 400 number of Reserves utilised per force number per year. The actual target achievement of 96 137 (which is equal to 2 677 528 man-days) is based on number of multiple call-ups per individual during the FY2013/14, which is equivalent to 14 668 total number of Reserves utilised per force number.
	% Increase of utilisation of active Reserves	60%	238%	
	Number of Reserves utilised per year	24 243	96 137 (14 668)	
	% Expenditure of the budget	100%	94%	<u>Underachieved.</u> Contractual obligations for hired equipment that are paid via FA's.
Planning and reporting	% Compliance with APP guidelines (submission of plans and reports)	100%	100%	Achieved
To market and promote the Reserve System to all stakeholders				
Marketing and promoting the Reserve system to the DOD and all the stakeholders	The number of Defence Provincial Liaison Councils' structures to be established by the end of the year	9	7	<u>Underachieved.</u> Two DPLCs are still in the process of being established.
	Number of SHIELD events being facilitated for Services	29	29	Achieved
To manage and sustain the Defence Reserve Offices				
Staffs support capability to C Def Res wrt HR, Log, CMIS and financial administration	The degree (%) to which departmental prescripts in respect of support environment is achieved	100%	100%	Achieved
To render Administrative Support to the SANDF's participation in the New York State Partnership Programme (NYSPP) and in the CIOR Military Skills and Writing Competitions				
Administrative services wrt the coordination of military skills competition and young Reserve officers writing team	Number of Reserve teams that participate in the skills competitions	2	2	Achieved
Advice to DOD on the NYSPP iro exchange, training or other opportunities offered by the New York National Guard	Number of courses utilised in NYSPP	5	3	<u>Underachieved.</u> Only three members were accommodated as determined by the invitation to attend the NYSPP annual WO's and Senior NCO's Conference in New York.
	Number of NYSPP members accommodated on SANDF courses.	2	3	<u>Overachieved.</u> Three teams participated in the C Army Combat Rifle Shooting competition.

representation abroad. During the FY2013/14 the Minister approved the establishment of three (3) new Defence Attaché (DA) offices in Ghana, Senegal and South Sudan. The opening of these offices is aligned with the government's international relations policy. The total number of DA offices is now 43, of which 42 are staffed except for the DA office in India which is in the process of being staffed. The reason for not staffing the office is that the post was upgraded to the rank of Brigadier General / Rear Admiral (Junior Grade). In addition, DFR successfully presented a DA conference over the period 17 to 20 March 2014.

During the period under review, there were several international relations events that were facilitated by DFR in which the SANDF was involved, including the BSA Defence Joint Working Group in Delhi, India over the period 23 to 24 May 2013, the visit of the President of the United States to the RSA and the visit to the RSA by the Chief of the Navy from Singapore to attend the International Maritime Defence Exhibition (IMDEX) Asia over the period 14 to 16 May 2013.

The SA Navy hosted Exercise OXIDE which took place in the Mozambique Channel over the period 30 August 2013 to 08 September 2013, in which three SA Navy vessels and one French Navy vessel participated in an anti-piracy as well as a search and rescue exercise for a submarine in distress. The USA invited the SA Navy to participate in the final planning conference of Exercise CUTLASS EXPRESS over the period 24 to 27 June 2013 in Amsterdam, Netherlands.

During the period under review, Chief Army conducted a goodwill visit to Brasilia, Brazil over the period 25 to 31 August 2013. The Minister and Chief Joint Ops attended the discussion of "Modalities of the Polical Framework and Intervention Brigade" at MONUSCO, Democratic Republic of Congo (DRC) over the period 24 to 28 July 2013. The commemoration of Delville Wood and the reinterment of World War 1 soldiers' remains were attended in France and Belgium by Chief of Defence Reserve over the period 2 to 11 July 2013.

The attendance of the Table Top Exercise on Multi-dimensional Peacekeeping Operations in India over the period 24 to 30 November 2013 honoured the United Nations Peacekeeping agreements to allow for a cohesive international response during emergencies. The attendance of the International Fleet Review and Sea Power Conference in Australia over the period 03 to 10 October 2013 endorsed the SA Navy's primary function of preserving the sovereignty and territorial integrity of the RSA. Participation in this event afforded the SA Navy a good platform to interact with experts in diverse maritime fields with the common goal of maritime domain awareness.

Despite the many challenges encountered, the DFR has managed to execute its functions successfully.

Table 4.17 provides details of the Defence Foreign Relations Sub-programme outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14 .

Table 4.17: Defence Foreign Relations Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Defence Foreign Relations				
Strategic direction (including Foreign Relations advice and maintenance of bilateral relations)	Number of planned staff visits to DA offices to provide direction and monitor compliance.	10	0	<u>Underachieved</u> . Staff visits could not take place due to no authorisation.
	% Expenditure of budget	100%	0%	<u>Underachieved</u> . Staff visits did not take place and therefore no expenditure was made.
	Number of statutory multilateral meetings to enhance the Africa Agenda.	7	8	<u>Overachieved</u> . International Conference in Great Lakes Region was not planned to take place.
Representation by DAs abroad	Number of DAs and NCOs to change over	9	13	<u>Overachieved</u> . Accreditation to host countries took longer than anticipated.
	Number of DA missions	40	43	<u>Overachieved</u> . Three additional offices were opened in Ghana, Senegal and South Sudan.
	Number of DA courses presented	1	1	Achieved
	Number of DAs trained	10	10	Achieved
Defence diplomacy services (consular, protocol & MAAC)	Number of events for the MAAC: Major tours; Short Mil & SADI visits; & MAAC ladies visits)	1 4 4	1 2 6	<u>Achieved</u> . Target was achieved although in different settings than planned.
	Degree to which all DOD members receive a full, satisfactory consular service.	80%	80%	Achieved
	Degree to which all approved official transit through the DOD VIP Lounge at ORTIA are satisfied with the service received (ring-fenced funds)	90%	90%	Achieved

CHAPTER 5

PROGRAMME 2: FORCE EMPLOYMENT

Purpose of the Programme

The Force Employment Programme provides and employs defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental and multinational (JIM) military exercises.

This Programme ensures successful joint force employment by:

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

Overview

During the period under review, the Government's primary objective was to improve the conditions of the lives of all South Africans and contribute to building a better Africa and a better world. In order to ensure South African National Defence Force (SANDF) compliance with expectations of government, the Force Employment programme pursued government strategic objectives, namely regional and continental involvement to support peace and stability, and consolidation of democracy by employing the capabilities of the SANDF to support government's strategy. The SANDF provided support to establish and maintain a safe and secure environment within which government's actions can be pursued.

In the pursuance of the national safety and security objectives of government, the Force Employment Programme ensured the safeguarding of the Republic of South Africa (RSA) and its people against a wide range of threats, many of which were non-military in nature.

The joint military capabilities were employed in an interdepartmental, interagency and/or multinational (regional) manner that maintained and ensured a condition of peace, safety, security and stability in a continuous and non-interruptive manner.

During the FY2013/14, the SANDF participated in a wide range of prominent and internationally recognised external Peace Support Operations (PSO). During these operations the SANDF deployed on average a total of 2 004 members in two United Nations / African Union mandated peace support operations in the Democratic Republic of Congo (DRC) and in the Sudan. The SANDF was deployed in one general military assistance operation to render support to the Mozambican Government in its efforts to curb piracy in the Mozambique Channel.

Internal missions in support of the RSA government departments in pursuance of national security objectives and political initiatives continued to be successfully conducted. The SANDF provided VIP protection tasks for foreign government visitors and military dignitaries from various countries. Amongst others, the VIP protection was also provided during the RSA Freedom Day celebrations, Department of Defence Youth Day celebrations, Mandela Day Public Service Outreach, Annual Memorial Service at the Union Buildings, SANDF participation in the Mitchell's Plain Festival and during the official funeral of Chief Justice, Mr P. Langa.

The SANDF also provided assistance to the South African Police Service in safeguarding the International Conference on the Great Lakes Region and the African Capacity for Immediate Response to Crisis summit held in Pretoria, safeguarding the Orange African Nations Championship soccer tournament at various venues and support was provided during the registration process for the national elections. Support was provided to the Department of Correctional Services after continuous rain in the Overberg area, and when entry and exit routes to the Helderstroom Correctional Services facility was flooded. The SANDF airlifted personnel and provided medical supplies and rations to the inmates.

In supporting the people of South Africa, the SANDF responded with humanitarian assistance by completing

three Bailey bridges in the Eastern Cape in Qunu, Mancan and Pitseng. These bridges were built and donated by the SA Army Engineers to provide safe and easy access for the communities.

In terms of the Defence Act 42 of 2002, the SANDF employed multi-role military capabilities in support of the people of South Africa and in cooperation with other government departments by executing search and rescue operations. In maintaining essential services during times of crises, the SANDF assisted the Brits municipality in the Northwest Province with the provision of water for the community and flood relief in the Hoedspruit area.

During the year under review, the SANDF continued to execute border safeguarding. Operational successes included confiscation of 16 weapons (pistols and hunting rifles), apprehension of illegal foreigners, arrest of criminals, apprehension of poachers, recovery of stolen vehicles, confiscation of dagga, recovery of 2 227 live-stock, recovery of 94.5 kg of copper, and confiscation of contraband goods to the value of R31 400 995.

The Joint Operations Division co-ordinated and directed five JIM force preparation activities, excluding Special Forces exercises and support to foreign defence force exercises, in accordance with the Joint Force Employment concept and existing bi-/multilateral agreements.

Table 5.1: Force Employment Programme Output for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Force Employment Capability				
	Percentage compliance with the approved force design			Information classified
	Percentage compliance with the approved force structure			Information classified
Regional Security				
Peace support operations	Percentage compliance with number of ordered commitments (external operations)	100% (4)	75% (3)	<u>Underachieved.</u> Termination of the mission in the Central African Republic.
Support to the People				
Internal operations	Number of landward sub-units ¹ deployed for border safeguarding tasks	13	13	Achieved
	Percentage compliance with number of authorised safety and security support ordered commitments	100%	100%	Achieved
	Percentage compliance with number of authorised disaster aid and disaster relief ordered commitments	100%	100%	Achieved
	Percentage compliance with authorised search and rescue ordered commitments	100%	100%	Achieved
Defence Capability Management				
Executed joint, interdepartmental and multinational military (JIM) Exercises ²	The number of planned JIM exercises conducted per year	9	5	<u>Underachieved.</u> Joint Operations Division did not achieve the target due to cancellation of exercises BELL BUOY, FAIRWAY BUOY, TRANSOCEANIC and ATLANTIC TIDINGS.

¹ A sub-unit (company) consists of approximately 140 members.

² Excluding Special Forces exercises.

The SANDF was honoured and privileged to have been entrusted with the planning and execution of the funeral of the former President of the Republic of South Africa and the former Commander-in-Chief of the SANDF, Mr Nelson Rholihlahla Mandela. This event was executed over the period 06 to 13 December 2013, in Pretoria and at his final resting place in Qunu, Eastern Cape. In this regard, the Joint Operations Division was supported by the SA Army, SA Air Force, SA Navy, SAMHS and the Military Police Division.

Table 5.1 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

JOINT, INTERDEPARTMENTAL AND MULTINATIONAL EXERCISES

Table 5.2 provides feedback on Force Employment Programme Joint, Interdepartmental and Multinational Exercises for the FY2013/14.

Table 5.2: Joint, Interdepartmental and Multinational Exercises for the FY2013/14

Exercise Name	Aim	Target	Actual Achievement	Reason(s) for Under-/Overachievement
Interdepartmental Exercises				
Exercise WAYSIDE	The Maintenance of the provincial Chemical, Biological and Radiological (CBR) Response Teams and interdepartmental cooperation for the management of CBR incidents.	2	2	Achieved
Multinational Exercises				
Exercise BELL BUOY	The primary aim is to exercise Naval Control and Guidance of Shipping (NCAGS) through the conduct of a CPX.	1	0	<u>Underachieved.</u> This exercise was not executed. The Naval Co-operation and Guidance for Shipping (NCAGS) exercise was under-capacitated with personnel due to their commitment to establishing a NCAGS capability in SADC countries. This resulted in the SA Navy not executing the exercise.
Exercise OXIDE	The primary aim is to develop and maintain maritime cooperation at the operational and tactical levels between the SAN and French forces based in Reunion.	1	1	Achieved
Exercise SHARED ACCORD	The aim is to conduct a limited intervention/rendering of humanitarian relief exercise between the SANDF and the USA.	1	1	Achieved
Exercise BLUE ZAMBEZI	The aim is to conduct a Multinational Humanitarian Relief Exercise with other SADC Air Forces in Angola.	1	1	Achieved

<i>Exercise Name</i>	<i>Aim</i>	<i>Target</i>	<i>Actual Achievement</i>	<i>Reason(s) for Under-/Overachievement</i>
Exercise TRANSOCEANIC	The primary aim is to exercise Naval Control and Guidance of Shipping (NCAGS) through the conduct of a CPX.	I	0	<u>Underachieved.</u> This exercise was not executed. These exercises are Naval Co-operation and Guidance for Shipping (NCAGS) exercises. NCAGS was under-capacitated with personnel due to their commitment to establish a NCAGS capability in SADC countries. This resulted in the SA Navy not executing the exercise.
Exercise FAIRWAY BUOY	The primary aim is to exercise Naval Control and Guidance of Shipping (NCAGS) through the conduct of a CPX within SADC context.	I	0	<u>Underachieved.</u> This exercise was not executed. These exercises are Naval Co-operation and Guidance for Shipping (NCAGS) exercises. NCAGS was under-capacitated with personnel due to their commitment to establish a NCAGS capability in SADC countries. This resulted in the SA Navy not executing the exercise.
Exercise ATLANTIC TIDINGS	The primary aim is to conduct a Maritime Exercise between Angola, Brazil, Namibia and the RSA.	I	0	<u>Underachieved.</u> Exercise ATLANTIC TIDINGS, a Maritime exercise between RSA, Angola, Namibia and Brazil was planned to be executed in September, but was cancelled by the lead nation, Angola, due to capacity challenges. The SANDF does not have any control over decisions made by foreign forces.

CHAPTER 6

PROGRAMME 3: LANDWARD DEFENCE

Purpose of the Programme

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

Defend and protect South Africa and its territory by:

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

Overview

The SA Army remained true to its mandate to prepare, provide and support the landward defence capabilities for the defence and protection of the RSA, its territorial integrity and the people of South Africa. The SA Army Force Structure Elements (FSEs) remained overstretched, especially in the infantry, engineer, intelligence, signal and support environments. This was further exacerbated by the fact that the rejuvenation / revitalisation of the

Regulars through Military Skills Development System (MSDS) augmentation was limited.

Notwithstanding the above, the SA Army relentlessly continued its quest to support the achievement of the Medium-term Strategic Framework (MTSF) outcomes through its contributions to Outcome 11. The SA Army soldiers and equipment were made available to comply with Joint Force Employment (JFE) requirements to support the operations on the African continent in the Democratic Republic of the Congo (DRC) and Sudan in support of the United Nations (UN) missions. The SA Army successfully completed the initial training mission in the DRC (Mission THEBE) with a formal parade on 08 March 2014. The intention of this training was to assist the Forces Armées de la République Démocratique de Congo (FARDC) to develop their military capability to become self-sustaining. The SA Army also continued its support by providing equipment and soldiers to combat piracy in the Mozambique Channel.

The SA Army Reserves have for the first time deployed a complete Res Infantry Battalion, in the First City, Grahamstown. This achievement was the culmination of Project PHOENIX that began to rejuvenate the Reserves in 2003.

A total of 10 616 Army Reserves members were called up in the FY2013/14 to supplement the Regulars, to assist with pre-deployment training, mission-readiness training and continuation training and to attend formal courses at various centres of excellence (COEs), execute guard duties, participate in the University Reserve Training Programme (URTP), contribute to internal and external deployments and execute admin duties. These included 2002 former MSDS members that were transferred to the Reserves. In total, the Reserves deployed 12 Infantry companies to supplement the Regulars for both internal and external operations.

The SA Army provided the people of South Africa with humanitarian assistance and disaster relief by building low-cost bridges in the Eastern Cape for use by pedestrians

in rural communities. Three bridges in the Eastern Cape, namely in Qunu, Mancan and Pitseng, were completed and the SA Army is committed to completing more bridges in the future.

In pursuance of the 1996 Objectives set by the 6th Joint Permanent Committee on Defence and Security, for the development of artillery cooperation and the establishment of the Namibian Army School of Arty, the SA Army assisted the Namibian Defence Force with the development of courses and ultimately the establishment of the Namibian School of Artillery.

The C SANDF approved the implementation of the Rural Development Pilot Project in the North West on 27 June 2013. This project will develop a concept for the potential contribution by the SANDF and SA Army to meet the government imperative of rural development. The SA Army proceeded with the implementation of this project on 03 July 2013. In August 2013, meetings were scheduled between the SA Army and the Premier of North West, Ms Thandi Modise, and the MEC for Agriculture and Rural Development, Ms Desbo Mohono, the leadership of the North West University at the Mahikeng Campus and with other cooperatives in the North West. All participants expressed their enthusiasm for the intended pilot project and committed themselves to the initiative.

The SA Army Reserve actively participated in military skills events inside and outside the country. This team was crowned the overall team championship winner in

the 21st Netherlands International Shooting Competition and a team of five members (4 x males and 1 x female) were selected by the Reserve Council to attend a military skills competition on behalf of the Chief of Defence Reserves (C Def Res) in the United Kingdom in 2013.

In the period under review, operational successes achieved are a living testimony of a well-executed force preparation plan in which both the Regulars and Reserves were qualified. Force preparation of the SANDF landward forces was not only confined to Regulars and Reserves within the military organisation, but extended to tertiary institutions of the country through the University Reserve Training Programme (URTP). This training culminated in the well-orchestrated conduct of Exercise SEBOKA (a Conventional Exercise) in November 2013 and Exercise YOUNG EAGLE (Airborne Peace Support Exercise) which was integrated with an Exercise SHARED ACCORD. SHARED ACCORD is the exercise that is conducted with the United States of America. Effectively 688 common and corps specific exercises were conducted and 22 741 members were found to be competent.

The SA Army is yet to increase its MSDS intake to enable the feeder mechanism in the Reserve Force and to rejuvenate the Regular Force component.

Table 6.1 below is the report on the achievement of the output, performance indicators and targets as specified in the SANDF APP FY2013/14.

Table 6.1: Landward Defence Programme Output for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Output 1: Landward Defence Capability				
	Percentage compliance with the approved force design			Information classified
	Percentage compliance with the approved force structure			Information classified
	Percentage compliance with joint force employment requirements			Information classified
Output 2: General Training Capability (General Training for Regular and Reserve Members)				
	Percentage compliance with DOD formal training targets (number of learners on planned courses)	100% (5 722)	71.25% (4 077)	<u>Underachieved.</u> The underachievement was due to refinement of planned annual target from 5 722 learners (52 learning programmes - LPs) to 4 332 (42 LPs) during the year under review. The safety refresher courses were cancelled due to low attendance as a result of training and operational responsibilities and because it was not cost effective to continue with LPs. As such two safety refresher courses were rescheduled. 4 154 learners attended the courses, 19 learners were withdrawn, 58 learners were found not yet competent and in the end 4 077 learners were found to be competent.

CHAPTER 7

PROGRAMME 4: AIR DEFENCE

Purpose of the Programme

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

Defend and protect South Africa and its airspace by providing:

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

Overview

During the year under review, the South African Air Force (SAAF) saw a significant increase in operational demands and commitments externally as well as internally. Additional outputs included the deployment of more aircraft to the operational areas as well as increased participation in internal operations and exercises. The SAAF demonstrated its professionalism in delivering on its mandate, despite the increase in its responsibilities and commitments. The SAAF managed to keep operational readiness at the required levels and flew 87.65% of the planned flying hours. A total of 18 454 hours were generated.

The SAAF performed well in supporting numerous Joint Force Employment operations. In the external domain, the SAAF provided air capabilities for search and rescue operations, assistance to the Mozambican Defence Force with counter-piracy operations in the Mozambique Channel, border safeguarding operations, VVIP flights, the SANDF contingent in support of the United Nations

Organisation for Stabilisation Mission (MONUSCO) in the Democratic Republic of the Congo (DRC), and anti-rhino poaching operations in the Kruger National Park.

For the first time, the SAAF deployed fighter aircraft to the operational area for several days during April 2013. Although no operational flying took place, valuable deployment lessons were learnt. During November 2013, three Rooivalk helicopters were deployed operationally also for the first time and are now permanently deployed and being utilised successfully. Furthermore, the SAAF supported Exercise ZAMBEZI AZUL in Angola.

Support was also provided for the training and execution of a Submarine Parachute Action Group (SPAG) deployment in the ocean near Maputo, whilst aircrafts were also provided to the SA Army for paratrooper training. The SAAF has also provided support to Exercise OXIDE and successful two held Air Power Capability Demonstrations (APCD) at Roodewal bombing range.

The collaborative SAAF/SAMHS Crew Resource Management (CRM) committee established in 2012 played a critical role in aircrew operational readiness to optimise safety currencies by presenting comprehensive CRM refresher courses to SAAF Squadrons. Furthermore a Threat and Error safety Management (TEM) programme has been introduced as part of the SAAF's Safety Management System (SMS) and human factor safety approach. The result is that the SAAF achieved a zero major accident rate for the FY2013/14 with no military or civilian regulation transgression that warranted formal investigation.

The Alternative Manpower Group (AMG) contract was terminated at the end of the FY2012/13. However, a Skilled Services Agreement (SSA) was negotiated and signed for the year under review. This agreement was for the transfer of technical skills to SAAF personnel and during the implementation it became clear that, to transfer certain critical skills and knowledge would require a longer period of time. As such this contract was extended to ensure the adequate transfer of these skills.

During the FY2013/14, the projected number of learners in developmental programmes the SAAF planned to train was 2 786, which was a projection for the past three years. The actual total projection in the beginning of the FY2013/14 was less than the original projection, with the actual achievement of 1 896. The reasons for the deviation can be attributed to the realignment of courses, adjustments of curricula and limited capacity due to quality assurance and further education and training (FET) qualifications. However, these matters are being addressed and the

training provided is at the highest standard possible. The SAAF is truly proud of a developmental programme aligned to the approved learning pathways for officers and non-commissioned officers which includes the content aligned to the approved competency matrices.

Table 7.1 below is the report on the achievement of the output, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

Table 7.1: Air Defence Programme Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Output 1: Air Defence Capability				
	Percentage compliance with the approved force design			Information classified
	Percentage compliance with the approved force structure			Information classified
	Percentage compliance with joint force employment requirements			Information classified
Output 2: Training Capability (General Education, Training and Development of SAAF Personnel)				
General education, training and development of personnel	Percentage compliance with DOD formal training targets (number of learners on planned courses)	100% (2 786)	68% (1 896)	<u>Underachieved</u> . Course cancellations, withdrawals by learners and incompetent learners contributed to underachievement.

CHAPTER 8

PROGRAMME 5: MARITIME DEFENCE

Purpose of the Programme

The Maritime Defence Programme provides prepared and supported maritime defence capabilities for the defence and protection of the Republic of South Africa.

Defend and protect South Africa and its maritime zones by providing:

- a surface combat and patrol capability of three frigates, one combat support vessel, two offshore patrol vessels¹ and three inshore patrol vessels in each annual operational cycle;
- a sub-surface combat capability of two submarines in each annual operational cycle;
- a mine warfare capability of two vessels in each annual operational cycle to ensure safe access to South African harbours, and where mine clearance may be required²;
- a maritime reaction squadron capability comprising an operational boat division, an operational diving division and a naval reaction division; and
- a hydrographic survey capability to ensure safe navigation by charting areas and to meet international obligation.

Overview

During the period under review, the core focus of the SA Navy remained that of preparing the naval assets to defend and protect the Republic of South Africa (RSA). The SA Navy performed in accordance with its plan and exceeded expectations in certain instances in its force preparation and force employment commitments. It remains committed to pursuing its primary objective of providing a credible maritime defence to the people of South Africa.

The SA Navy continued to engage in international maritime co-operation, specifically in the African region. This ensured the enhancement of regional defence cooperation to comply with the national political direction and foreign policy.

The SA Navy provided vessels and elements of the Maritime Reaction Squadron (MRS) for border safeguarding operations in the Mozambique Channel in support of the Maritime Security Strategy. The SA Navy ensured that there was a continuous presence of naval vessels for this operation. The SA Navy vessels are routinely tasked to effectively conduct patrols in South African waters.

At a multinational level, two vessels and elements of the MRS successfully participated in the combined United States/RSA Exercise SHARED ACCORD from 24 July to 06 August 2013.

In September 2013, two frigates and elements of the MRS, joined later by a submarine, successfully participated in the combined RSA/French Exercise OXIDE with the French vessel FNS NIVOSE off the Mozambique and east coast of South Africa. The Southern African Development Community involvement was increased with officers from Tanzania and Mozambique embarking on a frigate.

Over the period 10 to 12 September 2013, the SA Navy successfully hosted the SAJADS 2013, which took place at the Council for Scientific and Industrial Research. About 350 delegates attended this symposium. The countries that were represented included; Brazil, Botswana, Belarus, France, India, Kenya, Lesotho, Russia, Republic of South Africa, Switzerland, United States of America, Ukraine and Zambia. The aim of this symposium was to highlight the key areas of military and industrial participation, both nationally and within the Southern African Development Community, in order to achieve indigenous Integrated Joint Air Defence.

A number of actions have been initiated to increase the naval presence in Durban. This will result in the expansion of Salisbury Island from a naval station into a naval base. Planning in this regard is at an advanced stage and is due for implementation.

On 22 October 2013, a fire destroyed the home of seven people in the Redhill informal settlement. The couple with five children were left homeless. Since corporate social responsibility has become part of the SA Navy culture in

¹ The support vessel will be in her ½ life refit during the FY2013/14, and will thus not be available during the FY2013/14.

² Currently no mine warfare capability, awaiting the operationalisation of project MOTSU.

order to help those who are less fortunate, on 30 October 2013 the naval members in Simon’s Town put together resources to build a new home for the Rasi family.

On 12 November 2013, the SA Navy assisted in getting the carcass of a whale off the St James beach and secured it so that it could be towed away. This was done in collaboration with the Shark Explorers, the City Environmental Resource and Solid Waste Management, and the Shark Spotters.

The SA Navy successfully conducted the NYS Programme at SAS SALDANHA from 2 September to 6 December 2013, with 585 learners completing the programme. The SA Navy chaplains presented an HIV/AIDS course at SAS SALDANHA for the National Youth Service (NYS) learners from 07 to 11 October 2013. The course aimed at reducing the incidence of HIV/AIDS through the promotion of value-driven abstinence and faithfulness by means of value-based ethical decision-making. The SA Navy successfully hosted workshops where 1 025 NYS

participants attended discussions on moral regeneration, social responsibility and work ethics. The focus was on empowering the members with the necessary knowledge and attitudes so that they could become conscientious, responsible and problem-solving citizens.

About 50 potential divers were recruited by means of a special direct recruitment process. This initiative assisted in addressing equity levels and the shortage of divers. The recruits began their Basic Military Training (BMT) in April 2014. The special BMT for artisans for the Submarine Service took place in April 2013 to address skills shortages in that environment. A total of 105 members with technical qualifications have entered into Core Service Systems contracts to augment the critical shortage within the Submarine Service.

Table 8.1 below is the report on the achievement of the output, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

Table 8.1: Maritime Defence Programme Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Output 1: Maritime Defence Capability				
	Percentage compliance with the approved force design			Information classified
	Percentage compliance with the approved force structure			Information classified
	Percentage compliance with joint force employment requirements			Information classified
Output 2: Maritime Human Resources and Training Capability (General Education, Training and Development of Navy Personnel)				
	Percentage compliance with DOD formal training targets (number of learners on planned courses)	100% (2 984)	91.82% (2 740)	<u>Underachieved</u> . Owing to cancellation of 49 Learning Opportunities learners could not finalise the practical phase due to unavailability of practical training facility/platform (eg Fire-fighting system at Nuclear Biological Chemical Defence (NBCD) school declared a structural risk).

CHAPTER 9

PROGRAMME 6: MILITARY HEALTH SUPPORT

Purpose of the Programme

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

Provides prepared and supported health capabilities and services by providing:

- a health support capability of five medical battalion groups, including field hospitals and one specialist medical battalion group, for deployed and contingency forces; and
- a comprehensive multidisciplinary health service for a projected patient population of 302 000 members per year.

Overview

The South African Military Health Service (SAMHS) has the dual mission of providing health support during internal and external operations and force health sustainment (ie health care services at static healthcare facilities to eligible clients).

During the period under review, the medical support capabilities of the Military Health Support Programme were illustrated during the external missions and border safeguarding. The SAMHS procured medical equipment for the operational ambulance fleet to be utilised in border safeguarding. The soft skin ambulance fleet was renewed to render healthcare services at the health care facilities during force preparation activities.

During the reporting period, the SAMHS celebrated the 34th year of its existence as an independent Arm of Service to coincide with the Pietermaritzburg Royal Agriculture Show. Health awareness activities were presented during the SAMHS week which was attended by more than 5 000 members of the public. Outreach programmes were

initiated for communities such as the Moral Regeneration Project of the Waterberg District Municipality and International Nelson Mandela Day in East London. SAMHS and the City of Tshwane provided primary health care services in a joint effort for the community of Mamelodi during the commemoration of World Aids Day at the Muckleneuk Stadium in Mamelodi.

The SAMHS contributed to the state service delivery objectives by providing medical support during the World Economic Forum which was attended by 18 foreign heads of state in Durban. The SAMHS provided support to the Tshwane Metro during the Government Freedom Day celebrations with the deployment of 40 emergency care technician students and seven military paramedics. Medical support was also provided to learners of the Department of Social Development during the youth camp in December 2013 at the Combat Training Centre in Lohatlha. Health care services were provided and a buddy-aid course was presented to members of the National Youth Service during training in Kimberley.

During the FY2013/14, the training output of the SAMHS increased as a result of the organisational demands for additional force preparation courses such as the Basic Ambulance Assistance course, the Life Saver course and the First Aid course. Foreign military health learning opportunities were provided in Biological Safety Isolation, Disaster Management and Advanced Trauma and Life Support to the Southern African Development Community (SADC) and other African countries. The SAMHS hosted the first African Military Psychology Symposium on Mental Toughness for SADC Special Forces. Four psychology officers successfully completed a hostage negotiation course as part of the SANDF capability in hostage negotiations.

The SAMHS played a leading role in the training of members of the Tshwane Emergency Service in chemical biological and radiological defence doctrine. The SAMHS and Tshwane Emergency Service will in future deploy jointly to manage chemical or biological incidents

in the Tshwane region. Role-players from SAMHS, Protechnik Laboratories and Armscor participated in a chemical, biological and radiological defence exercise to test decontamination techniques and to determine the requirements for equipment. A Combat Life Saver course was presented to members of the SANDF to enable them to act as force multipliers and to build capacity.

During the reporting period, health care related policies and/or instructions were promulgated, namely; the Reporting of Tuberculosis and Other Notifiable Diseases and Immunisation Policy. The revised Health Care Policy was promulgated in the form of a Joint Defence Publication and a Department of Defence Instruction. A medical directive was completed for border safeguarding. The SAMHS Collection of Revenue policy, Debtor Management Instruction and Medical Debtors Enhancement Programme were also implemented.

The Surgeon General and delegates visited the Russian Federation to enhance existing working relations between the health services of the two countries. SAMHS and the SADC countries namely Angola, the Democratic Republic of Congo, Tanzania and Zimbabwe participated in the development of a SADC Military Health Service doctrine.

During the period under review, health access cards were provided to military veterans in several provinces after the initiative of government to provide access to health care at military hospitals and sickbays to eligible military veterans. The SAMHS continued to implement a comprehensive approach in the fight against communicable diseases in alignment with the National Strategic Plan for HIV/AIDS 2012 to 2016. More patients were given anti-retroviral treatment at an earlier stage of

the disease and an increased number of anti-retroviral treatment sites were operationalised.

The change in footprint and the increase in the potential patient load have compounded the challenges of the SAMHS. The capability of the SAMHS is overstretched, which impacts on its ability to perform health care services simultaneously during deployments, undertake force preparation and render health care services in static health care facilities. The demand for operational emergency care practitioners outweighs the current capability. The personnel turnover remains high in spite of efforts to recruit and retain health care practitioners.

Governance with regard to health care facilities is prescriptive and strictly controlled through inspections by the Department of Health, the Department of Labour and statutory councils.

The reliance of the SAMHS on the outsourcing of health care to external service providers may increase as a result of the misalignment between the patient footprint and the accessibility of military health care facilities.

Additional ordered commitments may compound the operational fatigue of the current group of operational emergency care practitioners. The SAMHS cannot rely on the scarce skills of emergency care personnel in the Reserve Force as these members are in high demand in the public and private emergency care services.

Table 9.1 below is the report on the achievement of the output, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

Table 9.1: Military Health Support Programme Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Output 1: Mobile Military Health Support Capability				
	Percentage compliance with the approved force design			Information classified
	Percentage compliance with the approved force structure			Information classified
	Percentage compliance with joint force employment requirements			Information classified
	Number of healthcare activities per year	2 140 550	2 331 135	<u>Overachieved.</u> SAMHS has met the demands for health care services amidst challenges. The delayed refurbishment of the military hospitals and the shortage of health care practitioners in the geographic health care facilities culminated in increased outsourcing to private and public sector service providers. The patient footprint is misaligned with the health care facilities.
	Percentage availability of medical stock at all times	50%	67%	<u>Overachieved.</u> Management interventions such as the reprioritisation of funds were successful in addressing the availability of medical stock (pharmaceuticals and medical consumables).
Output 2: Military Health Training Capability				
	Percentage compliance with DOD formal training targets (number of learners on planned courses)	(100%) 3 238	(162%) 5 254	<u>Overachieved.</u> More learners were accommodated on planned and ad hoc functional courses to meet the additional demands for force preparation. Additional courses were presented, ie Basic Ambulance, Life Saver and First Aid courses. Additional military courses were also presented to address the backlog.

CHAPTER 10

PROGRAMME 7: DEFENCE INTELLIGENCE

Purpose of the Programme

The Defence Intelligence Programme provides a defence intelligence and counter-intelligence capability.

The details of the output of Defence Intelligence are classified.

Overview

In the reporting period, Defence Intelligence continued to provide intelligence at strategic level to support national clients and at operational level in support of SANDF operations and missions.

Table 10.1 below is the report on the achievement of output, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

Table 10.1: Defence Intelligence Programme Output for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Defence Intelligence Capability				
	Percentage compliance with the approved force design			Information classified
	Percentage compliance with the approved force structure			Information classified
Operations				
	Number of defence intelligence products	324	579	<u>Overachieved.</u> Increase in products is as a result of CAR and DRC situation. The State funeral of the former President Nelson Mandela. Security Audits conducted within the DOD.
	Number of vetting decisions taken in accordance with requirements	4 000	6 124	<u>Overachieved.</u> More focus was placed on Confidential clearances. System has been put in place to facilitate the process.

CHAPTER II

PROGRAMME 8: GENERAL SUPPORT

Overview

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

Purpose of the Programme

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

The need for general support capabilities and services is met by providing:

- joint logistics support capabilities and services;
- command and management information systems capabilities and services; and
- military police capabilities and services.

SUBPROGRAMME: JOINT LOGISTIC SERVICES

Purpose of the Sub-programme

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

Provide joint logistic support capabilities and services by:

- providing appropriate, ready and sustained matériel, facilities, movement and logistic services focusing on supply chain and life cycle management to meet the defence mandate by
 - providing new infrastructure assets through 15 projects worth R104 million in the FY2013/14, 9 projects worth R109 million in the FY2014/15 and 13 projects R640 million in the FY2015/16;
 - carrying out maintenance and repairs through 17 projects worth R1 117 million in the FY2013/14, R1 173 million in the FY2014/15 and R1 234 million in the FY2015/16;
 - executing rehabilitation, renovations and refurbishments through 17 projects for R1 117

million in the FY2013/14, 8 projects for R1 173 million in the FY2014/15 and 14 projects for R1 234 million in the FY2014/15; and

- operationalising and capacitating the works capability to enable the DOD to assume selected custodian responsibilities from the National Department of Public Works, and creating job opportunities in the process.

Overview

During the year under review, the Logistics Division achieved its planned objectives. A monthly procurement forum with representatives from all Services and Divisions was instituted in the SANDF to enhance compliance. In this regard, procurement courses were presented to officers commanding and procurement officials in the SANDF to empower them with widespread understanding of procurement regulatory instructions, delegations, processes, procedures and responsibilities. The current procurement system is being upgraded to an electronic procurement system (e-Procure) that includes more management modules and in which 246 members have been trained.

During the FY2013/14, the implementation of the e-tolling system in the DOD was decentralised to the management of Services and Divisions in which 8 407 military vehicles (Delta/Commercial vehicles) were fitted with e-tags. In addition, the system has also been implemented to manage official trips conducted in private vehicles as well as for the use of vehicles hired by DOD officials. During March 2014, the National Department of Transport promulgated legislation that requires the application of microdots to all government (military) vehicles before they are registered for the first time on e-NATIS.

General Regulations that regulate non-public funds in the DOD were approved during the reporting year.

In February 2014, a forum in which relevant Services and Divisions participated was established where DOD strategic reserves policy issues were discussed. The draft policies on asset management were finalised. These include Movable Tangible Asset Policy, Heritage Asset Policy, Leases Policy and Inventory Management Policy (including chapters on stocktaking and asset verification).

In order to comply with governance requirements, a technical team was established to provide input for the regulatory framework that governs the classification of capital components.

Full SAQA accreditation was awarded to three training institutions in the Logistic Division. This milestone not only enables the trained members to apply their trade in the DOD, but also in the logistic domain within the wider labour market.

During the period under review, 679 MSDS members were trained in various logistics disciplines, including members from neighbouring countries, eg 12 Namibian Defence Force members and four from the Botswana Defence Force.

Table 11.1 below is the report on the achievement of output, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUBPROGRAMME: COMMAND AND MANAGEMENT INFORMATION SYSTEMS

Purpose of the Sub-programme

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

Provide the department with key information and communication systems by:

Table 11.1: Joint Logistics Services Sub-programme Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
JOINT LOGISTIC CAPABILITY				
	Percentage compliance with the approved force design			Information classified
	Percentage compliance with the approved force structure			Information classified
JOINT LOGISTIC SERVICES				
Appropriate, Ready and Sustained Materiél				
Codification of items of supply	Percentage compliance with DOD codification requirements	80%	75.51%	<u>Underachieved</u> . Structural deficiency (human resources and competency). Deficiency in the National Codification System is still a contributing factor.
Disposal of materiél	Percentage requests approved for disposal versus requests received	75%	73%	<u>Underachieved</u> . Fewer requests were received than planned for. Incompleteness of requests caused delays in the approval process. The performance target was set inappropriately, but it was rectified for the next fin year.
Ammunition disposal	Percentage ammunition disposed versus the number of disposed tonnes planned	100% (600)	108% (650)	<u>Overachieved</u> . Streamlining of the disposal process resulted in overperformance.
Appropriate, Ready and Sustained Facilities				
Capital works	Percentage of expenditure in accordance with facilities plan	100%	113.01%	<u>Overachieved</u> . Overperformance is due to additional projects added to the initial planning, such as SAMHS Base Depot and Nursing College as well as the runway at Waterkloof Air Force Base.
Payment of office accommodation	Percentage of expenditure in accordance with facilities plan (payment of leases)	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Payment of office accommodation	Percentage of expenditure in accordance with facilities plan (municipal services)	100%	100%	Achieved
Payment of office accommodation	Percentage of expenditure in accordance with facilities plan (accommodation charges)	100%	100%	Achieved
Appropriate, Ready and Sustained Movement and Logistic Services				
Logistic training (logistic, ammunition, hospitality training, facility, fire fighting and codification)	Percentage compliance with DOD formal training targets (Number of learners on planned courses)	100% (3 488)	68% (2 375)	<u>Underachieved</u> . The reason for the underperformance is that the planned annual target is based on historical information, but the requirement was less than expected.
Procurement service	Percentage procurement requests fully completed within 60 days	100%	161.63%	<u>Overachieved</u> . More funds and human resources were made available to address outstanding procurement requirements in the fourth quarter, which resulted in an overperformance for the year.

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

Overview

During the FY2013/14, the CMIS Division executed its objectives as planned. These objectives included, amongst others, the successful provision and sustainment of the Information Communication Technology (ICT) capabilities and the provision of the Information Warfare (IW) strategic direction for the DOD, despite challenges of infrastructure and personnel deficiencies being experienced.

During the year under review, the ICT capability of the DOD was enhanced and maintained by ensuring that the Defence Information and Communication Infrastructure was available 98% of the time to the DOD. At the same time, the Division successfully executed ICT solutions and enablers for the DOD in line with the DOD ICT portfolios of the Defence Enterprise Information System (DEIS) Master Plan.

During the period, a DOD Record Management Forum was held to address policy and record management matters in the DOD. The DOD raised areas of concern for discussion

including, the coordination of inputs for the accounting of library material in order to ensure compliance with national governance on record management and the preservation of information.

The CMIS Division also successfully hosted the Military Information and Communication Symposium of South Africa (MICSSA) over the period 3 to 6 February 2014.

Furthermore, the CMIS Division has coordinated the renewal of the contract on the prediction of high-frequency propagation with South African National Space Agency (SANSA) and that of the interoperability development environment with the Council for Scientific and Industrial Research (CSIR). As a result, an uninterrupted and interference free high frequency communication with deployed forces and the interoperability concept for command and control with specific focus on border safeguarding will be realised. The renewal of the DOD central server capability was successfully executed, which included the delivery and full integration of production and disaster recovery capabilities.

In addition, CMIS Division has coordinated the upgrading of computer software within the DOD, which included the installation of 4 276 Windows 7 stations and 11 710 Microsoft Office 2010.

During the reporting period, although the CMIS Division executed its planned objectives successfully, it experience structural deficiencies and capacity challenges, however, it is envisaged that these challenges will be addressed

Table 11.2: Command and Management Information System Sub-programme Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Command and Management Information Systems				
Integrated information and communication technology (ICT) solutions and enablers for the DOD	Percentage compliance with the DOD ICT portfolios of the Defence Enterprise Information System Master Plan	100%	100%	Achieved
Supported DOD ICT and joint command and control product system capability	Percentage availability of the Defence Information and Communication Infrastructure at all times	98%	98%	Achieved

during the implementation of the Defence Review 2014. Therefore, the CMIS Division will continue to manage the challenges and risks involved to ensure that all planned objectives and outputs are effectively and efficiently achieved.

