

South African
Department of Defence

2002/2003 ANNUAL REPORT

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DEPARTMENT OF DEFENCE

ANNUAL REPORT

2002/2003

Mr M.G.P. Lekota
Minister of Defence

Report of the Department of Defence: 1 April 2002 to 31 March 2003.

I have the honour to submit the Annual Report of the Department of Defence.

A handwritten signature in black ink, appearing to read 'J.B. Masilela'.

J.B. MASILELA
SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

TABLE OF CONTENTS

	PAGE
PART 1	GENERAL INFORMATION
	Foreword by the Honourable M.G.P. Lekota, Minister of Defence ix
	Foreword by the Honourable N.C. Madlala-Routledge, Deputy Minister of Defence x
Chapter 1	Strategic Overview
	Annual Review 1
	Aim and Scope of the Annual Report 2
	Strategic Profile 2
	Functions of the Department of Defence 4
	Functions of the Defence Secretariat 4
	Functions of the South African National Defence Force 4
	Department of Defence Shared Values 4
Chapter 2	Defence Objectives
	Annual Review 6
	Department of Defence Programmes 6
	Business Strategy 8
	Military Strategy 8
	Cost of Defence 9
	Strategic Issues 9
	Losses and Damages 12
PART 2	ORGANISATION AND HUMAN RESOURCE MANAGEMENT
Chapter 3	Organisational Structure and Human Resource
	Organisational Structure 13
	Overview 13
	Department of Defence Human Resource Strategy 2010 16
	Macro Workforce Composition 17
	Personnel Expenditure 18
	Performance Awards 25
	Job Evaluation 29
	HIV/AIDS and Health Promotion Programmes 29
	Skills Development 31
	Labour Relations 32
	Discipline 35
PART 3	PROGRAMME PERFORMANCE
Chapter 4	Defence Administration
	Annual Review 36
	Political Direction 38
	Departmental Direction 39
	Policy and Planning 39

	PAGE
	Financial Management 41
	Departmental Acquisition and Procurement 42
	Defence Inspectorate 47
	Equal Opportunities 50
	Corporate Staff Division 52
Chapter 5	
	Landward Defence
	Annual Review 57
	Strategic Profile 59
	Landward Defence Capabilities 59
	Defence Commitments 62
	Operations 62
	Contribution to Internal and Multinational Exercises 62
	Outputs Produced for Department of Defence Clients 64
Chapter 6	
	Air Defence
	Annual Review 68
	Strategic Profile 71
	Support of Government Initiatives 72
	Defence Capabilities and Service Delivery Trends 72
	Major Joint and Combined Exercises 79
	Outputs Produced for Clients 81
Chapter 7	
	Maritime Defence
	Annual Review 84
	Strategic Profile 86
	Policy Development 87
	Defence Capabilities and Outputs 88
	Maritime Combat Capability 88
	Exercises and Operations Conducted 89
	Activities Undertaken to Achieve the Objectives of Government 93
	Hydrography in the SADC Region 94
Chapter 8	
	SA Military Health Service
	Annual Review 95
	Strategic Profile 97
	Policy Developments 97
	Defence Outputs and Capabilities 98
	SAMHS Capabilities 100
	Participation in Exercises 106
Chapter 9	
	Defence Intelligence
	Annual Review 109
	Strategic Profile 109
	Defence Intelligence Policy 111
	Outputs of Defence Intelligence 111
Chapter 10	
	Joint Support
	Annual Review 113
	Joint Logistic Services 115
	Environmental Management 116
	Defence Commitments 117
	External Operations 117
	Other Defence Outputs 117
	Defence Capabilities 118

	PAGE
	Logistic Management 119
	Engineering Support 121
	Command and Management Information Service 123
	Defence Capabilities and Outputs 123
	Service Corps 125
	Performance Summary 127
	Defence Outputs and Service Delivery Trends 128
	Core Objectives 128
	Joint Training 128
	Human Resource Support Centre 130
	Military Policing Agency 131
Chapter 11	Command and Control
	Strategic Profile 137
	Policy Developments 137
	Defence Commitments 138
	Successes 140
PART IV	ANNUAL FINANCIAL STATEMENTS
Chapter 12	Management Report 145
PART V	REPORT OF THE AUDITOR GENERAL
Chapter 13	Auditor General's Report - Defence - Vote 21 153
Chapter 14	Financial Statements - Vote 21 159
Chapter 15	Auditor General's Report - Special Defence Account 217
Chapter 16	Financial Statements - Special Defence Account 221
	LIST OF ABBREVIATIONS 228