Table 11.2 above is the report on the achievement of output, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

SUBPROGRAMME: MILITARY POLICE

Purpose of the Sub-programme

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

Provide a military policing capability to the department by:

- finalising criminal cases by 10% more than what was reported per year;
- conducting 248 deliberate crime prevention operations per year;
- sustaining 13 provost company for operational deployments;
- sustaining four regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases; and
- sustaining two military correctional facilities for detention and rehabilitation.

Overview

During the year under review, the Military Police (MP) Division has performed well in executing its planned objectives and targets. A total number of 1 968 case dockets were reported, a total of 1 744 case dockets were archived

and a total of 2 716 case dockets were referred both to civilian and military courts. As such 4 460 case dockets were finalised, which resulted in an overachievement of the predetermined annual target.

Furthermore, a total of 227 deliberate crime prevention operations were executed, although the target was not met owing to a shortfall of 21 operations during the period under review. This underperformance is the result of MP officials being deployed and committed to other essential operations. The MP Division has also successfully detained a total of 102 inmates in military correctional facilities for different types of offences.

In addition, the MP Division has provided functional and ceremonial escorts in support of visits by foreign dignitaries. The Division also played a significant role during the opening of Parliament by providing functional and ceremonial escort duties.

The MP Division also successfully managed the case regarding the illegal march to the Union Buildings by uniformed members. The high military police visibility in the arraignment venues deterred the potential of opportunity to commit further crimes by members placed on special leave. This operation was managed by enforcing military discipline through the presence of military police officials assigned to execute the provost function.

The MP Division managed to provide 190 MP officials for external deployment in support of regional security. Furthermore, 246 MP officials were provided to support SANDF forces deployed for border safeguarding. During the period, the MP Division managed to successfully utilise 157 Reserve Force members as a force multiplier during external and internal deployments and as guards at DOD installations.

Table 11.3 is the report on the achievement of output, performance indicators and targets as specified in the SANDF APP for the FY2013/14.

Table 11.3: Military Police Sub-programme Output Detail for the FY2013/14

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Under-/Overachievement
Military Policing Capability				
	Percentage compliance with the approved force design	Information classified		
	Percentage compliance with the approved force structure	Information classified		
	Percentage criminal cases finalised	10%	111%	<u>Overachieved</u> . A large number of case dockets were sent to courts for decision and the MP Div regards case dockets that went to court also as finalised.
	Projected number of deliberate crime prevention operations	248	227	<u>Underachieved</u> . Large numbers of MP Officials were deployed externally and internally to assist and strengthen the operational capability of the MP Div, namely 13 Provost Company, which resulted in a shortage of personnel to conduct deliberate crime prevention operations.

PART 4 - ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

CHAPTER 12 ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

Overview

It is the strategic intent of the Department to achieve, maintain, manage and account for, a defence human resource complement that optimally executes the Department's mandate and mission. This must occur within the perspectives of having the appropriate quality, quantity and composition of human resources; of practicing excellence and accountability in human resource management and administration; and in pursuing Government's national human resource policy and strategy, as applicable to the Department.

The DOD Overarching HR Strategy supports the execution of the South African National Defence Force Military Strategy. The DOD's Human Resource Strategy is structured around three themes, namely "Human Resources of the Appropriate Quality, Quantity, Composition and Cost" which relates to defence-specific and military-specific human resource imperatives and initiatives; "Accountable HR Management and Administration" which relates to the generic human resource management functions and other specific human resource management focus areas and "Commitments met in Pursuance of Government Human Resource Policy and Strategy" which relates to defence-related social responsibility functions.

In contribution toward governments' National Development Plan (NDP), the intent to reduce unemployment, the DOD contributed by providing initial training to selected youth for the purposes of creating a pool of young and ready people from which the DOD and other state departments can recruit from, through the National Youth Service (NYS) initiative, graduating 2,158 learners during the FY2013/14. The DOD also utilised 14,668 Reserve Force members, mainly at level four (4) units for deployment by Chief Joint Operations (CJ Ops) internally and externally. The DOD continued with its rejuvenation efforts of the Regular force by appointing 2,244 Military Skills Development System (MSDS) that serves as the feeder system for the DOD.

The turnover rate reflected a decline in the number of employees whose service terminated and were transferred out of the Department. A total of 3 280 employees exited with an attrition rate of 4.17% compared to 3 429 employees who exited during the FY2012/13 with a turnover rate of 4.36%. Continuing improvements in conditions of service as well as the state of the employment market were primary drivers in the reduction of the total number of employees who exited in the Department. In terms of critical occupations, 625 employees' services were terminated and were transferred out of the Department compared to 714 employees whose services were terminated and transferred out of the Department during the FY2012/13. It is only the Air Space Control and Nursing occupations where terminations increased, the remainder of the critical occupations terminations decreased.

In terms of employment equity, the percentage representation of:

- Africans was 72%,
- Coloureds 13%,
- Asians 1% and
- Whites 14%.

Overall, the percentage representation in terms of race remained constant, compared to the FY2012/13. This can primarily be attributed to the reduced size of intakes and a downward trend in the number of employees exiting the Department. In terms of gender representation, the Department witnessed an increase in the number and percentage of female employees. The number increased from 22 195 in the FY2012/13 to 22 504, whilst female representation increased from 28,2% in the FY2012/13 to 29%. There was a slight decline in the number of employees with disabilities, from 452 in the FY2012/13 to 440 in the reporting year.

The number of leave days that employees used increased from 23 days in the FY2012/13 to 25 days. The main reason for this was the implementation of Public Service Coordinating Bargaining Council (PSCBC) Resolution 1 of 2012; members with 10 years and more service are entitled to 30 working days leave per calendar year. Previously

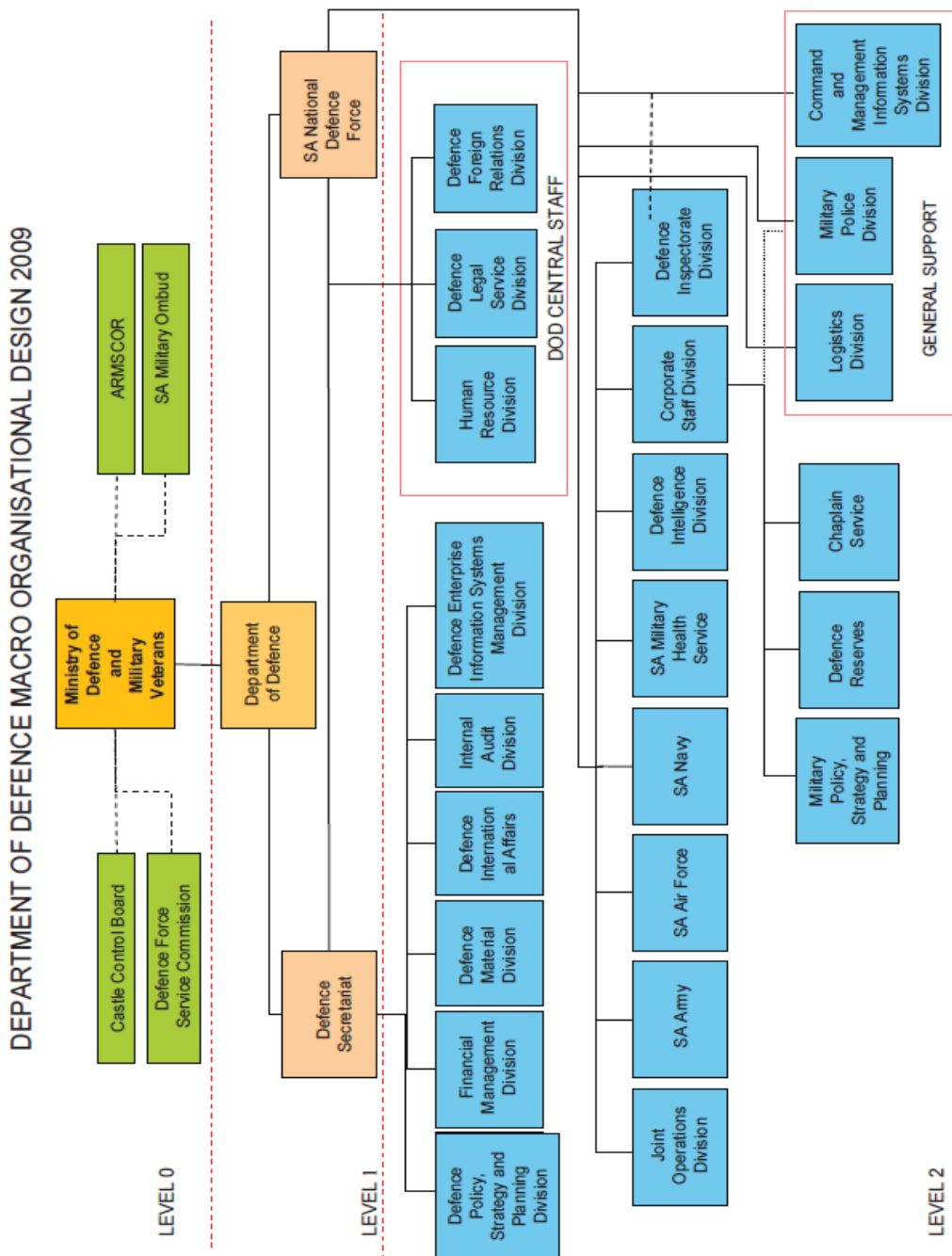
members with 10 years and more service qualified for 26 days.

The appointment of the permanent Defence Force Service Commission (DFSC) during September 2013, as well as the approval and staffing of 14 posts of its Secretariat was a welcome relief and provides hope for improved service conditions in the DOD. The DFSC has a critical task of

ensuring that it acknowledges the uniqueness of military personnel by recommending a sound and appropriate service dispensation that is tailor-made for them, through application of dedicated and universally accepted research methods.

The current DOD Organisational structure is presented in Figure 12.1.

Figure 12.1 Organisational Structure of the Department of Defence for the FY2013/14



The long-awaited Defence Review 2014 was finally approved by cabinet on 19 March 2014. This document constitutes critical HR strategic guidelines aimed at directing and shaping the HR function in the DOD. Most notable of the Defence Review provisions is the ‘One Force Concept’, which acknowledges that Defence Civilians serve a unique Public Service organisation which has unique demands that are not experienced by other public service departments. The Defence Review posits that “All defence personnel must fall under unified legislation that provides for one service dispensation for all and which is

overseen equitably by the Defence Service Commission”. The stage is set for HR decision-makers, planners and policy-makers to perform a thorough study of this document to determine its impact on the DOD Human Resource value chain.

MACRO-PERSONNEL STRENGTH

The planned average strength budgeted for the FY2013/14 is compared with the actual strength at the end of the financial year, in Table 12.1:

Table 12.1: DOD's Average Planned and Actual Strength as at 31 March 2014

<i>Budget Holder</i>	<i>Planned</i>	<i>Actual</i>
SA Army	38 603	40 121
SA Air Force	11 236	10 815
SA Navy	7 306	7 702
SA Military Health Services	8 225	8 380
Defence Legal Service Division	409	383
Defence Corporate Communication	65	52
Defence Reserves	31	27
Defence Foreign Relations Division	129	153
Corporate Staff Division	534	500
Military Policy, Strategy and Planning	29	28
Human Resource Division	1 419	1 466
Ministry of Defence	46	61
Chief of the SANDF Office	21	17
Defence Inspectorate Division	139	127
Chaplain General	17	18
Defence Policy, Strategy and Planning Division	108	89
Financial Management Division	916	863
Defence Secretariat	70	55
Defence International Affairs	25	16
Logistic Division	3 222	3 095
Command and Management Information System Division	146	150
Military Police Division	1 697	1 633
Defence Intelligence Division	841	879
Military Ombud	41	39
Internal Audit Division	0	2
Joint Operations Division	1 969	1 969
Defence Material Division	73	67
Total	77 317	78 707

Note: In cases where the added total differs from the indicated total in the table, it will be due to the rounding off of figures.

SERVICE DELIVERY

The DOD has nothing to report regarding Service Delivery.

Table 12.2: Complaints mechanism

<i>Complaints Mechanism</i>	<i>Actual achievement</i>
During the Financial year 2013/2014 the Department was able to handle 18 collective grievances at the Departmental Bargaining Chamber.	In terms of the total figure of the number of collective grievances lodged in the Departmental Bargaining Chamber, 12 were successfully resolved and 6 are still pending.

EXPENDITURE

Table 12.3: Personnel costs by programme for the FY2013/14

<i>Programme</i>	<i>Total Expenditure</i>	<i>Personnel Expenditure</i>	<i>Training Expenditure</i>	<i>Professional and Special Services</i>	<i>Personnel cost as a percentage of total expenditure</i>	<i>Average personnel cost per employee</i>
Administration	4 510 984 751	1 406 927 834	27 889 805	41 526 115	31%	355 016
Landward Defence	13 299 120 092	9 189 043 892	39 157 064	19 780 023	69%	229 033
Air Defence	6 031 523 251	2 964 807 946	29 605 557	106 169 608	49%	274 139
Maritime Defence	3 226 362 008	1 833 176 606	12 113 086	16 941 204	57%	238 013
Military Health Support	3 733 602 462	2 707 867 557	8 102 202	327 120 015	73%	323 135
Defence Intelligence	774 683 379	299 598 073	1 062 365	54 200	39%	340 840
General Support	5 224 571 256	1 405 068 652	38 979 423	250 746 064	27%	288 042
Force Employment	3 346 654 970	1 595 628 957	2 405 549	7 778 015	48%	810 375
Total	40 147 502 169	21 402 119 517	159 315 051	770 115 245	53%	271 921

*Note: Personnel expenditure includes payments to the value of R69,417,890-00, which were made to Households in respect of attrition

Table 12.4: Personnel costs by salary bands for the FY2013/14

Salary Bands	Personnel Expenditure	% of Total Personnel Cost	Average Personnel Cost per Employee
Senior Management (LI3-16)	308 721 266	1%	1 057 265
Senior Professionals	162 158 097	1%	1 559 212
Highly Skilled Supervision (L9-12)	5 106 715 361	24%	525 707
Highly Skilled Production (L6-8)	7 315 363 822	34%	300 117
Skilled (L3-4)	7 881 389 676	37%	212 368
Lower Skilled (LI-2)	292 748 594	1%	112 900
Military Skills Development System	335 018 781	2%	74 185
Interns	3 920	0%	3 920
Total	21 402 119 517	100%	271 921

Table 12.5: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme for the FY2013/14

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Administration	936 356 114	67%	3 469 305	0.2%	23 708 309	1.7%	16 744 937	1.2%
Landward Defence	6 269 069 298	68%	59 673 940	0.6%	245 701 727	2.7%	46 483 857	0.5%
Air Defence	1 990 390 982	67%	10 389 102	0.4%	64 228 939	2.2%	22 629 795	0.8%
Maritime Defence	1 276 440 930	70%	26 435 474	1.4%	42 744 184	2.3%	15 449 867	0.8%
Military Health Support	1 770 988 124	65%	168 514 979	6.2%	39 762 404	1.5%	8 432 901	0.3%
Defence Intelligence	208 798 376	70%	489 863	0.2%	5 875 271	2.0%	876 814	0.3%
Joint Support	961 656 596	68%	7 714 262	0.5%	32 685 034	2.3%	6 361 878	0.5%
Force Employment	412 827 865	26%	1 664 024	0.1%	10 537 004	0.7%	1 819 593	0.1%
Total	13 826 528 286	65%	278 350 949	1.3%	465 242 872	2.2%	118 799 643	0.6%

Table 12.6: Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands for the FY2013/14

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Senior Management (L13-16)	175 421 904	57%	6 572	0.0%	0	0.0%	0	0.0%
Senior Professionals	79 824 096	49%	31 316 976	19.3%	0	0.0%	0	0.0%
Highly Skilled Supervision (L9-12)	3 302 863 656	65%	108 594 129	2.1%	52 330 679	1.0%	4 184 483	0.1%
Highly Skilled Production (L6-8)	4 795 523 532	66%	54 671 308	0.7%	162 338 949	2.2%	33 881 608	0.5%
Skilled (L3-4)	5 042 751 480	64%	79 211 251	1.0%	232 608 592	3.0%	59 382 818	0.8%
Lower Skilled (L1-2)	181 983 283	62%	1 075 696	0.4%	17 960 152	6.1%	21 350 733	7.3%
Military Skills Development System	248 157 346	74%	3 475 016	1.0%	4 501	0.0%	0	0.0%
Interns	2 989	76%	0	0.0%	0	0.0%	0	0.0%
Total	13 826 528 286	65%	278 350 949	1.3%	465 242 872	2.2%	118 799 643	0.6%

EMPLOYMENT AND VACANCIES

Table 12.7: Employment and vacancies by programme as at 31 March 2014

Programme	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Defence Administration	4 872	3 963	18.66%	909
Landward Defence	44 224	40 121	9.28%	4 103
Air Defence	12 900	10 815	16.16%	2 085
Maritime Defence	7 213	7 702	-6.78%	-489
Military Health Services	9 922	8 380	15.54%	1 542
Defence Intelligence	1 125	879	21.87%	246
General Support	6 055	4 878	19.44%	1 177
Force Employment	2 430	1 969	18.97%	461
Total	88 741	78 707	11.31%	10 034

*Note: Posts refer only to approved production posts captured on the post establishment of which only 77,317 were funded for the FY2013/14.

Table 12.8: Employment and vacancies by Salary Bands as at 31 March 2014

Salary Band	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior Management	289	292	-1.04%	-3
Senior Professionals	304	104	65.79%	200
Highly Skilled Supervision	12 048	9 714	19.37%	2 334
Highly Skilled Production	32 566	24 375	25.15%	8,191
Skilled	32 681	37 112	-13.56%	-4 431
Lower Skilled	10 853	2 593	76.11%	8 260
Military Skills Development System	0	4 516	0.00%	-4 516
Interns	0	1	0.00%	-1
Total	88 741	78 707	11.31%	10 034

*Note: Posts refer only to approved production posts captured on the post establishment of which only 77,317 were funded for the FY2013/14. 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 utilised in approved production posts.

Table 12.9: Employment and vacancies by critical occupation as at 31 March 2014

Critical Occupation	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Air Space Control	537	527	1.86%	10
Aircrew	612	491	19.77%	121
Anti-Aircraft	970	972	-0.21%	-2
Artillery	1 289	1 416	-9.85%	-127
Combat Navy	658	572	13.07%	86
Engineer	179	123	31.28%	56
Medical Prof*	1 660	1 432	13.73%	228
Nursing	1 655	1 747	-5.56%	-92
Technical	8 568	7 125	16.84%	1 443
Total	16 128	14 405	10.68%	1 723

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

*Note: Posts refer only to approved production posts captured on the post establishment. There are currently 726 MSDS members under training of which 105 are in the Artillery Occupation, resulting in a figure of 127 members as additional to the establishment.

JOB EVALUATION

Table 12.10: Job Evaluation for the period 1 April 2013 to 31 March 2014

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Senior Management	289	3	1.04%	0	0.00%	0	0.00%
Senior Professionals	304	0	0.00%	0	0.00%	0	0.00%
Highly Skilled Supervision	12 048	232	1.93%	6	2.59%	0	0.00%
Highly Skilled Production	32 566	96	0.29%	2	2.08%	0	0.00%
Skilled	32 681	79	0.24%	1	1.27%	0	0.00%
Lower Skilled	10 853	34	0.31%	0	0.00%	0	0.00%
Military Skills Development System	0	0	0.00%	0	0.00%	0	0.00%
Interns	0	0	0.00%	0	0.00%	0	0.00%
Total	88 741	444	0.50%	9	2.03%	0	0.00%

Table 12.11: Profile of employees whose salary positions were upgraded due to their posts being upgraded 1 April 2013 to 31 March 2014

Beneficiaries	African	Asian	Coloured	White	Total
Female	3	0	0	0	3
Male	3	0	0	1	4
Total	6	0	0	1	7
Employees with a disability					0

Table 12.12: Employees whose salary levels exceed the grade determined by job evaluation, 1 April 2013 to 31 March 2014 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in the FY2013/14	None
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EMPLOYMENT CHANGES

Table 12.13: Annual Turnover rates by Salary Band for the period 1 April 2013 to 31 March 2014

SALARY BAND	Number of Employees as at 1 April 2013	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Minister/Deputy/Advisers	14	0	1	-7.14%
Senior Management Service band D	4	1	0	25.00%
Senior Management Service band C	16	4	4	0.00%
Senior Management Service band B	61	1	5	-6.56%
Senior Management Service band A	191	8	18	-5.24%
Senior professionals	115	0	10	-8.70%
Highly skilled supervision	9 720	170	486	-3.25%
Highly skilled production	23 981	234	624	-1.63%
Skilled	37 185	222	1 054	-2.24%
Lower skilled	2 714	377	279	3.61%
Military Skills Development System	4 716	2 244	792	30.79%
Interns	8	0	7	-87.50%
Total	78 725	3 261	3 280	-0.02%

Table 12.14: Annual Turnover rates by Critical Occupation for the period 1 April 2013 to 31 March 2014

Critical Occupation	Number of Employees as at 1 April 2013	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	602	6	25	-3.16%
Aircrew	519	1	27	-5.01%
Anti-Aircraft	915	69	15	5.90%
Artillery	1 385	47	17	2.17%
Combat Navy	517	2	24	-4.26%
Engineer	137	0	15	-10.95%
Medical Prof	1 441	161	193	-2.22%
Nursing	1 673	12	87	-4.48%
Technical	7 107	97	222	-1.76%
Total	14 296	395	625	-1.61%

*Note: 205 MSDS members are included in the total appointment figure for all critical occupations.

Table 12.15: Reasons why staff left the department during the FY2013/14

Termination Type	Number	% of Total
Death	512	15.61%
Resignation	612	18.66%
Contract Expiry	1,127	34.36%
Transfer	105	3.20%
Dismiss - Ops Req	1	0.03%
Dismiss- Ill Health	55	1.68%
Dismiss - Misconduct	212	6.46%
Discharge - Incapacity	3	0.09%
Retirement	646	19.70%
MEM/EISP/VSP	7	0.21%
Total Number of Employees who left as a % of the Total Employment as at 31 March 2013	3,280	4.17%

Table 12.16: Promotions by Critical Occupation in the FY2013/14

Critical Occupation	Number of Employees as at 1 April 2013	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	602	58	9.63%	365	60.63%
Aircrew	519	48	9.25%	310	59.73%
Anti-Aircraft	915	51	5.57%	679	74.21%
Artillery	1 385	101	7.29%	1,071	77.33%
Combat Navy	517	104	20.12%	287	55.51%
Engineer	137	37	27.01%	59	43.07%
Medical Professional	1 441	99	6.87%	708	49.13%
Nursing	1 673	177	10.58%	1,283	76.69%
Technical	7 107	1 078	15.17%	4,263	59.98%
Total	14 296	1 753	12.26%	9,025	63.13%

Table 12.17: Promotions by Salary Band in the FY2013/14

Salary Band	Number of Employees as at 1 April 2013	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
Senior management	286	13	4.55%	17	5.94%
Senior professionals	115	0	0.00%	65	56.52%
Highly skilled supervision	9 720	731	7.52%	7 086	72.90%
Highly skilled production	23 981	2 439	10.17%	19 118	79.72%
Skilled	37 185	3 151	8.47%	23 163	62.29%
Lower skilled	2 714	0	0.00%	1 308	48.19%
Military Skills Development System	4 716	0	0.00%	0	0.00%
Interns	8	0	0.00%	0	0.00%
TOTAL	78 725	6 334	8.05%	50 757	64.47%

EMPLOYMENT EQUITY

Table 12.18a: Total number of employees in each of the following occupational categories as of 31 March 2014

Occupational Category (SASCO)	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, Snr Officials and Managers	1	0	0	0	1	0	0	0	2
Professionals	779	81	133	439	745	86	217	539	3 019
Technicians and Associate Professionals	3 239	63	418	1 112	1 683	54	311	538	7 418
Clerks	5 786	108	1 456	1 042	3 874	78	727	1 910	14 981
Service and Sales Workers	20 962	188	2 843	1 738	4 726	27	819	463	31 766
Craft and Related Trades Workers	5 293	176	1 090	2 090	1 581	10	238	247	10 725
Plant and Machine Operators and Assemblers	254	1	73	20	9	0	2	1	360
Elementary Occupations	5 207	23	1 056	532	2 780	17	654	167	10 436
Total	41 521	640	7 069	6 973	15 399	272	2 968	3 865	78 707
Employees with Disabilities	205	4	57	101	16	0	5	52	440

Table 12.18b: Total number of employees in each of the following occupational bands as of 31 March 2014

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	23	2	0	2	8	0	0	2	37
Senior management	152	12	11	99	45	8	5	27	359
Professionally Qualified	3 045	182	861	2 858	1 237	96	273	1 162	9 714
Skilled Technical	11 088	283	2 901	2 938	3 926	104	879	2 256	24 375
Semi-skilled	23 939	112	2 796	877	7 674	40	1 344	330	37 112
Unskilled	971	1	187	13	1 127	9	247	38	2 593
Military Skills Development System	2 302	48	313	186	1 382	15	220	50	4 516
Interns	1	0	0	0	0	0	0	0	1
Total	41 521	640	7 069	6 973	15 399	272	2 968	3 865	78 707

Table 12.19: Recruitment for the period 1 April 2013 to 31 March 2014

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	1	0	1	1	0	0	0	5
Senior management	3	1	0	1	2	0	1	1	9
Professionally Qualified	35	6	5	25	46	16	13	24	170
Skilled Technical	91	2	11	9	86	3	15	17	234
Semi-skilled	104	0	3	1	97	0	11	6	222
Unskilled	147	0	11	2	195	2	17	3	377
Military Skills Development System	1 135	24	173	82	677	6	118	29	2 244
Interns	0	0	0	0	0	0	0	0	0
Total	1 517	34	203	121	1 104	27	175	80	3 261
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 12.20: Promotions for the period 1 April 2013 to 31 March 2014

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	7	0	0	1	2	0	0	1	11
Professionally Qualified	333	23	55	89	124	11	33	63	731
Skilled Technical	1 113	5	239	178	434	9	84	377	2 439
Semi-skilled	1 725	29	203	158	854	5	148	29	3 151
Unskilled	0	0	0	0	0	0	0	0	0
Total	3 180	57	497	426	1 414	25	265	470	6 334
Employees with disabilities	14	0	4	6	5	0	0	9	38

Table 12.21: Terminations for the period 1 April 2013 to 31 March 2014

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	3	0	0	1	1	0	0	0	5
Senior Management	13	2	0	11	4	1	1	1	33
Professionally Qualified	111	11	29	144	68	19	12	92	486
Skilled Technical	238	6	71	108	95	1	23	82	624
Semi-skilled	640	4	106	39	208	1	37	19	1 054
Unskilled	152	0	17	3	97	0	10	0	279
Military Skills Development System	383	15	52	40	248	2	39	13	792
Interns	5	0	0	0	2	0	0	0	7
Total	1 545	38	275	346	723	24	122	207	3 280
Employees with disabilities	3	0	3	4	1	0	0	1	12

Table 12.22: Disciplinary action for the period 1 April 2013 to 31 March 2014

Disciplinary action	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Correctional counselling	0	0	0	0	0	0	0	0	01
Verbal warning	0	0	0	0	0	0	0	0	0
Written warning	21	71	0	12	3	5	0	0	112
Final written warning	13	9	0	1	4	2	1	2	32
Suspended without pay	1	1	0	0	0	0	0	0	2
Fine	0	1	0	0	0	0	0	0	1
Demotion	17	4	0	1	2	2	0	2	28
Dismissal	3	0	0	0	0	0	0	1	4
Not guilty	2	0	0	0	2	1	0	1	6
Total	57	86	0	14	11	10	1	7	186

Table 12.23: Skills development for the period 1 April 2013 to 31 March 2014

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	1	2	4	1	0	0	0	16
Professionals	64	8	12	24	40	7	7	19	181
Technicians and associate professionals	48	0	3	13	102	6	24	52	248
Clerks	80	1	22	4	105	0	19	39	270
Service and sales workers	10 431	145	1 764	1 411	3 600	32	582	401	18 366
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	1	0	0	0	0	0	0	1	2
Plant and machine operators and assemblers	5	0	3	0	0	0	0	0	8
Elementary occupations	37	0	26	1	34	1	9	2	110
Total	10 674	155	1 832	1 457	3 882	46	641	514	19 201
Employees with disabilities	0	0	0	0	0	0	0	0	0

PERFORMANCE REWARDS

Table 12.24: Performance Rewards by Race, Gender, and Disability for the period 1 April 2013 to 31 March 2014

Race	Gender	Beneficiary Profile			Cost	
		Number of Beneficiaries	Total number of Employees in Group as at 1 April 2013	% of Total within Group	Total Cost (Rand)	Average cost per Employee (Rand)
African	Male	9 449	41 402	22.82%	92 663 009	9 807
	Female	3 068	14 985	20.47%	29 532 256	9 626
African Total		12 517	56 387	22.20%	122 195 265	9 762
Asian	Male	169	637	26.53%	2 582 197	15 279
	Female	70	265	26.42%	1 022 910	14 613
Asian Total		239	902	26.50%	3 605 108	15 084
Coloured	Male	1 854	7 127	26.01%	21 569 885	11 634
	Female	732	2 905	25.20%	7 435 601	10 158
Coloured Total		2 586	10 032	25.78%	29 005 486	11 216
White	Male	1 883	7 136	26.39%	31 830 754	16 904
	Female	1 348	3 982	33.85%	20 562 055	15 254
White Total		3 231	11 118	29.06%	52 392 809	16 216
Grand Total		18 573	78 439	23.68%	207 198 667	11 156
Employees with Disabilities		131	452	28.98%	1 607 779	12 273

*Note: Strength excludes Military Skills Development System

Table 12.25: Performance Rewards by Salary Bands for personnel below Senior Management Service for the period 1 April 2013 to 31 March 2014

Salary Band	Beneficiary Profile			Cost		
	Number of Beneficiaries	Total number of Employees as at 1 April 2013	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Professionals	25	115	21.74%	446 682	17 867	0.28%
Highly Skilled Supervision	2 915	9 720	29.99%	59 008 143	20 243	1.16%
Highly Skilled Production	6 773	23 981	28.24%	83 341 421	12 305	1.14%
Skilled	8 484	37 185	22.82%	62 825 218	7 405	0.80%
Lower Skilled	376	2 714	13.85%	1 577 203	4 195	0.54%
Military Skills Development System	0	4 716	0.00%	0	0	0.00%
Interns	0	8	0.00%	0	0	0.00%
Total	18 573	78 439	23.68%	207 198 667	11 156	0.97%

Table 12.26: Performance Rewards by Critical Occupations for the period 1 April 2013 to 31 March 2014

Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total number of Employees as at 1 April 2013	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)
Air Space Control	139	597	23.28%	2 124 327	15 283
Aircrew	95	510	18.63%	1 591 815	16 756
Anti-Aircraft	198	913	21.69%	2 353 869	11 888
Artillery	272	1 381	19.70%	3 058 512	11 245
Combat Navy	94	504	18.65%	1 324 776	14 093
Engineer	12	132	9.09%	192 792	16 066
Medical Prof	301	1 432	21.02%	4 901 094	16 283
Nursing	311	1 671	18.61%	4 220 530	13 571
Technical	1 383	7 094	19.50%	19 040 948	13 768
Total	2 805	14 234	19.71%	38 808 664	13 836

Table 12.27: Performance related rewards (cash bonus) by Salary Band, for Senior Management Service for the FY2013/14

Salary Band	Beneficiary Profile			Cost		
	Number of Beneficiaries	Total number of Employees as at 1 April 2013	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Management Service Band A	8	191	4.19%	224 903	28 113	0.07%
Senior Management Service Band B	0	61	0.00%	0	0	0.00%
Senior Management Service Band C	0	16	0.00%	0	0	0.00%
Senior Management Service Band D	0	4	0.00%	0	0	0.00%
Minister/Deputy/Advisors	0	14	0.00%	0	0	0.00%
Total	8	286	2.80%	224 903	28 113	0.07%

FOREIGN WORKERS

Table 12.28: Foreign Workers by salary band for the period 1 April 2013 to 31 March 2014

Salary Band	1 April 2013		31 March 2014		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 12.29: Foreign Workers for the period 1 April 2013 to 31 March 2014, by major occupation

Major Occupation	1 April 2013		31 March 2014		Change	
	Number	% of Total	Number	% of Total	Number	% Change
	0	0	0	0	0	0
Total	0	0	0	0	0	0

LEAVE UTILISATION

Table 12.30: Sick leave for the period 1 January 2013 to 31 December 2013

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee using Sick Leave	Estimated Cost (Rand)
Senior Management	963	85%	149	51%	6	2 168 768
Senior Professionals	341	75%	50	48%	7	1 105 263
Highly Skilled Supervision	47 084	80%	6 263	64%	8	60 548 675
Highly Skilled Production	143 327	81%	16 966	70%	8	107 009 207
Skilled	170 955	88%	20 694	56%	8	87 332 496
Lower Skilled	18 760	87%	1 901	73%	10	5 189 394
Military Skills Development System	1 034	100%	149	3%	7	307 179
Interns	0	0%	0	0%	0	0
Total	382 463	85%	46 172	59%	8	263 660 982

*Note: Employees are entitled to 36 working days in a cycle of 3 years on an average of 8 working days per year.

Table 12.31: Disability Leave (temporary and permanent) for the period 1 January 2013 to 31 December 2013

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee using Disability Leave	Estimated Cost (Rand)
Senior Management	107	100%	3	1%	36	245 947
Senior Professionals	36	100%	2	2%	18	104 523
Highly Skilled Supervision	6 791	100%	213	2%	32	8 961 119
Highly Skilled Production	18 543	100%	536	2%	35	14 482 666
Skilled	13 000	100%	449	1%	29	7 444 998
Lower skilled	32	100%	2	0%	16	9 747
Military Skills Development System	0	0%	0	0%	0	0
Interns	0	0%	0	0%	0	0
Total	38 509	100%	1 205	2%	32	31 248 999

Table 12.32: Annual Leave for the period 1 January 2013 to 31 December 2013

Salary Band	Total Days Taken	Average Days per Employee using Annual Leave
Senior Management	7 006	26
Senior Professionals	2 428	29
Highly Skilled Supervision	264 201	28
Highly Skilled Production	647 638	27
Skilled	812 954	23
Lower Skilled	48 923	20
Military Skills Development System	18 407	15
Interns	0	0
Total	1 801 557	25

*Note: Employees with less than 10 years' service are entitled to 22 working days annual leave and employees with more than 10 years' service are entitled to 30 working days leave. The average days per employee increased from the previous calendar year due to the implementation of PSCBC Resolution 1 of 2012 that with effect from 31 July 2012, as part of long service recognition at attaining 10 years' service, an employee's annual leave entitlement increases from 26 to 30 working days in a leave cycle.

Table 12.33: Capped leave for the period 1 January 2013 to 31 December 2013

Salary Band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2013
Senior Management	44	5	93
Senior Professionals	9	5	52
Highly Skilled Supervision	2 567	5	41
Highly Skilled Production	4 156	4	22
Skilled	4 410	5	25
Lower skilled	35	4	22
Total	11 220	5	28

Table 12.34: Leave pay-outs for the period 1 April 2013 to 31 March 2014

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave Pay-out for the FY2013/14 due to non-utilisation of leave for previous cycle	891 768	163	5 471
Leave Pay-out for the FY2013/14 due to discounting of Leave	109 834 482	7 376	14 891
Leave Pay-out for the FY2013/14 on Termination of Service	48 464 796	1 002	48 368
Total	159 191 046	8 541	18 638

HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 12.35a: Steps taken to reduce the risk of occupational exposure

<i>Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases (if any)</i>	<i>Key Steps Taken to Reduce the Risk</i>
Low risk: All members	<ul style="list-style-type: none"> ● HIV and AIDS related prevention programmes. ● Peer education programmes. ● Availability of first aid kits and personal protective equipment. ● Condom distribution points for both males and females. ● Health promotion programmes before and after deployments.
Medium risk: Members on deployment (internal to RSA) ie RSA border protection bases / posts and members on military courses	<ul style="list-style-type: none"> ● All the above programmes and interventions apply. ● HIV and AIDS lectures given during all military courses. ● Trained operational emergency care practitioners in HIV and AIDS that were deployed with other military personnel. ● Mobile clinics were deployed to support borders with HIV education and ARV treatment.
High risk: Members on deployment (external to RSA)	<ul style="list-style-type: none"> ● All the programmes and interventions reflected for low and medium risk exposure. ● Peer education. ● Trained operational emergency care practitioners. ● Specific HIV prevention programmes aimed at reducing high risk behaviour. ● Specific health promotion programmes during deployment.

Table 12.35b: Details of Health Promotion and HIV/AIDS Programmes

<i>Question</i>	<i>Yes</i>	<i>No</i>	<i>Details, if Yes</i>
Has the department designated a member of the SMS to implement the provision contained in Part VI e of Chapter I of the Public Service Regulations, 2001? If so provide her/his name and position.	x		Brig Gen E.M. Joseph Director HIV and AIDS Programme SA National Defence Force HIV and AIDS Programme Manager.
Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		<p>The Director HIV and AIDS Programme coordinates “The Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the Department of Defence and Military Veterans (DOD & MV).</p> <p>Two members manage the monitoring and evaluation of the Department of Defence HIV and AIDS programme.</p> <p>HIV prevention and health promotion programmes are planned and implemented throughout the organisation by Regional HIV and AIDS Programme Managers based in the nine provinces of South Africa.</p> <p>Wellness programmes are executed at unit level in the SA Army, SA Air Force, SA Navy and SA Military Health Service through the Military Community Development Committees (MCDCs). All Officers Commanding in the SA National Defence Force have the responsibility to ensure that wellness programmes take place in their respective units.</p> <p>Health care practitioners at primary health care level provide HIV prevention, health promotion and curative HIV and AIDS programmes for all patients/clients throughout the organisation.</p> <p>The HIV and AIDS Programme of the DOD is funded through the health service delivery and operating budget of the SAMHS.</p>

Question	Yes	No	Details, if Yes
<p>Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of this Programme.</p>	x		<p>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 and AIDS in the Department. The programmes include prevention of HIV and health promotion programmes.</p> <p>Progress has been made with the plan to increase treatment of HIV members. The number of ARV sites has increased and 90% of all planned sites are operational. The sites have increased with 50 sites from 2008 till 2014.</p> <p>The challenge in executing healthy lifestyle promotion and prevention programmes is as a result of the shortage of health care practitioners and funding. Training was provided for medical officers, nursing officers, pharmacists and social work officers. More than 47 000 DOD members were reached during promotion and prevention programmes.</p> <p>The key elements of the HIV Prevention and Health Promotion Programme are:</p> <ul style="list-style-type: none"> ● HIV Counselling and testing. ● Male and female Condom provision. ● Peer education training. ● Gender based violence training. ● Spiritual and ethics based prevention (CHATSEC). ● HIV and AIDS workplace programmes (includes condom provision, behaviour modification programmes, peer education training, gender-based training, CHATSEC, mass awareness and occupational health and safety). ● Mass awareness campaigns. ● Management of occupational transmission, eg supply of personal protective equipment. ● Post-exposure prophylaxis. ● Prevention of vertical transmission previously known as mother to child transmission. ● Prevention of opportunistic infections. ● Utilisation of all awareness opportunities (eg National Health Days, Health Month, World AIDS Day, Commemoration Days, etc). ● Management of sexually transmitted infections. ● Health education, HIV and ARV training and development. ● Medical Male circumcision. ● Prevention with positives. ● Prevention and treatment of alcohol and drug abuse. ● Comprehensive health assessments. ● Health programmes targeting women of child bearing age. ● Development and provision of HIV related Information and Educational Communication material. ● Awareness programmes. ● Involvement of non-governmental organisations. ● Health Walks.

Question	Yes	No	Details, if Yes
<p>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.</p>	x		<ul style="list-style-type: none"> ● The Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the Department of Defence: 2011-2016 is coordinated through the Directorate HIV and AIDS Programme. ● Coordination within the SA National Defence Force through bilateral meetings between the SA Military Health Service and the SA Army, the SA Navy and the SA Air Force. ● The Director HIV and AIDS Programme coordinate matters through the SAMHS HIV and AIDS Coordinating Committee. The committee consists of members representing formations and units that provide health care services.
<p>Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate agent employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.</p>	x		<ul style="list-style-type: none"> ● The Department took cognisance of the Strategic Plan for Non-communicable Diseases for 2013-2016. ● There are numerous policies that address the issues of discrimination, including Human Resource strategy documents. All HIV infected uniformed members of the Department of Defence and Military Veterans are managed according to “The DOD Instruction on the Management of HIV and AIDS in the DOD” and “The Department of Defence Directive on the Health Classification and Deployability of SA National Defence Force Members with HIV and AIDS”. ● Department of Defence Directive: Transformation Management in the Department of Defence. ● Department of Defence Instruction: Policy on Transformation Management in the Department of Defence. ● Joint Defence Publication: Process and Procedures for Transformation Management in the Department of Defence.
<p>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.</p>	x		<ul style="list-style-type: none"> ● The department adheres to the principle of equity and equal opportunities in all practices. It values and manages diversity and in doing so recognises that talent, ability and potential are inherently distributed across the population. It strives to eradicate all forms of unfair discrimination within the department. <p><u>Policy Documents</u></p> <ul style="list-style-type: none"> ● No mandatory testing of officials. ● HIV testing of any official in the DOD may form part of a comprehensive health evaluation as governed by the Medical Standards for the SANDF and as required by the Surgeon General in terms of Regulation 15 of the Defence Act. ● Without written consent no HIV testing may be done and pre- and post-test counselling procedures must be part of testing. ● Officials with HIV and AIDS may not be unfairly discriminated against in the allocation of employment benefits and are treated like any other official with a comparable life-threatening illness with regard to access to benefits. ● Grievance procedures are confidential and do not result in the disclosure of a person’s HIV status. ● Respecting the privacy and confidentiality of those living with HIV.
<p>Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.</p>	x		<ul style="list-style-type: none"> ● Uniformed members of the Department of Defence are required to undergo HIV testing as part of Comprehensive Health Assessments and Concurrent Health Assessments prior to deployments. ● In addition, the military participates in the National Department of Health HIV Counselling and Testing (HCT) Campaign.