LIST OF TABLES

TABLE	TITLE	PAGE
2.1	Cost of Defence	9
2.2	Summary of Progress of Strategic Issues	10
3.1	Personnel Expenditure by Programme - Period 1 April 2002 to 31 March 2003	16
3.2	Personnel Expenditure by Salary Bands for the Period 1 April 2002 to 31 March 2003	17
3.3	Salaries, Overtime, Home Owners' Allowance and Medical Assistance by Programme for 1 April 2002 to 31 March 2003	17
3.4	Salaries, Overtime, Home Owners Allowance and Medical Assistance by Salary Bands for the Period 1 April 2002 to 31 March 2003	18
3.5	Employment and Vacancies by Programme as at 31 March 2003	18
3.6	Employment and Vacancies by Salary Bands as at 31 March 2003	19
3.7	Employment and Vacancies by Critical Occupation as at 31 March 2003	19
3.8	Annual Turnover Rates by Salary Bands for the Period 1 April 2002 to 31 March 2003	20
3.9	Annual Turnover Rates by Critical Occupation for the Period 1 April 2002 to 31 March 2003	20
3.10	Reasons for Termination of Service in the Department for the Period 1 April 2002 to 31 March 2003	21
3.11	Promotions by Critical Occupation for the Period 1 April 2002 to 31 March 2003	21
3.12	Promotions by Salary Bands for the Period 1 April 2002 to 31 March 2003	22
3.13	Total Number of Employees by Occupational Categories as on 31 March 2003	22
3.14	Total Number of DOD Employees by Occupational Bands as on 31 March 2003	23
3.15	Recruitment by Occupational Bands for the Period 1 April 2002 to 31 March 2003	23
3.16	Promotions by Occupation Bands for the Period 1 April 2002 to 31 March 2003	24
3.17	Terminations by Occupational Bands for the Period 1 April 2002 to 31 March 2003	24
3.18	Performance Rewards by Race and Gender for the Period 1 April 2002 to 31 March 2003	25
3.19	Performance Rewards by Salary Bands for the Period April 2002 to 31 March 2003	26
3.20	Performance Rewards by Critical Occupations for the Period 1 April 2002 to 31 March 2003	26
3.21	Sick Leave taken by Defence Act Personnel for the Period 1 April 2002 to 31 March 2003	27
3.22	Sick Leave taken by Public Service Act Personnel for the Period 1 April 2002 to 31 March 2003	27
3.23	Disability Leave taken by Public Service Act Personnel for the Period 1 April 2002 to 31 March 2003	28
3.24	Annual Vacation Leave taken by Defence Act Personnel by Salary Bands for the Period 1 April 2002 to 31 March 2003	28
3.25	Annual Vacation Leave taken by Public Service Act Personnel by Salary Bands for the Period 1 April 2002 to 31 March 2003	28
3.26	Job Evaluation Performed in the DOD during FY 2002/03	29
3.27	Steps Taken to Reduce the Risk of Occupational Exposure	29
3.28	Details of Health Promotion and HIV/AIDS Programmes	29
3.29	Summary of Skills Development within the DOD - FY 2002/03	31
3.30	Misconduct and Disciplinary Hearings Finalised, 1 April 2002 to 31 March 2003	32
3.31	Types of Misconduct Addressed at Disciplinary Hearings (PSAP)	33
3.32	Grievances Lodged for the Period 1 April 2002 to 31 March 2003	33
3.33	Disputes Lodged with Councils for the Period 1 April 2002 to 31 March 2003	33
3.34	Individual Grievances Lodged for the Period 1 April 2002 to 31 March 2003	34
3.35	Disputes Lodged with Councils for the Period 1 April 2002 to 31 March 2003	34
3.36	Strike Actions for the Period 1 April 2002 to 31 March 2003	34
3.37	Precautionary Suspensions for the Period 1 April 2002 to 31 March 2003	35

TABLE		TITLE	PAGE
3.38		Most Common Offences of DAP for FY 2002/03	35
4.1		Comparison for DOD Baseline Target	52
4.2		Foreign Students on Senior Courses	55
5.1		Exercises (Single, Combined and Multinational)	63
5.2		Outputs Produced for DOD Clients	64
5.3		Utilisation of Consultants	65
6.1		Report on Consultant Appointments Using Appropriated Funds	83
6.2		Analysis of Consultant Appointments Using Appropriated Funds, in terms of Historically Disadvantaged Individuals	83
7.1		Financial Performance - SA Navy - FY 2002/03	86
8.1		General and SAMHS Orders Promulgated: FY 2002/03	98
8.2		Prescriptions Prescribed by SAMHS: FY 2002/03	98
8.3		Prescriptions Dispensed by SAMHS: FY 2002/03	98
8.4		Admissions to SAMHS Facilities: FY 2002/03	99
8.5		Admissions of SANDF Patients to Non-Military Hospitals: FY 2002/03	99
8.6		Referrals: FY 2002/03	99
8.7		Mortality: FY 2002/03	100
8.8		Potential Clients and Areas of Responsibility: Area Military Health Formation	104
10.1		Land to be Retained by the DOD	115
10.2		Land Claims in Investigation Phase	116
10.3		Support Rendered to the Private Sector by the DOD: FY 2002/03	116
10.4		Logistic Training Presented by the Logistic Agency: FY 2002/03	118
10.5		Total Clients Trained: FY 2002/03	127
11.1		Joint Operations Defence Commitments: External	141
11.2		Joint Operations Defence Commitments: Internal	142
11.3		Multinational Exercises	142

LIST OF FIGURES

FIGURE		TITLE	PAGE
3.1		Organisational Structure of the Department of Defence	14
3.2		Organisation Structure of the Defence Secretariat	14
3.3		Organisation Structure of the SA National Defence Force	15
4.1		SA National Defence Force Military Attaché Deployments	56
8.1		SAMilitary Health Service Inspection Reports: FY2002/03	101
10.1		Crime Cases Reported to the Military Policing Agency: FY2002/03	133
10.2		Economic Related Offences	134

PART 1: GENERAL INFORMATION



M.G.P. LEKOTA
Minister of Defence



N.C. MADLALA-ROUTLEDGE
Deputy Minister of Defence

FOREWORD BY THE HONOURABLE M.G.P. LEKOTA, MINISTER OF DEFENCE

The Department of Defence (DOD), and particularly the South African National Defence Force (SANDF), continued to grapple with the twin challenges of sustainability and affordability during the year under review. The finalisation and approval of the Human Resource Strategy 2010 and the Military Strategy were two major milestones on the road towards creating a sustainable and affordable defence force. The introduction of a systems approach in the DOD has culminated in the review and improvement on the Strategic Defence Process.

I am pleased to announce that a firm foundation has been laid for the DOD to proceed with the process of acquiring the optimal level of capabilities, technology and the introduction of the new weapon systems into operation.

It is also pleasing to report that during the period under review, the DOD intensified its efforts in promoting security, peace and stability on the African continent in support of the New Partnership for Africa's Development (NEPAD). This was evidenced by the deployment of members of the SANDF to Peace Missions in Burundi, Comoros, the Democratic Republic of the Congo (DRC), Uganda, Ethiopia and Eritrea.

I am proud of the role the DOD has played while participating in the structures of the African Union (AU). We continue to hold the view that conflict resolution should principally be effected by peaceful means. This is because more than often intra-state conflicts spill over into neighbouring states.

Our increased regional commitments have however brought about additional spending which brings pressures to bear on our budget allocation. We continue along the difficult path of aligning our mandate and tasks with our budget, especially but not exclusively with regard to our increased yet necessary external deployments. This is particularly challenging when it comes to operating funds for the maintenance of equipment.

Over and above the deployment of the SANDF in the DRC and Burundi, in line with Cabinet priorities, and guided by our Department of Foreign Affairs, we are serving 101 international agreements with 48 different countries. The DOD, therefore, is faced, *inter-alia*, with challenges to ensure that the SANDF is orientated so that it is attuned to meet its obligations. Training, equipment and personnel must be aligned for our core function including peacekeeping operations.

The transformation of the DOD is ongoing. We are now at the stage in our transformation whereby we are on an even keel and out of the rough seas. We can now plan for the future in an organised and systematic way.

Our nation can be truly proud of its national defence force whose professionalism and discipline are recognised the world over. Through the commitment of the men and women in the SANDF and Defence Secretariat, the SANDF will be participating fully in whatever our country call upon us to do in our quest for peace and stability in the spirit of *Batho Pele*.



M.G.P. LEKOTA
Minister of Defence

FOREWORD BY THE HONOURABLE N.C. MADLALA-ROUTLEDGE, DEPUTY MINISTER OF DEFENCE

We have yet again entered another challenging year for the Department of Defence (DOD). We can however look back at the preceding year with pride in that we were able to deal with the many issues that confronted us.

Our forces continue to contribute to keeping peace in the countries of the Great Lakes region. They continue to perform with utmost professionalism and dedication. This makes us proud of the role our country is playing in the efforts to reconcile the various conflicting parties in the Democratic Republic of the Congo (DRC) and in Burundi. Our troops were able to provide excellent protection to the returning politicians in Burundi and one of these politicians, Domitien Nbadayizeye, was installed as the interim president of Burundi.

South Africa was proud to host the 40th Anniversary Celebration of the Organisation of African Unity, the predecessor of the African Union (AU). This important event on the continent's calendar was preceded by the launch of the AU in Durban, in July 2002. These events illustrate the importance our country attaches to the affairs of Africa. It is with pride that we also note the role that our soldiers played in contributing to the success of these festivities.

Closer to home, our forces have been involved in assisting communities in various ways. The South African Military Health Services has assisted rural communities in the fight against malaria and cholera, while the SA Army and other services continued to support the South African Police Service in the fight against crime. The Chief Directorate of Equal Opportunities was also called upon to contribute to the Inter-Congolese Dialogue. The Directorate participated in the first discussions in March 2003 when the talks were held in South Africa, and again in May 2003, I led their delegation to the DRC for the SA-DRC peace dialogue. In December 2003 the Directorate was invited by the Namibian Defence Force to assist in developing their gender focal point. We can look forward to the finalisation of the Shared Values Policy that the Directorate has spearheaded.

The year has also seen the growth of the Siyandiza Aviation Awareness Programme of the SA Air Force. Siyandiza was clearly visible at the Africa Aerospace and Defence Exhibition 2002. The Young Falcons Programme has been established as an academic programme that caters for learners in Grades 6 - 12. We expect that the improved programme will help address the issue of representivity in the SA Air Force and develop a sense of Air Force identity.

The issue of military pensions, for former non-statutory force members, has been a contentious issue that needed to be finalised. Thankfully the long wait is over. The Department of Defence was involved in efforts to have the Special Pensions Act of 1996 amended. We look forward in the coming year to the completion of the migration of the Service Corps into a national agency that will benefit not only present but also former members of the SANDF. The fight against HIV/AIDS was intensified during the year. The Masibambisane Beyond Awareness Campaign was able to reach the majority of members of the SANDF. Thousands of educators and health workers were trained under the Masibambisane campaign and a national co-ordinator was appointed. Plans are afoot to evaluate MASIBAMBISANE and to plan for the 'beyond the awareness' phase.

We look forward to the challenges of this year and thank all our personnel in the DOD for their commitment and dedication. One philosopher once said that it is only when you jump that you would fly. We in the DOD will keep on jumping higher and higher so that we may reach the sky of achieving our objectives.

STRATEGIC PROFILE

ANNUAL REVIEW

This Department of Defence (DOD) Annual Report covers the period for the Financial Year (FY) 2002/03. An attempt, in this Annual Report, has been made to adhere as closely as possible to the format required by National Treasury.

The report, however, was written to match the required format without compromising the integrity of the information.

The South African National Defence Force (SANDF) continued to grapple with the challenge of sustainability and affordability during the year. The approval of the Human Resources (HR) Strategy 2010 and the Military Strategy by the Minister of Defence were two major milestones on the road towards creating a sustainable and affordable Defence Force.

The participation by the SANDF in peace support operations increased during the year and members were

deployed in the Democratic Republic of the Congo (DRC), Burundi, Ethiopia and Eritrea.

The introduction of a systems approach in the DOD has culminated in the review and improvement on the strategic defence processes. As the strategic defence process is entrenched it will lead to ensuring the development of a sustainable and affordable Defence Force.

There have been losses of skills due to natural attrition as well as employer initiated retrenchment packages within the DOD.

INTRODUCTION

Measures to offer more competitive packages to people with key skills have been put in place. Losses due to natural causes remained unacceptably high during the year and the launching of Project MASIBAMBISANE by the SA Military Health Service (SAMHS) was but one measure introduced to address this problem.