Question	Yes	No	Details, if Yes
Has the department developed measures/ indicators to monitor and evaluate the impact of its health programme? If so, list these measures/ indicators.	x		<p>Sources of data are the following:</p> <ul style="list-style-type: none"> • Knowledge Attitude and Practice Survey. • Health Informatics System - Clinical Data Management. • Project Feedback Forms submitted following the programmes projects and interventions (all planned HIV prevention interventions are monitored). • Care and treatment indicators have been developed. • Information from staff visits to the various units.

LABOUR RELATIONS

Table 12.36: Collective agreements for the period 1 April 2013 to 31 March 2014

Subject Matter	Date
PSCBC Resolution I of 2013 (Service Charter)	The agreement was signed on 28 June 2013

Table 12.37: Misconduct and disciplinary hearings finalised for the period 1 April 2013 to 31 March 2014

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	1%
Verbal warning	0	0%
Written warning	77	56%
Final written warning	19	14%
Suspended without pay	2	1%
Fine	0	0%
Demotion	1	1%
Dismissal	28	20%
Not guilty	4	3%
Case withdrawn	5	4%
Total	137	100%

Table 12.38: Grievances lodged for the period 1 April 2013 to 31 March 2014

Grievances	Number
Number of Grievances Resolved	139
Number of Grievances not Resolved	644
Total Number of Grievances Lodged	368

Table 12.39: Disputes lodged with Councils for the period 1 April 2013 to 31 March 2014

Disputes	Number
Number of disputes upheld	1 (The PSA declared a dispute on the Benchmarking of clerks on 19 March 2014)
Number of disputes dismissed	None
Total number of disputes lodged	1

Note: Councils do not schedule all disputes referred in a financial year for resolution in the same financial year.

Table 12.40: Strike actions for the period 1 April 2013 to 31 March 2014

Strike actions	Number
Total number of person working days lost	None
Total cost of working days lost	None
Amount recovered as a result of no work no pay	None

Table 12.41: Precautionary suspensions for the period 1 April 2013 to 31 March 2014

Precautionary suspensions	Number
Number of people suspended	41
Number of people whose suspensions exceeded 30 days	40
Average number of days suspended	252
Cost of suspensions	R7 616 736

SKILLS DEVELOPMENT

Table 12.42: Training needs identified for the period 1 April 2013 to 31 March 2014

Occupational Categories	Gender	Number of Employees as at 01 April 2013	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	1 610	0	994	126	1 120
	Male	1 471	0	840	630	1 470
Technicians and associate professionals	Female	2 512	44	735	462	1 241
	Male	4 779	68	2 300	2 205	4 573
Clerks	Female	6 531	88	6 300	1 155	7 543
	Male	8 415	126	6 835	1 680	8 641
Service and sales workers	Female	6 048	275	3 305	1 470	5 050
	Male	25 949	150	8 975	11 610	20 735
Craft and related trades workers	Female	1 854	0	1 365	527	1 892
	Male	8 484	0	997	1 599	2 596

Occupational Categories	Gender	Number of Employees as at 01 April 2013	Training Needs Identified at Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Plant and machine operators and assemblers	Female	13	7	5	9	21
	Male	369	10	335	139	484
Elementary occupations	Female	3 626	88	1 680	1 375	3 143
	Male	7 062	137	3 875	4 830	8 842
Subtotal	Female	22 195	502	14 384	5 124	20 010
	Male	56 530	491	24 157	22 693	47 341
Total		78 725	993	38 541	27 817	67 351

Table 12.43: Training provided for the period 1 April 2013 to 31 March 2014

Occupational Categories	Gender	Number of Employees as at 01 April 2013	Training Provided within Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	1 610	0	994	126	1 120
	Male	1 471	0	840	630	1 470
Technicians and associate professionals	Female	2 512	44	735	462	1 241
	Male	4 779	68	2 300	2 205	4 573
Clerks	Female	6 531	88	6 300	1 155	7 543
	Male	8 415	126	6 835	1 680	8 641
Service and sales workers	Female	6 048	275	3 305	1 470	5 050
	Male	25 949	150	8 975	11 300	20 425
Craft and related trades workers	Female	1 854	0	1 365	527	1 892
	Male	8 484	0	997	1 599	2 596
Plant and machine operators and assemblers	Female	13	7	5	9	21
	Male	369	10	335	120	465
Elementary occupations	Female	3 626	88	1 680	1 290	3 058
	Male	7 062	137	3 875	4 650	8 662
Subtotal	Female	22 195	502	14 384	5 039	19 925
	Male	56 530	491	24 157	22 184	46 832
Total		78 725	993	38 541	27 223	66 757

INJURY ON DUTY

Table 12.44: Injury on duty during the period 1 April 2013 to 31 March 2014

<i>Nature of Injury on Duty</i>	<i>Number</i>	<i>% of Total</i>
Required basic medical attention only ¹	510	81%
Temporary total Disablement ²	95	15%
Permanent Disablement ³	11	2%
Fatal ⁴	11	2%
Total	627	100%

*Note:

1. **Required Basic Medical Attention Only.** This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.
2. **Temporary Total Disablement.** This is the temporary alteration of an individual's physical or mental status that limits activity. Medical or surgical treatment may stabilize the condition and restore the health of an individual to normal within a defined period.
3. **Permanent Disablement.** This is the permanent alteration of an individual's capacity to meet personal social or occupational demands or statutory or regulatory requirements because of impairment. This status is often coupled to a loss of a limb or sense chronic pain disfigurement and other permanent physical or mental disorders.
4. **Fatal.** An injury, disease or condition causing or ending in organ or multi-organ failure and death.

APPENDIX A

DEFENCE DIPLOMACY REPORT FOR THE FY2013/14

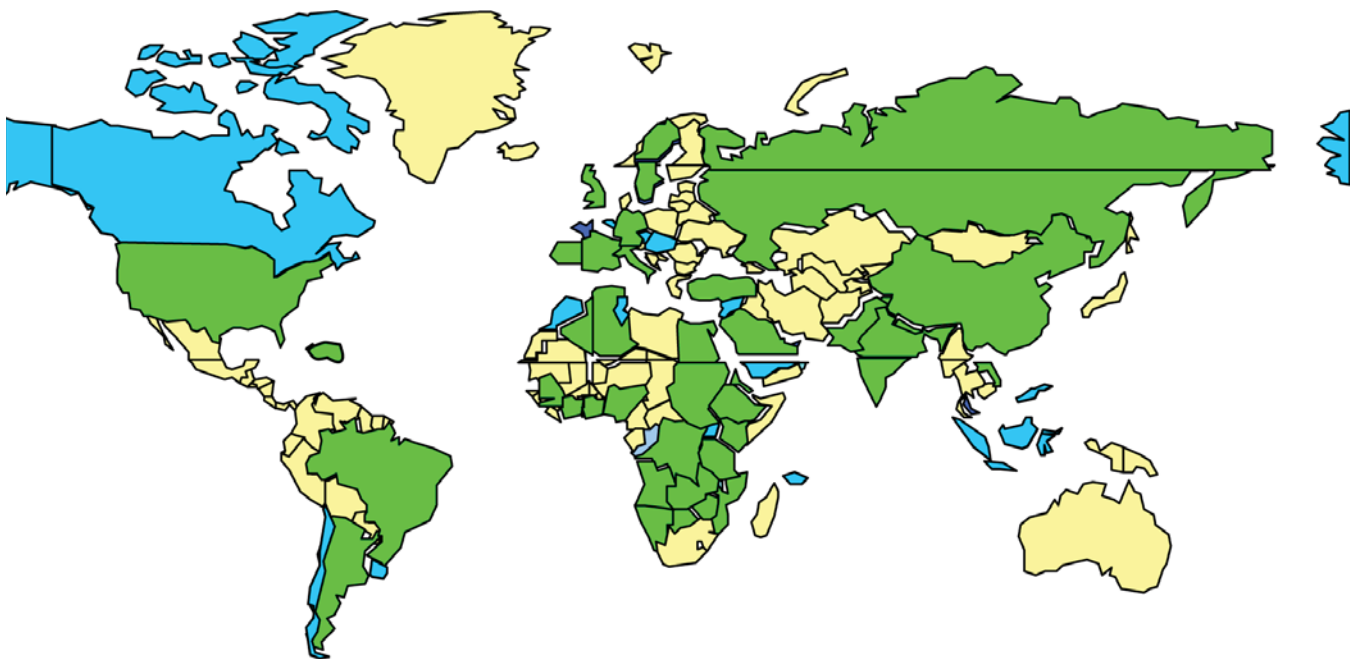
Diplomacy actions by the SANDF varied between focussed efforts and indirect actions which had a defence diplomatic impact. Focussed efforts included defence representation abroad, bilateral and multi-lateral meetings. Indirect actions included participation in functional and developmental training with foreign defence forces, and the attendance of conferences and seminars. The benefits

of international military cooperation give impetus to the defence diplomacy drive of the DOD.

SANDF DEFENCE ATTACHÉ REPRESENTATION

Figure A.1 below indicates SANDF Defence Attaché representation internationally for the FY2013/14.

Figure A.1: Map indicating Representation by SANDF Defence Attachés



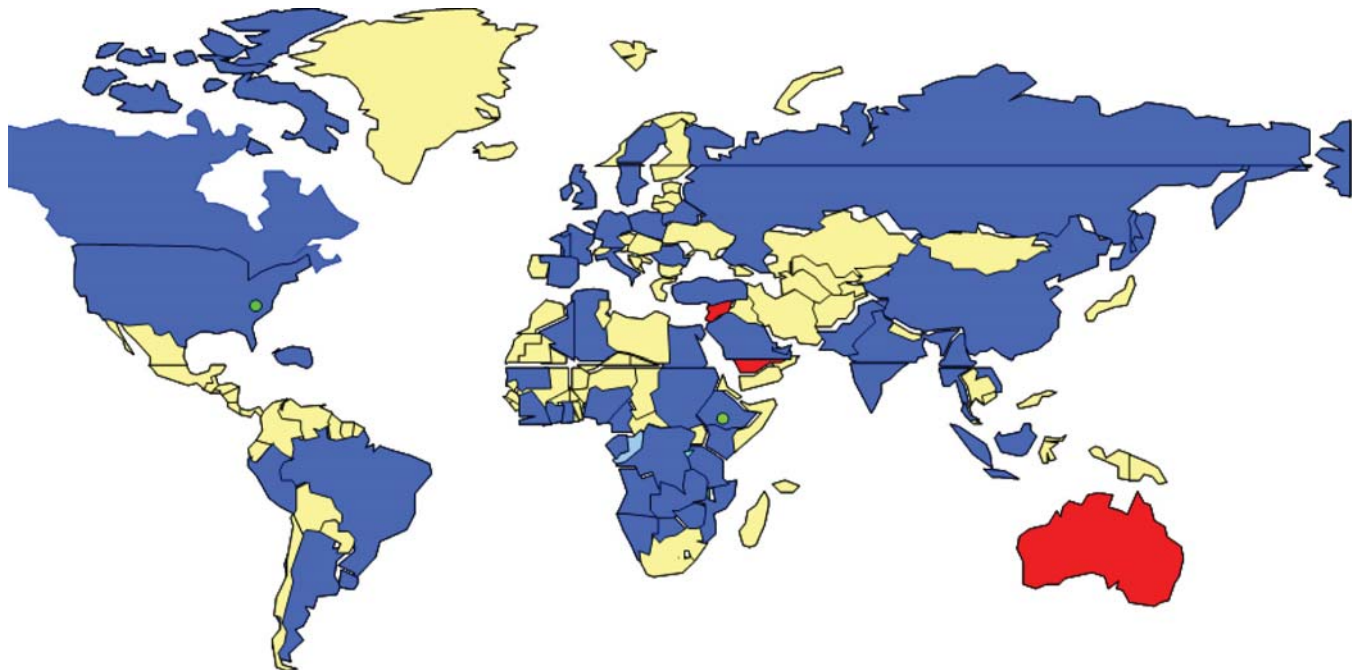
Resident representation in countries and at organisations (43) Countries Algeria, Angola, Argentina, AU, Belgium, Botswana, Brazil, Côte d'Ivoire, Cuba, DRC, Ethiopia, Egypt, France, Germany, Ghana, India, Italy, Kenya, Lesotho, Malaysia, Mozambique, Namibia, Nigeria, Pakistan, PRC, Russian Federation, Saudi Arabia, Senegal, Spain, South Sudan, Sudan, Swaziland, Sweden, Tanzania, Turkey, UAE, Uganda, UK, UN, USA, Vietnam, Zambia, Zimbabwe.

Non-residential representation (21) Countries Bahrain, Brunei, Burundi, Canada, Chile, Indonesia, Jordan, Kuwait, Malawi, Mauritius, Morocco, Netherlands, Oman, Philippines, Qatar, Romania, Rwanda, Tunisia, Uruguay.

MILITARY ATTACHÉ AND ADVISER CORPS (MAAC) REPRESENTATION

Figure A.2 indicates MAAC representation in South Africa for the FY2013/14.

Figure A.2: Map indicating MAAC Representation in South Africa



Current resident MAAC

Current resident MAAC (49): Algeria, Angola, Argentina, Belarus, Belgium, Botswana, Brazil, Burundi, Cameroon, Canada, China, Côte d'Ivoire, Democratic Republic of Congo, Egypt, France, Gabon, Germany, India, Indonesia, Italy, Kenya, Korea, Lesotho, Malawi, Malaysia, Mozambique, Namibia, Netherlands, Nigeria, Peru, Pakistan, Romania, Russian Federation, Rwanda, Saudi Arabia, Senegal, Spain, Sweden, Tanzania, Thailand, Turkey, Uganda, Ukraine, UK, USA, Uruguay, Vietnam, Zambia, Zimbabwe.

Current Non-resident MAAC

Non-resident MAAC (3): Australia, Israel, Kuwait.

BILATERAL AND MULTILATERAL INTERACTION

The SADC as a region, together with the African continent as a whole, remain the main focus of the DOD for bilateral and multilateral interaction. Table A.1 below indicates the meetings held within the framework of the SADC ISDSC structures and table A-2 indicates DOD bilateral engagements.

Table A.1: SADC / ISDSC Structures Meetings for the FY2013/14

Committee	Date	Venue
15 th ISDSC Communications and Information Systems Work Group Meeting	22 – 28 April 2013	Angola
SADC Legal Workshop	15 – 20 May 2013	Tanzania
ISDSC Meeting	18 – 24 May 2013	Zimbabwe
SADC Standing Aviation Committee	24 May 2013	South Africa
ISDSC	28 – 30 May 2013	Tanzania
SADC Observer Mission	10 Jul – 3 August 2013	Zimbabwe
SADC Summit	15 June 2013	Mozambique
SADC Maritime Work Group	26 – 28 June 2013	South Africa
SADC Ministerial Meeting	29 July – 01 August 2013	Tanzania
SADC Summit	11 – 13 September 2013	Malawi
Annual General Meeting (AGM) of the SADC Military Health Services Sub-Sub-Work Group	07 – 13 October 2013	Zambia
SADC Defence Chief Meeting	28 – 30 October 2013	Namibia
Observation of Madagascan Elections	05 – 23 December 2013	Madagascar
SADC Summit	24 – 25 March 2014	Angola

Table A.2: DOD Bilateral Meetings for the FY2013/14

Committee	Date	Venue
AU Extraordinary Summit	02 – 03 April 2013	Chad
Latin America Aerospace Defence (LAAD) - Defence and Security Exhibition	07 – 11 April 2013	Brazil
Signing of agreement for the establishment of a Joint Logistics Support Committee between SANDF and Namibian Defence Force (NDF)	16 – 19 April 2013	Namibia
International Maritime Defence Exhibition (IMDEX) Asia 2013	13-17 May 2013	Singapore
RSA/Lesotho Joint Bilateral Coordinating Commission	17 – 18 May 2013	South Africa
IBSA Summit	20 – 26 May 2013	India
5 th India, Brazil and South Africa (IBSA) Defence Joint Working Group	23 – 24 May 2013	India
RSA/Nigeria Bi-National Committee (BNC)	18 – 19 June 2013	South Africa
50th Paris International Air Show	15 – 21 June 2013	France
RSA/Botswana Joint Permanent Commission on Defence and Security (JPCDS)	27 June 2013	Botswana
Attendance of the 1st Gulf of Guinea Regional Maritime Awareness Capability Conference	27 July – 1 August 2013	Nigeria
RSA/Botswana Defence Committee meeting (DEFCON) Midterm Review	05 – 07 August 2013	South Africa
RSA/Malawi DEFCON	13 – 18 August 2013	Malawi
Secretary for Defence (Sec Def) attended a Defence Exhibition on behalf of the Minister of Defence and Military Veterans (MOD&MV)	25 – 29 August 2013	Russia
Attendance of the Offshore Patrol Vessel Africa Conference	26 – 29 August 2013	Nigeria

DEPARTMENT OF DEFENCE

<i>Committee</i>	<i>Date</i>	<i>Venue</i>
Attendance of the RSA/Indian Navies Staff talks	01 – 07 September 2013	India
4 th Session of the Mozambique JPCDS	10 - 13 September 2013	Mozambique
Mozambique/South Africa JPCDS	12 – 14 September 2013	Mozambique
Chiefs of Defence Trilateral Meeting between Tanzania, DRC and South Africa	16 – 18 September 2013	South Africa
C SANDF Outbound Goodwill Visit and visited a Defence Exhibition	07 – 14 September 2013	United Kingdom (UK)
State Visit and South Africa/Senegal Joint Commission on Bilateral Cooperation	26 September – 02 October 2013	Senegal
RSA/Cuba DEFCOM	29 September – 05 October 2013	Cuba
4 th Sea Power Symposium - International Operation West (INTEROP WEST)	09 October – 22 November 2013	Senegal
RSA/DRC BNC	23 – 25 October 2013	DRC
Spain's Minister of Defence visit to South Africa	24 – 30 October 2013	South Africa
RSA/Zimbabwe JPCDS	28 October – 2 November 2013	Zimbabwe
RSA/Ghana 3 rd Session of the Permanent Joint Commission of Cooperation	03 – 05 November 2013	South Africa
Exercise SEBOKA with Angola	03 – 20 November 2013	South Africa
Inaugural Namibia/RSA BNC	04 – 07 November 2013	Namibia
RSA/Angola DEFCOM	16 – 18 November 2013	South Africa
RSA/Zimbabwe JPCDS	18 – 22 November 2013	Zimbabwe
Inaugural RSA/Botswana BNC	18 – 21 November 2013	South Africa
State Visit by President of RSA and delegation	25 – 27 November 2013	Ghana
RSA/Lesotho Border Liaison Meeting	01 – 05 December 2013	Lesotho
10 th Meeting of the African Chiefs of Defence Staff and Heads of Safety and Security Services	10 – 15 January 2014	Ethiopia
Russia/RSA DEFCOM	21 – 24 January 2014	Russia
Working visit to SA Navy to conduct Bilateral talks on hydrographical matters	27 – 31 January 2014	South Africa
RSA/UK DEFCOM	18 – 19 February 2014	UK
Spain/RSA Bilateral Meeting	03 – 04 February 2014	Spain
Italian Chief of Staff's visit to the Minister of Defence.	03 – 08 March 2014	South Africa
1 st Bilateral Meeting RSA/Brazil	03 – 08 March 2014	South Africa
Counterpart liaison visit by Chief of Navy to the Commander of the French Special Forces	17 – 21 March 2014	France
RSA/Angola Bilateral Meeting	23 – 28 March 2014	Angola
4 th Doha International Maritime Defence Exhibition	23 – 28 March 2014	Qatar
RSA/Namibia Bilateral Meeting	24 – 27 March 2014	South Africa
International Conference on the Great Lakes Region (ICGLR)	24 – 27 March 2014	Angola

FOREIGN VISITS

- **Foreign Visits to African Countries.** A total of 43 visits were undertaken by members from the SANDF to African countries for high-level goodwill visits, planning and debriefing conferences/meetings for combined exercises, support to RSA troops deployed in Africa and intelligence exchanges. The DOD bilateral co-operation activities have expanded over the FY2013/14.
- **Visits to the DOD by African Countries.** The SANDF welcomed 14 delegations from African States for reasons including benchmarking or comparative studies on training, human resource management or medical matters, intelligence exchange, sport and goodwill visits.
- **Foreign Visits to Countries in the Rest of the World.** A total of 70 foreign visits took place during the FY2013/14 and these visits included observer missions to military exercises, benchmarking of training, attendance of conferences as members of professional bodies, programmes on strategic issues or work groups and defence exhibitions.
- **Visits to the DOD by Countries from the Rest of the World.** A total of 21 visits were conducted to the SANDF, including reciprocal goodwill visits, discussions on precise functional topics, study visits by military training institutions and the hosting of work groups.

Foreign Military Training. During the year under review, 15 foreign officers attended the Executive National Security Programme and the Joint Senior Command and Staff Programme in the SANDF. Delegations from senior military training institutions of nine countries chose South Africa as their destination for study visits. The delegation from the SANDF senior training institutions visited training institutions of six countries which included the five countries that visited South Africa as part of their study tours. The SANDF hosted foreign officers and members on 23 functional courses. The courses presented included training in Initial Supply Support, Procurement, Military Music Bandmasters, Biological Safety Isolation, Artillery Battery Commanders, Hydrographical, and Military Integrated Environmental Management Courses as part of the DOD's commitment to assistance to African Armed Forces. The South African Air Force (SAAF) continued to provide multi-year aircraft maintenance apprenticeship and training for members from four African countries. In total 189 DOD members attended a variety of functional courses abroad.

Naval Visits. Various naval vessels visited South African ports en route around the Cape of Good Hope. These paid informal visits to the SA Navy. Vessels were welcomed from France, United Kingdom, Spain, Germany, Nigeria

and India. During the reporting period, the SA Navy ships, namely SAS AMATOLA, SAS GALESHEWE and SAS ISANDLWANA patrolled the Mozambique Channel in an operation to combat piracy and took part in Exercise OXIDE in support of the anti-piracy measures in the region.

Equipment Transfer to Foreign Recipients. No equipment transfers to foreign recipients took place in the reporting period.

African and SADC Standby Forces. During the FY2013/14 various activities and exercises took place with participants from South Africa and the Africa/SADC Standby forces to strengthen regional military cooperation.

SPECIFIC DEFENCE DIPLOMACY ACTIONS

- **Military Operations.** Operational cooperation forms a mainstay of military bilateral and multilateral cooperation between countries and enhances operational interoperability, whilst knowledge transfer takes place. The SANDF successfully conducted five planned external and four internal operations to ensure compliance with international obligation in support of regional stability, in support of the people and other departments, and the protection of the territorial integrity and sovereignty of the RSA.
- **Joint Interdepartmental and Multinational (JIM) Military Exercises.** The SANDF has successfully conducted five planned JIM exercises to improve its military capabilities. These exercises also contributed to the defence diplomacy efforts of the SANDF.
- **Specialist Advisory Team to Kinshasa, DRC.** Team BULISA, a specialist advisory team continued to assist the DRC with its Military Strategy. The C SANDF authorised the continuation of this deployment to oversee implementation of the respective strategies and plans.
- **Secondments to Multinational Organisations.** The SANDF does not have control over the secondment and the management thereof. The Department of international Relations and Co-operations (DIRCO) controls this function. As such a total of 14 DOD members were staffed against 36 posts in International Institutions. This staffing includes one member at the AU, two at the UN, one at the SADC, two officials as Ambassadors, four members as directing staff, two officials at DIRCO, one at Peace Support Operations and one as a military liaison officer at MONUSCO.

APPENDIX B

FOREIGN AID ASSISTANCE TO THE DOD FOR THE FY2013/14

During the period under review, no foreign aid was rendered or received for large DOD projects / programmes.

Foreign aid assistance to the DOD and by the DOD was mostly in kind and took the form of providing air tickets, messing, accommodation and / or daily stipend.

Attendance of military courses is traditionally free. Therefore, the actual cost to the donor is not known and the Rand value is merely an estimate.

APPENDIX C

ANTI-CRIMINALITY IN THE DOD FOR THE YEAR ENDING 31 MARCH 2014

During the period under review, the DOD progressed in implementing the DOD Anti-criminality Strategy for the FY2013/14, which is in the review process. There are five strategic objectives that drive the implementation of the strategy, namely;

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

MANAGING ANTI-CRIMINALITY FROM NODAL POINTS AND THE INVOLVEMENT OF ALL STAKEHOLDERS AND ROLE-PLAYERS

The DOD nodal point has facilitated the establishment of the anti-criminality forum (the Safeguarding Board) in which issues pertaining to criminality are discussed. The anti-criminality forum is chaired by the Provost Marshall General and the members of the forum include Services and Divisions. The forum is utilised as the platform where all role-players report all criminal activities as well as their achievements in redressing criminal matters in their areas of responsibility, and the platform to discuss policy matters that need to be addressed. The impact of involving all stakeholders has resulted in the reduction of criminal activities in the military environment and the DOD at large.

POLICY ALIGNMENT

The draft DOD Anti-criminality Policy is in the approval stage and it includes the content on anti-corruption and anti-fraud, as well as ethics in the DOD.

CAPACITY TO MANAGE ANTI-CRIMINALITY SUCCESSFULLY

Adequate Human Resources

The DOD is in the process of capacitating the nodal points to effectively and efficiently manage the anti-criminality function. In October 2013, the corporate Nodal Point on Anti-criminality provided training anti-criminality to Services and Divisions and this was executed in collaboration with the anti-corruption and fraud prevention directorate. The purpose was to ensure that all anti-criminality representatives from the DOD have adequate knowledge to manage anti-criminality in their areas of responsibility.

Adequate Facilities / Infrastructure

The Military Police Division and CMIS are negotiating with South African Police Services to make the business information on the Crime Administration System available to the DOD.

SAFEGUARDING AND PROTECTION OF ASSETS

Most of the security and control systems concerning the safeguarding and protection of DOD assets are in place and are managed by Service and Divisions. The Safeguarding Board recommended to Services and Divisions to continue with the placing of stickers on DOD vehicles to make them readily identifiable and to fit DOD vehicles with satellite tracking systems. The challenge with satellite tracking

systems is that the policy is in the development stage which creates a problem in implementing and managing the system within Services and Divisions.

The Department continued to perform a vital service in combating crime by continuously conducting highly visible policing to combat crime in the DOD. During the period under review special attention was given to the Thaba Tshwane area, and the community members in this area applaud the implementation of this high visibility policing, confirming that criminal activities such as

housebreaking and theft have decreased drastically.

The high levels of crime reported to the Military Police, however, are still a matter of concern. A total of 1 968 cases were reported to the Military Police over this period, contributing to big losses to the DOD. The biggest problems included theft and burglary, assault, reckless and negligent driving, malicious damage to property, fraud, crimen injuria, intimidation, and the use of threatening or insulting language.

APPENDIX D

ANTI-CORRUPTION AND FRAUD PREVENTION REPORT IN THE DOD FOR THE YEAR ENDING 31 MARCH 2014

The DOD has a responsibility to conduct anti-corruption and anti-fraud awareness education and training throughout the DOD to ensure that incidents of fraud and corruption are reported. The Directorate Anti-corruption and Anti-fraud (DACAF) have been tasked to perform this function for the DOD.

During the year under review, some of DOD members were empowered with the necessary skills and knowledge, and were registered to be affiliated to a body of Anti-Corruption and Fraud Examiners. Furthermore, the Corruption and Fraud Prevention plan was reviewed and the Project Officer was appointed to establish an Ethics office for the DOD. The establishment process of the office is under way.

CORRUPTION AND FRAUD AWARENESS CAMPAIGNS

The DOD planned to conduct a number of awareness training sessions in different provinces, and to reach out to approximately 10 000 DOD personnel. In this regard, four provinces were visited in which a total of 11 121 were trained in anti-corruption and fraud prevention.

Table D.1: Corruption and Fraud Awareness Education and Training during the FY2013/14

Period	Areas in which Awareness Training Conducted	Number of Personnel Trained
01 April 2013 – 30 June 2013	Free State and Gauteng	3 422
01 July 2013 – 30 September 2013	Gauteng and Western Cape	3 117
01 October 2013 – 31 December 2013	Eastern Cape, Free State and Western Cape	3 392
01 January 2014 to 31 March 2014	Free State	1 190
Total		11 121

CORRUPTION AND FRAUD DETECTION AND INVESTIGATION

The DOD also planned to investigate 25 cases of corruption and fraud. These cases were reported through the hotline and immediately investigated to detect the elements of fraud and corruption. Some of the cases were referred to the Military Police (MP) Division for further investigation and prosecution by Legal Services. During the period under review, a total of 37 new cases were reported, 17 were detected for investigation, 20 were referred to MP Division for further investigation, and five cases were finalised and closed.

Table D.2: Corruption and Fraud Detection and Investigation for the FY2013/14

Whistle Blowing Cases	Incident Detected for Investigation	Referrals	Closed
37	17	20	05

APPENDIX E

DOD ENTERPRISE RISK AND MITIGATION ACTIONS FOR THE FY2013/14

Table E.1. Provides the actual achievement of the Enterprise Risk and Mitigation Actions, in accordance with the DOD (Defence Secretariat) Annual Performance Plan for the FY2013/14

Table E.1: DOD Enterprise Risk and Mitigation Actions for the FY2013/14

Risk Description	Mitigating Action	Responsible Division	Progress and Intervention
<p><u>Unavailability and access to accurate business performance information.</u> Due to unavailability and access to accurate business performance information, the Department cannot report effectively and efficiently on its performance and the utilisation of its resources in achieving its mandate.</p>	Provide guidance for the Department in realising information as a strategic resource through the promulgated DOD Information Strategy. The DOD Information Strategy, supported by the DOD Information and Communication Technology (ICT) Strategy, directs the effective and efficient distribution of quality and accurate information where and when it is required.	Government Information Technology Officer (GITO)	<p>The DOD Information Strategy is in place and provided clear direction on performance information and consequently the risk has been adequately mitigated in the level 1 DOD Risk Register.</p> <p>This risk will further be managed as a level 2 risk in the mitigated Defence Enterprise Information System Management Division Risk Register for FY2014/15.</p>
<p><u>Unreliability of DOD Performance Information.</u> Unreliability of DOD Performance Information, inclusive of the DOD financial statements, due to the non-integration of IT systems and non-availability of source documents, resulting in ineffective reporting.</p>	Enhance IT resource management systems to improve internal controls.	Chief Financial Officer (CFO)	The process to continuously maintain interfaces between Logistics and the Financial Management Systems to improve internal controls and accuracy of Financial Management Information is on-going.
	Empower staff, with emphasis on financial management and performance reporting skills.	CFO	An Accounting Manual was promulgated with effect from 01 April 2012, regularly updated and is available to all staff. In the implementation of the Defence Review, the FMD will progress with a restructuring process in order to align dysfunctional structures with the DOD's changed service delivery demands. Continuous training is taking place to further empower staff.
	Develop a fully functional Internal Audit Division to ensure that performance and financial information are audited and verified for completeness and accuracy.	Chief Audit Executive (CAE)	Extensive focus on the finalisation of the Audit and Annual Report for the FY2012/13 delayed the process to staff the advertised posts.
	Establish a Procurement Management Directorate that will ensure that Supply Chain Management policies and procedures are properly rolled out and complied with throughout the DOD.	Head of Defence Supply Chain Integration (HODSCI)	The Procurement Management Directorate has been established and is operational.

<i>Risk Description</i>	<i>Mitigating Action</i>	<i>Responsible Division</i>	<i>Progress and Intervention</i>
	Compile quarterly financial statements to ensure that the data is verified and errors are timeously corrected.	CFO	Quarterly Financial Statements were submitted to National Treasury and Auditor-General South Africa and the Annual Financial Statements will be submitted by 31 May 2014. Action plans to address the qualifications were implemented and monitored.
	Develop a DOD Performance Information Reporting (Monitoring and Evaluation) Policy.	CDPSP	The interim DOD Policy on the Reporting of Performance Information dated 10 April 2012 ensures the management and reporting of departmental performance information. This interim policy remains valid until it is updated by the Policy on Monitoring and Evaluation, which will include monitoring and evaluation functions.
	Develop the DOD Integrated Strategic Management Enabler (ISME).	CDPSP	The ISME strategic brief and engagements between the DOD and the State Information Technology Agency (SITA) have been on-going in the reporting period. The ISME shall enable the integration of the DOD Planning, Budgeting, Reporting and Risk Management Processes inclusive of the DOD functional legacy systems such as (Human Resources, Logistics, Finance) thereby ensuring a sharing of verifiable and similar data across the full spectrum of the DOD strategic direction process.
<u>Fraud and Corruption.</u> Loss of state assets and damage to reputation due to possible tender irregularities and other forms of corruption and fraud.	Enhance effective Supply Chain Management Governance, Risk & Compliance (GRC) performance within the DOD and its Agents (ARMSCOR and SITA) by developing and implementing a DOD Supply Chain Management Communication Plan.	HODSCI	The Policy on Procurement and Sales in respect of Commercial Goods and Services (Edition 2) is in the development process and is expected to be finalised by October 2014. Eight unit visits took place to verify procurement processes, compliance with regulatory framework and training in areas where required. Few deviations were found and a full report was submitted together with recommended changes for implementation.
	Implement the latest National Treasury Supply Chain Management Instruction Note.	HODSCI	The implementation of the National Treasury Supply Chain Management Instruction Note is on-going.
	Implement the DOD Corruption and Fraud Prevention Plan.	Inspector General (IG)	The implementation of the DOD Corruption and Fraud Prevention Plan is on-going.

<i>Risk Description</i>	<i>Mitigating Action</i>	<i>Responsible Division</i>	<i>Progress and Intervention</i>
<p><u>Legal advice & support.</u> Limited operational legal advice and legal support provided to the SANDF during deployments, operations and exercises and costly litigation resulting in ineffectiveness and losses.</p>	<p>Intensify the retention of scarce skills through implementation of Occupation Specific Dispensation for Military Legal Practitioners and ensure that the Defence Legal Services Division is fully capacitated with suitable expertise.</p>	<p>Chief Defence Legal Services (CDLS)</p>	<p>The implementation of OSD continues to be successfully executed based on qualification and experience of legally qualified military law practitioners employed within the DSLD. The DSLD has conducted its staffing process in order to appoint suitable candidates to fill vacant funded posts in Ops Law environment. Thereby contributing in the improvement of capacitating the DLSD.</p>
	<p>Utilise the Reserve Force component to supplement the current shortage of expertise.</p>	<p>CDLS</p>	<p>The expansion of the current DLSD Reserve Force component of 347 to the desired 384 incumbents with 5% growth per financial year continues.</p>
	<p>Implement the recommendations of the Ministerial Legal Audit Committee (MLAC) recommendations on how to capacitate DLSD to execute its function effectively (including transforming the medical justice system).</p>	<p>CDLS</p>	<p>The DLSD has received the MLAC report in order to address litigation challenges. The MLAC made certain recommendations some of which are short- and medium-term solutions. The Division is currently focusing on short-term solutions to increase capacity by filling the vacant posts. The amendment of legislation, section 5 of the Institution of Legal Proceedings Against Certain Organs of State Act (Act no 40 of 2002) will be attended later in order to minimise delays caused by multiple of entry for service of summonses and notices of motion on the Department. The DOD requires funding to be made available to implement a new computer system for litigation.</p>
<p><u>Intellectual Property.</u> Inability to secure royalties and revenue from Defence Intellectual Property (IP) and to protect strategic defence intangible assets (specifically Defence IP).</p>	<p>Integrated management of DOD Intangible Capital Assets (ICA) which will result in a central Intellectual Property register for the DOD.</p>	<p>Chief Defence Matêrial (C Def Mat)</p>	<p>The ICA Policy was recommended by the Defence Policy Board on 07 March 2014. The DOD is in process of the 2nd cycle of disclosure in the Annual Financial Statements of FY2013/14. An external service provider will be contracted during the FY2014/15 to assist with the compilation of the ICA Register in order to address completeness and accuracy issues raised by the AGSA. Treasury Regulations excludes the categories, Capitalised Development, in the register. The IP management by Armscor is thus not visible on the register anymore. This data is now kept and managed separately.</p>
<p><u>Empowerment and support of the RSA Defence Industry.</u> Lack of support to the Defence Industry may result in failure to support DOD's Defence capability.</p>	<p>The way forward on the drafting of the Defence Industry Strategy will be informed by the outcome of the Defence Review.</p>	<p>HODSCI</p>	<p>The Defence Industry Strategy will commence as part of the roll-out of the DOD Implementation Plan on the Defence Review. The Defence Review was approved by Cabinet on 19 March 2014.</p>
	<p>Establish and develop the functioning of the Defence Industry Council led by the Deputy Minister of Defence and Military Veterans to improve the relationship between the DOD and the Defence Industry.</p>	<p>HODSCI</p>	<p>The Defence Industry Council led by the Deputy Minister was established. The establishment of the Directorate Broad Based Black Economic Empowerment is awaiting structural approval by the Minister of Defence and Military Veterans.</p>

PART 5 - FINANCIAL PERFORMANCE

DEPARTMENT OF DEFENCE AND
MILITARY VETERANS
ANNUAL FINANCIAL STATEMENTS
1 April 2013 to 31 March 2014

REPORT OF THE AUDIT COMMITTEE - DEPARTMENT OF DEFENCE

Report of the Audit Committee for the year ended 31 March 2014

We are pleased to present our final report for the financial year ended 31 March 2014.

Establishment of the Audit Committee

The Audit Committee (AC) is established in terms of section 38(1)(a)(ii) and its mandate is derived in terms of section 76 and 77 of the Public Finance Management Act, No. 1 of 1999 (PFMA) and the related National Treasury Regulations.

The Minister of Defence and Military Veterans formally approved the establishment of a shared audit committee for the Department on 08 February 2012, made up of independent non-executive members. The Department is in the process of finding additional members of the Committee in the areas of military (core business) and legal fields to ensure compliance with the governance principles in relation to the mixture of skills.

Audit Committee Members and Attendance

The committee met seven (7) times in the financial year under review, and consisted of the following members:

<i>Name of Member</i>	<i>Meetings Attended</i>
Mr V Nondabula (Chairperson)	7
Mr S Radebe	7
Ms O Matloa	6
Mr A Amod	6
Mr P Dala	6

Audit Committee Responsibility

We operated within the formally approved terms of reference. Furthermore, we discharged our responsibilities and regulated our affairs in compliance with the Charter.

Consistent with the AC Charter, we performed our oversight responsibilities, as reflected in the meeting agendas, over the effectiveness of the following:

- internal audit function,
- coordination between internal and external audit and other assurance providers within the department,
- internal control, risk and governance on the operations of the department,
- quarterly financial and operational reports, and
- asset management.

The committee operated with an independent and objective stance, as per the PFMA requirement.

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REPORT OF THE AUDIT COMMITTEE -
DEPARTMENT OF DEFENCE**The effectiveness of Internal Control**

During the 2013/14 financial period, the committee did not review the internal audit reports from the Department's General Defence Account (GDA) and the Special Defence Account (SDA). The reason was that no independent reviews had been performed by internal audit, due to lack of capacity. This has been of great concern to the committee, as we were unable to get an adequate level of assurance that we expected in terms of the Treasury Regulations, had internal audit been fully capacitated. This was also highlighted by the Auditor-General South Africa (AGSA) in their audit report. The committee however, received limited assurance from management and the AGSA that the system of internal control is working as intended. We also reviewed the Final Management Report (FMR) and the AGSA's dashboard report regarding internal controls for GDA and SDA.

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

The Department also put great efforts to address the auditor's findings on Intangible Capital Assets (ICA) by contracting a Service Provider. However, more coordination with ARMSCOR is required to strengthen the internal controls in the management thereof.

Overall, we wish to emphasize that great control improvement was achieved by the department in the following areas: tangible capital assets, supply chain management, human resources and performance information. However, more work still needs to be done on intangible capital assets to address the internal control deficiency.

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

Internal Audit

There was no fully functioning internal audit, as reported by the AGSA in their audit report.

However, during the audit, internal audit worked closely with Services and Divisions to assist the Accounting Officer and the Chief South African National Defence Force (C SANDF) to ensure that all AGSA queries were adequately addressed on time. Internal audit also participated in the MPAT analysis, facilitated by the Office of the President, by providing and conducting the necessary independent reviews as required.

The Department of Defence appointed the Head of Internal Audit in April 2012. Since this appointment, more focus has been on change management and advisory processes intended to enhance internal control and governance, and to improve the state of readiness for statutory audit across the Department. However, the key mandate of Internal Audit, which is to provide an independent assurance on the effectiveness of internal control to the stakeholders (namely the Audit Committee, management, the AGSA and other stakeholders), was not performed due to lack of capacity. The AGSA reported through their quarterly dashboards as well as the Management and audit report that the internal audit function was not fully operational. We concur with the AGSA findings, and we are also not satisfied with the pace and progress made by the department in resourcing internal audit, as this may hamper the effective discharging of our responsibility as prescribed by the Treasury Regulations.

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REPORT OF THE AUDIT COMMITTEE -
DEPARTMENT OF DEFENCE

However, we continuously and consistently made some interventions and monitored the process of resourcing the DOD's Internal Audit division. We also noted the intervention made by the MOD in this regard. We believe that the outcome of such intervention will be more visible and reported in the near term.

Going forward, the committee will redouble its efforts and meet with all the relevant stakeholders in the department to ensure that sufficient and concrete progress is achieved towards addressing the capacity issues and the effectiveness of Internal Audit.

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

The Accounting Officer has tabled IYM and monthly/quarterly reports to the Minister and to the committee in compliance with the PFMA.

We were satisfied with the quality of IYM and monthly management reports. There is no anticipated overspending on the budget appropriated to the Department. In areas where there is under spending the Department has requested the necessary virements and authorisation for roll over from the Minister. The Accounting Officer has brought to our attention the shortfall in the Human Resource budget. We are satisfied that this is receiving adequate attention.

The Committee is satisfied with the quality of quarterly reports. Where the Department did not achieve the set targets, corrective measures were put in place. However, in certain few areas the quality of quarterly reports needs to be improved in relation to the setting of indicators.

Evaluation of Annual Financial Statements

We reviewed the annual financial statements (AFS) presented by management to the AGSA for auditing. The following specific functions were conducted: We reviewed the:

- Accounting policies and generally recognised accounting practices;
- Department's compliance with legal and regulatory provisions;
- Accounting Officer's report;
- Adjustments effected during the audit including notes;
- Performance Information accompanying the AFS.