AIM

- The aim of the DOD Annual Report for FY 2002/03 is to give account regarding the performance of the DOD according to the approved departmental business plan for the period 1 April 2002 to 31 March 2003.

SCOPE OF THE ANNUAL REPORT

The DOD Annual Report is presented in five parts. Part One describes the strategic profile of the Department. Part Two focuses on the Human Resources of the DOD. Part Three of the report is based on the programmes or sub-programmes of the DOD and the performance against plan of the Services and Divisions. Part Four deals with the DOD Management Report from the Department's Accounting Officer's desk. Part Five covers the Report of the Auditor General on the Financial Statements of Defence - Vote 21.

MANDATE OF THE DOD

The Constitution, the Defence Act, the White Paper on Defence and the Defence Review mandate the DOD. These laws and policies both direct and guide the execution of the defence functions of the DOD which consist of the Defence Secretariat and the SANDF. All departmental policies and plans are drawn up and executed in accordance with these and other relevant laws, policies and executive direction.

ALIGNMENT WITH CABINET PRIORITIES

The DOD is a member of three Government clusters, namely the Justice, Crime Prevention and Security Cluster, the International Relations, Peace and Stability Cluster and the Governance and

Administration Cluster. The DOD's plans must therefore not only make provision to meet its own objectives, but also to contribute towards the achievement of the objectives of the government and the clusters to which it belongs.

Cabinet and cluster priorities are finalised in January of the year in which the planned activities and expenditure occur. In order to ensure that the objectives of Government are achieved, the DOD's strategic plans prepared during the previous year are re-

STRATEGIC FOCUS

planned and reprioritised when the Cabinet and cluster priorities are received. The intrinsic flexibility in the DOD's strategic planning process thus ensures that the DOD's activities at all levels are always fully aligned with, and in support of the objectives of Government.

STRATEGIC PROFILE

OVERVIEW

The DOD's vision, mission and aim, which are derived from the mandate contained in the Constitution and the Defence Review, are long term in nature and form the basis for the SANDF force design, required to produce the SANDF's capabilities needed to execute the SANDF's mandate. The extremely high cost of modern weapon systems, the length of time required to introduce the systems into service and the relatively long lifespans of modern weapon systems require the DOD to make long-term (thirty year) capital acquisition plans. Similarly, the level of skills required by the personnel operating, supporting and maintaining the weapon systems requires the development of long-

term human relations and training plans. The strategic direction for the formulation of these plans is derived from the 1998 Defence Review.

The force design and defence capabilities are designed primarily to protect the sovereignty of the Republic of South Africa (RSA) and to deter aggression. In time of peace it is essential that the Defence Force's capabilities be utilised to the country's best advantage. The DOD Strategic Business Plan therefore contains the objectives and outputs required to fulfil the DOD's mandate as well as the priorities set for Defence in the Government's medium-term strategic and expenditure framework and the cluster priorities approved by the Cabinet annually.

STRATEGIC FOCUS

During the past year the DOD was guided by the approach that over the next decade the DOD will focus on acquiring the optimal level of competencies, technology and organisational structure as allowed by the Medium-term Expenditure Framework (MTEF). Over the *medium term*, the strategic focus of the DOD will be

- to create an affordable and sustainable force structure;
- to introduce the new weapon systems into operation, bearing in mind the challenges posed by its cost and complexity, and
- to meet the DOD's obligations.

The short-term focus of the DOD will be to

- prepare and employ defence capabilities to meet operations and commitments ordered by the Government; and to
- continue with the restructuring of the DOD.



Painting by Tim Johnson

Chapter 1

VISION

The DOD ensures, in accordance with the Constitution, effective defence for a democratic South Africa, thereby enhancing national, regional and global security through balanced, modern, affordable and technologically advanced defence capabilities.

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.

AIM

The aim of the DOD is to defend and protect the RSA, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force.

FUNCTIONS OF THE DOD

- The two primary functional entities within the DOD are that of the Defence Secretariat and the SANDF. These respective entities fulfil unique and specific functions within the DOD.

FUNCTIONS OF THE DEFENCE SECRETARIAT

In terms of the Defence Act, 2002 (Act No 42 of 2002), the Defence Secretariat is responsible for the following:

- Supporting the Secretary for Defence in his/her capacity as Head of Department, Accounting Officer for the department and Principal Departmental Adviser to the Minister of Defence on defence policy matters.
- Performing any function entrusted by the Minister to the Secretary for Defence, in

particular those necessary or expedient to enhance civil control by

- Parliament over the DOD;
 - parliamentary committees having oversight over the DOD; and
 - the Minister of Defence over the DOD.
- Providing the SANDF with comprehensive instructions regarding the exercise of any powers delegated or the performance of any duty assigned to members by the Secretary for Defence as Head of Department and Accounting Officer of the DOD.
 - Monitoring compliance with policies and directions issued by the Minister of Defence to the SANDF and reporting thereon to the Minister.
 - Ensuring discipline of, administrative control over and management of employees, including effective utilisation and training.
 - Instituting departmental investigations as may be provided for in law.

The functions of the Defence Secretariat, as stipulated in the Defence Act, give clear indication that the Defence Secretariat was instituted in order to ensure sound and democratic civil-military relations in the country. It was designed to provide administrative control and support to the SANDF and to serve as a reliable channel for instructions from Parliament and the Minister of Defence to the SANDF.

Since 1998, certain transformation objectives with regard to the DOD were managed:

- Entrenchment of the principle of civil oversight through designing and maintaining effective co-operation and mutual support between civil and military structures and

leadership.

- Command and control structures that uphold civil oversight, yet allow the DOD to execute its primary functions (core operations processes) in the most effective manner.
- Systems and procedures that are in line with the requirements of effective public service management and transformation, keeping in mind the particular nature of the military institution.

FUNCTIONS OF THE SANDF

The SANDF is responsible for defending and protecting the sovereignty, territory and people of South Africa in order to secure an environment of peace and prosperity for all.

The Constitution, therefore, provides that the SANDF may be deployed

- for service in the defence of the Republic;
- for the protection of its sovereignty and territorial integrity;
- in compliance with the international obligations of the Republic to international bodies and other states;
- for the preservation of life, health or property;
- for the provision or maintenance of essential services;
- for the upholding of law and order in the Republic in co-operation with the South African Police Service (SAPS), under circumstances set out in law, where the SAPS is unable to maintain law and order on its own; and
- for the support of any Department of State for the purpose of socio-economic upliftment.

DOD SHARED VALUES

In 1994 the DOD was one of the leading state departments to initiate

change by the integration of the former non-statutory forces and the statutory forces into an integrated SA National Defence Force. The non-statutory forces consisted of former uMkhonto we Sizwe (MK) and Azanian Peoples' Liberation Army (APLA) and the statutory forces were the former South African Defence Force (SADF) and Transkei, Bophuthatswana, Venda and Ciskei (TBVC) defence forces. This integration process brought together diverse individuals and groups with equally diverse value systems. Out of this arose the necessity to develop an appropriate organisational culture, with emphasis on a shared value system that is in line with the national values as defined in the Constitution, as well as the strategic management principles of the Department.

After comprehensive research, the DOD approved seven core values deemed essential to ensure organisational success. These are:

- Professionalism.
- Human Dignity.

- Integrity.
- Leadership.
- Accountability.
- Loyalty.
- Patriotism.

The DOD bases its shared values on three pillars, namely:

- Output-driven values that are aligned with strategic management principles.
- Civil-military relations values that are aligned with international imperatives conducive to good governance executed within the international rules regulating the use of force.
- The internalisation of a Code of Conduct into the daily activities of all DOD officials and soldiers.

During 2000, Codes of Conduct were signed by all DOD members - civilian and military. These codes constitute a self-regulating mechanism and, if adhered to, will have a significantly positive effect on the conduct of DOD members.

Like all military forces throughout the world, the SANDF also uses numerous symbols and practices to bind the members of the organisation to its vision, mission and objectives. As the process of transformation of South Africa continues, new rank insignia, dress regulations, unit badges, etc are being developed to further enhance the cohesion essential in a military organisation which must be prepared to fight the nation's wars if required to do so.

CONCLUSION

The principles of transparency and accountability take high priority within the DOD and its intention is to reflect responsibly to the Government and the people of South Africa, the sound foundation upon which the DOD is based. For this reason the DOD takes pride in its process of continued transformation and renewal which has become synonymous with this Department.

DEFENCE OBJECTIVES

ANNUAL REVIEW

The Department of Defence (DOD) identified seven strategic objectives during its own transformation process. These relevant objectives form the basis of the DOD's

- core (long-term) objectives reflected in the nine programmes and the organisational structure of the DOD;
- key duties and responsibilities of the Department's leaders and managers that are contained in their performance agreements; and
- operational and service delivery plans and the performance agreements of the officers and employees responsible for their execution, performance management and service delivery improvement (SDI).

STRATEGIC OBJECTIVES

The DOD's strategic objectives, which guide the DOD, are as follows:

- Executing of defence commitments as ordered.
- Providing contingency ready and cost-effective defence capabilities as specified by approved policy.
- Administrating the DOD within the prescripts of the law

and Government policy.

- Assuring sustainability, continuous improvement of output quality and reducing the cost of DOD processes as well as the accounting thereof.
- Assuring the continuous quality improvement of people in the DOD.
- Assuring the availability of quality command and management information in the DOD.
- Assuring the continuous quality improvement of South African National Defence Force (SANDF) equipment and facilities.

INTRODUCTION

DOD PROGRAMMES

The DOD is a contingency based organisation, therefore its service delivery is only visible when and where the SANDF actually deploys to counter a specific contingency. The core objectives of the DOD are therefore directed at

- the preparation of the SANDF to enable it to respond to contingencies;
- command and control of SANDF forces during deployments; and
- the administration and support of the DOD.



The DOD has developed nine long-term objectives that are consistent with the defence programmes.

These defence programmes are:

- Defence Administration.
- Landward Defence.
- Air Defence.
- Maritime Defence.
- Military Health.
- Defence Intelligence.
- Joint Support.
- Command and Control.
- Special Defence Account.

DOD CORPORATE STRATEGY

In order to execute the DOD's mission, as derived from its mandate, a departmental corporate strategy, based on the Defence Review and White Paper on Defence, is being finalised. This strategy will be published as a separate document.

The DOD's corporate strategy consists of the Business Strategy and the Military Strategy. The business strategy informs about the way in which the DOD conducts its business as a Department of State whilst the Military Strategy indicates the way in which the DOD structures, prepares for and executes its mission.

BUSINESS STRATEGY

The Business Strategy provides the manner in which, as a state department, the DOD plans to conduct its internal business in the most effective, efficient and economic manner possible. It therefore aims to facilitate defence business by ensuring that the existing supporting strategies, plans and change initiatives, which facilitate the execution of the military strategy, are integrated and aligned.

The DOD's Business Strategy has the following objectives:

- Ensuring that the military forces are fully supported, equipped, maintained and

administered whilst in barracks and when deployed on missions of any nature.

- Aligning defence policy and plans with Government's policies and priorities concerning governance and administration.
- Constantly improving the DOD's core business system and accountability.
- Constantly improving the quality of DOD personnel, equipment, technology and facilities.

The Business Strategy therefore facilitates the execution of the Military Strategy and its sub-strategies, such as the force employment strategy, the force preparation strategy and the force support strategy. The various sub-strategies of the Business Strategy will be promulgated and implemented during the FY 2003/04.