We are pleased that there has been an improvement in the timely compilation of financial statements. However there are concerns relating to the accuracy thereof, as reflected by the misstatements identified during the audit. The resourcing of Internal Audit will go a long way to give independent assurance on the accuracy before financial and performance report are submitted for statutory audit.

Auditor-General South Africa

We have reviewed the AGSA's final management and audit report for both DOD's General Defence Account (GDA) and Special Defence Account (SDA), and we have noted the AGSA's findings as well as management responses. There were no significant disagreements noted by the committee. Those that were identified were resolved effectively.

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REPORT OF THE AUDIT COMMITTEE -
DEPARTMENT OF DEFENCE

We concur with the audit opinion expressed by the AGSA. The Committee notes and acknowledges the department's efforts and strides towards achieving a clean audit opinion for the Department.

Appreciation

We wish to express our most sincere gratitude to the Minister and the Deputy Minister for their leadership and guidance, Secretary for Defence, Chief of the South African National Defence Force, management and staff for their support during the year, as well as AGSA and internal audit for their contributions.



V NONDABULA
CHAIRPERSON OF THE AUDIT COMMITTEE
12 August 2014

REPORT OF THE ACCOUNTING OFFICER - FOR THE YEAR ENDED 31 MARCH 2014

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1. During the period under review, selected strategic priorities of the MOD&MV, which have not yet achieved the required level of completeness, have been carried forward from the FY2012/13, as they continue to require attention. The FY2013/14 strategic priorities have informed the development of subsequent Departmental Annual Performance Plans, strategic budgeting, monitoring and evaluation, as well as risk management functions. The Ministerial Strategic Priorities for the FY2013/14 are as follows:

- a. Enhancement of the South African National Defence Force's Landward Defence Capabilities. For the landward defence capability to operate jointly with the air defence and maritime defence capabilities, the enhancement of the South African National Defence Force (SANDF) landward defence capabilities remains a priority. The landward defence capability lacks the required human resources, infrastructure and technologically appropriate Prime Mission Equipment (PME) in support of the defence mandate. The future SA Army Strategy is supported by a detailed SA Army PME and Technology Requirement Support Plan, which has directed and prioritised the requirements in terms of equipment and technology acquisition. The acquisition of a new family of infantry combat vehicles has been contracted and will be finalised in the long term.
- b. Maritime Security Strategy. In terms of the National Development Plan 2030 (Transnational Crime), Chapter 7: "SA in the Region and the World", South Africa supports the NDP 2030 by combating maritime piracy along the east coast of Africa. The South African Maritime Strategy has been developed and is aligned to the broader South African Development Community (SADC) Maritime Security Strategy Strategies. A trilateral agreement between the RSA, Mozambique and Tanzania for the implementation of the SADC Maritime Security Strategy was reached. Tanzania withdrew from the agreement effectively leaving the RSA bearing the brunt for the implementation of the strategy with Mozambique. Frigates and Offshore Patrol vessels were deployed during the period under review. The SA Navy has focused and will continue to focus on the acquisition and preparation of naval forces for operations in support of the Maritime Security Strategy including patrols in support of operations such as Operation CORONA, PROSPER and COPPER.
- c. Force Rejuvenation (Job Creation). In support of Government's Medium-Term Strategic Framework (MTSF) growth-path initiative aimed at job creation, the DOD will endeavour to create job opportunities within the Defence Industry in accordance with approved DOD projects. The finalised Defence Review has pronounced on the national approach and direction relating to the Defence Industry. The now approved White Paper on the Defence Industry (Chapter 15 of the Defence Review) informs the development and approval of the associated Defence Industry Strategy. The latter process will inform and support job creation within the defence portfolio and related industries.
- d. Enhancement of the SANDF's Peacekeeping Capability (SANDF Deployability). The role of the SANDF in promoting peace and security in the region and on the African continent under the auspices of the United Nations (UN), African Union (AU) and hybrid Peace-Support Operations (PSOs), necessitates the enhancement of the SANDF's peacekeeping capability that will include the SANDF's Forward Deployment Capability. The development of an appropriate concept "forward basing" to ensure the deployability of the SANDF for peace missions in external theatres in the continent has received impetus after the experience in the Central Africa Republic (CAR) but essentially not finalized.
- e. National Youth Service (NYS). The NYS policy that will set the norms and standards of the NYS programme is to be developed in the FY2014/15 and approved in FY2015/16. Through the NYS programme, the DOD has provided initial training to selected young people for the purpose of creating a pool of young and ready citizens from which the DOD and government are able to recruit personnel. About 974 NYS members graduated on 29 May 2013 at 3 SAI Battalion in Kimberley, 599 NYS members graduated on 7 Nov 2013 at 3 SAI Battalion, while another intake of 585 NYS members graduated on 5 Dec 2013 at SAS Saldanha.

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REPORT OF THE ACCOUNTING OFFICER -
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- f. Restructuring and Support of the Defence Industry. The restructuring of the Defence Industry continues to focus on current and future defence capability requirements in support of the Defence mandate. The developed White Paper on the Defence Industry has been included as Chapter 15 in the SA Defence Review 2014 that will inform the Defence Industry Strategy and the mandate and functions of the National Defence Industry Council. The drafting process of the Defence Industry Strategy has commenced and has gone through several stages of stakeholder consultation and is awaiting the implementation of the SA Defence Review to ensure alignment between the policy and strategy.
- g. Revitalisation of the Reserves. As part of the one-force concept, the Reserves will continue to be transformed and revitalised to fulfill their primary role of providing a large component of the conventional landward capability of the SANDF whilst at the same time supplementing peace support missions conducted by the Regulars. The DOD will continue to focus on the recruitment and training of university students through the University Reserve Training Programme (URTP). The reduction of the financial resource allocation for the Military Skills Development System (MSDS), as a feeder system for the Reserves may have a negative impact on the numbers of available Reserves and the ability of the SANDF to rejuvenate forces. The Reserves have contributed significantly to all SANDF deployments externally and internally. For the first time in the history of SANDF Reserves, a full battalion with troops and leader group was deployed on border safeguarding in the period under review. The age profile of the Reserves is however, of concern because of a lack of a feeder system for new recruits. The introduction of the University Reserve Training System is assisting in rejuvenation of the Reserve leader group.
- h. Department of Defence Works Capability. The DOD has steadily progressed with the establishment of the Defence Works Formation which is currently functional and executing identified renovation projects for facilities occupied by the DOD in close co-operation with the National Department of Public Works (NDPW). The Defence Works Formation shall continue to build capacity in the technical training environment to fully undertake defence facility maintenance projects and functions. A plan, in conjunction with the Council for Scientific and Industrial Research (CSIR), has been developed to establish a Joint Interim Operations Centre (JIOC) to manage the migration of functions and responsibilities with respect to facilities management and maintenance from the NDPW to the DOD during a period agreed upon by both Departments.
2. Defence Vote: Rm 40 243,343 (Appropriation Act, Act No 9 of 2013, Vote 22)
- a. Defence's approved budget for the period 1 April 2013 to 31 March 2014 was compiled on a cash basis per programme and amounts to Rm 40 243,343. It includes all entities under control of the Minister of Defence. The original budget was approved in the Appropriation Act, Act No 9 of 2013. The original budget objectives and policies per main division of the Vote were published in the 2013/14 Annual Performance Plans of the South African National Defence Force and the Defence Secretariat and will be reported on in detail in the annual report.
- b. The 2013/14 Defence Vote increased with Rm 298,7 (0,75%) from the 2012 MTEF allocation for the same year and increased with Rm 2 354,8 (6,22%) from the previous financial year. Defence's Vote amounts to 1,14% of South Africa's gross domestic product (GDP) or 3,81% of total government expenditure (GE). The overall increase in the allocation is due to improvements in conditions of service, peace missions in other countries, border safeguarding tasks, maritime security tasks and military veterans' affairs.
- c. Additional and reduced allocations that influenced the 2013/14 Defence Vote are:
- | | | |
|--|----|-----|
| • Improvement in conditions of service | Rm | 348 |
| • Military veterans affairs | Rm | 300 |
| • Maritime security strategy | Rm | 585 |
| • Deployment in foreign countries | Rm | 200 |

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• Compensation of employees	Rm (206)
• Transport and subsistence	Rm (96)
• Departmental agencies and accounts	Rm (583)
• Contractors	Rm (250)

- d. Landward Defence (34,43%), Air Defence (15,53%) and General Support (12,04%) are the three largest programmes within the Defence Vote. The year-on-year increase in the Administration programme is mainly due to the additional allocation for military veterans' affairs while the increase in the Landward Defence programme is mainly due to the development of a new generation infantry combat vehicle. The increases in the Force Employment and Maritime Defence programmes are both due to the implementation of the maritime security strategy. The decrease in the Air Defence programme is due to the finalisation of the strategic defence procurement programme while the relatively small increase in the General Support programme is due to the reduction in the provision for contractors.
- e. From an economic classification perspective compensation of employees (51,85%) and transfers and subsidies (18,28%) amounts to 70,13% of the Vote leaving available 29,87% for operating the department and renewing capital assets. Significant operating costs provided for are property payments (Rbn 2,960), contractors (Rbn 2,230) and computer services (Rm 889).

3. Defence Adjustment Vote: Rm 414,841 (Adjustment Appropriation Act, 2013). The Defence Vote was increased with Rm 414,841 to Rbn 40,658 through the Adjustments Vote for the following:

- a. Unforeseeable and Unavoidable Expenditure. An additional Rm 150 was allocated to the South African National Defence Force for the deployment of members as part of the United Nations Security Council approved force intervention brigade in the Democratic Republic of the Congo.
- b. Other Adjustments. Other adjustments include:
- i. Adjustments due to Significant and Unforeseeable Economic and Financial Events. Programme 4: Air Defence. An additional Rm 60,872 was allocated to the department to cover the costs of increases in personnel remuneration that were higher than provided for in the Budget.
 - ii. Self-financing Expenditure. Rm 50,357 in revenue generated from selling equipment and spares procured through the special defence account has been allocated as follows:

(1) Programme 3: Landward Defence	Rm 41,873
(2) Programme 4: Air Defence	Rm 6,830
(3) Programme 8: General Support	Rm 1,654
- c. Roll-overs. Rm 153,612 has been rolled over for termination costs of the contract with Denel Personnel Solutions/Atlas Manpower Group within Programme 8, General Support.

4. Departmental revenue

- a. The department has had a general improvement in revenue management processes. The substantial increase in transfers received was a result of the collection of arrears from the United Nations reimbursements for foreign deployments. The huge revenue earned in 2011/12 was a result of the deposit repayment due to the cancellation of the A400M Aircraft contract. The department has increased its revenue with an average of 7,74% annually since 2010.

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- b. Sources of revenue for 2013/14 are reflected in Table 3.1

Table 3.1 Sources of Revenue

Economic Classification	2010/2011	2011/2012	2012/2013	2013/2014	2013/2014	% Deviation from Target
	Actual	Actual	Actual	Target	Actual	
	R'000	R'000	R'000	R'000	R'000	
Tax Revenue	0	0	0	0	0	0
None	0	0	0	0	0	0
Non Tax Revenue	689 688	4 249 010	1 044 487	798 930	853 475	6.83%
Sale of Goods and Services other than Capital Assets	263 989	345 513	307 172	320 067	352 681	10.19%
Fines, Penalties and Forfeits	4 459	890	1 297	3 776	1 225	-67.56%
Interest, Dividends and Rent on Land	2 628	2 703	36 776	2 583	2 877	11.38%
Sales of Capital Assets	23 068	25 620	64 220	55 025	24 904	-54.74%
Financial Transactions in Assets and Liabilities	144 777	3 534 078	64 700	246 381	53 780	-78.17%
Transfers Received	250 767	340 206	570 322	171 098	418 008	144.31%
Total Revenue Received	689 688	4 249 010	1 044 487	798 930	853 475	6.83%

- i. Expenditure: Spending Trends and Adjustment Estimates (Serial Nr 1.iv)

Defence's expenditure in comparison with the previous two years is as follows:

	2011/2012	2012/2013	2013/2014
	R'000	R'000	R'000
Vote	34 349 087	37 888 542	40 658 184
Expenditure	34 331 437	37 702 218	40 447 521
Over Expenditure	-	-	-
Amount overspent as percentage of Vote	-	-	-
Amount surrendered	17 650	186 324	210 663
Amount surrendered as percentage of Vote	0.001%	0.492%	0.518%

- ii. Under Spending

The under spending (Rm 210,663) in 2013/14 consists of the following:

- Force Employment. Mainly within Goods and Services (Rm 161,661), Payments for Capital assets (Rm 9,269) and Transfer payments (Rm 4,213), totalling R175,143 due to the original allocation which was earmarked, and under spent, as well as the inability of industry and procurement processes not being able to support operational requirements.
- Maritime Defence. Mainly within Goods and Services (Rm 26,184) due to the inability of industry to deliver spares and components for the maintenance and repair of ships and submarines before financial year-end.
- Military Health Support. Mainly within Goods and Services (Rm 9,336) due to the inability of industry to refurbish and upgrade SAMIL ambulances at financial year-end.

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iii. Virements (Serial Nr 1.v)

The following Virements were approved during the period under review:

a. Approved by the National Treasury (NT):

- i. Rm 153,612 increase in Transfers and Subsidies: Public Corporations and Private Enterprises in order to rectify expenditure incorrectly classified as Payments for Financial Assets wrt the Denel contract termination cost.
- ii. Rm 1,765 increase in the transfer payments in order to rectify expenditure incorrectly classified as Payments for Financial Assets wrt claims against the state, the final payment of SASSETA and St John's.

b. Approved by the Accounting Officer:

- i. Rm 245,116 was reallocated, from the General Support Programme, in order to align the Compensation of Employees budget allocation on the Financial Management System (FMS) with projected expenditure as follows:
 - (1) Reallocation of Rm 52,004 to the Air Defence Programme (SAAF).
 - (2) Reallocation of Rm 50,000 to the Maritime Defence Programme (SA Navy).
 - (3) Reallocation of Rm 143,112 to the Military Health Support Programme (SAMHS).
- ii. Rm 18,457 increase in the transfer payment to ARMSCOR for the funding of the Institute of Maritime Technology (IMT) in the Maritime Defence Programme.
- iii. Rm 85,000 increase in the transfer payment to ARMSCOR for the funding of the critical shortfalls within the ARMSCOR Dockyard.
- iv. Rm 68,196 was reallocated from the General Support Programme (Joint Logistic Services) to the Administration Programme (Property Management) for the payment of municipality services and leases.
- v. Rm 10,000 was reallocated from the General Support Programme (Joint Logistic Services) to the Landward Defence Programme for guard services rendered.
- vi. The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of authorised losses, Compensation of Employees and Goods and Services to balance the expenditure for the 2013/14 financial year.

SERVICES RENDERED BY DEFENCE

5. Services rendered will be described in the annual report.
6. Tariff Policy.

Defence's tariff policy consisted of the following elements:

- a. tariffs instituted by law;
- b. tariffs prescribed by a department, that are applicable to all spheres of government; and
- c. tariffs unique to the Department of Defence determined by the tariff owner and where the tariff structure is

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approved by the National Treasury.

CAPACITY CONSTRAINTS

7. The DOD continued to lose skills throughout the period under review, resulting in some critical skills needing to be acquired from industry at exorbitant cost. Although new personnel were recruited and trained, it might take time for these members to gain the necessary experience.
8. The state of prime mission equipment, particularly in the Landward Defence Programme, continued to decline to unacceptable levels. The rejuvenation of these capabilities therefore remains one of the DOD's top priorities.

UTILISATION OF DONOR FUNDS

9. No Donor funds were received from external sources for Operations during the financial year under review.

PUBLIC ENTITIES

10. The Castle Control Board and the Armaments Corporation of SA (ARMSCOR) are reported as listed public entities under ownership control of the Minister of Defence and Military Veterans. Each of these entities are controlled by a Board of Directors reporting to the Minister of Defence and Military Veterans. The transfer payment made to Armscor is included in the table of transfer payments below. No transfer was made to the Castle Control Board.

ORGANISATIONS TO WHICH TRANSFER PAYMENTS HAVE BEEN MADE

11. Transfer payments were made to the following organizations:

<i>Transferee</i>	<i>Reason for payment</i>	<i>Accountability Arrangements</i>	<i>Budget Vote 2013/14 R'000</i>	<i>Annual Expenditure 2013/14 R'000</i>
Special Defence Account	To acquire, procure and develop armament and technology.	Under control of the Accounting Officer of the Department of Defence.	4 325 301	4 325 301
Armaments Corporation of South Africa (Armscor)	To subsidise Armscor in their mission to meet the acquisition, maintenance and disposal needs of the Department of Defence and other clients in terms of defence materiel, related products and services.	Armscor is a schedule 2 Public Entity managed by a Board of Directors appointed by Minister of Defence and Military Veterans. Armscor annually submits a business plan and estimate of expenditure to the department for approval. Upon approval the required funds are included.	1 135 798	1 131 586
Safety and Security Sector Education and Training Authority (SASSETA)	To subsidise the administrative expenditure of the SASSETA, which acts as the Sector Educational and Training Authority (SETA) for Defence in terms of the skills Development Act, No 97 of 1998.	Audited financial statements for the year 2012/13 were submitted according to payment conditions.	18 936	18 936

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Reserve Force Council	To subsidise the Reserve Force Council in their arm to secure community and private sector support for the Reserve Force to maintain a sound relationship and communication between the Reserve Forces, the Minister of Defence and Military Veterans and the SA National Defence Force.	The Accounting Officer of the Department is represented in the National Council. The Council annually submits the business plan and estimate of expenditure to the department before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2012/13 were submitted according to payment conditions.	6 523	6 523
Department of Military Veterans	To provide national policy and standards on socio-economic support to military veterans and their dependants, including benefits and entitlements.	As approved by the National Treasury and Accounting Officer of the Department of Defence.	351 431	351 431
St Johns Ambulance Brigade	To provide accreditation for training of Defence members and make their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency.	Audited financial statements for the financial year 2012/13 were submitted according to payment conditions.	833	832
Households Employer Social Benefits	To cover the cost of employment benefits due to Defence members being separated from the department through the Mobility Exit Mechanism for uniform members and the Employer Initiated Severance package for non-uniform members.	As approved by the Accounting Officer.	137 562	69 418
Claims against the State	To cover the cost of legitimate claims instituted against the department by institutions or individuals.	As approved by the Accounting Officer.	453 618	516 043
Acts of Grace	To cover the cost of payments made to the families of soldiers who died during foreign deployments.	As approved by the Accounting Officer.	-	2 000
Total			7 928 920	7 920 988

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REPORT OF THE ACCOUNTING OFFICER -
FOR THE YEAR ENDED 31 MARCH 2014**PUBLIC/PRIVATE PARTNERSHIP (PPP)**

12. The DOD has not entered into any Public/Private Partnership during the year under review.

CORPORATE GOVERNANCE ARRANGEMENTS13. Risk Management.

The Risk Management approach is as follows:

- a. The Enterprise Risk Management is applied in the DOD as a continuous and integrated process that is aimed specifically at minimizing and controlling risk exposures within each programme, sub-programme and functions of the DOD. In this reporting period the DOD progressed with the implementation of the DOD Enterprise Risk Management Framework, which provides the foundation and organizational arrangements for designing, implementing, monitoring, reviewing and improving risk management in the DOD. Further progress was made with the promulgation of the Risk Management Policy Edition 2, aligned to government prescripts and best practice standards promoting a structured and systematic risk management process.
- b. Efforts to improve the culture of risk management continued to bear positive fruits as evidenced by the improving quality of risk management information through the Risk Management Governance and Reporting Structures of the DOD. The DOD has conducted regular risk assessments which have been reported on quarterly, aligned to the strategic management process of the DOD. Continuous training workshops and facilitation of risk assessment sessions took place over this period improving the culture of risk management. The effectiveness of the risk management approach is reflected in the achievement of the National Treasury risk management maturity level which has progressed from a level 4 (above average) to a level 5 out of 6 levels.

14. Strategic Management.

- a. Through a consultative process, the Department's strategic management environment ensured that reasonable planning, monitoring and evaluation as well as reporting guidelines were provided to the Services and Divisions. The strategic planning and reporting instruments were timeously and effectively communicated to the entire Department. In underpinning the Department's strategic management integrated approach, the Planning Board pursued the pertinent planning, monitoring and evaluation and reporting matters.
- b. The Department adhered to the planning and reporting statutory requirements, including the provision of the Management Performance Asset Tool (MPAT) report. MPAT is a collaborative initiative led by the Department for Performance Monitoring and Evaluation (DPME), to promote and institutionalise the monitoring and assessment of the public service towards improved service delivery. The Department's moderated score for the FY2012/13 was 2.39 (partial compliance with Legal/Regulatory Requirements). The assessment assisted the Department in identifying areas that require improvement.

15. Financial Management.

- a. Operation "Clean Audit" Steering Committee (OCASC) as a sub-committee to the Accountability Management Committee, a forum through which the Department pro-actively ensured good governance and accountability regarding the implementation of Auditor-General of South Africa's (AGSA) recommendations. With the assistance of and advice from National Treasury, the OCASC was also responsible for monitoring progress on action plans by Services and Divisions regarding addressing audit findings by AGSA.
- b. The Prosecution and Recovery Committee (PRC), a sub-committee of the Accountability Management Committee (AMC), is the mechanism through which the Secretariat for Defence secures accountability by

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officials of the DOD, for the management of Financial Misconduct, in accordance with the PFMA. The PRC focussed on ensuring that where financial misconduct cases were reported, they are investigated and losses are recovered. It also ensures that perpetrators are brought to book. During the FY2011/12, the prevention of Irregular Expenditure and Fruitless, Wasteful Expenditure Strategy was approved and is continuously being rolled out in the DOD. The on-going road shows to promote the Strategy and ensure compliance with legislation are being implemented. The main objective is to prevent, detect and ensure corrective measures are in place to curtail the incidents of Financial Misconduct.

CONTINGENT LIABILITIES: ENVIRONMENTAL REHABILITATION LIABILITIES

16. Environmental contingent Liabilities The following environmental contingent liabilities are hereby disclosed.
- a. UXO contamination and military debris clearance at the current live fire military training areas – Rm 904,586.
 - b. Significant fuel, oil and lubricant spillages – Rm 40,185.

AUDIT COMMITTEE

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

The Minister of the Department of Defence (DOD) and Military Veterans (DMV) formally approved the establishment of a shared audit committee for the Department of Defence and Department of Military Veterans on 08 February 2012, made up of independent non - executive members. The department has been headhunting for the additional members of the Committee in order to satisfy the requirements of governance principles in relation to mixture of skills. The department is still headhunting for the following skills:

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

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

18. We operated within formally approved terms of reference. We met four (4) times (Quarterly meetings) and three (3) times (Special meetings) in the Financial Year and consisted of the members listed below:

<i>Name of Member</i>	<i>Number of Meetings Attended</i>
Mr V Nondabula (Chairperson)	7
Mr S Radebe	7
Ms O Matloa	6
Mr A Amod	6
Mr P Dala	6

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REPORT OF THE ACCOUNTING OFFICER -
FOR THE YEAR ENDED 31 MARCH 2014**POLICY DEVELOPMENT**

19. New Policies and Legislation. The following policies were promulgated during the year under review.
- a. The Defence Review was approved by Cabinet on 19 March 2014, subsequent to this; the Department is in the process of developing an implementation plan for consideration by the Minister of Defence and Military Veterans.
 - b. The Policy on the Management of Defence Intangible Capital Assets DODI/00027 (Edition 1) was recommended by the Defence Policy Board on 07 March 2014 for ratification by the Secretary for Defence and the Chief of the SANDF.

CORRUPTION AND FRAUD PREVENTION

20. The DOD continues to adopt a zero-tolerance attitude to all forms of fraud and corruption within the department. The DOD Corruption and Fraud Prevention Plan was reviewed and approved by the DOD Management on 09 July 2012. The plan will be valid for a period of three years and strives to reduce corruption and fraud within Defence. Additional to the plan, the DOD will enhance the detection, investigation and prosecution of corruption and fraud in the DOD in the following ways:

- i. Anti-corruption Hotline Cases. The DOD will improve feedback on anti-corruption hotline cases by strengthening and coordinating the responses at the departmental nodal point.
- ii. Corruption and Fraud Awareness Campaign. The DOD will provide a platform that will enhance the prevention of corruption and fraud in the broader DOD as well as specifically within the defence supply chain integration processes, through evaluation and awareness programmes and monitoring compliance to departmental government frameworks.
- iii. DOD Procurement Policy. The DOD will ensure that its procurement processes comply with requirements and policies so as to avoid procurement fraud.

QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

21. The Accounting Officer has tabled the In Year Management (IYM) and monthly/quarterly reports to the Minister and to the Committee in compliance with the Act.

22. We were satisfied with the quality of IYM and monthly management reports. There was no overspending on the budget appropriated to the Department. In areas where there is under spending the Department has surrendered the funds to National Treasury and requested the necessary virements and authorisation for roll over from the Minister.

23. The Committee is satisfied with the quality of the quarterly reports. Where the Department did not achieve the set targets, corrective measures were put in place. However, in certain areas the quality of the quarterly reports needs to be improved in relation to the objectives to strictly adhere to the SMART principle.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

24. We have reviewed the Annual Financial Statements presented by Management for submission to the AGSA for audit for the financial year under review. The following specific functions were conducted: We reviewed the:

- Accounting policies;
- Notes to the Annual Financial Statements;
- Department's compliance with legal and regulatory provisions;
- Accounting Officer's report;

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- Adjustments effected during the audit including notes;
- Performance Information accompanying the AFS.

25. The DOD received an approval for departure not to disclose minor assets from National Treasury. A second deviation obtained was to allow the department not to disclose technical publications and capital components as part of assets but instead as part of inventory.

26. We are concerned that, there are challenges in the timing of compilation and finalisation of accurate Annual Financial Statements including the asset registers to ensure effective readiness of the Department for the statutory audit and to allow us to get the necessary independent assurance before the AFS are submitted for the statutory audit.

CODE OF CONDUCT

27. The Department of Defence has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In delivering the defence mission, the DOD is following the principles set out below:

- **Service Standards.** Service standards are based on clear direction and strong leadership. Our priority is, and shall always be, to maximise our defence capability and our contribution to peace and security. We shall maintain high standards of excellence and professionalism in everything we do.
- **Excellence.** We shall build on what we do well and actively foster a climate of success. We shall invest in our people and encourage innovation. We shall provide the right incentives and recognise individual and team contributions.
- **Ethics.** We shall adopt and encourage reasonable demands of vested interests. We shall foster fairness and trustworthiness in all that we do.
- **Openness and Transparency.** We shall ensure clear communication and better understanding. We shall ensure that our messages are understood. We shall listen to clients' concerns and make sure we understand what they are saying to us. We shall aim to create a climate of trust and transparency in our decision-making.
- **Partnership and Collaboration.** We shall encourage and improve links with other Government departments and other relevant organs of state. We will strengthen partnerships with industry, allies and the community at large. We shall promote collaboration within the DOD, harmonise activities and systems and, where sensible, share knowledge.
- **People.** We shall uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.
- **Teamwork.** Within the DOD we are one team and embrace one purpose. We shall debate issues fully, whilst rigorously representing our individual responsibilities. Our overriding aim, however, is to reach conclusions that are best for the entire Department and then to act on them.
- **Accountability.** We shall create a learning organisation in which all employees seek and share knowledge and information, whilst committing themselves to personal growth. We follow these principles. We shall be sensible to the demands we make on people and recognise the unique commitments they make.
- **Discipline.** We shall consistently strive towards upholding a high level of discipline. We shall manage and uphold the image of the defence establishment as the best-disciplined profession.

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

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

Conflict of interest

29. Senior members of the DOD are expected to declare their economic interest annually in terms of Chapter 3 of the Public Service Regulations, 2001 and Chapter 9 of the SMS Handbook, 2003 for submission to the Office of the Public Service Commission. The compliance standard for such annual declarations is high and accountability is enforced through the line of command by means of an annual DOD instruction and presentations at senior management bodies.

30. Members of management bodies dealing with the procurement and acquisition are required to declare potential conflicts before commencement of meetings. In terms of the DOD policy on personal gifts, personal sponsorships, personal hospitality and other personal benefits, members are required to declare gifts, sponsorships, hospitality and other benefits. Service and Divisional Chiefs are required to maintain proper registers for such declarations. The DOD in addition strengthened its Internal Audit capacity over the last year and provides assurance and compliance capacity to monitor implementation and any deviation through the Inspector General structures of the DOD and DOD Audit Committee.

31. Furthermore in order to adhere to governance compliance, service providers and suppliers are required to declare their interest with any members of the Department of Defence on registration on the data bases of the procurement entities in the DOD as potential suppliers/service providers as per the SBD4 form. This requirement is not applicable to contracts for services that are acquired through the State Information Technology Agency (SITA) and those that are procured centrally by National Treasury as on a transversal basis.

King III

32. The framework recommended by King III is principles based and there is no "one size fits all" solution and therefore entities (departments) are encouraged to tailor the principles as appropriate to the specific needs of the department. In this regard we need to note that, over and above the requirements already contained in the PFMA and the Treasury Regulations in relation to systems of internal financial controls, internal audit, Audit Committees, IT governance structures, Risk Management, fraud prevention and compliance strategies. I believe we can also make mention of the various committees that the DOD has to monitor good governance principles.

33. Reference can be made to the fact that the Department has a dedicated risk management directorate and the process of appointing the Chief Compliance Officer is imminent. Also a draft Compliance policy has been developed which is in the process of being formalized.

34. Stakeholder relationships platforms (performance information) which provide the opportunity for the general public/tax payer to measure the performance of the Department.

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DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

35. There are no discontinued activities / activities to be discontinued reported by the Def Sec Sub-programmes.

NEW / PROPOSED ACTIVITIES

36. There are no new / proposed activities reported by the Def Sec Sub-programmes.

ASSET MANAGEMENT – IMMOVEABLE ASSETS

37. The Defence Works Formation continues to have a positive impact in the DOD especially as this capability assisted in addressing the capital works and refurbishment for the DOD.

PRIOR YEAR ERROR

38. Title deed for Tempe military base. Land at the above base is apportioned into various parcels, some of which the title deeds are registered in the name of the local Municipality. An adjustment is being carried out to the comparative figures to the value Rbn 2,6, refer note to the financial statements titled error in prior year figures. This adjustment includes Land, Improvements to the Land and Heritage assets that are situated on the portions of Land that are owned by Mangaung municipality.

ASSET MANAGEMENT – MOVEABLE ASSETS

MINOR ASSETS

39. The DOD obtained departure from National Treasury regarding the disclosure of minor assets. In terms of this departure the DOD does not need to disclose the secondary information relating to minor assets until the exercise of tagging the minor assets is complete, which it will be by March 2015.

ASSET MANAGEMENT OPERATION CENTRE

40. This centre was established in the 2012/13 period to enable the objective of ensuring the Department of Defence is in a position to report on all its categories of assets. This centre continues to exist under the guidance of Chief Logistics, Lt. Gen B. I. Mbatha. The main objective remains to ensure that all the information and processes required for the DOD to produce an assets register are carried out.

SYSTEMS

41. Legacy systems and manual units. The DOD has embarked on a project phasing out some of the legacy systems (UIMS and DIMS) and manual units to ensure that the reporting on assets is based only on OSIS/CALMIS systems.

42. The current systems being utilised to report from (OSIS and CALMIS) were not developed to enable reporting on Assets. At the time of implementation of these systems government was accounting for assets on a cash basis. Since 1999, there is movement towards the accrual basis and assets must be reported on the accrual principles of accounting. Therefore a number of enhancements had to be carried out to ensure that the DOD is in a position to comply with the reporting framework. Further, the DOD has identified the requirement for a single logistics system that will enable the implementation of the reporting framework. The current systems being utilised to report from (OSIS and CALMIS) were not developed to enable the reporting on Assets.

BENCHMARKING

43. This process has commenced but not yet finalised for the current financial period. There were specific areas of disagreement from the previous audit which had to be benchmarked against other militaries e.g. treatment of technical

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publications for accounting purposes. National Treasury has agreed that the status quo on the items being benchmarked can remain so that they are disclosed as inventory as opposed to assets. This process must and will be finalised by 31 December 2014.

INVENTORY

44. The note on inventory are reported as an annexure to the financial statements due to the fact that, for inventory, requirement does not yet exist for inclusion in the notes to the financial statements.

INTANGIBLE CAPITAL ASSETS

45. ICA management has been subjected to its second cycle of audit. The Department of Defence Instruction (DODI) on the management of Defence Intangible Capital Assets (DODI/00027 (Edition 1)) was presented to the PDSC and has subsequently been approved by the Sec Def. This provides recognition to the ICA register in its current format and the management thereof.

46. With the DODI approved, Services and Divisions can rethink their staffing and ability to manage ICA in their area of responsibility which will make future reporting and management more effective.

47. The DOD ICA discovery and inclusion on the ICA register has moved the ICA register from a Rm 665,437 to a Rbn 1,249,581 closing balance. With the assistance of PriceWaterHouseCoopers (PWC), as part of an extension to an existing service provision contract between C Log and PWC, the Department worked towards compiling a more accurate and more complete ICA register. Intangible assets that cannot be capitalised such as intangible assets resulting from legislation or as a result of executing departmental mandates, research costs and licences of various kinds were omitted.

48. The DOD ICA reporting and management requirements and challenges are continually discussed at various management forums such as the AMC, OCA, AMT and Sec Def/CFO/AGSA meetings.

49. Over and above normal movement reporting, refinement of existing data will continue to achieve a higher quality level regarding completeness and accuracy.

EVENTS AFTER THE REPORTING DATE

50. Management is not aware of any other matter or circumstance, favourable or unfavourable, arising since the end of the financial year.

COMPLIANCE PROGRAMME

51. In the year under review an amount of R1,708,813.75 was spent on IT system enhancement. The US government is continuously informed on the status through applicable diplomatic channels. To date the DOD is not aware of any US government concerns raised on this matter.

INFORMATION ON PRE-DETERMINED OBJECTIVES

52. Feedback on Information on pre-determined objectives for FY2013/14 are as follows:

- a. Process to report and record performance information.
 - i. The Interim Department of Defence Instruction (IDODI) POL&PLAN/00001/2011 (Edition 1) Policy on the Reporting of Performance Information against Plan DS/CDPSP/R/501/8/P dated 10 April 2012 ensures the management and reporting of departmental performance information and associated activities. The IDODI policy was distributed within the Department and published on the DOD Policy Website to ensure sufficient monitoring controls at all levels, including processes and procedures

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of reporting for the regular reviewing of information, thereby ensuring the consistency, accuracy, completeness and validity of the information reported.

- ii. The performance indicator technical datasheets (definitions of the indicators) for the department as prescribed by the National Treasury Framework on Strategic Plans and Annual Performance Plans published in August 2010 were refined and updated.
- b. Process adopted to achieve pre-determined objectives.
- i. The DOD Strategic Planning and Reporting process has been aligned with outcomes oriented approach as led by the Presidency, which focuses on the achievement of outcomes and is based on results to ensure value for money. Results based management is a life-cycle approach to management that integrates strategy, people, resources, processes and measurements to improve decision-making. Results based management also involves monitoring, evaluation and reporting on results through the development and provision of integrated financial and non-financial information. This information is used for both internal management purposes and for external accountability to Parliament and the public.
 - ii. Monitoring and evaluation is an ongoing process that feeds into other Government processes in order to improve service delivery. The outputs, outcomes and impacts of one intervention feed as inputs into the following intervention. Monitoring and evaluation findings should feed into the new planning process, in terms of setting new outcomes and outputs, setting new baselines, developing new indicators, etc. Monitoring and evaluation is an integral part of planning, not an add-on process.
- c. Processes planned.
- i. The Command Management Information Systems (CMIS) and the State Information Technology Agency (SITA) have been tasked to develop an Integrated Strategic Management Enabler (ISME) to improve monitoring controls. In the interim, a Performance Information Management Enabler (COGNOS) has been developed to support the quarterly reporting process. Work is currently being done to include support for Services and Divisions in recording their performance information electronically and to store source documentation relevant to planned targets in the form of memorandums, letters, minutes, certificates, registers, reports, system data, etc.
 - ii. The role out of the DOD Performance Information (PI) Plan which is prescribed by the National Treasury.
 - iii. Actions to address the reliability of reported performance information against plan, are as follows:
 - 1) DOD to ensure all indicators have approved data sheets (key indicator descriptions), to identify appropriate data sources (audit evidence), thereby supporting the reliability of reported performance information.
 - 2) DOD to ensure standard operating procedures (SOPs) are developed at the lowest levels, especially at programme level, e.g. Force Employment, to guide record keeping, thereby supporting the reliability of reported performance information.
 - 3) DOD to continue to refine and improve performance indicators and targets to comply with the National Planning Framework / SMART principles.
- d. Reasons why performance is not properly recorded, reported and measured. The lack of comprehensive

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internal control / record keeping information systems results in the unreliability of reported performance information against planned targets.

SCOPA RESOLUTIONS

53. 2009/2010 FY. The DOD has appeared before SCOPA on 1 March 2011 on its 09/10 Annual Report and the SCOPA Resolutions were adopted on 28 June 2011 by Parliament. The DOD submitted the action plans on the 09/10 SCOPA Resolutions to Parliament (SCOPA) on 11 November 2011. Most of the recommendations by SCOPA have since been successfully implemented whilst a few (asset management, internal audit and the audit committee) are still work in progress.
54. 2010/2011 FY. The DOD was not invited to appear before SCOPA on the 2010/11 Annual Report.
55. 2011/2012 FY. The DOD was not invited to appear before SCOPA on the 2011/12 Annual Report.
56. 2012/2013 FY. The DOD was not invited to appear before SCOPA on the 2012/13 Annual Report.
57. AGSA Transversal Performance Audit on the Use of Consultants in selected National Departments. The DOD did appear before SCOPA on 26 February 2013 and has submitted a written response to SCOPA in March 2013 on questions raised during the hearing. The DOD is however still awaiting the SCOPA resolutions related to this hearing.

PRIOR MODIFICATIONS TO AUDIT REPORTS**MATTERS REPORTED ON BY THE AGSA IN THE 12/13 FINANCIAL YEAR**

GDA

<i>12/13 AGSA Audit Report Reference</i>	<i>FY First reported</i>	<i>Progress made in clearing/resolving the matter</i>
<u>Page 178, Par 6 – Movable tangible capital assets.</u> The department did not disclose all movable tangible capital assets in accordance with the Departmental Financial Reporting Framework prescribed by National Treasury. Consequently movable tangible capital assets as disclosed in disclosure note 33 to the annual financial statements are understated by approximately R818 million.	12/13	All ground support equipment and assets acquired by means of projects have been included in the Asset Register. Capital components and technical publications are still subject to the benchmarking exercise, which has been extended to 31 December 2014 by National Treasury.

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<i>12/13 AGSA Audit Report Reference</i>	<i>FY First reported</i>	<i>Progress made in clearing/resolving the matter</i>
<u>Page 179, Par 7 – Intangible capital assets.</u> I was unable to obtain sufficient appropriate audit evidence that all intangible assets, as disclosed in note 34 to the annual financial statements, were disclosed in accordance with the Departmental Financial Reporting Framework prescribed by National Treasury. I was also not able to perform alternative audit procedures due to non-compliance with the framework and the lack of internal controls. Consequently I could not determine the extent of the misstatement.	12/13	Continuous work was done through the period by the Services and Divisions to correct these issues. The ICA policy has now been approved to provide more internal controls. The ICA register is in its second cycle of usage, thus making its usage more common place. A consultant (PriceWaterhouseCoopers) was utilised in the final verification and compilation of the ICA register to ensure a greater degree of accuracy and technical correctness of the data.
<u>Page 180, Par 18 – Reliability of information.</u> I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented for significantly important targets with respect to the Force Employment Programme. This was due the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the programme as a result of inadequate internal control and record keeping.	12/13	The process and basis for determining the personnel strengths in operations have been changed to use the personnel management system to support the performance data reported rather than the operational situational reports (SITREPS). The changed procedure has already been implemented for all reports related to external operations. The performance reports for the first and second quarter have been amended to ensure that the performance information for the FY2013/14 is aligned with the new procedures.
<u>Page 181, Par 23 - Internal Audit.</u> The accounting officer did not ensure that an operational internal audit function was in place as required by Treasury Regulations 3.2.2. A structure and budget has been approved for the 2013/14 financial year and the process of advertising and filling positions has begun subsequent to year end.	09/10	A three year budget for 2013/14 and 2014/15 respectively were approved. The posts of the Secretary and the Office Manager were advertised and staffed. The posts of the internal auditors (Assistant Directors and Deputy Directors) were advertised, shortlisted and interviewed. Currently the Internal Audit Division is awaiting HR Div to finalise the process of vetting and SAQA verification of the appointed candidates. The posts for the supporting staff of the Division were advertised and interviews were conducted. The Division is waiting for HR Div to finalise the processes.
<u>Page 181, Par 24 – Audit Committee.</u> The audit committee was not constituted as required by section 77(a) of the Public Finance Management Act as the audit committee did not consist of at least three persons. Three external members have been appointed subsequent to year end.	12/13	No action plan required as the matter was rectified in the 2013/14 financial year.
<u>Page 181, Par 25 – Human resource management and compensation.</u> Some employees were appointed without following a proper process to verify the information in their applications, in contravention of PSR I/VII/D.8.	11/12	The DOD has issued an Interim Implementation Instruction to address the pre-screening of newly appointed officials (criminal checks, verification of qualifications, etc) and to strengthen internal controls, e.g. no appointment letter will be issued without proof of pre-screening documents. Chiefs of Services and Divisions will be held accountable for all appointments of civilians approved within their environments. All files in respect of new appointments effected during each month are audited to ensure that copies of all documents contained in the submission file are placed in the personal file of each new employee. An instruction to Services and Divisions was issued in this regard.