MILITARY STRATEGY

The DOD developed a Military Strategy for the RSA, which is derived from the National Security Strategy, which in turn is formulated by Government based on the Constitution and the objectives of the Government. The reintegration of South Africa into the political world and in particular African society, since 1994, has resulted in far-reaching changes to national security and therefore defence strategy. This process occurred against the backdrop of ongoing human and cultural transformation of society and the Government's drive to improve the way in which it does its business. The DOD is therefore engaged in a process of reviewing and reformulating its business and military strategy in order to ensure full alignment with the new realities.

MILITARY STRATEGIC OBJECTIVES

The military strategic objectives are the ends that are to be achieved by

the SANDF. These objectives are not prioritised, and cover the full range of military and other ordered commitments. The objectives are as follows:

- **Defence against Aggression.** To provide a self-defence capability according to International Law against any threat of aggression that endangers the stability of South Africa.
- **Promoting Security.** To provide for the internal and external deployment of military forces to enhance security.
- **Supporting the People of South Africa.** To provide support to the general population or other Government Departments of South Africa, in operations other than war, by using collateral utilities.

MILITARY STRATEGIC CONCEPTS

The military strategic objectives guide the SANDF when using a mission-based approach to achieve the set objectives of the DOD. This approach uses wartime and peacetime missions to direct the peacetime strategy for force preparation, and to guide joint force preparation and force employment during incidences of conflict. The mission-based approach is based on the following strategic concepts:

- Provision of mission essential training.
- Capability of establishing a mission-trained force.
- Selective engagement, where possible.
- Strategic positioning.

MISSIONS

Missions are combinations of tasks that are required to achieve military strategic objectives. The missions have been prioritised in terms of risk, which in this context is defined as "an exposure to danger owing to the impact of the onslaught on the

security of South Africa, and the probability of the onslaught being encountered by South Africa".

The missions have been grouped in three priority classes and describe the missions that are of importance to the DOD at present, and are subject to constant review. The priority classes reflect the priorities for force preparation. The prioritised missions envisaged for the next ten years are as follows:

Priority 1

- Co-operation with the South African Police Service (SAPS).
- Borderline control.
- Support military diplomacy.
- Special operations.
- Disaster relief and humanitarian assistance.
- Defence against an information onslaught.
- Maritime support.
- VIP transport.
- Regional peacekeeping.
- Support to Government departments.
- Regional peace making.

Priority 2

- Regional peace building.
- Regional humanitarian intervention.

- Repelling of non-conventional onslaught.
- Presidential tasks.
- Regional disaster relief and humanitarian assistance.
- Show of force.
- Protection of foreign assets.
- Regional peace enforcement.
- Search-and-rescue.
- Regional search-and-rescue.
- Repelling of an unconventional onslaught.

Priority 3

- Defence against a biological and/or chemical onslaught.
- International peacekeeping.
- Pre-emptive operations.
- International humanitarian intervention.
- International peace making.
- Regional peace observation.
- Repelling of conventional onslaught.
- International peace enforcement.
- International peace building.
- International disaster relief and humanitarian assistance.
- International search-and-rescue.
- International observation.

COST OF DEFENCE

The Defence Vote 22 for FY 2002/03 was expended per main programme as indicated in Table 2.1.

STRATEGIC ISSUES

During the year under review the DOD focussed on twelve strategic issues. The original twelve strategic issues (now eleven since one got resolved during the said period) were derived from the six mission success factors, identified as:

- **National Consensus on Defence.** Sound and effective civil-military relations regulate the DOD. Defence policy must therefore be aligned with national policy.
- **Excellent Strategic Direction.** The DOD must establish a Defence Force with military capabilities that will meet the needs of the Government of the Republic of South Africa (RSA). The SANDF is required by Government to participate in peace missions on the African continent, as well as to undertake borderline control, including the maritime coastline. A cost-effective force

Table 2.1. Cost of Defence (Rm)

Serial No	Main Programme	Expenditure (Rm)
1	Defence Administration	592 574
2	Landward Defence	3 504 882
3	Air Defence	2 046 950
4	Maritime Defence	969 848
5	Military Health	1 213 274
6	Defence Intelligence	132 731
7	Joint Support	1 974 801
8	Command and Control	588 303
9	Special Defence Account	7 786 232
10	Authorised Losses	26 206
11	Total	18 835 801

structure is required as regulated by the Public Finance Management Act (PFMA) 1999, Act No 29 of 1999.

- **Excellent Resource Management.** The management of human and material resources must result in cost-effectiveness within the DOD in the performance of its mission. Expenditure in the DOD is regulated by Treasury regulations and related circulars. The expenditure on the full-time human resources compo-

nent is high, and disproportional relative to expenditure on operational and capital costs. This impacts on the status of the Reserve Force component and the upkeep of DOD facilities.

- **Effective Combat Forces and Support Forces.** Defence capabilities must consist of effective combatants supported by appropriate matériel. The full spectrum of defence technology cannot be sustained within the defence allocation. A

resultant deterioration of winning-edge capabilities is therefore foreseen. The loss of critical skills and knowledge in vital operational capabilities is impacting negatively on the operational preparedness of the DOD and must be addressed.

- Professionalism in the conduct of operations.
- Implementation of the transformation process.

The progress made on the issues during the year is captured in the table below.