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<i>12/13 AGSA Audit Report Reference</i>	<i>FY First reported</i>	<i>Progress made in clearing/resolving the matter</i>
Page 181, Par 26 – Transfer of funds. The Accounting Officer transferred funds to entities without obtaining written assurance that the entity implements effective, efficient and transparent financial management and internal control systems, as required by section 38 (l) (j) of the PFMA.	12/13	The audited financial statements of all entities receiving transfer payments from the Department of Defence are now requested before such transfer payments are made. An unqualified financial statement is deemed to be sufficient written assurance that the entity has effective, efficient and transparent financial management and internal control systems as required by section 38 (l) (j) of the PFMA. The DOD's policy on transfer payments has also been amended to reflect this control measure.
Page 182, Par 29 – Expenditure management. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(l)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.	12/13	A Financial Misconduct Strategy to prevent irregular expenditure has been approved and is in the process of being implemented. Problem units and newly established units were identified as a high priority and are being visited by teams from the Financial Misconduct nodal point to train and create awareness in order to prevent irregular expenditure. During these visits in-post training are provided and the existence and content of the Budget Control policy and Cash Payment policies as well as the NT practice notes are brought to their attention.
Page 182, Par 30 - Procurement and contract management. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.	10/11	The DOD (Logistics Division) has issued several instructions in the 2013/14 financial year to address non-compliance matters in the procurement and contract management environment. To ensure implementation the Logistics Division (Directorate Procurement Management) has introduced control and monitoring mechanisms in the form of monthly Procurement Forums that are attended by representatives from all Services and Divisions, as well as Procurement Seminars that are attended by Procurement Officials.
Page 182, Par 31 - Procurement and contract management. Contracts and quotations were awarded to suppliers whose tax clearance certificates from the South African Revenue Services had not been submitted as required by Treasury Regulations 16A9.1(d) and the Preferential Procurement Regulations.	12/13	
Page 182, Par 32 - Procurement and contract management. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulations 16A6.3(b).	12/13	
Page 182, Par 33 - Procurement and contract management. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or related to any person employed by the state/department and who may be involved with the evaluation and/or adjudication of bids.	12/13	

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FINANCIAL MISCONDUCT

58. The DOD paid an amount of Rm 303,347 in the settlement of a claim by AMST System – Technik for the cancellation of a contract. The investigation is still pending, and based on the final report this office will be able to take appropriate action against any official, if necessary.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

59. The application of South African Standards of Generally Recognised Accounting Practice (GRAP) 104 instead of GRAP 6 was approved by the Minister of Finance on 29 November 2013 as an exemption for the SDA for the financial years 2013/2014, 2014/2015 and 2015/2016.

INTERIM FINANCIAL STATEMENTS

60. Interim Financial Statements were submitted for the first three quarters in the year under review.

APPROVAL

61. The Annual Financial Statements set out in pages 150 to 241 have been approved by the Accounting Officer.



(Dr S.M. Gulube)
Secretary for Defence: Director-General

Pretoria
31 July 2014

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Defence set out on pages 150 to 224 which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the Modified Cash Standards (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Intangible capital assets

6. I was unable to obtain sufficient appropriate audit evidence for intangible capital assets as disclosed in note 31 to the annual financial statements as required by the MCS prescribed by the National Treasury. I was unable to confirm the amount by alternative means.

Furthermore, as described in note 31.3 to the annual financial statements, the restatement was made to rectify the prior year misstatement, but the restatement could not be substantiated with supporting evidence. I was unable to confirm the restatement by alternative means.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22:
DEPARTMENT OF DEFENCE**Qualified opinion**

7. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements fairly present, in all material respects, the financial position of the Department of Defence as at 31 March 2014, and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the PFMA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Financial reporting framework

9. As disclosed in note 1 to the financial statements, the National Treasury has granted the department departures from the requirement to disclose minor assets, as well as capital spares and technical library material which could be included as part of inventory for the 2013-14 financial year.

Restatement of corresponding figures

10. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors discovered during 2013-14 in the financial statements of the Department of Defence at 31 March 2014, and for the year ended 31 March 2014.

Fruitless and wasteful expenditure

11. As disclosed in note 26 to the financial statements, fruitless and wasteful expenditure to the amount of R307,497 million, mainly comprising a payment relating to a contract that was cancelled, was incurred.

Irregular expenditure

12. Included in note 25 to the financial statements, is an amount of R1,074 billion for the increase in salaries paid to uniform members, which was not approved by the minister of Finance as required in terms of section 55(3) of the Defence Act, 2002 (Act No. 42 of 2002).

Additional matters

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Financial reporting framework

14. In accordance with the International Standards on Auditing, the wording of my opinion should not include the phrase "fairly present" when a departure to the applicable financial reporting framework has been granted in terms of the PFMA and where the aim of such a departure was not to achieve fair presentation. However, section 20(2)(a) of the PAA, requires me to reflect whether the financial statements "fairly present", in all material respects, the financial position and results of its operations and cash flows for the period in accordance with the applicable financial reporting framework. The wording of my opinion is therefore worded as such.

Unaudited supplementary schedules

15. The supplementary information disclosed in the annexures does not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion thereon.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
- Programme 2: Force employment on pages 7 to 22 and 64 to 67.
 - Programme 3: Landward defence on pages 7 to 22 and 68 to 70.
 - Programme 4: Air defence on pages 7 to 22 and 71 to 72.
18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I also performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

22. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

23. Refer to the annual performance report on pages 7 to 22 and 40 to 83 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the Force Employment and Air Defence programmes. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22:
DEPARTMENT OF DEFENCE**Compliance with legislation**

25. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Internal audit

26. The accounting officer did not ensure that a fully operational internal audit function was in place as per the requirements of the treasury regulations. As a result, the internal audit section was not able to perform the following functions:
- The internal audit function could not assess the operational procedure and monitoring mechanisms over all transfers made, as required by treasury regulation (TR) 3.2.8.
 - The internal audit function could not evaluate the effectiveness and efficiency of controls / give recommendations for their enhancement and improvement, as required by TR 3.2.11.
 - The internal audit function could not evaluate the reliability and integrity of financial and operational information, as required by TR 3.2.11(b).
 - The internal audit function could not evaluate the compliance with laws and regulations, as required by TR 3.2.11(e).

Audit committee

27. As a result of the internal audit function not being fully operational the audit committee could not review:
- the effectiveness of the internal audit function
 - annual work programme of the internal audit function
 - reports of significant investigations issued by the internal audit function
 - responses of management to specific recommendations made by the internal audit function
 - risk areas of the institution's operations covered in the scope of internal audits
 - accounting and auditing concerns identified from internal audits as required by TR 3.1.10 (b), (c), (e) and (g).

Financial statements, performance and annual report

28. 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 notes to the submitted financial statements were subsequently corrected, but the supporting records for intangible capital assets that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Department of Defence and Military Veterans - Vote 22

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 22: DEPARTMENT OF DEFENCE

Expenditure management

29. The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA, Treasury Regulations 9.1.1 and 16A6.1, as well as section 55(3) of the Defence Act.

Internal control

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. 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 findings on non-compliance with legislation included in this report.

Leadership

31. The department did not exercise sufficient oversight responsibility regarding financial reporting over intangible assets, compliance and related internal controls. The department also did not have sufficient monitoring controls and standard operating procedures at lower levels to ensure proper reporting, and regular reviewing of information as well as accurate and complete financial and performance information.

Financial and performance management

32. Existing manual and automated controls were not designed to ensure adequate record keeping supporting accurate and completing financial and performance reporting which is accessible and available, as required by the National Treasury.

Governance

33. The department is still in the process of capacitating the internal audit component.

Auditor - General

Pretoria
31 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACCOUNTING POLICIES for the year ended 31 March 2014

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (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. Presentation of the financial statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting and present fairly the department's primary and secondary information, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.

1.5 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.6 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.

1.7 Comparative figures - appropriation statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Department of Defence and Military Veterans - Vote 22

ACCOUNTING POLICIES for the year ended 31 March 2014

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. 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.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise. Any amount owing to the National Revenue Fund at the reporting period is recognised as a payable in the statement of financial position.

A department generates revenue from exchange transactions through the sale of goods, the rendering of services or the earning of interest and dividends. The recording of the revenue from an exchange transaction coincides with the receipt of the funds from the recipient of the good and/or services.

Cash receipts arising from transactions in a foreign currency are recognised in South African Rand by applying to the foreign currency amount the exchange rate between South African Rand and the foreign currency at the date of the receipts.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Aid assistance

2.3.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

2.3.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

3. Expenditure

A department recognises expenditure in the statement of financial performance on the date of payment. Cash payments arising from transactions in a foreign currency should be recorded in South African Rand by applying to the foreign currency amount the exchange rate between South African Rand and the foreign currency at the date of the payments.

ACCOUNTING POLICIES
for the year ended 31 March 2014**3.1 Compensation of employees****3.1.1 Salaries and wages**

Salaries and wages are expensed in the statement of financial performance when authorisation for payment is effected on the system (by no later than 31 March each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee cost are not capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments do not form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

Department of Defence and Military Veterans - Vote 22

ACCOUNTING POLICIES
for the year ended 31 March 2014**3.4 Payments for financial assets**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position 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 is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and/or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons thereof are provided in the note.

ACCOUNTING POLICIES
for the year ended 31 March 2014

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

4. Assets**4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

Prepayments and advances recognised in the statement of financial position are de-recognised when the related goods / services are received or the funds are utilised in accordance with the contractual arrangement.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Loans and Receivables

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

The department discloses the value of each class of loans; and an analysis of the total balance of loans reflecting new loans issued; repayments of loans; and loans written off.

Amounts that are potentially irrecoverable are included in the disclosure notes.

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

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.

Department of Defence and Military Veterans - Vote 22

ACCOUNTING POLICIES
for the year ended 31 March 2014**4.5 Investments**

Capitalised investments are shown at cost in the statement of financial position.

The department discloses its non-current investment, shares and other equity; and, a reconciliation of the opening balance and the balance at the reporting date of the non-current investments reflecting additions in cash, disposals in cash; and non-cash movements.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

4.6 Inventory

Inventory is not recognised in the statement of financial position as an asset but as an expenditure in the statement of financial performance and is also included as a disclosure in the annexures to the financial statements.

Inventory encompasses goods purchased / produced and held specifically for executing the service delivery mandate of the department. Inventories also encompass finished goods produced, or work-in-progress being produced, by the entity. Inventories also include materials and supplies awaiting use in the production process and goods purchased or produced by an entity, which are for distribution to other parties through a non-exchange transaction.

Inventories are recorded only if it is probable that future economic benefits or service potential associated with the item will flow to the department, and the cost or fair value of the item can be measured reliably.

Initially inventories are measured at cost unless inventories are obtained through non exchanged transaction, therefore their cost is measured at their fair values as the date of ascension.

Subsequently inventories are measured at the lower of cost and net realisable value except where they are held for distribution through a non-exchange transaction; or consumption, in the production process of goods to be distributed at no charge or for a nominal charge, wherefore they are measured at the lower of cost and current replacement cost.

All inventory items at year-end are reflected using the FIFO cost formula.

4.7 Capital assets**4.7.1 Major Assets**

The Department of Defence values its major assets according to date of acquisition as follows:

- i. Specialised Military Assets (SMA) and Transport (TPT) assets acquired before 1 April 2002 at R1.
- ii. SMA and TPT acquired between 1 April 2002 and 31 March 2010 at invoice value. Where the DOD couldn't find invoices, these are valued at fair value.
- iii. SMA and TPT acquired from 1 April 2010 to date are valued at invoice value.
- iv. Biological assets are dogs and horses. Dogs are valued at R100 and horses according to purchase price.
- v. Other machinery and equipment (OME), which includes computer equipment, furniture and office equipment, and other machinery and equipment acquired before 1 April 2002 are valued at R1.

ACCOUNTING POLICIES
for the year ended 31 March 2014

- vi. Major OME acquired between 1 April 2002 to 31 March 2012 valued at fair value.
- vii. Major OME acquired 1 April 2013 to 31 March 2014 valued at cost.

4.7.2 Minor Assets

National Treasury approved a departure not to disclose minor assets in the secondary information for 2013/2014.

National Treasury also approved a departure on the disclosure of minor assets allowing the DOD to value these at R1 up to 31 March 2013. All current year additions are included at cost and will be for all subsequent periods.

- i. The additions going forward will however, be included in the assets register of the DOD and valued at cost.
- ii. The above disclosure and policy on minor assets is as agreed with National Treasury.

4.7.3 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "*expenditure for capital assets*" and is capitalised in the asset register of the department on completion of the project.

National Treasury approved a departure whereby capital components (spares, technical publications) are to be disclosed as "*inventory*" until an international benchmarking exercise has been carried out jointly between the DOD and National Treasury.

Repairs and maintenance is expensed as current "*goods and services*" in the statement of financial performance.

4.7.4 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "*expenditure for capital assets*". On completion, the total cost of the project is included in the asset register of the Department.

Repairs and maintenance is expensed as current "*goods and services*" in the statement of financial performance.

Department of Defence and Military Veterans - Vote 22

ACCOUNTING POLICIES
for the year ended 31 March 2014**4.7.5 Intangible assets****Initial recognition**

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 are included in the asset register at R1.

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "*expenditure for capital asset*" and is capitalised in the asset register of the department.

Maintenance is expensed as current "*goods and services*" in the statement of financial performance.

5. Liabilities**5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

The department discloses the total of each separate significant category of current payables, and also a description of the payable and value thereof.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is disclosed in the financial statements of the period in which the change in probability occurs.

Where a department is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the Department.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. Where the inflow is virtually certain (and measureable) but not yet received, then the department

ACCOUNTING POLICIES
for the year ended 31 March 2014

discloses the amount as a receivable for departmental revenue. If an inflow has become probable, a department discloses the contingent asset.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure notes.

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash. A distinction is made between approved and contracted: and approved but not yet contracted.

Salary commitments related to employment contracts and social security benefits are excluded from the disclosure of commitments. Commitments of relating contracts or product that exceeds one year are disclose as such.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

The department record its accrued expenditure, at cost, as at the reporting date.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

A department shall disclose the value of each major class of accruals for employee benefits as at the reporting date.

5.7 Lease commitments**5.7.1 Finance lease**

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

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.

The finance lease commitments are disclosed in the financial statements and are not apportioned between the capital and interest portions.

The finance lease liability is disclosed in the disclosure notes to the financial statements.

Department of Defence and Military Veterans - Vote 22

ACCOUNTING POLICIES
for the year ended 31 March 2014**5.7.2 Operating lease**

Operating lease payments are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

5.8 Impairment and other provisions

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each year-end. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Accrued departmental revenue

Accruals in respect of departmental revenue are disclosed in the disclosure notes to the annual 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 / penalties) is measured at amounts receivable from collecting agents.

The Department discloses the major categories of receivables for departmental revenue; an analysis of the opening balance and the closing balance of departmental revenue receivables at the reporting date; and a description of the nature and value of any receivables for departmental revenue written off.

7. Net Assets**7.1 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the "capitalisation reserves" when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

The department discloses a list of all its related party relationships irrespective of whether there were any transactions between the related parties.

The department discloses transactions and balances with its related parties and discloses a breakdown of related party revenue into the major categories of revenue, a breakdown of related party expenditure into the major categories of expenditure, the total balances of receivables and payables that arose from related party transactions; the balance of loans made to / from related parties; and, a breakdown of any guarantees issued to related parties; a breakdown of any other contingent liabilities between the department and the related parties; and, disclose information about any in-kind goods or services received from or provided to a related party.

The department does not however disclose related parties transactions with close family members of key management personnel.

9. Key management personnel

Full compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

The number of individuals in each category of key management personnel is also included in the disclosure notes.

10. Prior period errors

Prior period errors are corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

ANNUAL FINANCIAL STATEMENTS FOR THE
DEPARTMENT OF DEFENCE AND MILITARY VETERANS
for the year ended 31 March 2014

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The reports and statements set out below comprise the annual financial statements presented to the National Treasury:

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Department of Defence and Military Veterans - Vote 22

APPROPRIATION STATEMENT
for the year ended 31 March 2014

Programme	Appropriation per Programme							2012/13	
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	4 091 251	-	(30 567)	4 060 684	4 060 684	-	100%	3 567 716	3 567 716
Transfers and subsidies	388 894	-	(1 602)	387 292	387 292	-	100%	142 572	136 951
Payment for capital assets	28 854	-	14 262	43 116	43 116	-	100%	43 897	43 897
Payment for financial assets	-	-	19 893	19 893	19 893	-	100%	32 997	32 997
	4 508 999	-	1 986	4 510 985	4 510 985	-		3 787 182	3 781 561
2. Force Employment									
Current payment	3 167 037	-	(66 651)	3 100 386	2 938 725	161 661	95%	2 411 270	2 403 480
Transfers and subsidies	172 109	-	(4 258)	167 851	163 638	4 213	97%	166 176	166 176
Payment for capital assets	216 596	-	36 887	253 483	244 214	9 269	96%	225 816	211 272
Payment for financial assets	-	-	78	78	78	-	100%	50	50
	3 555 742	-	(33 944)	3 521 798	3 346 655	175 143		2 803 312	2 780 978
3. Landward Defence									
Current payment	10 918 782	-	(109 301)	10 809 481	10 809 481	-	100%	9 749 860	9 749 860
Transfers and subsidies	2 482 653	-	(8 685)	2 473 968	2 473 968	-	100%	2 046 211	2 046 211
Payment for capital assets	203 418	-	108 674	312 092	312 092	-	100%	569 709	569 709
Payment for financial assets	-	-	3 582	3 582	3 582	-	100%	2 142	2 142
	13 604 853	-	(5 730)	13 599 123	13 599 123	-		12 367 922	12 367 922
4. Air Defence									
Current payment	4 876 483	-	239 507	5 115 990	5 115 990	-	100%	5 123 659	5 123 659
Transfers and subsidies	823 416	-	(7 747)	815 669	815 669	-	100%	1 781 279	1 781 279
Payment for capital assets	14 534	-	84 599	99 133	99 133	-	100%	169 376	169 376
Payment for financial assets	-	-	731	731	731	-	100%	630	630
	5 714 433	-	317 090	6 031 523	6 031 523	-		7 074 944	7 074 944
5. Maritime Defence									
Current payment	2 703 850	-	(14 522)	2 689 328	2 663 144	26 184	99%	2 410 959	2 410 959
Transfers and subsidies	383 452	-	91 793	475 245	475 245	-	100%	417 263	417 263
Payment for capital assets	20 039	-	66 860	86 899	86 899	-	100%	66 345	66 345
Payment for financial assets	-	-	1 090	1 090	1 090	-	100%	377	377
	3 107 341	-	145 221	3 252 562	3 226 378	26 184		2 894 944	2 894 944

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APPROPRIATION STATEMENT
for the year ended 31 March 2014

Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
6. Military Health Support										
Current payment	3 647 710	-	(22 506)	3 625 204	3 615 868	9 336	100%	3 356 127	3 356 127	
Transfers and subsidies	23 775	-	(12 278)	11 497	11 497	-	100%	15 787	15 787	
Payment for capital assets	90 566	-	14 910	105 476	105 476	-	100%	87 680	87 680	
Payment for financial assets	-	-	762	762	762	-	100%	322	322	
	3 762 051	-	(19 112)	3 742 939	3 733 603	9 336		3 459 916	3 459 916	
7. Defence Intelligence										
Current payment	318 761	-	5 430	324 191	324 191	-	100%	275 135	275 135	
Transfers and subsidies	445 637	-	16	445 653	445 653	-	100%	424 599	424 599	
Payment for capital assets	3 542	-	1 286	4 828	4 828	-	100%	5 230	5 230	
Payment for financial assets	-	-	11	11	11	-	100%	87	87	
	767 940	-	6 743	774 683	774 683	-		705 051	705 051	
8. General Support										
Current payment	3 864 258	-	(659 097)	3 205 161	3 205 161	-	100%	2 664 090	2 663 777	
Transfers and subsidies	1 451 235	-	197 873	1 649 108	1 649 108	-	100%	1 119 615	1 119 615	
Payment for capital assets	167 720	-	202 047	369 767	369 767	-	100%	758 139	758 139	
Payment for financial assets	153 612	-	(153 077)	535	535	-	100%	253 427	95 371	
	5 636 825	-	(412 254)	5 224 571	5 224 571	-		4 795 271	4 636 902	
Total	40 658 184	-	-	40 658 184	40 447 521	210 663	99.5%	37 888 542	37 702 218	
Reconciliation with Statement of Financial Performance										
Add: Departmental receipts				853 475				1 044 487		
Actual amounts per Statement of Financial Performance (Total Revenue)				41 511 659				38 933 029		
Actual amounts per Statement of Financial Performance Expenditure					40 447 521				37 702 218	

Department of Defence and Military Veterans - Vote 22

APPROPRIATION STATEMENT
for the year ended 31 March 2014

Programme	Appropriation per Economic classification							2012/13	
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final App- ropriation	Actual Ex- penditure	Variance	Expenditure as % of final ap- propriation	Final App- ropriation	Actual Expen- diture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	21 373 045	-	(40 344)	21 332 701	21 332 701	-	100.0%	19 688 399	19 688 399
Goods and services	12 215 087	-	(617 363)	11 597 724	11 400 543	197 181	98.3%	9 870 417	9 862 314
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	4 695 236	-	2 532	4 697 768	4 697 768	-	100.0%	4 966 133	4 960 512
Higher education institutions	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	299 107	-	4 240	303 347	303 347	-	100.0%	-	-
Public corporations & private enterprises	1 032 342	-	308 867	1 341 209	1 336 996	4 213	99.7%	1 029 895	1 029 895
Non-profit institutions	6 923	-	778	7 701	7 701	-	100.0%	8 401	8 401
Households	137 563	-	(61 305)	76 258	76 258	-	100.0%	109 074	109 074
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payments for capital assets									
Buildings & other fixed structures	115 562	-	101 428	216 990	216 990	-	100.0%	688 274	685 274
Machinery & equipment	575 667	-	457 473	1 033 140	1 023 871	9 269	99.1%	1 208 238	1 196 694
Heritage assets	40 478	-	(18 514)	21 964	21 964	-	0.0%	22 642	22 642
Specialised military assets	163	-	1 082	1 245	1 245	-	100.0%	4 050	4 050
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	(11 944)	1 455	1 455	-	100.0%	2 988	2 988
Software & other intangible assets	13 399	-	(126 930)	26 682	26 682	-	100.0%	290 031	131 975
Payment for financial assets									
Total	40 658 184	-	-	40 658 184	40 447 521	210 663	99.5%	37 888 542	37 702 218

Department of Defence and Military Veterans - Vote 22

Detail per programme 1 - Administration
for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1.1 Ministry										
Current payment	67 714	-	18 175	85 889	85 889	-	100.0%	89 046	89 046	89 046
Transfers and subsidies	30	-	40	70	70	-	100.0%	1 311	1 311	1 311
Payment for capital assets	992	-	(450)	542	542	-	100.0%	2 048	2 048	2 048
Payment for financial assets	-	-	366	366	366	-	100.0%	905	905	905
1.2 Departmental Direction										
Current payment	57 829	-	(8 717)	49 112	49 112	-	100.0%	48 129	48 129	48 129
Transfers and subsidies	119	-	(94)	25	25	-	100.0%	287	287	287
Payment for capital assets	840	-	58	898	898	-	100.0%	1 077	1 077	1 077
Payment for financial assets	-	-	-	-	-	-	100.0%	-	-	-
1.3 Policy and Planning										
Current payment	97 438	-	(14 153)	83 285	83 285	-	100.0%	86 798	86 798	86 798
Transfers and subsidies	582	-	(505)	77	77	-	100.0%	7 283	7 283	7 283
Payment for capital assets	303	-	624	927	927	-	100.0%	711	711	711
Payment for financial assets	-	-	-	-	-	-	0.0%	2	2	2
1.4 Financial Services										
Current payment	308 994	-	(33 655)	275 339	275 339	-	100.0%	258 539	258 539	258 539
Transfers and subsidies	2 619	-	(1 013)	1 606	1 606	-	100.0%	2 440	2 440	2 440
Payment for capital assets	1 382	-	6 428	7 810	7 810	-	100.0%	13 495	13 495	13 495
Payment for financial assets	-	-	273	273	273	-	100.0%	2 130	2 130	2 130
1.5 Human Resources Support Services										
Current payment	637 272	-	(27 786)	609 486	609 486	-	100.0%	570 071	570 071	570 071
Transfers and subsidies	22 766	-	571	23 337	23 337	-	100.0%	23 734	23 734	22 540
Payment for capital assets	7 141	-	5 971	13 112	13 112	-	100.0%	13 137	13 137	13 137
Payment for financial assets	-	-	6 267	6 267	6 267	-	100.0%	2 827	2 827	2 827

Department of Defence and Military Veterans - Vote 22

Detail per programme 1 - Administration
for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appri- piation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1.6 Legal Services										
Current payment	262 831	-	(42 538)	220 293	220 293	-	100.0%	183 742	183 742	
Transfers and subsidies	596	-	(446)	150	150	-	100.0%	2 693	2 693	
Payment for capital assets	8 529	-	958	9 487	9 487	-	100.0%	5 519	5 519	
Payment for financial assets	-	-	12 696	12 696	12 696	-	100.0%	16 437	16 437	
1.7 Inspection Services										
Current payment	82 846	-	(5 570)	77 276	77 276	-	100.0%	72 817	72 817	
Transfers and subsidies	364	-	646	1 010	1 010	-	100.0%	525	525	
Payment for capital assets	2 345	-	2 256	4 601	4 601	-	100.0%	1 400	1 400	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
1.8 Acquisition Services										
Current payment	48 781	-	(5 000)	43 781	43 781	-	100.0%	43 281	43 281	
Transfers and subsidies	748	-	1 420	2 168	2 168	-	100.0%	42	42	
Payment for capital assets	29	-	525	554	554	-	100.0%	333	333	
Payment for financial assets	-	-	41	41	41	-	100.0%	10 618	10 618	
1.9 Communication Services										
Current payment	30 887	-	18 437	49 324	49 324	-	100.0%	31 428	31 428	
Transfers and subsidies	-	-	4	4	4	-	100.0%	34	34	
Payment for capital assets	-	-	436	436	436	-	100.0%	1 183	1 183	
Payment for financial assets	-	-	21	21	21	-	100.0%	1	1	
1.10 South African National De- fence Force Command And Control										
Current payment	13 917	-	(4 426)	133 491	133 491	-	100.0%	149 861	149 861	
Transfers and subsidies	295	-	40	335	335	-	100.0%	241	241	
Payment for capital assets	476	-	2 305	2 781	2 781	-	100.0%	2 809	2 809	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	

Department of Defence and Military Veterans - Vote 22

Detail per programme 1 - Administration
for the year ended 31 March 2014

Appropriation per Programme										
Details per Sub-Programme	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
I.11 Religious Services										
Current payment	11 108	-	(208)	10 900	10 900	-	100.0%	9 259	9 259	
Transfers and subsidies	244	-	(231)	13	13	-	100.0%	1 129	1 129	
Payment for capital assets	396	-	96	492	492	-	100.0%	949	949	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
I.12 Defence Reserve Direction										
Current payment	16 835	-	(601)	16 234	16 234	-	100.0%	17 285	17 285	
Transfers and subsidies	6 533	-	191	6 724	6 724	-	100.0%	7	7	
Payment for capital assets	129	-	(52)	77	77	-	100.0%	217	217	
Payment for financial assets	-	-	205	205	205	-	100.0%	-	-	
I.13 Defence Foreign Relations										
Current payment	215 430	-	10 114	225 544	225 544	-	100.0%	149 303	149 303	
Transfers and subsidies	2 567	-	(2 225)	342	342	-	100.0%	38	38	
Payment for capital assets	6 292	-	(4 893)	1 399	1 399	-	100.0%	1 019	1 019	
Payment for financial assets	-	-	24	24	24	-	100.0%	77	77	
I.14 Office Accommodation										
Current payment	2 115 369	-	65 361	2 180 730	2 180 730	-	100.0%	1 858 157	1 858 157	
Transfers and subsidies	-	-	-	-	-	-	0.0%	1 405	1 405	
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
I.15 Military Veterans Management										
Current payment	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies	351 431	-	-	351 431	351 431	-	100.0%	101 403	96 976	
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
Total	4 508 999	-	1 986	4 510 985	4 510 985	-	100.0%	3 787 182	3 781 561	

Department of Defence and Military Veterans - Vote 22

Detail per programme 1 - Administration
for the year ended 31 March 2014

Program 1 Per Economic classification	Appropriation per Economic classification									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Ex- penditure	Variance	Expenditure as % of final ap- propriation	Final Appro- priation	Actual Expen- diture	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments										
Compensation of employees	1 464 632	-	(66 811)	1 397 821	1 397 821	-	100.0%	1 274 516	1 274 516	
Goods and services	2 626 619	-	36 244	2 662 863	2 662 863	-	100.0%	2 293 200	2 293 200	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	369 935	-	432	370 367	370 367	-	100.0%	119 759	114 138	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	-	-	451	451	451	-	100.0%	489	489	
Non-profit institutions	6 523	-	346	6 869	6 869	-	100.0%	7 649	7 649	
Households	12 436	-	(2 831)	9 605	9 605	-	100.0%	14 676	14 676	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	-	-	38	38	38	-	100.0%	42	42	
Machinery & equipment	28 839	-	14 239	43 078	43 078	-	100.0%	43 855	43 855	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	-	-	-	-	-	-	0.0%	-	-	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	15	-	(15)	-	-	-	0.0%	-	-	
Payment for financial assets										
	-	-	19 893	19 893	19 893	-	100.0%	32 996	32 996	
Total	4 508 999	-	1 986	4 510 985	4 510 985	-	100.0%	3 787 182	3 781 561	

Department of Defence and Military Veterans - Vote 22

Detail per programme 2 - Force Employment
for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
2.1 Strategic Direction										
Current payment	105 068	-	(4 455)	100 613	100 613	-	100.0%	96 466	96 466	
Transfers and subsidies	2 657	-	(837)	1 820	1 820	-	100.0%	625	625	
Payment for capital assets	3 846	-	(800)	3 046	3 046	-	100.0%	3 217	3 217	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
2.2 Operational Direction										
Current payment	256 062	-	(24 368)	231 694	231 694	-	100.0%	240 712	240 712	
Transfers and subsidies	3 999	-	(2 539)	1 460	1 460	-	100.0%	332	332	
Payment for capital assets	14 805	-	6 061	20 866	19 832	1 034	95.0%	17 072	17 072	
Payment for financial assets	-	-	57	57	57	-	100.0%	-	-	
2.3 Special Operation										
Current payment	464 197	-	8 690	472 887	472 887	-	100.0%	421 587	421 587	
Transfers and subsidies	152 203	-	(882)	151 321	151 321	-	100.0%	152 632	152 632	
Payment for capital assets	17 557	-	26 826	44 383	42 243	2 140	95.2%	30 699	30 699	
Payment for financial assets	-	-	21	21	21	-	100.0%	50	50	
2.4 Regional Security										
Current payment	1 554 075	-	141 742	1,695 817	1 544 796	151 021	91.1%	1 144 673	1 137 060	
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets	96 096	-	(27 635)	68 461	63 763	4 698	93.1%	15 074	10 417	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
2.5 Support To The People										
Current payment	773 811	-	(176 934)	596 877	586 237	10 640	98.2%	505 823	505 646	
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets	81 246	-	32 724	113 970	112 573	1 397	98.8%	157 058	147 171	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	

Department of Defence and Military Veterans - Vote 22
 Detail per programme 2 - Force Employment
 for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
2.6 Defence Capability Management										
Current payment	13 824	-	(11 326)	2 498	2 498	-	100.0%	2 009	2 009	
Transfers and subsidies	13 250	-	-	13 250	9 037	4 213	68.2%	12 587	12 587	
Payment for capital assets	3 046	-	(289)	2 757	2 757	-	100.0%	2 696	2 696	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
Total	3 555 742	-	(33 944)	3 521 798	3 346 655	175 143	95.0%	2 803 312	2 780 978	

Department of Defence and Military Veterans - Vote 22

Detail per programme 2 - Force Employment for the year ended 31 March 2014

Program 2 Per Economic classification	Appropriation per Economic classification									
	2013/14					2012/13				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	1 531 815	-	58 343	1 590 158	1 590 158	-	100.0%	1 482 989	1 482 989	
Goods and services	1 635 222	-	(124 994)	1 510 228	1 348 567	161 661	89.3%	928 281	920 491	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	149 131	-	-	149 131	149 131	-	100.0%	150 582	150 582	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	13 250	-	-	13 250	9 037	4 213	68.2%	12 660	12 660	
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-	
Households	9 728	-	(4 258)	5 470	5 470	-	100.0%	2 934	2 934	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	800	-	10 921	11 721	11 721	-	100.0%	42 773	39 773	
Machinery & equipment	214 465	-	26 255	240 720	231 451	9 269	96.1%	182 991	171 447	
Heritage assets	-	-	-	-	998	-	0.0%	-	-	
Specialised military assets	1 331	-	(333)	998	998	-	100.0%	52	52	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	-	-	44	44	44	-	100.0%	-	-	
Payment for financial assets										
	-	-	78	78	78	-	100.0%	50	50	
Total	3 555 742	-	(33 944)	3 521 798	3 346 655	175 143	95.0%	2 803 312	2 780 978	

Department of Defence and Military Veterans - Vote 22
 Detail per programme 3 - Landward Defence
 for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appo- piation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
3.1 Strategic Direction										
Current payment	380 474	-	27 788	408 262	408 262	-	100.0%	359 313	359 313	
Transfers and subsidies	9 684	-	373	10 057	10 057	-	100.0%	9 065	9 065	
Payment for capital assets	349	-	1 704	2 053	2 053	-	100.0%	3 630	3 630	
Payment for financial assets	-	-	16	16	16	-	100.0%	6	6	
3.2 Infantry Capability										
Current payment	3 661 139	-	164 861	3 826 000	3 826 000	-	100.0%	3 486 829	3 486 829	
Transfers and subsidies	918 846	-	(1 328)	917 518	917 518	-	100.0%	298 337	298 337	
Payment for capital assets	2 166	-	12 409	14 575	14 575	-	100.0%	40 653	40 653	
Payment for financial assets	-	-	1 606	1 606	1 606	-	100.0%	500	500	
3.3 Armour Capability										
Current payment	350 768	-	4 794	355 562	355 562	-	100.0%	336 767	336 767	
Transfers and subsidies	484	-	(140)	344	344	-	100.0%	8 653	8 653	
Payment for capital assets	655	-	190	845	845	-	100.0%	1 262	1 262	
Payment for financial assets	-	-	4	4	4	-	100.0%	78	78	
3.4 Artillery Capability										
Current payment	358 793	-	(13 212)	345 581	345 581	-	100.0%	327 845	327 845	
Transfers and subsidies	37 544	-	(706)	36 838	36 838	-	100.0%	152 788	152 788	
Payment for capital assets	780	-	(201)	579	579	-	100.0%	754	754	
Payment for financial assets	-	-	204	204	204	-	100.0%	74	74	
3.5 Air Defence Artillery Capability										
Current payment	260 099	-	(865)	259 234	259 234	-	100.0%	242 731	242 731	
Transfers and subsidies	164 798	-	(136)	164 662	164 662	-	100.0%	347 052	347 052	
Payment for capital assets	488	-	652	1 140	1 140	-	100.0%	1 108	1 108	
Payment for financial assets	-	-	69	69	69	-	100.0%	12	12	

Department of Defence and Military Veterans - Vote 22

Detail per programme 3 - Landward Defence for the year ended 31 March 2014

Appropriation per Programme										
Details per Sub-Programme	2013/14					2012/13				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
3.6 Engineering Capability										
Current payment	587 356	-	(3 124)	584 232	584 232	-	100.0%	557 912	557 912	
Transfers and subsidies	3 182	-	(2 092)	1 090	1 090	-	100.0%	2 423	2 423	
Payment for capital assets	1 482	-	(85)	1 397	1 397	-	100.0%	3 454	3 454	
Payment for financial assets	-	-	472	472	472	-	100.0%	258	258	
3.7 Operational Intelligence										
Current payment	174 508	-	(5 540)	168 968	168 968	-	100.0%	154 266	154 266	
Transfers and subsidies	7 841	-	(470)	7 371	7 371	-	100.0%	79 187	79 187	
Payment for capital assets	69	-	412	481	481	-	100.0%	443	443	
Payment for financial assets	-	-	23	23	23	-	100.0%	39	39	
3.8 Command and Control Capability										
Current payment	167 950	-	(792)	167 158	167 158	-	100.0%	157 488	157 488	
Transfers and subsidies	66	-	526	592	592	-	100.0%	140	140	
Payment for capital assets	427	-	424	851	851	-	100.0%	1 053	1 053	
Payment for financial assets	-	-	78	78	78	-	100.0%	25	25	
3.9 Support Capability										
Current payment	3 541 520	-	(270 716)	3 270 804	3 270 804	-	100.0%	2 834 211	2 834 211	
Transfers and subsidies	1 335 667	-	(1 994)	1 333 673	1 333 673	-	100.0%	1 146 021	1 146 021	
Payment for capital assets	190 328	-	62 560	252 888	252 888	-	100.0%	434 318	434 318	
Payment for financial assets	-	-	846	846	846	-	100.0%	935	935	
3.10 General Training Capability										
Current payment	421 046	-	(33 495)	387 551	387 551	-	100.0%	340 954	340 954	
Transfers and subsidies	1 635	-	(717)	918	918	-	100.0%	822	822	
Payment for capital assets	3 898	-	(1 403)	2 495	2 495	-	100.0%	5 833	5 833	
Payment for financial assets	-	-	7	7	7	-	100.0%	35	35	

Department of Defence and Military Veterans - Vote 22
 Detail per programme 3 - Landward Defence
 for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
3.11 Signal Capability										
Current payment	1 015 129	-	21 000	1 036 129	1 036 129	-	100.0%	951 544	951 544	951 544
Transfers and subsidies	2 906	-	(2 001)	905	905	-	100.0%	1 723	1 723	1 723
Payment for capital assets	2 776	-	32 012	34 788	34 788	-	100.0%	77 201	77 201	77 201
Payment for financial assets	-	-	257	257	257	-	100.0%	180	180	180
Total	13 604 853	-	(5 730)	13 599 123	13 599 123	-	100.0%	12 367 922	12 367 922	12 367 922

Department of Defence and Military Veterans - Vote 22

Detail per programme 3 - Landward Defence for the year ended 31 March 2014

Program 3 Per Economic classification	Appropriation per Economic classification									
	2013/14					2012/13				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	9 151 411	-	13 351	9 164 762	9 164 762	-	100.0%	8 387 318	8 387 318	
Goods and services	1 767 371	-	(122 652)	1 644 719	1 644 719	-	100.0%	1 362 542	1 362 542	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	2 391 470	-	-	2 391 470	2 391 470	-	100.0%	1 955 279	1 955 279	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	54 447	-	62	54 509	54 509	-	100.0%	53 935	53 935	
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-	
Households	36 736	-	(8 747)	27 989	27 989	-	100.0%	36 997	36 997	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	-	-	334	334	334	-	100.0%	967	967	
Machinery & equipment	198 427	-	92 736	291 163	291 163	-	100.0%	544 081	544 081	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	4 800	-	14 550	19 350	19 350	-	100.0%	20 574	20 574	
Biological assets	163	-	1 082	1 245	1 245	-	100.0%	4 039	4 039	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	28	-	(28)	-	-	-	0.0%	48	48	
Payment for financial assets										
	-	-	3 582	3 582	3 582	-	100.0%	2 142	2 142	
Total	13 604 853	-	(5 730)	13 599 123	13 599 123	-	100.0%	12 367 922	12 367 922	

Department of Defence and Military Veterans - Vote 22

Detail per programme 4 - Air Defence
for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
4.1 Strategic Direction										
Current payment	19 457	-	(3 001)	16 456	16 456	-	100.0%	18 032	18 032	
Transfers and subsidies	86	-	(19)	67	67	-	100.0%	108	108	
Payment for capital assets	-	-	302	302	302	-	100.0%	1 471	1 471	
Payment for financial assets	-	-	5	5	5	-	100.0%	8	8	
4.2 Operational Direction										
Current payment	156 365	-	90 308	246 673	246 673	-	100.0%	232 097	232 097	
Transfers and subsidies	-	-	-	-	-	-	0.0%	2 271	2 271	
Payment for capital assets	505	-	759	1 264	1 264	-	100.0%	2 374	2 374	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
4.3 Helicopter Capability										
Current payment	696 082	-	135 267	831 349	831 349	-	100.0%	753 016	753 016	
Transfers and subsidies	160 543	-	(1 177)	159 366	159 366	-	100.0%	116 243	116 243	
Payment for capital assets	343	-	5 224	5 567	5 567	-	100.0%	3 161	3 161	
Payment for financial assets	-	-	4	4	4	-	100.0%	-	-	
4.4 Transport And Maritime Capability										
Current payment	572 486	-	(95 087)	477 399	477 399	-	100.0%	537 721	537 721	
Transfers and subsidies	4 969	-	(409)	4 560	4 560	-	100.0%	9 259	9 259	
Payment for capital assets	1 003	-	2 417	3 420	3 420	-	100.0%	4 868	4 868	
Payment for financial assets	-	-	10	10	10	-	100.0%	19	19	
4.5 Air Combat Capability										
Current payment	256 583	-	71 136	327 719	327 719	-	100.0%	300 230	300 230	
Transfers and subsidies	580 516	-	(253)	580 263	580 263	-	100.0%	1 291 980	1 291 980	
Payment for capital assets	8 102	-	(6 179)	1 923	1 923	-	100.0%	1 908	1 908	
Payment for financial assets	-	-	-	-	-	-	0.0%	18	18	

Department of Defence and Military Veterans - Vote 22

Detail per programme 4 - Air Defence
for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appo- riation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appo- riation	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
4.6 Operational Support And Intelligence Capability										
Current payment	252 947	-	4 335	257 282	257 282	-	100.0%	259 229	259 229	
Transfers and subsidies	54 484	-	(205)	54 279	54 279	-	100.0%	201 304	201 304	
Payment for capital assets	-	-	1 072	1 072	1 072	-	100.0%	2 901	2 901	
Payment for financial assets	-	-	-	-	-	-	0.0%	1	1	
4.7 Command And Control Capability										
Current payment	265 586	-	29 080	294 666	294 666	-	100.0%	259 866	259 866	
Transfers and subsidies	375	-	442	817	817	-	100.0%	110 356	110 356	
Payment for capital assets	2 598	-	44 970	47 568	47 568	-	100.0%	99 916	99 916	
Payment for financial assets	-	-	61	61	61	-	100.0%	27	27	
4.8 Base Support Capability										
Current payment	1 591 793	-	91 778	1 683 571	1 683 571	-	100.0%	1 614 585	1 614 585	
Transfers and subsidies	12 270	-	(5 033)	7 237	7 237	-	100.0%	10 671	10 671	
Payment for capital assets	913	-	31 717	32 630	32 630	-	100.0%	38 910	38 910	
Payment for financial assets	-	-	548	548	548	-	100.0%	347	347	
4.9 Command Post										
Current payment	47 751	-	(17 511)	30 240	30 240	-	100.0%	50 442	50 442	
Transfers and subsidies	471	-	(372)	99	99	-	100.0%	28	28	
Payment for capital assets	647	-	(115)	532	532	-	100.0%	635	635	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	
4.10 Training Capability										
Current payment	175 350	-	21 936	197 286	197 286	-	100.0%	171 613	171 613	
Transfers and subsidies	7 306	-	(152)	7 154	7 154	-	100.0%	36 842	36 842	
Payment for capital assets	16	-	1 885	1 901	1 901	-	100.0%	4 601	4 601	
Payment for financial assets	-	-	52	52	52	-	100.0%	193	193	