Table 2.2. Summary of Progress of Strategic Issues

<i>Serial No</i>	<i>Strategic Issue</i>	<i>Responsibility</i>	<i>Probable Target Dates</i>
1	Defence Act. Implementation of the Defence Act: The General Regulations must be aligned with the Act.	Chief of Policy and Planning	The Act was promulgated. The implementation of the Defence Act and Regulations becomes a priority.
2	Defence Capabilities. There remains a mismatch between defence funding and the present force design. The latter is neither affordable nor sustainable and is not harmonised with the requirements of the strategic environment and ordered defence commitments.	Plenary Defence Staff Council co-ordinated by Chief of Corporate Staff	The Military Strategy Appreciation and the Transitional Strategy, which forms the basis of the Military Strategy, have been defined. The Military Strategy has been formulated and will be presented to the President during 2003.
3	Transformation. Lack of resources, dynamic decision-making and non-realisation of pre-conditions (e.g. Employer Initiated Retrenchment (EIR), approved establishment tables, Command Management Information (CMI) support, General Support Bases (GSBs), organisation culture & Leadership, Command and Management Principles (LCAMPS), are hampering the implementation of transformation.	Chief of Policy and Planning	In progress by means of the activities executed in the DOD Planning Forum.
4	Alignment of Core and Support Processes with PFMA Imperatives. The DOD's core management processes (Strategic Development Process, Force Employment Process and Force Preparation Process) in conjunction with support management processes (Logistics, Human Resources, Finance, Defence Intelligence, Command Management Information, Corporate Communication, etc) are not fully developed, integrated and institutionalised to be functionally aligned, harmonised and implemented according to PFMA imperatives.	Chief of Policy and Planning	The alignment of all operational and support processes are being evaluated through a sub-task team aiming to identify and neutralise duplication of defence activities.

<i>Serial No</i>	<i>Strategic Issue</i>	<i>Responsibility</i>	<i>Probable Target Dates</i>
5	Reserves. The availability of the Reserves as a contingent-ready force component cannot be guaranteed.	Chief of Corporate Staff (Director Defence Reserves)	Although many activities are in progress, the complexity, nature and practical realities of the Reserve Force have not resulted in the definition of target dates as determined by the Reserve Force Strategy. An initiative through the Reserve Force Council is in progress to formulate a comprehensive study on the purpose of the Reserve Force.
6	DOD Infrastructure. The deteriorating condition of DOD facilities is adversely affecting the DOD's financial resources, thereby threatening operational readiness, morale and working conditions.	Chief of Joint Support	A comprehensive database has been compiled. The strategic issue is to be completed at the end of 2003 as soon as the Military Strategy has been approved and specific force structure guidelines have been determined.
7	Low Morale and Loss of Expertise. Inadequate remuneration, allowances, benefits and the continued pressure for the scaling down of operational capabilities result in low morale amongst members and a serious loss of operational and functional expertise.	Chief of Policy and Planning	The Task Team has presented the implementation strategy. Chiefs of Services and Divisions are executing the approved objectives. Feedback to the Plenary Defence Staff Council every six months.
8	White Paper and Defence Review. Certain important aspects of policy in the White Paper on Defence and the Defence Review are not aligned with developments in and the requirements of the strategic environment.	Chief of Policy and Planning	This issue is incorporated with the Defence Capability strategic issue. See serial 2. The intent to forward probable changes to the White Paper on Defence is withheld until a clear indication is obtained on the effective and economical management of defence resources.
9	Collective Regional Security Management. The apparent absence of a co-ordinated DOD policy and strategy for collective security management with regional counterparts contributes to conflicting approaches detrimental to the security interests of South Africa.	Chief of Policy and Planning	This issue depends on the outputs generated through the Southern African Development Community (Interstate Defence and Security Committee structures) and other sub-regional institutions. There is good progress with the restructuring of the Organ.
10	Health Status (HIV/AIDS). The number of SANDF members unable to comply with the prescribed health standards is increasing rapidly, thus reducing the operational capability and draining the resources of the SANDF.	Surgeon General	An awareness programme is in progress (MASIBAMBISANE).

Chapter 2

<i>Serial No</i>	<i>Strategic Issue</i>	<i>Responsibility</i>	<i>Probable Target Dates</i>
11	Crime in the DOD. The current strategy for the management of criminality should be reviewed and then be implemented to the lowest possible level.	Chief of Joint Support (DMPA)	The strategy has been approved by the Plenary Defence Staff Council. The implementation is in progress and feedback to be presented to Plenary Defence Staff Council every six months. Progress in the neutralisation of high levels of crime is slow and it is foreseen that through a total approach of resources management results will become evident.
12	The DOD Shared Value System. The establishment of the DOD Shared Value System is a priority.	Chief Director Equal Opportunities	The Code of Conduct parades and signing of individual certificates were completed and awareness programmes are conducted through the Education, Training and Development system.

DISCONTINUED SERVICES

None.

NEW/PROPOSED SERVICES

None.

LOSSES AND DAMAGES

See financial statements for detail.

PART 2: ORGANISATION AND HUMAN RESOURCE MANAGEMENT

ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

ORGANISATIONAL STRUCTURE

OVERVIEW

The Department of Defence (DOD) is a large, complex organisation that is constantly reviewing its organisational structure in order to ensure alignment between the Department's strategic objectives, the budget allocation, ordered commitments and likely missions. The Ministry of Defence consists of the Minister of Defence and the Deputy Minister of Defence. The DOD consists of the Defence Secretariat and the South African National Defence Force (SANDF). The organisational structure for the DOD as at the end of FY 2002/03 is shown in the following figures.