Department of Defence and Military Veterans - Vote 22

Detail per programme 4 - Air Defence
for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
4.11 Technical Support Services										
Current payment	842 083	-	(88 734)	753 349	753 349	-	100.0%	926 828	926 828	
Transfers and subsidies	2 396	-	(569)	1 827	1 827	-	100.0%	2 217	2 217	
Payment for capital assets	407	-	2 547	2 954	2 954	-	100.0%	8 631	8 631	
Payment for financial assets	-	-	51	51	51	-	100.0%	17	17	
Total	5 714 433	-	317 090	6 031 523	6 031 523	-	100.0%	7 074 944	7 074 944	

Department of Defence and Military Veterans - Vote 22

Detail per programme 4 - Air Defence
for the year ended 31 March 2014

Program 4 Per Economic classification	Appropriation per Economic classification									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Ex- penditure	Variance	Expenditure as % of final ap- propriation	Final Appro- priation	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	2 912 225	-	43 095	2 955 320	2 955 320	-	100.0%	2 790 981	2 790 981	
Goods and services	1 964 258	-	196 412	2 160 670	2 160 670	-	100.0%	2 332 678	2 332 678	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	806 142	-	-	806 142	806 142	-	100.0%	1 765 517	1 765 517	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	-	-	40	40	40	-	100.0%	2 485	2 485	
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-	
Households	17 274	-	(7 787)	9 487	9 487	-	100.0%	13 277	13 277	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	-	-	560	560	560	-	100.0%	52	52	
Machinery & equipment	6 441	-	90 516	96 957	96 957	-	100.0%	168 055	168 055	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	8 093	-	(6 477)	1 616	1 616	-	100.0%	1 269	1 269	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-	
Payment for financial assets										
Total	5 714 433	-	317 090	6 031 523	6 031 523	-	100.0%	7 074 944	7 074 944	

Department of Defence and Military Veterans - Vote 22
Detail per programme 5 - Maritime Defence
for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme							2012/13	
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appo- prietion	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Maritime Direction									
Current payment	508 676	-	(33 892)	474 784	474 784	-	100.0%	442 964	442 964
Transfers and subsidies	7 670	-	(4 177)	3 493	3 493	-	100.0%	9 453	9 453
Payment for capital assets	1 933	-	7 799	9 732	9 732	-	100.0%	14 807	14 807
Payment for financial assets	-	-	762	762	762	-	100.0%	24	24
5.2 Maritime Combat Capability									
Current payment	455 505	-	(62 872)	392 633	392 633	-	100.0%	418 483	418 483
Transfers and subsidies	174 591	-	17 709	192 300	192 300	-	100.0%	139 791	139 791
Payment for capital assets	12	-	84	96	96	-	100.0%	-	-
Payment for financial assets	-	-	25	25	25	-	100.0%	19	19
5.3 Maritime Logistic Support Capability									
Current payment	797 076	-	66 924	864 000	837 816	26 184	97.0%	701 009	701 009
Transfers and subsidies	192 816	-	84 639	277 455	277 455	-	100.0%	261 334	261 334
Payment for capital assets	4 994	-	16 731	21 725	21 725	-	100.0%	26 610	26 610
Payment for financial assets	-	-	-	-	-	-	0.0%	5	5
5.4 Maritime HR and Training Capability									
Current payment	351 842	-	43 173	395 015	395 015	-	100.0%	313 896	313 896
Transfers and subsidies	4 049	-	(3 787)	262	262	-	100.0%	80	80
Payment for capital assets	1 495	-	308	1 803	1 803	-	100.0%	2 149	2 149
Payment for financial assets	-	-	51	51	51	-	100.0%	164	164
5.5 Base Support Capability									
Current payment	590 751	-	(27 855)	562 896	562 896	-	100.0%	534 607	534 607
Transfers and subsidies	4 326	-	(2 591)	1 735	1 735	-	100.0%	6 605	6 605
Payment for capital assets	11 605	-	41 938	53 543	53 543	-	100.0%	22 779	22 779
Payment for financial assets	-	-	252	252	252	-	100.0%	165	165
Total	3 107 341	-	145 221	3 252 562	3 226 378	26 184	99.2%	2 894 944	2 894 944

Department of Defence and Military Veterans - Vote 22

Detail per programme 5 - Maritime Defence
for the year ended 31 March 2014

Program 5 Per Economic classification	Appropriation per Economic classification									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Ex- penditure	Variance	Expenditure as % of final ap- propriation	Final Appro- priation	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	1 775 483	-	51 590	1 827 073	1 827 073	-	100.0%	1 672 529	1 672 529	
Goods and services	928 367	-	(66 112)	862 255	836 071	26 184	97.0%	738 430	738 430	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	167 743	-	-	167 743	167 743	-	100.0%	104 117	104 117	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	197 931	-	103 457	301 388	301 388	-	100.0%	294 156	294 156	
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-	
Households	17 778	-	(11 664)	6 114	6 114	-	100.0%	18 990	18 990	
Gifts and donations	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets										
Buildings & other fixed structures	10 526	-	(7 017)	3 509	3 509	-	100.0%	13 873	13 873	
Machinery & equipment	8 860	-	74 492	83 352	83 352	-	100.0%	52 122	52 122	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	250	-	(250)	-	-	-	0.0%	-	-	
Biological assets	-	-	-	-	-	-	0.0%	-	-	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	403	-	(365)	38	38	-	100.0%	350	350	
Payment for financial assets										
	-	-	1 090	1 090	1 090	-	100.0%	377	377	
Total	3 107 341	-	145 221	3 252 562	3 226 378	26 184	99.2%	2 894 944	2 894 944	

Department of Defence and Military Veterans - Vote 22
 Detail per programme 6 - Military Health Support
 for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
6.1 Strategic Direction										
Current payment	228 784	-	(26 309)	202 475	202 475	-	100.0%	196 421	196 421	
Transfers and subsidies	3 853	-	120	3 973	3 973	-	100.0%	2 886	2 886	
Payment for capital assets	13 938	-	(12 873)	1 065	1 065	-	100.0%	3 904	3 904	
Payment for financial assets	-	-	-	-	-	-	0.0%	27	27	
6.2 Mobile Military Health Support										
Current payment	108 985	-	(4 301)	104 684	104 684	-	100.0%	98 945	98 945	
Transfers and subsidies	1 760	-	7	1 767	1 767	-	100.0%	4 282	4 282	
Payment for capital assets	2 451	-	489	2 940	2 940	-	100.0%	2 034	2 034	
Payment for financial assets	-	-	17	17	17	-	100.0%	-	-	
6.3 Area Military Health Service										
Current payment	1 149 776	-	101 297	1 251 073	1 251 073	-	100.0%	1 137 160	1 137 160	
Transfers and subsidies	9 155	-	(6 639)	2 516	2 516	-	100.0%	2 879	2 879	
Payment for capital assets	-	-	8 465	8 465	8 465	-	100.0%	3 692	3 692	
Payment for financial assets	-	-	292	292	292	-	100.0%	143	143	
6.4 Specialist/Tertiary Health Service										
Current payment	1 229 455	-	40 199	1 269 654	1 269 654	-	100.0%	1 208 385	1 208 385	
Transfers and subsidies	6 130	-	(4 450)	1 680	1 680	-	100.0%	4 114	4 114	
Payment for capital assets	-	-	1 923	1 923	1 923	-	100.0%	2 546	2 546	
Payment for financial assets	-	-	212	212	212	-	100.0%	60	60	
6.5 Military Health Product Support Capability										
Current payment	316 473	-	(149 300)	167 173	157 837	9,336	94.4%	126 207	126 207	
Transfers and subsidies	762	-	(757)	5	5	-	100.0%	115	115	
Payment for capital assets	64 000	-	14 480	78 480	78 480	-	100.0%	71 801	71 801	
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	

Department of Defence and Military Veterans - Vote 22
 Detail per programme 6 - Military Health Support
 for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme										
	2013/14					2012/13					
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture		
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
6.6 Military Health Maintenance Capability											
Current payment	227 761	-	51 018	278 779	278 779	-	100.0%	258 957	258 957	258 957	
Transfers and subsidies	991	-	(73)	918	918	-	100.0%	1 136	1 136	1 136	
Payment for capital assets	-	-	1 066	1 066	1 066	-	100.0%	1 346	1 346	1 346	
Payment for financial assets	-	-	84	84	84	-	100.0%	85	85	85	
6.7 Military Health Training Capability											
Current payment	386 476	-	(35 110)	351 366	351 366	-	100.0%	330 052	330 052	330 052	
Transfers and subsidies	1 124	-	(486)	638	638	-	100.0%	375	375	375	
Payment for capital assets	10 177	-	1 360	11 537	11 537	-	100.0%	2 357	2 357	2 357	
Payment for financial assets	-	-	157	157	157	-	100.0%	7	7	7	
Total	3 762 051	-	(19 112)	3 742 939	3 733 603	9 336	99.8%	3 459 916	3 459 916	3 459 916	

Department of Defence and Military Veterans - Vote 22
 Detail per programme 6 - Military Health Support
 for the year ended 31 March 2014

Program 6 Per Economic classification	Appropriation per Economic classification									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final App- ropriation	Actual Ex- penditure	Variance	Expenditure as % of final ap- propriation	Final App- ropriation	Actual Expen- diture	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments										
Compensation of employees	2 584 907	-	115 855	2 700 762	2 700 762	-	100.0%	2 546 607	2 546 607	
Goods and services	1 062 803	-	(138 361)	924 442	915 106	9 336	99.0%	809 520	809 520	
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies										
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-	
Departmental agencies & accounts	2 934	-	-	2 934	2 934	-	100.0%	4 411	4 411	
Universities & technikons	-	-	-	-	-	-	0.0%	-	-	
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-	
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-	
Non-profit institutions	400	-	432	832	832	-	100.0%	20	20	
Households	20 441	-	(12 710)	7 731	7 731	-	100.0%	752	752	
Gifts and donations	-	-	-	-	-	-	0.0%	10 604	10 604	
Payment for capital assets										
Buildings & other fixed structures	20	-	3	23	23	-	100.0%	44	44	
Machinery & equipment	77 648	-	27 780	105 428	105 428	-	100.0%	84 610	84 610	
Heritage assets	-	-	-	-	-	-	0.0%	-	-	
Specialised military assets	5	-	(5)	-	-	-	0.0%	747	747	
Biological assets	-	-	-	-	-	-	0.0%	11	11	
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-	
Software & other intangible assets	12 893	-	(12 868)	25	25	-	100.0%	2 268	2 268	
Payment for financial assets										
	-	-	762	762	762	-	100.0%	322	322	
Total	3 762 051	-	(19 112)	3 742 939	3 733 603	9 336	99.8%	3 459 916	3 459 916	3 459 916

Department of Defence and Military Veterans - Vote 22

Detail per programme 7 - Defence Intelligence for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme									
	2013/14					2012/13				
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appo- piation	Actual Expen- diture	Variance	Expenditure as % of final ap- propriation	Final Appropria- tion	Actual Expen- diture	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
7.1 Strategic Direction										
Current payment	92	-	(81)	11	11	-	100.0%	-	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-	-
Payment for capital assets	21	-	(21)	-	-	-	0.0%	-	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-	-
7.2 Operations										
Current payment	16 702	-	(1 678)	15 024	15 024	-	100.0%	251	251	251
Transfers and subsidies	441 890	-	-	441 890	441 890	-	100.0%	420 565	420 565	420 565
Payment for capital assets	-	-	879	879	879	-	100.0%	-	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	70	70	70
7.3 Defence Intelligence Support Services										
Current payment	301 967	-	7 189	309 156	309 156	-	100.0%	274 884	274 884	274 884
Transfers and subsidies	3 747	-	16	3 763	3 763	-	100.0%	4 034	4 034	4 034
Payment for capital assets	3 521	-	428	3 949	3 949	-	100.0%	5 230	5 230	5 230
Payment for financial assets	-	-	11	11	11	-	100.0%	17	17	17
Total	767 940	-	6 743	774 683	774 683	-	100.0%	705 051	705 051	705 051

Department of Defence and Military Veterans - Vote 22
 Detail per programme 7 - Defence Intelligence
 for the year ended 31 March 2014

Program 7 Per Economic classification	Appropriation per Economic classification							2012/13	
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final App- ropriation	Actual Ex- penditure	Variance	Expenditure as % of final ap- propriation	Final App- ropriation	Actual Expen- diture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	287 995	-	7 840	295 835	295 835	-	100.0%	261 992	261 992
Goods and services	30 766	-	(2 410)	28 356	28 356	-	100.0%	13 143	13 143
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	441 890	-	-	441 890	441 890	-	100.0%	420 565	420 565
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	3 747	-	16	3 763	3 763	-	100.0%	4 034	4 034
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	3 542	-	1 286	4 828	4 828	-	100.0%	5 230	5 230
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets									
	-	-	11	11	11	-	100.0%	87	87
Total	767 940	-	6 743	774 683	774 683	-	100.0%	705 051	705 051

Department of Defence and Military Veterans - Vote 22

Detail per programme 8 - General Support for the year ended 31 March 2014

Details per Sub-Programme	Appropriation per Programme							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
8.1 Joint Logistic Services									
Current payment	2 111 458	-	(360 542)	1 750 916	1 750 916	-	100.0%	1 409 483	1 409 483
Transfers and subsidies	14 988	-	(12 012)	2 976	2 976	-	100.0%	4 205	4 205
Payment for capital assets	150 024	-	150 681	300 705	300 705	-	100.0%	682 098	682 098
Payment for financial assets	-	-	519	519	519	-	100.0%	372	372
8.2 Command And Management Information Systems									
Current payment	1,165 552	-	(274 186)	891 366	891 366	-	100.0%	735 979	735 979
Transfers and subsidies	19 489	-	(1 768)	17 721	17 721	-	100.0%	89 303	89 303
Payment for capital assets	5 647	-	40 859	46 506	46 506	-	100.0%	24 522	24 522
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
8.3 Military Police									
Current payment	472 973	-	1 641	474 614	474 614	-	100.0%	448 633	448 633
Transfers and subsidies	3 081	-	(1 544)	1 537	1 537	-	100.0%	2 716	2 716
Payment for capital assets	11 468	-	11 088	22 556	22 556	-	100.0%	51 210	51 210
Payment for financial assets	-	-	16	16	16	-	100.0%	18	18
8.4 Technology Development									
Current payment	772	-	(665)	107	107	-	100.0%	11	11
Transfers and subsidies	347 856	-	-	347 856	347 856	-	100.0%	326 661	326 661
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
8.5 Departmental Support									
Current payment	113 503	-	(25 345)	88 158	88 158	-	100.0%	69 984	69 671
Transfers and subsidies	1 065 821	-	213 197	1 279 018	1 279 018	-	100.0%	696 730	696 730
Payment for capital assets	581	-	(581)	-	-	-	0.0%	309	309
Payment for financial assets	153 612	-	(153 612)	-	-	-	0.0%	253 037	94 981
Total	5 636 825	-	(412 254)	5 224 571	5 224 571	-	100.0%	4 795 271	4 636 902

Department of Defence and Military Veterans - Vote 22

Detail per programme 8 - General Support
for the year ended 31 March 2014

Program 8 Per Economic classification	Appropriation per Economic classification						2012/13		
	Adjusted Ap- propriation	Shifting of Funds	Virement	Final App- ropriation	Actual Ex- penditure	Variance	Expenditure as % of final ap- propriation	Final App- ropriation	Actual Expen- diture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	1 664 577	-	(263 607)	1 400 970	1 400 970	-	100.0%	1 271 467	1 271 467
Goods and services	2 199 681	-	(395 490)	1 804 191	1 804 191	-	100.0%	1 392 623	1 392 310
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies									
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	365 991	-	2 100	368 091	368 091	-	100.0%	445 903	445 903
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	299 107	-	4 240	303 347	303 347	-	100.0%	-	-
Public corporations & private enterprises	766 714	-	204 857	971 571	971 571	-	100.0%	666 150	666 150
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	19 423	-	(13 324)	6 099	6 099	-	100.0%	7 562	7 562
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	104 216	-	96 589	200 805	200 805	-	100.0%	630 523	630 523
Machinery & equipment	37 445	-	130 169	167 614	167 614	-	100.0%	127 294	127 294
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Specialised military assets	25 999	-	(25 999)	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	60	-	1 288	1 348	1 348	-	100.0%	322	322
Payment for financial assets	153 612	-	(153 077)	535	535	-	100.0%	253 427	95 371
Total	5 636 825	-	(412 254)	5 224 571	5 224 571	-	100.0%	4 795 271	4 636 902

Department of Defence and Military Veterans - Vote 22

Notes to the Appropriation Statement
for the year ended 31 March 2014

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**
Detail of these transactions can be viewed in note 6 to Transfers and subsidies and Annexure 1 (A-D) to the Annual Financial Statements.
2. **Detail of specifically and exclusively appropriated amounts voted (after Virement):**
Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.
3. **Detail on payments for financial assets**
Detail of these transactions per programme can be viewed in note 5 to Payment for financial assets to the Annual Financial Statements.
4. **Explanations of material variances from Amounts Voted (after virement):**
 - 4.1 **Per programme:**

<i>Per Programme</i>	<i>Final Appropriation</i>	<i>Actual Expenditure</i>	<i>Variance</i>	<i>Variance as a % of Final Approp.</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>%</i>

Force Employment	3 521 798	3 346 655	175 143	4.97%
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Mainly within Goods and Service (Rm161,661), Payments for Capital assets (Rm9, 269) and Transfer payments (Rm4,213) due to the original allocations which was earmarked, and under spent, as well as the inability of industry and procurement processes not being able to support operational requirements.

Maritime Defence	3 252 562	3 226 378	26 184	0.81%
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Mainly within Goods and Service (Rm 26,184) due to the inability of industry to deliver spares and components for the maintenance and repairs of ships and submarines before financial year-end.

Military Health Support	3 742 939	3 733 603	9 336	0.25%
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Mainly within Goods and Services (Rm9,336) due to the inability of industry to refurbish and upgrade SAMIL ambulances at financial year-end.

4.2

<i>Per economic classification:</i>	<i>Final Appropriation</i>	<i>Actual Expenditure</i>	<i>Variance</i>	<i>Variance as a % of Final Approp.</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>%</i>
Current expenditure				
Goods and services	11 597 724	11 400 543	197 181	1.70%
Transfers and subsidies				
Public corporations and private enterprises	1 341 209	1 336 996	4 213	0.31%
Payments for capital assets				
Machinery and equipment	1 033 140	1 023 871	9 269	0.90%

Department of Defence and Military Veterans - Vote 22

Notes to the Appropriation Statement
for the year ended 31 March 2014

<i>Per economic classification:</i>	<i>Final Appropriation</i>	<i>Actual Expenditure</i>	<i>Variance</i>	<i>Variance as a % of Final Approp.</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>%</i>
Current expenditure	11 597 724	11 400 543	197 181	1.70%
Mainly within the Force Employment Programme (Rm 161 661), Maritime Defence Programme (Rm 26 184) and Military Health Support Programme (Rm 9 336), due to the original allocation which was earmarked, and underspend, as well as the inability of industry and procurement processes not being able to support operational requirements.				
Transfers and subsidies	1 341 209	1 336 996	4 213	0.31%
Mainly within the Force Employment Programme (Rm 4 213), due to the reduction in the scope of requirements within the Capability Development Architecture portfolio.				
Payments for capital assets	1 033 140	1 023 871	9,269	0.90%
Mainly with the Force Employment Programme (Rm 9 269) due to the procurement processes not being able to support operational requirements.				

Department of Defence and Military Veterans - Vote 22

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
REVENUE			
Annual appropriation	1	40 658 184	37 888 542
Departmental revenue	2	853 475	1 044 487
TOTAL REVENUE		41 511 659	38 933 029
EXPENDITURE			
Current expenditure			
Compensation of employees	3	21 332 701	19 688 399
Goods and services	4	11 400 543	9 862 314
Total current expenditure		32 733 244	29 550 713
Transfers and subsidies	6	6 422 070	6 107 882
Expenditure for capital assets			
Tangible capital assets	7	1 264 070	1 908 660
Software and other intangible assets	7	1 455	2 988
Total expenditure for capital assets		1 265 525	1 911 648
Payments for financial assets	5	26 682	131 975
TOTAL EXPENDITURE		40 447 521	37 702 218
NET SURPLUS FOR THE YEAR		1 064 138	1 230 811
Reconciliation of Net Surplus for the year			
Voted Funds		210 663	186 324
Departmental revenue		853 475	1 044 487
NET SURPLUS FOR THE YEAR		1 064 138	1 230 811

Department of Defence and Military Veterans - Vote 22

STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Current assets		528 549	620 019
Unauthorised expenditure	8	-	-
Cash and cash equivalents	9	89 653	109 535
Prepayments and advances	10	100 685	182 703
Receivables	11	325 849	315 419
Loans	13	12 362	12 362
Non-current assets		75 000	75 000
Investments	12	75 000	75 000
TOTAL ASSETS		603 549	695 019
LIABILITIES			
Current liabilities		358 390	412 049
Voted funds to be surrendered to the Revenue Fund	14	210 663	186 324
Departmental revenue to be surrendered to the Revenue Fund	15	99 409	106 227
Payables	16	48 318	119 498
TOTAL LIABILITIES		358 390	412 049
NET ASSETS		245 159	282 970
Represented by:			
Capitalisation Reserves		75 000	75 000
Recoverable revenue		170 159	207 970
TOTAL		245 159	282 970

Department of Defence and Military Veterans - Vote 22

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
NET ASSETS		
Capitalisation Reserves		
Opening balance	75 000	75 000
Other movements	-	-
Closing Balance	<u>75 000</u>	<u>75 000</u>
Recoverable revenue		
Opening balance	207 970	176 650
Transfers	(37 811)	31 320
Irrecoverable amounts written off	(2 722)	(5 922)
Debts revised	53 580	(3 174)
Debts recovered (included in departmental receipts)	(170 382)	(82 441)
Debts raised	81 713	122 857
Closing balance	<u>170 159</u>	<u>207 970</u>
TOTAL	<u><u>245 159</u></u>	<u><u>282 970</u></u>

Department of Defence and Military Veterans - Vote 22

CASH FLOW STATEMENT
for the year ended 31 March 2014

	<i>Note</i>	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		41 486 755	38 868 809
Annual appropriated funds received	<i>1</i>	40 658 184	37 888 542
Departmental revenue received	<i>2</i>	825 694	943 491
Interest received	<i>2.3</i>	2 877	36 776
Net decrease/(increase) in working capital		408	145 196
Surrendered to Revenue Fund		(1 046 617)	(958 549)
Current payments		(32 733 244)	(29 550 713)
Payments for financial assets		(26 682)	(131 975)
Transfers and subsidies paid		(6 422 070)	(6 107 882)
Net cash flows available from operating activities	<i>17</i>	1 258 550	2 264 886
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(1 265 525)	(1 911 648)
Proceeds from sale of capital assets		24 904	64 220
Net cash flows from investing activities		(1 240 621)	(1 847 428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(37 811)	31 320
Net cash flows from financing activities		(37 811)	31 320
Net increase/(decrease) in cash and cash equivalents		(19 882)	448 778
Cash and cash equivalents at beginning of period		109 535	(339 243)
Cash and cash equivalents at end of period	<i>18</i>	89 653	109 535

Department of Defence and Military Veterans - Vote 22

Notes to the Annual Financial Statements
for the year ended 31 March 2014

1. Annual Appropriation

1.1 Annual Appropriation	Programmes	2013/14		Funds not requested/ not received	Appropriation Received 2012/13
		Final Appropriation	Actual Funds Received		
	R'000	R'000	R'000		R'000
	Administration	4 510 985	4 510 985	-	3 787 182
	Force Employment	3 521 798	3 521 798	-	2 803 312
	Landward Defence	13 599 123	13 599 123	-	12 367 922
	Air Defence	6 031 523	6 031 523	-	7 074 944
	Maritime Defence	3 252 562	3 252 562	-	2 894 944
	Military Health Support	3 742 939	3 742 939	-	3 459 916
	Defence Intelligence	774 683	774 683	-	705 051
	General Support	5 224 571	5 224 571	-	4 795 271
	Total	40 658 184	40 658 184	-	37 888 542

2. Departmental Revenue

	Note	2013/14	2012/13
		R'000	R'000
Sales of goods and services other than capital assets	2.1	352 681	307 172
Fines, penalties and forfeits	2.2	1 225	1 297
Interest, dividends and rent on land	2.3	2 877	36 776
Sales of capital assets	2.4	24 904	64 220
Transactions in financial assets and liabilities	2.5	53 780	64 700
Transfer received	2.6	418 008	570 322
Departmental revenue collected		853 475	1 044 487
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		351 023	304 877
Administrative fees		19	17
Other sales		351 004	304 860
Sales of scrap, waste and other used current goods		1 658	2 295
Total		352 681	307 172
2.2 Fines, penalties and forfeits		1 225	1 297
2.3 Interest, dividends and rent on land			
Interest		2 877	36 776
2.4 Sales of capital assets			
Tangible assets		24 904	64 220
Machinery and equipment	30.2	-	2 717
Specialised military assets	30.2	24 904	61 503
2.5 Transactions in financial assets and liabilities			
Loans and advances		-	4 787
Forex gain		3 917	534
Other Receipts including Recoverable Revenue		49 863	59 379
Total		53 780	64 700

Department of Defence and Military Veterans - Vote 22

Notes to the Annual Financial Statements
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
2.6 Transfers received			
Foreign governments		418 008	570 322
Total		418 008	570 322
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		13 448 465	12 261 544
Performance award		207 199	312 946
Service Based		180 269	87 671
Compensative/circumstantial		2 026 869	1 977 994
Periodic payments		8 643	-
Other non-pensionable allowances		3 214 104	2 987 038
Total		19 085 550	17 627 193
3.2 Social contributions			
3.2.1 Employer contributions			
Pension		2 127 641	1 948 630
Medical		118 800	111 902
Bargaining council		711	674
Total		2 247 152	2 061 206
Total compensation of employees		21 332 701	19 688 399
Average number of employees		78 264	78 216
4. Goods and services			
Administrative fees		9 541	9 128
Advertising		32 110	11 986
Minor assets	4.1	137 417	132 700
Catering		24 089	17 631
Communication		91 230	92 938
Computer services	4.2	1 019 445	896 605
Consultants, contractors and agency/outsourced services	4.3	3 332 566	2 773 668
Entertainment		9 471	10 781
Audit cost – external	4.4	56 426	56 993
Fleet services		41 395	32 705
Inventory	4.5	2 039 759	1 946 143
Consumables	4.6	288 720	300 329
Operating leases		343 523	277 531
Property payments	4.7	2 505 128	2 130 010
Rental and hiring		45	56
Travel and subsistence	4.8	873 601	778 498
Venues and facilities		15 111	13 230
Training and staff development		159 315	109 897
Other operating expenditure	4.9	421 651	271 485
Total		11 400 543	9 862 314

Department of Defence and Military Veterans - Vote 22

Notes to the Annual Financial Statements
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
4.1 Minor assets	4		
Tangible assets		136 222	132 607
Buildings and other fixed structures		48	54
Biological assets		-	4
Machinery and equipment		129 051	127 063
Transport assets		180	271
Specialised military assets		6 943	5 215
Intangible assets		1 195	93
Total		137 417	132 700
4.2 Computer services	4		
SITA computer services		982 145	862 019
External computer service providers		37 300	34 586
Total		1 019 445	896 605
4.3 Consultants, contractors and agency / outsourced services	4		
Business and advisory services		258 928	133 303
Infrastructure and planning		3 364	4 783
Laboratory services		29 847	21 655
Legal costs		26 747	-
Contractors		2 555 451	2 041 642
Agency and support/outsourced services		458 229	572 285
Total		3 332 566	2 773 668
4.4 Audit cost – external	4		
Regularity audits		54 133	54 841
Computer audits		2 293	2 152
Total		56 426	56 993
4.5 Inventory	4		
Food and food supplies		833 586	725 205
Fuel, oil and gas		652 715	534 448
Materials and supplies		144 509	152 248
Medical supplies		86 144	76 756
Medicine		189 301	195 578
Other supplies	4.5.1	133 504	261 908
Total		2 039 759	1 946 143
4.5.1 Other Supplies			
Other		133 504	261 908
Total		133 504	261 908

Department of Defence and Military Veterans - Vote 22

Notes to the Annual Financial Statements
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
4.6 Consumables	4		
Other consumables		201 914	221 036
Stationery, printing and office supplies		86 806	79 293
Total		288 720	300 329
In the FY2013/14, Consumables are reported on a separate line from inventory.			
4.7 Property payments	4		
Municipal services		818 334	705 741
Property maintenance and repairs		1 630 394	1 380 171
Other		56 400	44 098
Total		2 505 128	2 130 010
4.8 Travel and subsistence	4		
Local		629 511	501 007
Foreign		244 090	277 491
Total		873 601	778 498
4.9 Other operating expenditure	4		
Professional bodies, membership and subscription fees		1 828	3 549
Resettlement costs		35 865	30 024
Other		383 958	237 912
Total		421 651	271 485
5. Payments for financial assets			
Other material losses written off	5.1	22 385	128 933
Debts written off	5.2	4 297	2 952
Forex losses	5.3	-	90
Total		26 682	131 975
5.1 Other material losses written off			
Nature of losses			
Settlement		285	1 628
Sundry losses		17	2 888
Motor vehicle losses		3 669	2 210
Other claims against the state		3 486	250
Legal fees		14 671	26 656
Interest claims		237	332
Fruitless and wasteful expenditure		20	70
Spectacle losses		-	8
Unauthorised expenditure written off		-	94 891
Total		22 385	128 933

Miscellaneous and Legal fees are combined into one line.

Department of Defence and Military Veterans - Vote 22

Notes to the Annual Financial Statements
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
5.2 Debts written off			
Nature of debts written off			
Salary related		3 909	959
Medical		1	-
State guarantees		-	36
Estates		118	95
Loss of State Property		-	1 848
Loss of State Funds		36	-
Suppliers in debt		233	14
Total		4 297	2 952
Salary overpayments and salary related losses are combined into one line item to be Salary Related.			
5.3 Forex losses			
Nature of losses			
Foreign exchange losses on operations		-	90
6. Transfers and subsidies			
Departmental agencies and accounts	Annex 1A	4 697 768	4 960 512
Public corporations and private enterprises	Annex 1B	1 336 996	1 029 895
Foreign governments and international organisations	Annex 1C	303 347	-
Non-profit institutions	Annex 1D	7 701	8 401
Households	Annex 1E	76 258	109 074
Total		6 422 070	6 107 822
7. Expenditure for capital assets			
Tangible assets			
Buildings and other fixed structures	7.1	216 990	685 274
Machinery and equipment		1 023 871	1 196 694
Specialised military assets		21 964	22 642
Biological Assets		1 245	4 050
Software and other intangible assets			
Computer software		1 455	2 988
Total	7.1	1 265 525	1 911 648
7.1 Analysis of funds utilised to acquire capital assets - 2013/14		Voted Funds R'000	Aid assistance R'000
Tangible assets			
Buildings and other fixed structures		216 990	-
Machinery and equipment		1 023 871	-
Specialised military assets		21 964	-
Biological Assets		1 245	-
Software and other intangible assets			
Computer software		1 455	-
Total		1 265 525	-
			TOTAL R'000
			1 264 070

Department of Defence and Military Veterans - Vote 22

Notes to the Annual Financial Statements
for the year ended 31 March 2014

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
7.2 Analysis of funds utilised to acquire capital assets - 2012/13			
Tangible assets	1 908 660	-	1 908 660
Buildings and other fixed structures	685 274	-	685 274
Machinery and equipment	1 196 694	-	1 196 694
Specialised military assets	22 642	-	22 642
Biological Assets	4 050	-	4 050
Software and other intangible assets	2 988	-	2 988
Computer software	2 988	-	2 988
Total	1 911 648	-	1 911 648
		2013/14 R'000	2012/13 R'000
7.3 Finance lease expenditure included in Expenditure for capital assets			
Tangible assets			
Machinery and equipment		37 207	-
8. Unauthorised expenditure			
8.1 Reconciliation of unauthorised expenditure			
Opening balance		-	60 918
Amounts approved by Parliament with funding		-	(60 918)
Transfer to receivables for recovery (not approved)		-	-
Unauthorised expenditure awaiting authorisation/written off		-	-
8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification			
Current		-	-
Total		-	-
8.3 Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		-	-
Total		-	-
9. Cash and cash equivalents			
Consolidated Paymaster General Account		20 544	42 930
Cash on hand		28 592	37 334
Investments (Domestic)		40 517	29 271
Total		89 653	109 535
10. Prepayments and advances			
Staff advances		25 371	42 786
Travel and subsistence		75 314	131 413
Prepayments		-	8 504
Total		100 685	182 703

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Notes to the Annual Financial Statements
for the year ended 31 March 2014

	<i>Note</i>	<i>Less than one year R'000</i>	<i>One to three years R'000</i>	<i>Older than three years R'000</i>	<i>2013/14 Total R'000</i>	<i>2012/13 Total R'000</i>
11. Receivables						
Claims recoverable	<i>11.1 & Annex 4</i>	22 319	30 680	2 988	55 987	41 306
Staff debt	<i>11.2</i>	94 609	14 568	12 932	122 109	89 189
Fruitless and waste- ful expenditure	<i>11.4</i>	-	-	-	-	20
Other debtors	<i>11.3</i>	21 432	66 801	59 520	147 753	184 904
Total		138 360	112 049	75 440	325 849	315 419

11.1 Claims recoverable	<i>Note</i>		
National departments		55 800	41 284
Provincial departments		142	22
Local governments		45	-
Total	<i>11</i>	55 987	41 306

11.2 Staff debtors			
Description			
Salary related		75 786	51 903
Students		24 886	19 208
Motor vehicle accidents		6 058	4 688
Deposits		11 702	10 225
State guarantees		1 060	1 315
Loss of State money		1 125	1 076
Damage to State property		287	232
Private patients		1 027	523
Miscellaneous		178	19
Total	<i>11</i>	122 109	89 189

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for the year ended 31 March 2014

	<i>Note</i>	<i>2013/14</i> <i>R'000</i>	<i>2012/13</i> <i>R'000</i>
11.3 Other debtors			
Unauthorised expenditure not approved by Parliament and to be written off		-	-
Operations		36 634	95 333
Contractual liabilities		58 475	52 421
Loss of State funds not included in loss of State money		-	-
Aviation services		2 455	1 131
Suppliers		2 866	1 158
Motor vehicle accidents		6 497	4 697
Estates		1 706	804
State guarantees		232	229
Medical Claims		7 068	3 788
Private Patients		213	219
Market Support		244	-
Aviation fuel		3 001	269
Institutions		75	52
Damage to State Property		9	18
Miscellaneous		45	172
Loss of State Money		11 626	11 796
Fruitless and Wasteful Expenditure		-	55
State Departments		-	16
Salary Overpayments		16 607	12 746
Total	<i>//</i>	147 753	184 904
11.4 Fruitless and wasteful expenditure			
Opening balance		20	20
Less amounts written off		(20)	-
Total	<i>//</i>	-	20
11.5 Impairment of receivables			
Estimate of impairment of receivables		63 317	78 957
12. Investments			
Non-Current			
Shares and other equity			
ARMSCOR		75 000	75 000
Total		75 000	75 000
Analysis of non current investments			
Opening balance		75 000	75 000
Closing balance		75 000	75 000

An impairment test performed on the Investment to Armscor, based on 2012/13 Annual Financial Statements indicates no impairment.

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Notes to the Annual Financial Statements
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
13. Loans			
Public Corporations		12 362	12 362
Total		12 362	12 362
Analysis of Balance			
Opening Balance		12 362	12 362
Closing Balance		12 362	12 362
<p>This represents a loan to the South African Forces Institute (SAFI) for the purpose of bridging finance. This loan is unsecured. The interest rate is fixed at 0% per annum and was payable by March 2007.</p> <p>Refer to Note 29 for the details on impairment of the SAFI loan.</p>			
14. Voted funds to be surrendered to the Revenue Fund			
Opening balance		186 324	17 650
Transfer from Statement of Financial Performance		210 663	186 324
Add: Unauthorised expenditure for current year	8	-	-
Voted funds not requested/not received	1.1	-	-
Paid during the year		(186 324)	(17 650)
Closing balance		210 663	186 324
15. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		106 227	2 639
Transfer from Statement of Financial Performance		853 475	1 044 487
Paid during the year		(860 293)	(940 899)
Closing balance		99 409	106 227
16. Payables - current			
Advances received	16.1	865	-
Clearing accounts	16.2	1 746	2 907
Other payables	16.3	45 707	116 591
Total		48 318	119 498
16.1 Advances received			
National Departments	Annex 8	865	-
Total	16	865	-

Department of Defence and Military Veterans - Vote 22

Notes to the Annual Financial Statements
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
16.2 Clearing accounts			
Insurance		26	2 661
Subsistence and travel cash voucher receipt		1 477	-
Other		243	246
Total	16	1 746	2 907
16.3 Other payables			
Unclaimed salaries		8 717	11 666
Debtors in credit		4 458	13 134
Other payables		17 376	12 212
State guarantees		4 381	4 391
Suppliers		10 775	75 188
Total	16	45 707	116 591
17. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		1 064 138	1 230 811
Add back non cash/cash movements not deemed operating activities		194 412	1 000 167
(Increase)/decrease in receivables – current		(10 430)	84 150
(Increase)/decrease in prepayments and advances		82 018	(51 083)
(Increase)/decrease in other current assets		-	60 918
Increase/(decrease) in payables – current		(71 180)	51 211
Proceeds from sale of capital assets		(24 904)	(64 220)
Expenditure on capital assets		1 265 525	1 877 740
Surrenders to Revenue Fund		(1 046 617)	(958 549)
Voted funds not requested/not received		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		1 258 550	2 230 978
18. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		20 544	42 930
Cash on hand		28 592	37 334
Cash with commercial banks (Local)		40 517	29 271
Total		89 653	109 535

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Disclosure Notes to the Annual Financial Statements
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These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999

19. Contingent liabilities and contingent assets

19.1	Contingent liabilities	Nature	Note	2013/14 R'000	2012/13 R'000
	Liable to				
	Housing loan guarantees	Employees	Annexure 3A	3 375	5 203
	Claims against the department		Annexure 3B	796 260	566 257
	Intergovernmental payables (unconfirmed balances)		Annexure 5	374	10 333
	Environmental rehabilitation liability		Annexure 3B	944 771	954 375
	Total			1 744 780	1 536 168
19.2	Contingent assets				
	Civil claims			80	80

Disclosure on Policy and Procedure on Incapacity Leave and Ill-health Retirement (PILIR)

The implementation of the Policy and Procedure on Incapacity Leave and Ill-health Retirement (PILIR) was suspended for part of the financial year. PILIR provides for the appointment of a Panel of Accredited Health Risk Managers, by the Department of Public Service and Administration (DPSA), as service providers available to a department to investigate and assess the applications made by employees. The appointment of these service providers was delayed due to a legal challenge brought to the High Court against the appointment process. Therefore for the first half of the financial year no timeous decision could be made on the validity of the incapacity and / or ill-health retirement applications received from employees. Although the Panel was formally established on 1 November 2013, there is a possibility that amounts paid to employees on incapacity and / or ill-health retirement may be recoverable if the applications, made in the first part of the financial year, are not subsequently recommended by the service providers.

The contingent assets that were previously recognised as contingent liabilities have now been corrected to be recognised as contingent assets.

20. Commitments

Current expenditure			
Approved and contracted		2 286 544	2 109 516
Approved but not yet contracted		1 065 443	791 611
		3 351 987	2 901 127
Capital expenditure			
Approved and contracted		168 368	137 006
Approved but not yet contracted		44 081	35 468
		212 449	172 474
Total Commitments		3 564 436	3 073 601
Commitments longer than 1 year			
Current Expenditure			
Approved and contracted		501 993	
Approved but not yet contracted		241 012	
		743 005	
Capital expenditure			
Approved and contracted		-	
Approved but not yet contracted		-	
		-	

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21. Accruals			2013/14 R'000	2012/13 R'000
Listed by economic classification	30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services	79 443	106 891	186 334	363 110
Interest and rent on land	-	-	-	-
Transfers and subsidies	8 811	-	8 811	9 293
Capital assets	9 533	8 152	17 685	20 258
Other	-	-	-	210
Total	97 787	115 043	212 830	392 871
Listed by programme level				
Administration			23 783	82 930
Landward Defence			52 727	86 514
Air Defence			27 649	55 815
Maritime Defence			16 182	20 885
Military Health Support			70 612	60 111
Defence Intelligence			352	413
Joint Support			9 619	20 005
Force Employment			11 906	66 198
Total			212 830	392 871
Confirmed balances with departments		<i>Annex 5</i>	-	1 304
Total			-	1 304
22. Employee benefits				
Leave entitlement			684 004	666 549
Service bonus (Thirteenth cheque)			611 185	570 999
Performance awards			2 408	-
Capped leave commitments			972 488	983 459
Other			189 024	161 101
Total			2 459 109	2 382 108

Leave entitlement with negative balances amounting to R48 561 618 for the 2013/14 financial year and R32 358 137 for 2012/13 financial year were included in the figures above.

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	<i>Specialised military assets R'000</i>	<i>Land R'000</i>	<i>Buildings and other fixed structures R'000</i>	<i>Machinery and equip- ment R'000</i>	<i>Total R'000</i>
23. Lease Commitments					
23.1 Operating leases expenditure					
2013/14					
Not later than 1 year	-	5 566	361 565	12 696	379 827
Later than 1 year and not later than 5 years	-	138	510 594	14 299	525 031
Later than five years	-	1 545	81 746	-	83 291
Total lease commitments	-	7 249	953 905	26 995	988 149
	<i>Specialised military assets R'000</i>	<i>Land R'000</i>	<i>Buildings and other fixed structures R'000</i>	<i>Machinery and equip- ment R'000</i>	<i>Total R'000</i>
2012/13					
Not later than 1 year	-	5 551	257 735	-	263 286
Later than 1 year and not later than 5 years	-	1 232	537 425	-	538 657
Later than five years	-	1 446	100 561	-	102 007
Total lease commitments	-	8 229	895 721	-	903 950
	<i>Specialised military assets R'000</i>	<i>Land R'000</i>	<i>Buildings and other fixed structures R'000</i>	<i>Machinery and equip- ment R'000</i>	<i>Total R'000</i>
23.2 Finance leases expenditure					
2013/14					
Not later than 1 year	-	-	-	26 246	26 246
Later than 1 year and not later than 5 years	-	-	-	17 538	17 538
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	43 784	43 784
	<i>Specialised military assets R'000</i>	<i>Land R'000</i>	<i>Buildings and other fixed structures R'000</i>	<i>Machinery and equip- ment R'000</i>	<i>Total R'000</i>
2012/13					
Not later than 1 year	-	-	-	29 616	29 616
Later than 1 year and not later than 5 years	-	-	-	15 547	15 547
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	45 163	45 163

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Disclosure Notes to the Annual Financial Statements
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24. Accrued departmental revenue	2013/14 R'000	2012/13 R'000
Sales of goods and services other than capital assets	891	407
Fines, penalties and forfeits	14 379	15 789
Interest, dividends and rent on land	-	-
Sale of capital assets	13 375	24 904
Transactions in financial assets and liabilities	-	9 258
Transfers received	113 125	76 497
Total	141 770	126 855
Opening balances have been restated in the 2013/14 financial year due to foreign exchange differences not being considered in the FY2012/13.		
Sales of goods and services other than capital assets, and sale of capital assets was restated with an amount of R 342 000 due to misclassification in the prior year.		
24.1 Analysis of receivables for departmental revenue		
Opening balance	130 037	263 725
Less: Amounts received	(130 037)	(712 423)
Add: Amounts recognised	141 770	575 553
Closing balance	141 770	126 855
25. Irregular expenditure		
25.1 Reconciliation of irregular expenditure		
Opening balance	1 015 188	718 806
Add: Irregular expenditure - relating to prior year	190	8 354
Add: Irregular expenditure - relating to current year	1 293 612	316 963
Less: Amounts condoned	(957 480)	(28 915)
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	(20)
Irregular expenditure awaiting condonement	1 351 510	1 015 188
Analysis of awaiting condonement per age classification		
Current	1 293 164	316 071
Prior years	58 346	699 117
Total	1 351 510	1 015 188
25.2 Details of Irregular expenditure Current Year		
Incident	Disciplinary steps taken/criminal proceedings	
Proucurement without Financial Authority and Government order	Under investigation to determine responsible official	8 907
Sub-division of requirement	Under investigation to determine responsible official	102
Other maters	Under investigation to determine responsible official	33
Contract irregularities	Under investigation to determine responsible official	466
PPPFA Non-Compliance	Application for exemption to NT is still pending.	210 386
SANDF members salary	In process of obtaining authority from the Minister of Finance	1 073 718
		1 293 612

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25.3	Details of irregular expenditure condoned	2013/14 R'000
	Incident	Condoned by (condoning authority)
	Proucurement without Financial Authority and Government order. Exceeding delegatation limit	Supply Chain Irregular Expendi- ture Control Committee Central Commercial Procurment Sub-Committee, Supply Chain irregular expenditure control com- mittee
		8 133
	Sourcing of aircraft Sub-Division of requirements	Accounting Officer Supply Chain Irregular Expendi- ture Control Committee and CFO
		84
	Diviation from the bidding process	Accounting Officer
	Contract irregularities	Supply Chain Irregular Expendi- ture Control Committee and CFO
	Other matters	CFO
		109 509
		683
		837 735
		606
		730
		<u>957 480</u>
25.4	Details of irregular expenditure under investigation	
	Incident	Condoned by (condoning authority)
	Procurement without Financial Authority and Government Order No declatation of interest could be provided	Under investigation to determine responsible official Under investigation to determine responsible official
		24 334
	Diviation from the Bidding process	Under investigation to determine responsible official
	Diviation from the Payment process	Under investigation to determine responsible official
	Diviation from the SCM process	Under investigation to determine responsible official
		25 689
	Exceeding delegation limit	Under investigation to determine responsible official
	Other matters	Under investigation to determine responsible official
	Sub-Division of requirements	Under investigation to determine responsible official
	Contract irregularities	Under investigation to determine responsible official
	PPPFA Non-Compliance	Application for exemption to NT is still pending
	SANDF members salary increases	In progress of obtaining authority from the Minister of Finance
		7 948
		1 932
		5 948
		39
		726
		301
		489
		210 386
		1 073 718
		<u>1 351 510</u>

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		2013/14	2012/13
		R'000	R'000
26.	Fruitless and wasteful expenditure		
26.1	Reconciliation of fruitless and wasteful expenditure		
	Opening Balance	9 531	9 633
	Fruitless and wasteful expenditure – relating to prior year	15	9
	Fruitless and wasteful expenditure – relating to current year	303 564	81
	Less: Amounts resolved	(5 594)	(122)
	Less: Amounts transferred to receivables for recovery	(19)	(70)
	Fruitless and wasteful expenditure awaiting condonement	307 497	9 531
26.2	Analysis of awaiting condonement per economic classification		
	Current	303 439	5 470
	Capital	4 058	4 061
	Total	307 497	9 531
26.3	Analysis of Current Year's Fruitless and wasteful expenditure	2013/14	
		R'000	
	Incident		Disciplinary steps taken/criminal proceedings
	Storage charges for recover vehicle	13	Still under investigation to identify the responsible person
	Overpayments of suppliers	2	Still under investigation to identify the responsible person
	Interest charge	141	No disciplinary action. Members responsible left DOD
	Forfeited funds	21	Still under investigation to identify the responsible person
	Penalties received	2	The member was reprimanded and money in process of recovery
	Penalty for cancellation of contract	303 347	Still under investigation to identify the responsible person
	Other	10	Still under investigation to identify the responsible person
	Cancelled events	3	Still under investigation to identify the responsible person
	Double booking	1	Still under investigation to identify the responsible person
	State funds for private use	24	Still under investigation to identify the responsible person
	Total	303 564	

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	2013/14 R'000	2012/13 R'000
27. Related party transactions		
Loans to/from related parties		
Non-interest bearing loans to/(from)	12 362	12 362
Interest bearing loans to/(from)	-	-
Total	12 362	12 362

Identification and nature of related party relationship

As at 31 March 2014 the DOD had the following related parties, namely the:

- President of the RSA;
- Deputy President of the RSA;
- Cabinet of the Government of the RSA, including the Ministers of all National Departments;
- National Departments;
- Public Entities resorting under the National Departments;
- Public Entities resorting under the portfolio of the Minister of Defence and Military Veterans, these being the:
 - Armaments Corporation of South Africa Limited (Armscor) including subsidiaries, joint ventures or units under its control;
 - Castle Control Board (CCB);
 - South African National Defence Force Fund (SANDF Fund); and
 - Reserve Force Council
- Key management personnel of the DOD (members of the Plenary Defence Staff Council); and
- All entities under the control, joint control or significant influence of a key management personnel member of the DOD.

As per clarification letter from the National Treasury dated 31 March 2009, Department of Defence funds (messes, clubs, regimental funds, etc.) are not regarded as related parties.

Related party transactions

The Department is not aware of any related party transactions (i.e. transactions not at arms length) that occurred during the period between the Department and the President of the RSA; the Deputy President of the RSA; the Cabinet of the Government of the RSA, including the Ministers of all National Departments; National Departments and public entities falling under these departments.

Armscor and the Department are not aware of any related party transactions that occurred during the period between the related parties.

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.

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Disclosure Notes to the Annual Financial Statements
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- The following entities and activities occupy or utilise parts of the Castle of Good Hope, at no consideration to the Department however in some instances consideration is paid to the CCB:

- Die Goewerneur restaurant;
- Waterblommetjie restaurant;
- Castle Forge;
- Carriage rides;
- Castle Military Museum;
- Souvenir shop;
- Iziko Museum of Cape Town;
- The Western Cape Army Support Base (forming part of the Department) supplied guards to the CCB to guard the Castle of Good Hope and to perform ceremonial duties at no charge.
- Defence Reserves Provincial Office Western Cape.
- SA Heritage Resources Agency (SAHRA).
- Good Hope Art Studio.
- 5X Reserve Force Regiments.

- The Department provides management and advisory services to the CCB at no consideration. The cost to the Department for the time and subsistence for these services for the period was R3 435 000 (2012/13: R2 570 988).

The Department provides management and administrative support to the SANDF Fund at no consideration. The cost to the Department for the time spent in providing this support for the period was R94 057 (2012/13: R42 909).

The Department is not aware of any related party transactions that might have occurred during the period between the Department and the Reserve Force Council.

The Department did not identify any related party transaction during the period between the Department and its key management personnel, and the entities under the control, joint control or significant influence of key management personnel of the Department, except for the following:

- Major-General R.C. Anderson, a member of key management personnel (PDSC) of the Department is the chairperson of Murray & Roberts, which provides training services to the Works Regiment of the SANDF at no consideration.

28. Key management personnel	<i>No. of Indi- viduals</i>	<i>2013/14 R'000</i>	<i>2012/13 R'000</i>
Description			
Political Office Bearers	2	3 841	3 686
Officials			
Level 15 to 16	18	22 747	22 130
Level 14	16	13 169	9 326
Family members of key management personnel	4	1 116	1 308
Total		40 873	36 450

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Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 2014

29. Impairment and other provisions

	2013/14 R'000	2012/13 R'000
Potential irrecoverable debts		
Impairment		
Loans	12 362	12 362
Total	12 362	12 362
Other provisions		
Staff Debtors	2 586	2 595
Other Debtors	11 904	13 818
Claims Recoverable	2 988	2 481
Claims against the department	12 621	353 852
	30 099	372 746
Total	42 461	385 108

Reconciliation of movement in provisions - 2013/14	Staff debtors R'000	Other debtors R'000	Claims recoverable R'000	Civil claims R'000	Total provisions R'000
Opening balance	2 595	13 818	2 481	353 852	372 746
Increase in provision	-	-	507	-	507
Unused amount reversed	-	-	-	(353 852)	(353 852)
Change in provision due to change in estimation of inputs	(9)	(1 914)	-	-	(1 923)
Closing balance	2 586	11 904	2 988	-	17 478

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Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 2014

30. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2014

	Opening balance	Current year ad- justments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	2	-	-	2
Heritage assets	-	2	-	-	2
MACHINERY AND EQUIPMENT	4 072 947	1 584 364	848 366	1 601	6 504 076
Transport assets	2 217 612	35 230	486 982	1 557	2 738 267
Computer equipment	433 204	5 351	101 174	-	539 729
Furniture and office equipment	80 648	760	26 525	-	107 933
Other machinery and equipment	1 341 483	1 543 023	233 685	44	3 118 147
SPECIALISED MILITARY ASSETS	42 806 390	2 105 911	26 661	13 464	44 925 498
Specialised military assets	42 806 390	2 105 911	26 661	13 464	44 925 498
BIOLOGICAL ASSETS	4 431	693	780	-	5 904
Biological assets	4 431	693	780	-	5 904
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	46 883 768	3 690 970	875 807	15 065	51 435 480

Heritage assets: The department is still in the process of compiling a heritage assets register. The projected completion date is 31 March 2015. Currently some of those (Heritage SMA and Transport) assets are still reflected in the other asset registers of the department.

30.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2014

	Cash	Non-cash	(Capital work- in-progress cur- rent costs and finance lease payments)	Received cur- rent, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	902 026	188	(37 207)	(16 641)	848 366
Transport assets	496 835	188	-	(10 041)	486 982
Computer equipment	106 074	-	-	(4 900)	101 174
Furniture and office equipment	25 756	-	-	769	26 525
Other machinery and equipment	273 361	-	(37 207)	(2 469)	233 685
SPECIALISED MILITARY ASSETS	244	26 417	-	-	26 661
Specialised military assets	244	26 417	-	-	26 661
BIOLOGICAL ASSETS	1 245	-	-	(465)	780
Biological assets	1 245	-	-	(465)	780
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	903 515	26 605	(37 207)	(17 106)	875 807

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Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 2014

30.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2014

	<i>Sold for cash R'000</i>	<i>Transfer out or de- stroyed or scrapped R'000</i>	<i>Total disposals R'000</i>	<i>Cash received Actual R'000</i>
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	-	1 601	1 601	-
Transport assets	-	1 557	1 557	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	44	44	-
SPECIALISED MILITARY ASSETS	-	13 464	13 464	24 904
Specialised military assets	-	13 464	13 464	24 904
BIOLOGICAL ASSETS	-	-	-	-
Biological assets	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	15 065	15 065	24 904

Cash received for Specialised Military Assets R24 904 000, was disclosed as Accrued Receivables for the Departmental Revenue in FY2012/13 and was received in the current year.

30.3 Movement for 2012/13

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2013

	<i>Opening balance R'000</i>	<i>Current year ad- justments to prior year balances Restated R'000</i>	<i>Additions R'000</i>	<i>Disposals R'000</i>	<i>Closing balance R'000</i>
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	1 752 618	1 211 982	1 111 499	3 152	4 072 947
Transport assets	1 752 618	(110 842)	578 988	3 152	2 217 612
Computer equipment	-	240 079	193 125	-	433 204
Furniture and office equipment	-	58 989	21 659	-	80 648
Other machinery and equipment	-	1 023 756	317 727	-	1 341 483
SPECIALISED MILITARY ASSETS	18 070 419	1 618 841	23 117 130	-	42 806 390
Specialised military assets	18 070 419	1 618 841	23 117 130	-	42 806 390
BIOLOGICAL ASSETS	-	385	4 046	-	4 431
Biological assets	-	385	4 046	-	4 431
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	19 823 037	2 831 208	24 232 675	3 152	46 883 768

Correction of prior period error for secondary information: Prior period errors: The following error occurred in the AFS of 2013 when the machinery and equipment (excluding transport assets) assets were disclosed for the first time. The Gripen and Hawk ground support equipment were incorrectly valued and not all items were brought onto the assets register at initial take on in 2013. 130 Assets were on register with a value of R133 074. 999 Assets with a total value of R461 582 161.50 have now been included in the register. Therefore a prior year error adjustment is made to correct the disclosure of ground support equipments in the AFS.

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Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 20142012/13
R'000**The comparative amounts in note 30.3 were restated as follows:****Other machinery and equipment**

Opening balance as at 1 April 2012	-
Current year adjustment to prior year balances as disclosed in 2013	562 307
Less: Ground Support Equipment (130 items) in the asset register before, but with an incorrect value	(133)
Plus: Ground Support Equipment (130 items) in the asset register before, correctly valued	47 945
Plus: Ground Support Equipment (869 items) not included in the asset register before	413 638
Restated comparative 2013 Current year adjustment to prior year balances	1 023 756

31. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2014

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	122 203	-	2 383	-	124 586
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	150 540	816	60 733	-	212 089
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	392 693	-	520 212	-	912 905
TOTAL INTANGIBLE CAPITAL ASSETS	665 436	816	583 328	-	1 249 580

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Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 201431.1 Additions
ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2014

	<i>Cash</i>	<i>Non-cash</i>	<i>(Development work-in-prog- ress current costs)</i>	<i>Received cur- rent, not paid (Paid current year, received prior year)</i>	<i>Total</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>
SOFTWARE	1 402	779	-	202	2 383
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	60 237	-	496	60 733
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	520 212	-	-	520 212
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	1 402	581 228	-	698	583328

Licence fees classified as intangible capital assets under expenditure -R111 729 and major assets classified as minor assets R59 281.

31.2 Disposals
DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2014

	<i>Sold for cash R'000</i>	<i>Transfer out or destroyed or scrapped R'000</i>	<i>Total disposals R'000</i>	<i>Cash received Actual R'000</i>
SOFTWARE	-	-	-	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DE- SIGNS, MODELS	-	-	-	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	-	-	-

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Disclosure Notes to the Annual Financial Statements
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31.3 Movement for 2012/13

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2013

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	Restated R'000	Restated R'000	Restated R'000	Restated R'000
SOFTWARE	-	81 361	40 842	-	122 203
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	129 730	20 810	-	150 540
RECIPES, FORMULAE, PROTOTYPES, DE- SIGNS, MODELS	-	392 693	-	-	392 693
TOTAL INTANGIBLE CAPITAL ASSETS	-	603 784	61 652	-	665 436

Correction of prior period error for secondary information:

Prior period errors: The following errors occurred in the AFS of 2013 when the intangible capital assets were disclosed for the first time.

Various intangible capital assets were omitted from the 2013 register.

Items were double counted.

WIP was only reflected as a negative amount.

The comparative amounts in note 31.3 were restated as follows:

	2012/13 R'000
SOFTWARE	
Opening balance as at 1 April 2012	-
Current year adjustment to prior year balances as disclosed in 2013	202 923
Less: Various items double counted	(121 562)
Restated comparative 2013 Current year adjustment to prior year balances	81 361
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	
Opening balance as at 1 April 2012	-
Current year adjustment to prior year balances as disclosed in 2013	101 663
Plus: Various items not included in the register	28 067
Restated comparative 2013 Current year adjustment to prior year balances	129 730
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	
Opening balance as at 1 April 2012	-
Current year adjustment to prior year balances as disclosed in 2013	1
Plus: Various items not included in the 2013 register	392 692
Restated comparative 2013 Current year adjustment to prior year balances	392 693

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	2012/13 R'000
COMPUTER SOFTWARE	
Non-cash Additions as disclosed in 2013	203 863
Less: Items double counted	(163 021)
Restated comparative 2013 non-cash additions	<u>40 842</u>
Development work-in-progress current costs as disclosed in 2013	(179 987)
Plus: Correction of amounts relating to prior year amounts	179 987
Restated comparative 2013 development work-in-progress	<u>-</u>
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	
Non-cash Additions as disclosed in 2013	108 566
Less: Items double counted	(87 756)
Restated comparative 2013 non-cash additions	<u>20 810</u>
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	
Non-cash Additions as disclosed in 2013	1
Less: Correction of minor assets	(1)
Restated comparative 2013 non-cash additions	<u>-</u>
Development work-in-progress current costs as disclosed in 2013	(5 797)
Plus: Correction of development work-in-progress costs	5 797
Restated comparative 2013 development work-in-progress current costs	<u>-</u>

32 Immovable Tangible Capital Assets**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11 213 520	-	529 573	326 122	11 416 971
Dwellings	-	-	-	-	-
Non-residential buildings	8 665 641	-	529 573	326 122	8 869 092
Other fixed structures	2 547 879	-	-	-	2 547 879
HERITAGE ASSETS	2 767 474	-	-	-	2 767 474
Heritage assets	2 767 474	-	-	-	2 767 474
LAND AND SUBSOIL ASSETS	12 870 888	-	-	-	12 870 888
Land	12 870 888	-	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	26 851 882	-	529 573	326 122	27 055 333

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32.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2014

	Cash	Non-cash	(Capital work- in-progress cur- rent costs and finance lease payments)	Received cur- rent, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	224 646	529 573	(224 646)	-	529 573
Dwellings	-	-	-	-	-
Non-residential buildings	224 646	529 573	(224 646)	-	529 573
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	224 646	529 573	(224 646)	-	529 573

32.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2014

	Sold for cash R'000	Transfer out or de- stroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	326 122	326 122	-
Dwellings	-	-	-	-
Non-residential buildings	-	326 122	326 122	-
Other fixed structures	-	-	-	-
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	326 122	326 122	-

The amount disclosed as disposals were buildings lost to fire. The amount was calculated as follows:

Army Support Base Potschefstroom - Total destruction of thatched lapa	R 199 000
Army HQ - Bester Building - Northern wing - 1 floor damaged	R 325 923 470
	<u>R 326 122 470</u>

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Disclosure Notes to the Annual Financial Statements
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32.3 Movement for 2012/13

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2013

	Opening bal- ance Restated R'000	Current year adjustments to prior year balances Restated R'000	Additions R'000	Disposals R'000	Closing balance Restated R'000
BUILDINGS AND OTHER FIXED STRUCTURES	14 193 981	(2 980 461)	-	-	11 213 520
Dwellings	-	-	-	-	-
Non-residential buildings	14 193 981	(5 528 340)	-	-	8 665 641
Other fixed structures	-	2 547 879	-	-	2 547 879
HERITAGE ASSETS	-	2 767 474	-	-	2 767 474
Heritage assets	-	2 767 474	-	-	2 767 474
LAND AND SUBSOIL ASSETS	12 870 888	-	-	-	12 870 888
Land	12 870 888	-	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL TANGIBLE CAPITAL ASSETS	27 064 869	(212 987)	-	-	26 851 882

32.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2014

	Buildings and other fixed structures R	Heritage assets R	Land and subsoil assets R	Total R
R1 Immovable assets	-	-	-	-
TOTAL	-	-	-	-

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2013

	Buildings and other fixed structures R	Heritage assets R	Land and subsoil assets R	Total R
R1 Immovable assets	-	-	-	-
TOTAL	-	-	-	-

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Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 2014**IMMOVABLE TANGIBLE CAPITAL ASSETS: PRIOR PERIODS ERRORS****Correction of prior period error for secondary information:**

Prior period errors: The following errors occurred in the AFS of 2012 when the immovable assets were disclosed for the first time.

Tempe Military base was previously included in the Asset Register. A substantial portion of the land title of Tempe military base is registered in the name of Mangaung City Council. Therefore a prior year error adjustment is made to remove the land portions with their improvements not belonging to the Department.

SAS Hugo Biermann building in Simonstown was never included in the asset register before.

Two school buildings in Thaba Tshwane that is built on land belonging to the department were omitted from the register.

Various other buildings were also omitted from the 2012 register.

**2012/13
R'000**

The comparative amounts in note 32.3 were restated as follows:

BUILDINGS AND OTHER FIXED STRUCTURES: Non-residential buildings

Opening balance as at 1 April 2012	15 421 191
Less: Improvements at Tempe	(1 456 202)
plus: SAS Hugo Biermann	83 164
Two schools in Thaba Tshwane to be added	90 617
Various other buildings	55 211
Restated opening balance 1 April 2012	14 193 981

HERITAGE ASSETS

Opening balance as at 1 April 2012	-
Current year adjustment to prior year balances as disclosed in 2013	3 002 303
Less: Heritage Improvements at Tempe	(235 994)
plus: Heritage buildings not included before in Thaba Tshwane	1 165
Restated comparative 2013 Current year adjustment to prior year balances	2 767 474

LAND AND SUBSOIL ASSETS: Land

Opening balance as at 1 April 2012	13 789 620
Less: Land portions at Tempe	(918 732)
Restated opening balance 1 April 2012	12 870 888

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Disclosure Notes to the Annual Financial Statements
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33.	Prior period errors	2012/13 R'000
33.1	Correction of prior period error for secondary information	
	The comparative amounts in Note 19 were restated as follows:	
	Contingent assets	<u>80</u>
	The comparative amounts in Note 24 were restated as follows:	
	Sale of goods and services other than capital assets	407
	Capital assets	<u>24 904</u>
		25 311
	The comparative amounts in Note 31.3 were restated as follows:	
	Intangible capital assets - Software	122 203
	Intangible capital assets - Patents, licences, copyrights, brand names, trade marks	150 540
	Intangible capital assets - Recipes, formulas, prototypes, designs, models	<u>392 693</u>
		665 436
	The comparative amounts in Note 32.3 were restated as follows:	
	Immovable tangible capital assets - Non-residential buildings	8 665 641
	Immovable tangible capital assets - Heritage assets	2 767 474
	Immovable tangible capital assets - Land	<u>12 870 888</u>
		24 304 003

Annexures to the Annual Financial Statements
for the year ended 31 March 2014**ANNEXURE 1A****STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014**

DEPARTMENTS/AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2012/13 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000		% of Available Funds Transferred %
Safety and Security Sector	18 504	-	432	18 936	18 936	100%	17 162
Education and Training (SASETA)							
Military Veterans Management	351 431	-	-	351 431	351 431	100%	96 976
Claims against the State	-	-	2 100	2 100	2 100	100%	-
Special Defence Account	4 325 301	-	-	4 325 301	4 325 301	100%	4 846 374
TOTAL	4 695 236	-	2 532	4 697 768	4 697 768		4 960 512

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Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 1B
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION			EXPENDITURE			2012/13 Appropriation Act R'000		
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred		Capital R'000	Current R'000
PUBLIC CORPORATION									
Transfers									
Armaments Corporation of South Africa	1 032 342	-	103 457	1 135 799	1 131 586	100%	-	-	1 028 700
Claims against the State	-	-	153 612	153 612	153 612	100%	-	-	1 084
TOTAL	1 032 342	-	257 069	1 289 411	1 285 198		-	-	1 029 784
PRIVATE ENTERPRISES									
Transfers									
Claims against the State	-	-	51 798	51 798	51 798	100%	-	-	111
TOTAL	1 032 342	-	308 867	1 341 209	1 336 996		-	-	1 029 895

1. FY 2012/13 Financial Assets was restated with R1 083 576 for Transfers to Public Corporations (claims against the state).

2. FY 2012/13 Financial Assets was restated with R110 859 for Transfers to Private Enterprises (claims against the state).

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Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 1C
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			EXPENDITURE		2012/13 Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers	299 107	-	4 240	303 347	303 347	100%
Claims against the State	-	-	-	-	-	-
TOTAL	299 107	-	4 240	303 347	303 347	-

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Annexures to the Annual Financial Statements
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ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2012/13 Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
St John's Ambulance Brigade	400	-	432	832	832	100%
Reserve Force Council	6 523	-	-	6 523	6 523	100%
Claims against the State	-	-	346	346	346	100%
TOTAL	6 923	-	778	7 701	7 701	8 401

FY 2012/13 Financial Assets was restated with R1 435 670 for Transfers to Non-Profit Institutions (claims against the state).

Annexures to the Annual Financial Statements
for the year ended 31 March 2014**ANNEXURE 1E**
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2012/13 Appropriation Act R'000
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
DOD members	137 563	-	(68 145)	69 418	69 418	100%
Claims against the State	-	-	4 840	4 840	4 840	100%
Act of Grace	-	-	2 000	2 000	2 000	100%
TOTAL	137 563	-	(61 305)	76 258	76 258	109 074

FY 2012/13 Financial Assets was restated with R1 841 757.39 for Transfers to Households (claims against the state).

Department of Defence and Military Veterans - Vote 22

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 1F
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14 R'000	2012/13 R'000
Received in kind Government of Japan	Toyota Hilux, Quantum, 4 Land Cruisers and Trailer Cargo	-	3 161
TOTAL		-	3 161

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 1G
STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI- TURE R'000	CLOSING BALANCE R'000
Received in kind		-	-	-	-
TOTAL		-	-	-	-

- Totals do not form part of the totals as on the face of the Statement of Financial Performance.

Department of Defence and Military Veterans - Vote 22

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2014

NATURE OF GIFT, DONATION OR SPONSORSHIPS	2013/14 R'000	2012/13 R'000
Made in kind		
The Kingdom of Jordan - Obsolete Warelic Crusader Tank	-	1
RSA Neighbouring contries - Unservicable Alloutte III Helicopters and spares	-	96 012
TOTAL	-	96 013

- Totals do not form part of the totals as on the Statement of Financial Performance.

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 2A
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2014

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 13/14	% Held 12/13	Number of Shares Held		Cost of Investment R'000		Net Asset value of Investment R'000		Profit(Loss) for the year R'000		Losses guaranteed Yes/No
				2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	
National/Provincial Public Entity Castle Control Board (under control of the Minister of Defence)	3A	100%	100%	-	-	-	-	14 224	3 220	69	112	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 ARMS-COR Group	2	100%	100%	-	-	75 000	75 000	1 908 100	1 358 200	549 900	848 100	No
South Africa National Defence Force Fund	3A (Not Listed)	100%	100%	-	-	-	-	13 194	13 282	(81)	627	No
TOTAL						75 000	75 000	1 935 518	1 374 702	549 888	29 339	

- Net asset value of investment for Armscor in the financial year 2012/13 was restated from R1 793 200 000 to R1 358 200 000.

- Profit (Loss) for the year for Armscor in the financial year 2012/13 was restated from R85 400 000 to R848 100 000.

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of Public Entity	Nature of business	Cost of Investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Controlled entities South African National Defence Force Fund	The SANDF Fund is established in terms of the Fund Raising Act, 1968, (Act No. 107 of 1968). The aim of the fund is to render aid to SA National Defence Force and Auxillary Services and their dependants who suffer financial hardship and distress as a result of duties in terms of the Defence Act, 2002 (Act No. 42 of 2002).	-	-	13 194	13 275	-	-	-	-
Castle Control Board (under control of the Minister of Defence)	To preserve and protect the military and cultural heritage of the Castle, optimise the tourism potential of the castle; and maximise the accessibility to the public of the whole or any part, as the case may be, of the castle which is not used by the SANDF, or any part thereof.	-	-	14 224	14 155	-	-	-	-
Armaments Corporation of South Africa (managed and controlled by a board of Directors appointed by the Minister of Defence)	To acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manage the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidiary companies which directly support technology and acquisition strategies.	75 000	75 000	1 908 100	1 358 200	-	-	-	-
TOTAL		75 000	75 000	1 935 518	1 385 630	-	-	-	-

- Net asset value of investment for Armcor in the financial year 2012/13 was restated from R1 793 200 000 to R1 358 200 000.

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 1 April 2013 R'000	Guarantees drawn down during the year R'000	Guaranteed repayments/cancelled/reduced/released during the year R'000	Revaluations R'000	Closing balance 31 March 2014 R'000	Guaranteed interest standing as at 31 March 2014 R'000	Realised losses not recoverable R'000
Housing									
ABSA		-	360	252	190	-	422	-	-
African Bank		-	13	-	-	-	13	-	-
First National Bank		-	1 738	-	538	-	1 200	-	-
Free State Dev Corp		-	660	-	94	-	566	-	-
Green Start Home Loans		-	279	-	14	-	265	-	-
Ithala Dev Fin Corp		-	6	-	6	-	-	-	-
Masikheni		-	-	-	-	-	-	-	-
Nedbank		-	521	-	323	-	198	-	-
Old Mutual Bank		-	18	-	18	-	-	-	-
Southfin		-	-	-	-	-	-	-	-
Standard Bank		-	1 412	158	937	-	633	-	-
Venda Bigs Soc		-	179	-	101	-	78	-	-
Other		-	16	-	16	-	-	-	-
TOTAL		-	5 202	410	2 237	-	3 375	-	-

Department of Defence and Military Veterans - Vote 22

Annexures to the Annual Financial Statements
for the year ended 31 March 2014**ANNEXURE 3B****STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014**

Nature of Liability	Opening Balance 1 April 2013 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2014 R'000
Claims against the department					
Civil claims	796 556	28 953	34 840	-	790 669
Motor vehicle accident claims	5 197	6 129	5 735	-	5 591
Subtotal	801 753	35 082	40 575	-	796 260
Environmental Liability					
UXO contamination and rehabilitation	904 586	-	-	-	904 586
Aviation Fuel underground contamination rehabilitation	45 289	-	5 104	-	40 185
Bitumen contamination at Air Force Base	4 500	-	4 500	-	-
Subtotal	954 375	-	9 604	-	944 771
TOTAL	1 756 128	35 082	50 179	-	1 741 031

Annexures to the Annual Financial Statements
for the year ended 31 March 2014**ANNEXURE 4****CLAIMS RECOVERABLE**

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2014/03/31	2013/03/31	2014/03/31	2013/03/31	2014/03/31	2013/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Agriculture, Forestry and Fishery	-	-	3 828	7 146	3 828	7 146
Department of Correctional Services	-	-	6	1	6	1
Department of Environmental Affairs & Tourism	-	-	849	815	849	815
Department of Economic Development & Tourism	-	-	-	17	-	17
Department of Health	-	-	508	697	508	697
Department of Home Affairs	-	-	81	3 631	81	3 631
Department of Military Veterans	-	-	1 525	-	1 525	-
Department of Public Services & Administration	-	-	267	-	267	-
Department of Public Works	-	-	10 806	2 018	10 806	2 018
Department of Traditional Affairs	-	-	-	30	-	30
Department of Rural Development	-	-	9 515	-	9 515	-
Department of Transport	65	-	423	423	488	423
Department of Water Affairs	-	-	14	-	14	-
Ministry for Rural Development and Land Reform	-	-	182	182	182	182
National Disaster Management Centre	-	-	-	147	-	147
National Treasury	-	-	1 941	479	1 941	479
SARS	-	-	29	-	29	-
South African Police Services	29	-	104	133	133	133
South African Police Services - Presidential Protection	-	-	25 565	25 565	25 565	25 565
Eastern Cape Education Department	-	-	10	-	10	-
Free State Education Department	-	-	53	-	53	-
Gauteng Education Department	-	-	-	22	-	22
Gauteng Health Department	58	-	-	-	58	-
Office of the Premier EC	-	-	84	-	84	-
City of Cape Town	-	-	45	-	45	-
TOTAL	152	-	55 835	41 306	55 987	41 306

Department of Defence and Military Veterans - Vote 22

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 5
INTER-DEPARTMENTAL PAYABLES

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2014/03/31	2013/03/31	2014/03/31	2013/03/31	2014/03/31	2013/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Amounts not included in Statement of Financial Position						
Department of Finance	-	-	-	6	-	6
Department of Health	-	-	34	3 725	34	3 725
Department of Home Affairs	-	-	-	14	-	14
Department of Justice and Constitutional Development	-	1 304	32	1	32	1 305
Department of Public Works	-	-	-	904	-	904
South African Police Services	-	-	4	-	4	-
Department of Transport KZN	-	-	-	5 594	-	5 594
Government Printing Works	-	-	291	-	291	-
Mpumalanga Provincial Government	-	-	13	-	13	-
PALAMA	-	-	-	89	-	89
TOTAL	-	1 304	374	10 333	374	11 637

Annexures to the Annual Financial Statements
for the year ended 31 March 2014**ANNEXURE 6****INVENTORY**

	2013/14		2012/13	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance		38 673 010	1 160 991 300	92 243
Add/(Less): Adjustments to prior year balances		32 208 676	3 489 594 324	36 472 667
Add: Additions/Purchases - Cash	256 830 484	2 141 096	-	2 246 471
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	(2 119 090)	(122 315)	(8 477 099)	(67 541)
(Less): Issues	(120 414 525)	(7 306 231)	(3 171 606)	(70 830)
Closing balance	731 589 238	65 594 236	4 638 936 919	38 673 010

*Inventory includes Components & Technical publications.

Department of Defence and Military Veterans - Vote 22

Annexures to the Annual Financial Statements
for the year ended 31 March 2014

ANNEXURE 7

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Current Year Capital WIPs R'000	Completed Assets R'000	Closing balance R'000
MACHINERY AND EQUIPMENT				
Other machinery and equipment	-	37 207	37 207	-
BUILDINGS AND OTHER FIXED STRUCTURES				
Non-residential buildings	2 234 822	224 646	529 573	1 929 895
	2 234 822	224 646	529 573	1 929 895
TOTAL	2 234 822	261 853	566 780	1 929 895

Department of Defence and Military Veterans - Vote 22

Annexures to the Annual Financial Statements
for the year ended 31 March 2014**ANNEXURE 8****INTER-ENTITY ADVANCES RECEIVED FOR THE YEAR ENDED 31 MARCH 2014 (note 16)**

	Confirmed balance		Unconfirmed balance		Total	
	2014/03/31	2013/03/31	2014/03/31	2013/03/31	2014/03/31	2013/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Current						
HIGHER EDUCATION AND TRAINING	-	-	865	-	865	-
TOTAL	-	-	865	-	865	-

SPECIAL DEFENCE ACCOUNT
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SPECIAL DEFENCE ACCOUNT
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for the year ended 31 March 2014

General Information

Nature of business and principal activities

Aquisition of Armaments

Accounting officer

Dr SM Gulube

Bankers

South African Reserve Bank

Preparer

The annual financial statements were internally compiled by:

Mr MH Singh (Director)

Ms C Halvey (Assistant Director)

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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The reports and statements set out below comprise the annual financial statements presented to the National Treasury:

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Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Special Defence Account (SDA) as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the SDA and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the SDA and all employees are required to maintain the highest ethical standards in ensuring the SDA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the SDA is on identifying, assessing, managing and monitoring all known forms of risk across the SDA. While operating risk cannot be fully eliminated, the SDA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the SDA's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, he is satisfied that the SDA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the SDA's annual financial statements. The annual financial statements have been examined by the SDA's external auditors.

The annual financial statements set out on pages 249 to 276, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 May 2014 and were signed by:



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

SPECIAL DEFENCE ACCOUNT
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for the year ended 31 March 2014

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE
SPECIAL DEFENCE ACCOUNT**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Special Defence Account (SDA) set out on pages 249 to 276, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. My audit of certain sensitive expenditure incurred in connection with special defence activities per section 2(2)(a) of the Defence Special Account Act, 1974 (Act No. 6 of 1974), as amended, has been limited to those procedures necessary for the purpose of expressing an opinion on the financial statements or was not extended to include the details of underlying transactions, or compliance with any legislation and approvals.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Defence Account as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

SPECIAL DEFENCE ACCOUNT
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Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Financial Reporting Framework

9. As disclosed in note 1.6.1 to the financial statements, the Minister of Finance has exempted the SDA per *General notice 911* issued in *Government Notice 37062 of 29 November 2013* from applying SA Standards of GRAP 6 and to, instead, apply SA Standards of GRAP 104 regarding special defence activities.

Significant uncertainties

10. With reference to note 18 to the financial statements, the SDA, through the Department of Defence and its service provider, is a defendant in a certain lawsuit. The outcome of this lawsuit cannot be determined at present and no provision has been made for any liability that may result.

Restatement of corresponding figures

11. As disclosed in note 3, note 5, note 14 and note 17 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during 31 March 2014 in the financial statements of the SDA at, and for the year ended, 31 March 2013.

Disclosure of irregular expenditure

12. As disclosed in note 23 to the financial statements, irregular expenditure to the amount of R151 178 862 was incurred as a result of Armscor policies, used with regard to procurement and contract management, not being aligned to the Preferential Procurement Policy Framework Act and its regulations.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. The objectives of the SDA are included within the Department of Defence's reporting on performance information against predetermined objectives.

Compliance with legislation

15. I performed procedures to obtain evidence that the SDA had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

16. The procurement system did not comply with the requirements of a fair Supply Chain Management (SCM) system as per section 51(1)(a)(iii) of the PFMA, in that awards were made to suppliers whereby Armaments Corporation of South Africa (ARMSCOR) included a 25% mandatory black equity selection criteria, which is in

SPECIAL DEFENCE ACCOUNT
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contravention of treasury regulation (TR) 16A6.3(a) and the Preferential Procurement Regulations. As a result of this contravention, not all suppliers were evaluated and scored in accordance with the SCM regulations.

Annual financial statements

17. The financial statements submitted for auditing were not prepared in all respects, in accordance with the prescribed financial reporting framework as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of non-current and current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal control

18. I considered internal control relevant to my audit of the financial statements and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

19. There was inadequate oversight by management who did not timeously review best practice to ensure compliance with SCM policies and procedures in the awarding offenders.

Financial and performance management

20. Management did not sufficiently review and monitor compliance with SCM legislation requirements as per TR 16A6.3(a) and the Preferential Procurement Regulations.
21. Non-compliance with section 40(1)(a) and (b) of the PFMA could have been prevented had management properly reviewed the accuracy of the amounts supporting the financial statements.

Auditor - General

Pretoria

31 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

SPECIAL DEFENCE ACCOUNT
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Statement of Financial Position
as at 31 March 2014

	Note(s)	2014 R'000	2013 Restated* R'000
Assets			
Current Assets			
Cash and cash equivalents	2	3 470 536	4 610 324
Receivables from exchange transactions	3	4 751	(892)
Receivables from non-exchange transactions	4	12 287	2 903
Prepayments	5	681 952	240 110
		4 169 526	4 852 445
Non-Current Assets			
Other financial assets	6	63 007	51 222
Prepayments	5	1 292 171	270 583
		1 355 178	321 805
Total Assets		5 524 704	5 174 250
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	199 480	200 425
Payables from non-exchange transactions	8	39 275	36 894
Provisions (retention fees)	9	9 011	1 684
Funds to be surrendered to National Revenue Fund	10	28 645	50 357
Other financial liabilities	11	25 769	25 379
		302 180	314 739
Total Liabilities		302 180	314 739
Net Assets			
Accumulated surplus		5 222 524	4 859 511
		5 222 524	4 859 511

* See Note 24 & 28

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for the year ended 31 March 2014

Statement of Financial Performance
for the year ended 31 March 2014

	Note(s)	2014 R'000	2013 Restated* R'000
Revenue	13	4 378 277	4 906 934
Foreign exchange gains		103 062	-
Operating expenses	14	(4 089 681)	(4 030 527)
Foreign exchange loss		-	(3 728)
Operating surplus		391 658	872 679
Surplus for the year		391 658	872 679

* See Note 24 & 28

SPECIAL DEFENCE ACCOUNT
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for the year ended 31 March 2014

Statement of Changes in Net Assets
for the year ended 31 March 2014

	<i>Note(s)</i>	<i>Accumulated surplus R'000</i>	<i>Total net assets R'000</i>
Balance at 01 April 2012		4 077 717	4 077 717
Changes in net assets			
Surplus for the year		872 679	872 679
Distribution to the National Revenue Fund		(50 357)	(50 357)
Prior year adjustment (VAT)		(18 787)	(18 787)
Prior year adjustment (Forex)		(20 848)	(20 848)
Prior year adjustment (Retention fees)		(893)	(893)
Total changes		<u>781 794</u>	<u>781 794</u>
Restated Balance at 01 April 2013		4 859 511	4 859 511
Changes in net assets			
Surplus for the year		391 658	391 658
Distribution to the National Revenue Fund		(28 645)	(28 645)
Total changes		<u>363 013</u>	<u>363 013</u>
Balance at 31 March 2014		<u>5 222 524</u>	<u>5 222 524</u>

SPECIAL DEFENCE ACCOUNT
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Cash Flow Statement
for the year ended 31 March 2014

	Note(s)	2014 R'000	2013 Restated* R'000
Cash flows from operating activities			
Receipts			
Grants		4 325 301	4 846 376
Other receipts		(1 493 304)	182 404
		<u>2 831 997</u>	<u>5 028 780</u>
Payments			
Suppliers		(4 013 096)	(3 952 915)
Net cash flows from operating activities	15	<u>(1 181 099)</u>	<u>1 075 865</u>
Cash flows from investing activities			
Net movement in other financial assets		(11 784)	(15 519)
Net cash flows from investing activities		<u>(11 784)</u>	<u>(15 519)</u>
Cash flows from financing activities			
Net movement in other financial liabilities		390	525
Decrease in the provision for the distribution to the National Revenue Fund		(21 712)	(91 743)
Transfer to the National Revenue Fund		(28 645)	(50 357)
Net cash flows from financing activities	16	<u>(49 967)</u>	<u>(141 575)</u>
Net increase/(decrease) in cash and cash equivalents		(1 242 850)	918 771
Cash and cash equivalents at the beginning of the year		4 610 324	3 695 281
Effect of exchange rate movement on cash balances		103 062	(3 728)
Cash and cash equivalents at the end of the year	2	<u>3 470 536</u>	<u>4 610 324</u>

SPECIAL DEFENCE ACCOUNT
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2014

Budget on Cash Basis

	<i>Approved budget</i>	<i>Adjustments</i>	<i>Final Budget</i>	<i>Actual amounts on comparable basis</i>	<i>Difference between final budget and actual</i>	<i>Reference</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest revenue	-	-	-	533	533	
Recoveries from suppliers	-	-	-	195	195	
Total revenue from exchange transactions	-	-	-	728	728	
Revenue from non-exchange transactions						
Revenue						
Government grants & subsidies	5 824 219	(1 498 918)	4 325 301	4 325 301	-	
Transfer revenue						
Fines	-	-	-	22 609	22 609	
Sale of goods	-	-	-	13 646	13 646	
Other revenue	-	-	-	15 993	15 993	
Total revenue from non-exchange transactions	5 824 219	(1 498 918)	4 325 301	4 377 549	52 248	
Total revenue	5 824 219	(1 498 918)	4 325 301	4 378 277	52 976	
Expenditure						
Debt impairment	-	-	-	(4 035)	(4 035)	
General Expenses	-	-	-	4 035	4 035	
Largest projects	(3 348 440)	778 007	(2 570 433)	(1 421 383)	1 149 050	32
Non-project related expenditure	(627 928)	2 240	(625 688)	(1 616 911)	(991 223)	32
Sensitive projects	(449 808)	-	(449 808)	(401 973)	47 835	32
General projects	(1 398 043)	718 671	(679 372)	(649 414)	29 958	32
Total expenditure	(5 824 219)	1 498 918	(4 325 301)	(4 089 681)	235 620	
Operating surplus	-	-	-	288 596	288 596	
Gain on foreign exchange	-	-	-	103 062	103 062	
Surplus before taxation	-	-	-	391 658	391 658	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	391 658	391 658	

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2014

Budget on Cash Basis

	<i>Approved budget</i>	<i>Adjustments</i>	<i>Final Budget</i>	<i>Actual amounts on comparable basis</i>	<i>Difference between final budget and actual</i>	<i>Reference</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	4 751	-	4 751	4 751	-	
Receivables from non-exchange transactions	12 287	-	12 287	12 287	-	
Prepayments	681 952	-	681 952	681 952	-	
Cash and cash equivalents	3 470 536	-	3 470 536	3 470 536	-	
	4 169 526	-	4 169 526	4 169 526	-	
Non-Current Assets						
Other financial assets	63 007	-	63 007	63 007	-	
Prepayments	1 292 171	-	1 292 171	1 292 171	-	
	1 355 178	-	1 355 178	1 355 178	-	
Total Assets	5 524 704	-	5 524 704	5 524 704	-	
Liabilities						
Current Liabilities						
Other financial liabilities	25 769	-	25 769	25 769	-	
Payables from exchange transactions	199 480	-	199 480	199 480	-	
Payables from non-exchange transactions	39 275	-	39 275	39 275	-	
Provisions (retention fees)	9 011	-	9 011	9 011	-	
Funds to be surrendered to National Revenue	28 645	-	28 645	28 645	-	
Fund						
	302 180	-	302 180	302 180	-	
Total Liabilities	302 180	-	302 180	302 180	-	
Net Assets	5 222 524	-	5 222 524	5 222 524	-	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	5 222 524	-	5 222 524	5 222 524	-	

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2014

Budget on Cash Basis

	<i>Approved budget</i>	<i>Adjustments</i>	<i>Final Budget</i>	<i>Actual amounts on comparable basis</i>	<i>Difference between final budget and actual</i>	<i>Reference</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	5 824 219	(1 498 918)	4 325 301	4 325 301	-	
Other receipts	(5 824 219)	1 498 918	(4 325 301)	(1 493 304)	2 831 997	
	-	-	-	2 831 997	2 831 997	
Payments						
Suppliers	-	-	-	(4 013 096)	(4 013 096)	
Net cash flows from operating activities	-	-	-	(1 181 099)	(1 181 099)	
Cash flows from investing activities						
Net movement in other financial assets	-	-	-	(11 784)	(11 784)	
Net cash flows from investing activities	-	-	-	(11 784)	(11 784)	
Cash flows from financing activities						
Net movement in other financial liabilities	-	-	-	390	390	
Decrease in the provision for the distribution to the National Revenue Fund	-	-	-	(21 712)	(21 712)	
Transfer to the National Revenue Fund	-	-	-	(28 645)	(28 645)	
Net cash flows from financing activities	-	-	-	(49 967)	(49 967)	
Net increase/(decrease) in cash and cash equivalents	-	-	-	(1 242 850)	(1 242 850)	
Cash and cash equivalents at the beginning of the year	-	-	-	4 610 324	4 610 324	
Effect of exchange rate movement on cash balances	-	-	-	103 062	103 062	
Cash and cash equivalents at the end of the year	-	-	-	3 470 536	3 470 536	

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Notes to the Annual Financial Statements

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board of South Africa.

These accounting policies are consistent with the previous period, except for the changes set out in note 24 Changes in accounting policy.

1.1 Standards of GRAP issued but not yet effective

As the Minister has not determined an effective date for the Standards of GRAP for Departments, the SDA adopted Standards of GRAP voluntary. All the Standards of GRAP including any related Interpretations issued before 31 March 2011 were adopted. Therefore, the entity does not expect any material effect when the Standards become effective.

1.2 Basis of preparation

The financial statements are prepared on the accrual basis using historical cost as a measurement basis, unless another measurement basis is required by Standards of GRAP. The significant accounting policies applied are set out below.

1.3 Functional currency

The financial statements are prepared in South African Rand (ZAR) which is also the functional currency of the Department of Defence. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.

1.4 Going concern

The annual financial statements have been prepared on a going concern basis.

1.5 Off-setting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1.6.1 Measurement of financial assets

The SDA measures its financial assets initially at fair value, which is the transaction price of the financial asset. The SDA has applied Directive 7 and the Standard of GRAP on Financial Instruments (GRAP 104) to determine a deemed cost for these financial assets. The application of GRAP 104 instead of GRAP 6 was approved by the Minister of Finance on 29 November 2013 as an exemption for the SDA for the financial years 2013/2014, 2014/2015 and 2015/2016.

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1.6.2 Impairment of financial assets

Financial assets not measured at fair value are assessed for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded, the SDA makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flow from the financial asset. The estimates take into account the nature and the risks associated with each financial asset, as well as the industry in which the SDA is operating.

1.6.3 Classification of exchange and non-exchange transactions

The SDA uses judgement in classifying transactions between exchange and non-exchange transactions and related receivables and payables. Where the SDA receives or transfers assets or services or has liabilities extinguished, and directly gives approximate equal value (primarily in the form of cash, goods, services, or use of assets), the transaction and the related receivable or payable are classified as exchange transactions. All other transactions and their related balances are classified as non-exchange transactions.

The sales of specialised military equipment and related assets are classified as revenue from non-exchange transactions as the SDA only receives the funds in accordance with the Defence Special Account Act, 1974 (Act No. 6 of 1974). The SDA does not control the underlying assets.

1.6.4 Expenditure on capital assets

As the SDA only provides for the funding of the resources, management does not recognise any capital assets, other than those relating to financial instruments, in the statement of financial position. Military and other fixed assets are transferred directly at acquisition to the relevant service and/or division within the Department.

1.6.5 Commitments

The SDA applies judgement in determining the outstanding commitments relating to contracts entered into with outstanding goods or services as disclosed in note 15.

1.6.6 Surplus funds to be surrendered

An estimate of amounts to be surrendered is declared in the period of the distribution based on the revenue received (cash) for a given period. Any changes in the estimate is accounted for in the period of the change.

1.6.7 Contingent liabilities and payables

Management applied judgement to the facts, patterns and advice it receives from its legal advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

1.6.8 Taxation

The SDA is not liable for taxation.

1.6.9 Effective interest rate

The SDA used the National Treasury rates to discount future cash flows.

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1.7 Revenue

When the SDA receives value in the form of an asset and directly provides approximate equal value in exchange, the SDA classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable and recognised when it becomes due to the SDA.

1.8 Revenue from exchange transactions

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the SDA.

1.9 Revenue from non-exchange transactions

The SDA recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Revenue results from fines due in terms of contracts and transfer allocations due in accordance with the Defence Special Account Act, 1974 (Act No. 6 of 1974). Revenue is recognised when the SDA has a legal right to the revenue. Revenue allocated to the SDA from the sale of goods is recognised when the risks and rewards of ownership associated with the underlying assets have been transferred from the Department to the third party.

Where services are received in-kind, and a reliable estimate can be made, the SDA will recognise the related revenue. In all other cases, the SDA will only disclose the fact.

1.10 Expenditure

Expenditure is classified in accordance with the approved budget (projects) and the SDA discloses expenditure per nature and per arm of service.

The SDA recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. The SDA recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

1.11 Unauthorised, irregular and fruitless and wasteful expenditure

Unauthorised, irregular and fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance. The expenditure is disclosed separately in the notes to the financial statements.

1.12 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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Foreign currency gains and losses are recognised in surplus or deficit on monetary items at year-end at the spot rate applicable for the instrument.

1.13 Financial instruments

1.13.1 Initial recognition and classification

The SDA classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the Department of Defence becomes a party to the contractual provisions of the instruments and SDA funds are committed or receives the benefits.

The SDA does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.13.2 Initial measurement

Financial instruments are initially measured at fair value.

1.13.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transaction costs on other financial instruments are included in the cost of the instrument.

Amortised cost is calculated based on the effective interest rate method.

1.13.4 Impairment of financial assets

At each reporting date the SDA assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

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1.13.5.1 Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Receivables are classified as loans and receivables.

1.13.5.2 Payables

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.13.5.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

1.13.5.4 Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

1.13.5.5 Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying

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amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the SDA has the positive intention and ability to hold to maturity are classified as held to maturity.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

1.15 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised costs arise from amounts due as a result of non-delivery by contractors. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

1.16 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the SDA has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

1.17 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

1.18 Payables from exchange transactions

The SDA recognises payables from exchange transactions where liabilities result in counterperformance by the respective parties.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

1.19 Payables from non-exchange transactions

The SDA recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of outstanding obligations against the revenue.

Payables from non-exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

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1.20 Funds to be surrendered to the National Revenue Fund

The SDA is not required to surrender any funds allocated in terms of section 4 of the Defence Special Account Act, 1974 (Act No. 6 of 1974). Per agreement with the National Treasury, the SDA cedes any cash amounts received excluding funds transferred from the Department of Defence. The amount surrendered is calculated and distributed through net assets on an annual basis to the National Revenue Fund.

1.21 Other financial liabilities

Other financial liabilities are measured at amortised costs. Effective interest is capitalised against the amounts outstanding in accordance with the agreement.

1.22 Contingents assets and liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity, or

A present obligation that arises from past events but is not recognised because:

- It is not possible that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity.

1.23 Budget information

The budget is prepared on a cash basis. The SDA does not budget for any revenue other than the transfer payment received through the Department of Defence. Expenditure incurred exceeding the transfer payment is defrayed from accumulated reserves.

1.24 Related Party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party; or an entity that is subject to common control or joint control. Specific information with regard to related party transactions is included in the disclosure notes.

1.25 Impairment of cash-generating assets

Cash-generating assets are those assets held by the SDA with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the SDA; or
- (b) the number of production or similar units expected to be obtained from the asset by the SDA.

1.26 Provisions (retention fees)

Provisions are recognised when:

- the SDA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the SDA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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Accounting Policies

1.27 Comparative figures

Comparatives are included for all except where SA GRAP provides otherwise. Comparatives are restated where prior period errors are identified.

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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	2014 R'000	2013 R'000
2. Cash and cash equivalents		
Cash and cash equivalents at fair value consist of:		
Cash on hand	21 268	13 449
Bank balances	3 423 499	4 571 298
Short-term deposits	25 769	25 577
	<u>3 470 536</u>	<u>4 610 324</u>

Short-term deposits includes an amount of R25.7 million (2012/13: R25.3 million) restricted to be used for the Compliance Programme.

3. Receivables from exchange transactions

Employee costs in advance	4 433	(892)
Other receivables	318	-
	<u>4 751</u>	<u>(892)</u>

The amount of Employee costs in advance has been restated by an amount of R6 424 000 due to accrual transactions not being accounted for in the correct period. This has resulted in the balance being reflected as a credit.

Fair value of receivables

The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.

Receivables impaired

As of 31 March 2014, receivables of R568 893 - (2012/13: R540 845) were fully impaired. The ageing of these loans is as follows:

Reconciliation of provision for impairment of receivables

Opening balance	-	234
Interest accrued	38	38
Payments received	(10)	(2)
Less: Current year impairment	(28)	20
Impairment of debtor	-	(290)
	<u>-</u>	<u>-</u>

The debt was considered impaired as the payments made are less than the interest charged. The expected future cash flows were discounted at 9%, being the current approved rate by the Minister of Finance for debt owed to the State.

4. Receivables from non-exchange transactions

Revenue due from Armscor for sale of goods	12 287	2 903
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Fair value of receivables from non-exchange transactions

The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.

Receivables from non-exchange transactions past due but not impaired

There are no receivables past due.

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	2014 R'000	2013 R'000
Receivables from non-exchange transactions impaired		
There are no receivables to be considered for impairment.		
5. Prepayments		
Current prepayments	681 952	240 110
Non-current prepayments	1 292 171	270 583
	1 974 123	510 693

Secured against bank guarantees held by ARMSCOR. Prepayments which are considered to be receivables, are recovered on a proportional basis as per contractual deliveries.

The amount for prepayments for 2012/13 has been restated by an amount of R42 759 000, as a result of the correction of VAT and foreign exchange amounts previously not taken into consideration.

6. Other financial assets**Designated at cost**

Other financial assets	88 335	72 543
Impairments	(25 328)	(21 321)
	63 007	51 222

Non-current assets

Designated at cost	63 007	51 222
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Fair values of financial assets measured or disclosed at fair value**Reconciliation of financial assets at fair value through surplus or deficit 2014**

	<i>Opening balance</i>	<i>Additions</i>	<i>Impairments</i>	<i>Closing balance</i>
Other financial assets	51 222	15 792	(4 007)	63 007

Reconciliation of financial assets at fair value through surplus or deficit 2013

	<i>Opening balance</i>	<i>Additions</i>	<i>Impairments</i>	<i>Closing balance</i>
Other financial assets	35 705	18 816	(3 299)	51 222

SPECIAL DEFENCE ACCOUNT
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	2014 R'000	2013 R'000
7. Payables from exchange transactions		
Contract creditors	197 775	194 527
Strategic Defence Procurement Programme	1 705	5 898
	199 480	200 425

8. Payables from non-exchange transactions		
Contract creditors: Fines	26 988	33 991
Revenue received in advance	12 287	2 903
	39 275	36 894

9. Provisions (retention fees)**Reconciliation of provisions (retention fees) - 2014**

	<i>Opening balance</i>	<i>Additions</i>	<i>Total</i>
Retention fees	1 684	7 327	9 011

Reconciliation of provisions (retention fees) - 2013

	<i>Opening balance</i>	<i>Additions</i>	<i>Total</i>
Retention fees	893	791	1 684

Provisions (retention fees)

Armcor levies retention fees for suppliers that are not BEE compliant. These retention fees were provided for for the first time in the current financial year, as well as retrospectively to correct the opening balances.

10. Funds to be surrendered to the National Revenue Fund

Opening balance	50 357	142 100
Fines, penalties and forfeits	14 378	15 789
Sales of goods and services other than capital assets	892	10 007
Sales of capital assets	13 375	24 001
Interest on receivables	-	560
Less: Payments made	(50 357)	(142 100)
Closing balance	28 645	50 357

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	2014	2013
	R'000	R'000

11. Other financial liabilities

At amortised cost	25 769	25 379
Compliance Programme	<u>25 769</u>	<u>25 379</u>

Secured against short-term deposit held at Corporation for Public Deposits. Interest free without specific repayment arrangements.

The Compliance Programme consist of funds administered by the SDA on behalf of the South African Government and will be utilised to defray expenditure in accordance with the requirements of the programme as per agreement between the USA and SA Governments. Interest on the funds accrue at market rate per the funds invested.

Current liabilities

At amortised cost	<u>25 769</u>	<u>25 379</u>
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12. Financial instruments disclosure**Categories of financial instruments****2014****Financial assets**

	<i>At fair value</i>	<i>At cost</i>	<i>Total</i>
Other financial assets	-	63 007	63 007
Cash and cash equivalents	3 470 536	-	3 470 536
	<u>3 470 536</u>	<u>63 007</u>	<u>3 533 543</u>

Financial liabilities

	<i>At amortised cost</i>	<i>Total</i>
Other financial liabilities	25 769	25 769
Payables from exchange transactions	199 479	199 479
	<u>225 248</u>	<u>225 248</u>

2013**Financial assets**

	<i>At fair value</i>	<i>At cost</i>	<i>Total</i>
Other financial assets	-	51 222	51 222
Cash and cash equivalents	4 610 324	-	4 610 324
	<u>4 610 324</u>	<u>51 222</u>	<u>4 661 546</u>

Financial liabilities

	<i>At amortised cost</i>	<i>Total</i>
Other financial liabilities	25 379	25 379
Payables from exchange transactions	200 426	200 426
	<u>225 805</u>	<u>225 805</u>

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Notes to the Annual Financial Statements

	2014 R'000	2013 R'000
13. Revenue		
Interest revenue	533	608
Recoveries from suppliers	195	9 258
Funds from the Department of Defence	4 325 301	4 846 376
Contract fees and fines	22 609	13 654
Revenue allocated from the sale of goods	13 646	17 453
Other revenue	15 993	19 585
	4 378 277	4 906 934

The amount included in revenue arising from exchanges of goods or services are as follows:

Interest revenue	533	608
Recoveries from suppliers	195	9 258
	728	9 866

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Funds from the Department of Defence	4 325 301	4 846 376
Contract fees and fines	22 609	13 654
Revenue allocated from the sale of goods	13 646	17 453
Other revenue	15 993	19 585
	4 377 549	4 897 068

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable.

The amount of liabilities forgiven for 2013/14 is R25 385 683 (2012/13: R5 858 000).

14. Operating expenses

Per project type:

Largest projects	1 421 383	1 571 393
General projects	649 414	573 175
Sensitive projects	401 973	608 939
Non-project related expenditure	1 616 911	1 280 748
	4 089 681	4 034 255

Per nature:

Goods and services	1 996 529	2 225 845
Commission paid	329	532
Machinery and equipment	707 428	726 557
Specialised military assets	1 385 395	1 081 321
	4 089 681	4 034 255

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Notes to the Annual Financial Statements

	2014 R'000	2013 R'000
14. Operating expenses (continued)		
Per programme:		
Landward Defence	2 062 132	1 744 865
Air Defence	942 894	1 111 560
Maritime Defence	305 806	131 477
Military Health Support	1 161	1 793
Force Employment	179 565	106 929
Joint Support	292 279	366 870
Special Defence Activities	392 436	570 608
Other expenses not directly allocated per programme	(86 592)	153
	4 089 681	4 034 255

The amount for operating expenditure for 2012/2013 has been restated by an amount of R3 127 000 as a result of the foreign exchange loss amount relating to Prepayments being corrected.

Operating expenses for 2012/2013 has further been restated by an amount of R10 341 000 as a result of not recognizing expenditure in the correct financial year.

Operating expenses for 2012/2013 to the amount of R4 034 255 000 consist of expenses to the amount of R4 030 527 000 and a foreign exchange loss of R3 728 000.

15. Cash generated from operations

Surplus	391 658	872 679
Adjustments for:		
Forex losses / (gains) on receivables for exchange	(103 062)	3 728
Impairment on receivables from exchange transactions	4 035	3 299
Movements in provisions	7 327	791
Rounding	-	(1)
Changes in working capital:		
(Increase) / decrease in receivables from exchange transactions	(5 643)	17 703
Receivables from non-exchange transactions	(9 384)	8 864
Impairment on receivables from exchange	(4 035)	(3 299)
Prepayments	(1 463 430)	101 530
Increase / (decrease) in payables from exchange transactions	(946)	71 877
Increase / (decrease) in payables from non-exchange transactions	2 381	(1 306)
	(1 181 099)	1 075 865

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	2014 R'000	2013 R'000
16. Funds to be surrendered to the National Revenue Fund		
Payment to the National Revenue Fund	(28 645)	(50 357)
17. Commitments		
Contracts entered into with outstanding goods/services	14 244 304	3 663 619
Commitments approved, but contracts not yet entered into	1 740 755	2 145 781
Capital commitments: Strategic Defence Procurement Programme (SDP)	60 166	141 908
	16 045 225	5 951 308

The amount relating to Strategic Defence Packages capital commitment represents the capital amount at prevailing exchange rates at year end, but excludes escalation and other additional costs (eg Finance costs). Included in the amount of R60 166 114 (2012/13: R141 908 021) is a foreign component of USD 1 207 043, GBP 1 590 224 and SEK 10 761 100 (2012/13: USD 3 543 599, GBP 3 436 141 and SEK 42 126 030).

No forward cover was utilised.

The prior year amount for "Contracts entered into with outstanding goods/services" has been restated by an amount of R30 064 000 due to information pertaining to the prior year only being made available in the current financial year.

The prior year amount for "Commitments approved, but contracts not yet entered into" has been restated by an amount of R25 000 due to information pertaining to the prior year only being made available in the current financial year.

18. Contingencies

Claims against the State	2 817 855	2 278 119
Retention fees Armscor	2 330	1 892
	2 820 185	2 280 011

The amount in Claims against the State relates to a commission claim of EUR 192 180 623 with a rand value of R2 802 855 411 (1 Euro = R11.7760) (2012/13: R 2 263 119 014). The difference of R15 000 000 relates to the local legal fees. The difference in the prior year amount vs the new year relates to the foreign exchange rate. The matter is defended in a civil court of Lisbon, Portugal. The matter was dismissed by the Lisbon court during October 2011 on the basis that no jurisdiction exist to hear the case. On appeal the court found in favour of the plaintiff. This decision of the court was however appealed by Armscor where the court ruled in favour of the plaintiff. A date for the preliminary hearing is scheduled for 29 April 2014.

The amount in Retention fees for 2013/14 with a rand value of R2 330 440 (2012/13: R1 892 419) relates to fees withheld by Armscor for suppliers not meeting the BEE requirements.

Contingent assets

Contingent assets	614	14 766
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Contractual sales of specialised military assets may result in the inflow of economic benefits, but is not virtually certain.

SPECIAL DEFENCE ACCOUNT
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Notes to the Annual Financial Statements

2014 R'000	2013 R'000
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19. Related parties

Related party relationships and control

The SDA is controlled through the Department of Defence at National Government level, and as a result is related to all state controlled entities. For further detail of related party relationships, refer to the annual financial statements of the Department of Defence (note 27). The SDA receives a transfer payment from the Department of Defence. The SDA used several national public sector entities, such as ARMSCOR as service providers for defence related procurement transactions, including the buying and selling of armaments, spares and other related components and services. These transactions were concluded on normal operating terms. These amounts are included in payables/receivables on the statement of financial position.

The Department of Defence (General Vote) finances Armscor's operating expenditure requirements by means of a transfer payment. The Department of Defence incurred all the personnel and the administrative cost relating to the SDA including salary cost of employees, audit fees and printing of annual report.

20. Risk management**Financial risk management**

The SDA's activities expose it to a variety of financial risks which are market risk (including currency risk, fair value interest rate risk), credit risk and liquidity risk.

Liquidity risk

The SDA's risk to liquidity is a result of the funds available to cover future commitments (current and non-current). Current commitments are paid within 30 days. Non-current commitments consist of contracts with various maturity dates (refer to note 17). The SDA manages liquidity risk through an ongoing review of future commitments.

Credit risk

Receivables and prepayments

The SDA funds the capital operations of the Department of Defence. As a result of funding these operations, receivables may arise due to the non-delivery of goods and services. These receivables include recoveries from suppliers and fines.

Receivables may also arise where funds are due to the SDA as a result of the sales of capital goods that were funded from the SDA. The latter is usually limited to a very short period as Armscor's policy is not to deliver any goods before the monies are received. Notwithstanding this policy, transactions did occur where the risks and rewards of ownership have passed to the buyer and as a result, the monies are due to the SDA.

Advances in terms of contractual arrangements are exposed to limited credit risk as it is covered by bank guarantees held by Armscor.

Cash and cash equivalents

The cash in the current account represents the balance of funds available in the Paymaster-General account. Short-term deposits are held in the Corporation for Public Deposits as required by the Treasury Regulations and the Defence Special Account Act, 1974 (Act No. 6 of 1974). Cash on hand and the balances in the Paymaster-General account are not exposed to any credit risk.

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	2014 R'000	2013 R'000
Maximum credit risk exposure		
Cash and cash equivalents	25 769	25 379
Receivables	12 287	2 903
Prepayments	1 974 123	510 693
	<u>2 012 179</u>	<u>538 975</u>

% of total financial assets for 2013/14 is 56.74% [2012/13: 10.93%]

Market risk

The SDA is exposed to both interest rate risk and foreign currency risk.

Interest rate risk

Short-term deposits are exposed to interest rate risk. The interest rates on late payments for financial assets at amortised costs are fixed per the agreement.

The estimated effect on the statement of financial performance for a 1 percent change in interest rates (based on the average short-term investment balances) amounts to:

- 2013/14: R660

- 2012/13: R505

Foreign exchange risk

The SDA operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The SDA does not hedge foreign exchange fluctuations.

At 31 March 2014, the currency has changed by 2.8% against the Euro with all other variables held constant, the surplus for the year was affected by a net profit of R103 062 000 (net loss 2013: R3 728 000), mainly as a result of foreign exchange gains or losses on translation of foreign currencies through surplus or deficit.

Financial assets impairment

Financial Instruments at fair value

Cash & cash equivalents	915	1 462
Financial instruments at amortised cost		
Receivables	57	200
Payables	102 090	(5 390)
	<u>103 062</u>	<u>(3 728)</u>

Foreign currency exposure at statement of financial position date

Current assets

Cash & cash equivalents	21 268	13 449
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Liabilities

Current	302 675	314 740
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The SDA reviews its foreign currency exposure, including commitments on an ongoing basis.

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

Notes to the Annual Financial Statements

	2014	2013
	R'000	R'000

21. Events after the reporting date

There were no significant events between the reporting date and the date that the financial statements have been issued that resulted in any adjustment to the financial statements.

22. Fruitless and wasteful expenditure

Opening balance	210 435	182 240
Additions	2 314	28 195
	212 749	210 435

Fruitless and wasteful expenditure awaiting condonement

Included in the above is an amount of R2 314 000 (2012/13: R28 195 000) for a contract that was cancelled and re-instated.

23. Irregular expenditure

Opening balance	-	102 803
Add: Irregular expenditure - current year	151 179	-
Less: amounts condoned	-	(102 803)
	151 179	-

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings		
Contracts awarded not in line with the Preferential Procurement Policy framework Act	Request for exemption in process		151 179

During the year under review Armscor, as acquisition agent of the Department of Defence, continued to apply a 25% Black equity selection criterion as requirement, in accordance with the supply chain policy of the group. Armscor engaged extensively with National Treasury on this matter during the course of the financial year, which culminated in an application made to National Treasury for exemption from the Preferential Procurement Policy Framework Act (PPPFA), 2000 and the Procurement Regulations, 2011. The outcome of the application is still pending. However, as this selection criterion is deemed to be in conflict with the PPPFA, the total value of contracts placed (R151 178 862) while applying this principle, is deemed to be irregular expenditure.

24. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards:

- GRAP 24 - Presentation of Budget Information

Standards not yet effective, but applied

GRAP 20 - Related Party Disclosures has been issued but is not yet effective. The SDA has applied the guidelines of the standard in disclosing its related parties with effect from 2012/13.

SPECIAL DEFENCE ACCOUNT
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Notes to the Annual Financial Statements

	2014 R'000	2013 R'000
25. Government grants and subsidies		
Funds from the Department of Defence	4 325 301	4 846 376
26. General expenses		
Operating expenses	4 089 681	4 034 255
27. Debt impairment		
Debt impairment	4 035	3 299
28. Prior period errors		

Receivables from exchange transactions were restated due to adjustments as a result of foreign exchange adjustments at year-end not being made. Payables was restated as a result of the foreign exchange loss adjustments being made at year-end, as well as retention fees being taken into consideration.

Operating expenditure was restated as a result of foreign exchange adjustments at year-end not being made.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Prepayments	-	(42 759)
Payables from exchange transactions (rounding)	-	(3)
Provisions (retention fees)	-	(1 684)
Receivables from exchange transactions	-	(6 424)
Opening Accumulated Surplus or Deficit	-	50 870

Statement of financial performance

Operating expenses	-	(10 341)
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Cash flow statement**Cash flow from operating activities**

Forex loss	-	(3 127)
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29. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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Notes to the Annual Financial Statements

	2014 R'000	2013 R'000
30. Reconciliation between budget and statement of financial performance		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus per the statement of financial performance	391 658	872 679
Adjusted for:		
Sale of goods	(13 646)	(17 453)
Interest	(533)	(608)
Other revenue	(15 993)	(19 585)
Recovery of suppliers	(195)	(9 258)
Foreign exchange	(103 062)	3 728
Contract fees and fines	(22 609)	(13 654)
Expenditure	(235 620)	(815 849)
Net surplus per approved budget	-	-
31. Reconciliation between budget and cash flow statement		
Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:		
Operating activities		
Actual amount as presented in the budget statement	391 658	872 679
Basis differences	(1 572 757)	203 186
Net cash flows from operating activities	(1 181 099)	1 075 865
Investing activities		
Actual amount as presented in the budget statement	391 658	872 679
Basis differences	(403 442)	(888 198)
Net cash flows from investing activities	(11 784)	(15 519)
Financing activities		
Actual amount as presented in the budget statement	391 658	872 679
Basis differences	(441 625)	(1 014 254)
Net cash flows from financing activities	(49 967)	(141 575)
Net cash generated from operating, investing and financing activities	(1 242 850)	918 771
32. Material differences between the budget and actual amounts		

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2013 to 31 March 2014.

The financial statements for the Special Defence Account (SDA) are prepared on the accrual basis of accounting.

Largest projects, Sensitive projects and General projects: The acquisition of armaments systems is managed by means of acquisition projects. Due to long lead times, non-realisation of planned project deliverables, and the inability of Defence Industry to timely deliver in Departmental requirements, the budget was not fully expended in the financial year. The SDA Act makes provision that unspent funds at the end of the financial year remain within the SDA.

Non-project related expenditure: Although the total expenditure for Other Projects requirements as at 31 March 2014 already exceeds the final budget, it must be noted that the SDA allocation consists of Voted Funds and Roll-overs from previous financial years. It is confirmed that there were no over expenditure on non-project related expenditure.

Department of Defence and Military Veterans - Vote 22

ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONDUCT OF THE AFFAIRS OF THE NATIONAL CONVENTIONAL ARMS CONTROL COMMITTEE IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT, 2002 (ACT NO. 41 OF 2002), AS AMENDED FOR THE YEAR ENDED 31 MARCH 2014

Introduction

1. I have performed my limited assurance engagement on the conduct of the affairs of the National Conventional Arms Control Committee (NCACC) in terms of section 12 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002), as amended (the Act).
2. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than Parliament for my work, for this report, or for the consolidations made.

NCACC's responsibility

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 compliance by the NCACC with sections 4, 7, 14 and 23 of the act. The functions of the committee, 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, 2006 (Act No. 27 of 2006), which has not yet come into operation as no date was determined by the President by Proclamation in the Gazette. I performed my assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000), Assurance engagements other than audits or reviews of historical information. That standard requires me to comply with the ethical requirements and plan and perform my assurance engagement to obtain sufficient appropriate evidence regarding the subject matter of the engagement to support my assurance conclusion expressed below.

Summary of work performed

5. As the auditor of the NCACC, I have also audited the Department of Defence, which provides the secretariat to the NCACC, for the period ended 31 March 2014. My limited assurance procedures included the following specific procedures relative to the affairs of the committee:
 - An inspection of the processes and structures established by the NCACC for effective control of trade in conventional arms and possession of controlled items.
 - An inspection of the processes and structures established by the NCACC for effective regulation of the rendering of certain assistance or services in a country of armed conflict in accordance with section 3 of the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - An inspection of the guidelines, structures and processes established by the NCACC for the scrutiny and assessment of the application for the issuing of a permit under the act and the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - Confirmation regarding whether the NCACC has liaised with the relevant government agencies regarding the enforcement of the act and the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - Sample inspection where the issuing of a permit has been authorised and refused by the NCACC and confirmation that this has been done as set out in section 14 of the act.
 - Sample inspection where the issuing of a permit has been authorised or refused by the NCACC and confirmation that this has been done as set out in section 7 of the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.

Department of Defence and Military Veterans - Vote 22

- Sample inspection of issued permits and confirmation that permits comply with the conditions as indicated in the regulations.
 - An inspection of the register of persons involved in trade in conventional arms and possession of controlled items, which must be kept in the prescribed form.
 - An inspection of the register of all permits:
 - selecting a sample of permits issued and following these entries through to the register
 - a selection of a sample of entries in the register and following these entries through to the permits
 - Confirmation that all reports issued have been issued as required by section 23 of the act.
 - Determination of significant risks of material misstatement, whether due to fraud or error.
 - An analysis to identify anomalies in reported data.
 - Determination whether information supplied is relevant, reliable, comparable and understandable.
 - Determination whether the committee was involved in any instances as indicated in section 4(2), 4(3), 4(4) and 4(5) of the act and a performance of audit procedures to obtain evidence of compliance with these sections, where applicable.
 - In addition to the above, our audit involved performing procedures to obtain evidence regarding the conduct of the affairs of the committee as indicated in section 12 of the act, as well any regulations and notices published in the Government Gazette, as indicated in section 27 of the act.
6. For the purpose of my limited assurance conclusion, my evidence-gathering procedures were more limited than for a reasonable assurance engagement, and therefore less assurance was obtained than in a reasonable assurance engagement.
7. I believe that the evidence obtained as part of my assurance engagement with the NCACC for the period ended 31 March 2014 is sufficient and appropriate to provide a basis for my conclusion expressed below.

Conclusion

8. Based on my work described in this report, nothing has come to my attention that causes me to believe that the conduct of the affairs of the NCACC did not comply with the terms of the act in all material respects.

Auditor-General

Pretoria
31 July 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

GLOSSARY OF ABBREVIATIONS

AAD	African Aerospace and Defence
AACB	Armaments Acquisition Control Board
AASB	Auditing and Assurance Standards Board
FI5 AC	FI5 Aircraft
ACCORD	African Centre for the Constructive Resolution of Disputes
AFB	Air Force Base
ALFA	Advanced Light Fighter Aircraft
AMC	Accountability Management Committee
AMD	Aerospace, Maritime and Defence Industries Association
AMHU	Area Military Health Unit
ARMSCOR	Armaments Corporation of South Africa Ltd
ARV	Antiretroviral
ASB	Army Support Base
ASGISA	Accelerated and Shared Growth Initiative for South Africa
AU	African Union
BEE	Black Economic Empowerment
BOST	Basic Operational Sea Training
BPST	British Peace Support Base
BSC	Balanced Scorecard
C ²	Command and Control
CAR	Central African Republic
C Def Mat	Chief Defence Matériel
CD HR	Chief Director Human Resource
CFO	Chief Financial Officer
C HR	Chief of Human Resources
CHATSEC	Combating HIV/Aids through Spiritual and Ethical Conduct
CI	Counter-Intelligence
C ⁴ IRS	Command and Control, Communications, Computers, Information, Intelligence, Infrastructure, Reconnaissance and Surveillance
CJ Ops	Chief Joint Operations
C Log	Chief Logistics
CMSI	Command and Management Information Systems
COTS	Commercial Off-the-Shelf
CPX	Command Post Exercise
C SANDF	Chief of the South African National Defence Force
CSIR	Council for Scientific and Industrial Research
CSND	Council for Support to National Defence
CSS	Core Service System
DCAC I&A	Directorate Conventional Arms Control Inspections and Audits
DEIS	Defence Enterprise Information System
DEISM	Defence Enterprise Information System Management
DERI	Defence Evaluation and Research Institute
DFR	Defence Foreign Relations
DI	Defence Intelligence
DICTA	Defence information Communication Technology architectures
DIMS	Directorate Integrated Management Systems
DISC	Defence intelligence standing Committee
DI Div	Defence Intelligence Division

DEPARTMENT OF DEFENCE

DLSD	Defence Legal Services Division
DOD	Department of Defence
DPBEC	Departmental Programme and Budget Evaluation Committee
DPE	Department of Public Enterprise
DPSA	Department of Public Service and Administration
DPSP	Defence Policy, strategy and Planning
DPW	Department of Public Works
DRC	Democratic Republic of the Congo
DRI	Defence-Related Industry
DSA	Defence Services Asia
DSC	Defence Staff Council
DST	Department of Science and Technology
DTI	Department of Trade and Industry
EFQM	European Foundation for Quality Management
EIS	Enterprise Information System
ENE	Estimate of national Expenditure
ETD	Education, training and Development
EX	Exercise
FAZSIO	Forces Armées de la Zone Sud de l'Océan Indien (French Armed forces in the Southern Indian Ocean)
FIFA	Fédération Internationale de Football Association
FMD	Financial Management division
FMS	Financial Management System
FOSAD	Forum of South African Director-Generals
FSE	Force Structure Element
FTX	Field training Exercise
FY	Financial Year
GEPF	Government Employees' Pension Fund
GITO	Government Information Technology Officer
GOCs	General Officers Commanding
HQ	Headquarters
HR	Human Resources
IBSA	India, Brazil and South Africa
ICS	Information and Communications System
ICT	Information and Communication Technology
IFMS	Integrated Financial Management System
IG	Inspector General
IP	Intellectual Property
IRPS	International Relations, Peace and Security
ISDSC	Inter-state Defence Security Committee
ISS	Information Security System
IT	Information Technology
JCPS	Justice, Crime Prevention and Security
JDC	Joint Defence Committee
JIM	Joint, Interdepartmental and Multinational
JIPSA	Joint Initiative for Priority Skills Acquisition
LHD	Landing Helicopter Dock
LIALLS	Lessons Identified and Lessons Learned System
LIRP	Logistic Intervention and realignment Programme
LPD	Landing Platform Dock

MAAC	Military Attaché and Advisor Corps
MAB	Military Arbitration Board
MDSMA	Military Discipline Supplementary Measure Act
MEDUNSA	Medical University of Southern Africa
MOD	Minister of Defence and Military Veterans
MOU	Memorandum of Understanding
MP	Member of Parliament
MP Div	Military Police Division
MPSPO	Military Policy, Strategy and Planning Office
MRCC	Maritime Rescue Coordination Centre
MSDS	Military Skill Development System
MSF	Mission Success Factors
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NATO	North Atlantic Treaty Organisation
NB SMST	Naval base Simon's Town
NCACC	National Conventional Arms Control Committee
NCAC Act	National Conventional Arms Control Act
NCACC	National Conventional Arms Control Committee
NCAGS	Naval Coordination and Guidance of Shipping
NDOT	National Department of Transport
NDPW	National Department of Public Works
NEPAD	New Partnership for African's Development
NICOC	National Intelligence Co-ordinating Centre
NIAID	National Institute of Allergy and Infectious Disease
NQF	National Qualification Framework
NSI	National System of Innovation
OBS	Operational Boat Squadron
OC	Officer Commanding
OHS	Occupational Health and Safety
OSD	Occupational Specific Dispensation
Para	Parachute
PCD&MV	Portfolio Committee on Defence and Military Veterans
PDSC	Plenary Defence Staff Council
PEPFAR	President's Emergency Plan for Aids Relief
PFMA	Public Finance Management Act
PME	Prime Mission Equipment
PMTC	Peace Mission training Centre
POA	Programme of Action
PSO	Peace Support Operations
PWD	Public Works Department
PXD	Post-Exercise Discussion
R&D	Research and Development
RAB	Religious Bodies and Advisor Boards
RAMP	Repair and Maintenance Programme
Regt	Regiment
RSA	Republic of South Africa
SAAF	South African Air Force
SABS	South African Bureau of Standards
SACAA	South African Civil Aviation Authority
SADC	South African Development Community
SADC BRIG	Southern African Development Community Brigade
SADESO	South African Defence Export Support Organisation

SADRI	South African Defence-Related Industry
SAI	South African Industry
SC	Scrutiny Committee
SAMHS	South African Military Health Service
SAN	South African Navy
SANAD	South African Naval Armaments Depot
SANDF	South African National Defence Force
SAMVA	South African Military Veterans' Association
SAPS	South African Police Service
SAQA	South African Qualification Authority
SASSETA	Safety and Security Sector Education and Training Authority
SC	Secretariat Council
SCAMP	Strategic Capital Acquisition Master Plan
SCOA	Standard Chart of Accounts
Sec Def	Secretary of Defence
SG	Surgeon-General
SITA	State Information Technology Agency
SME	Small and Medium-Sized Enterprises
SMS	Senior Management Service
SMJ	School of Military Justice
SSR	Security Sector Reform
TBD	To Be Determined
UK	United Kingdom
UN	United Nations
UNISA	University of South Africa
USA	United States of America
USAF	United States Air Force
UNSC	United National Security Council
VIP	Very Important Person
WAN	Wide Area Network
WATC	West African Training Cruise
WHO	World Health Organisation
YFTP	Youth Foundation Training Programme