Figure 3.1. Organisational Structure of the Department of Defence

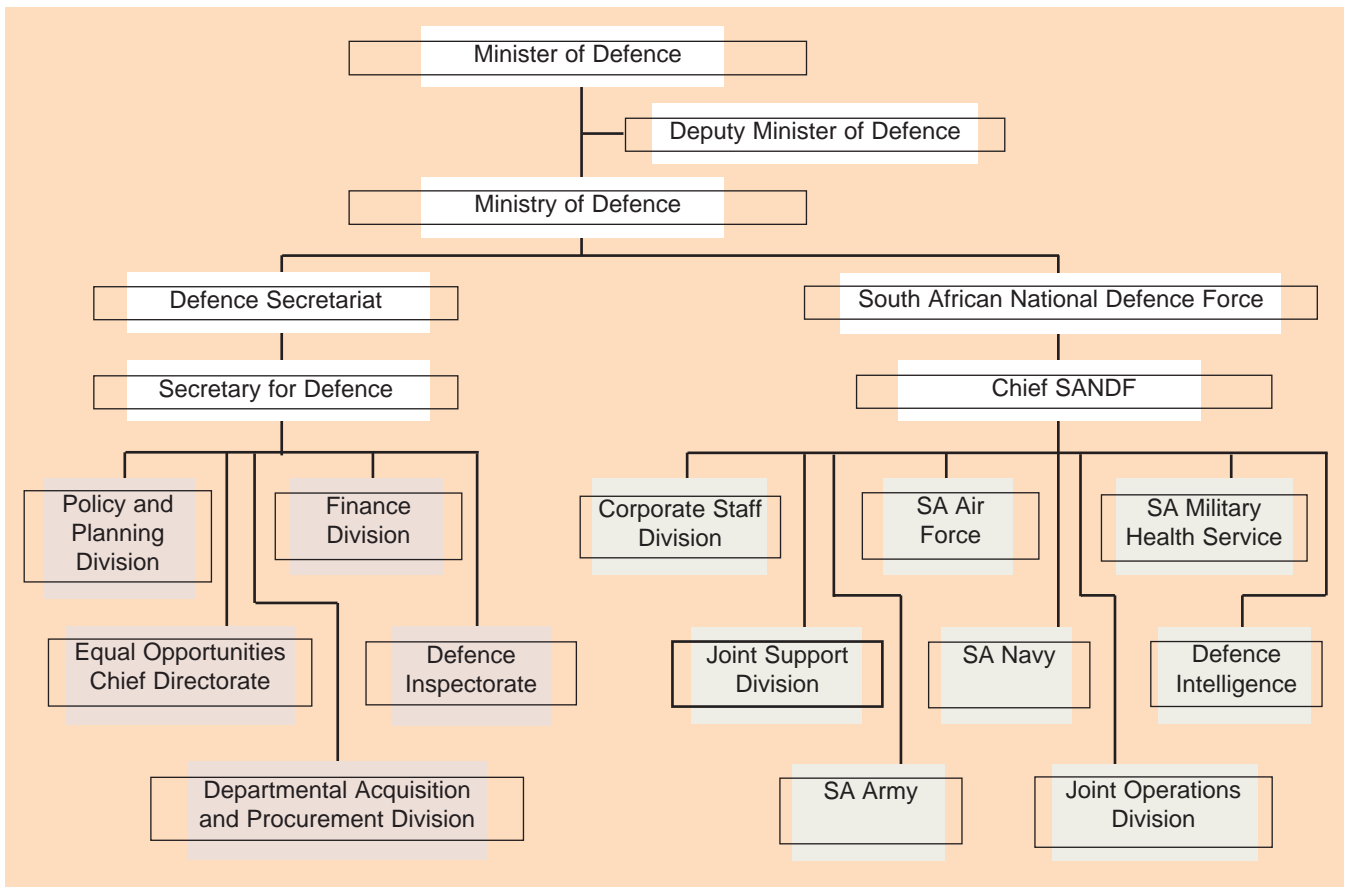


Figure 3.2. Organisational Structure of the Defence Secretariat

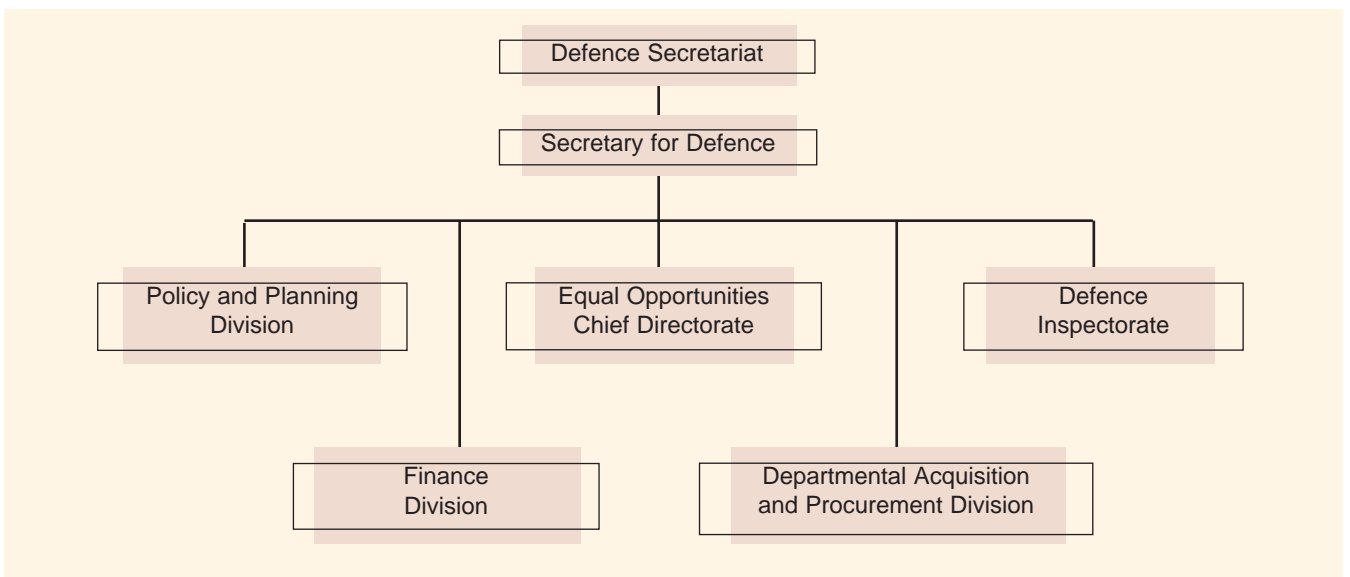
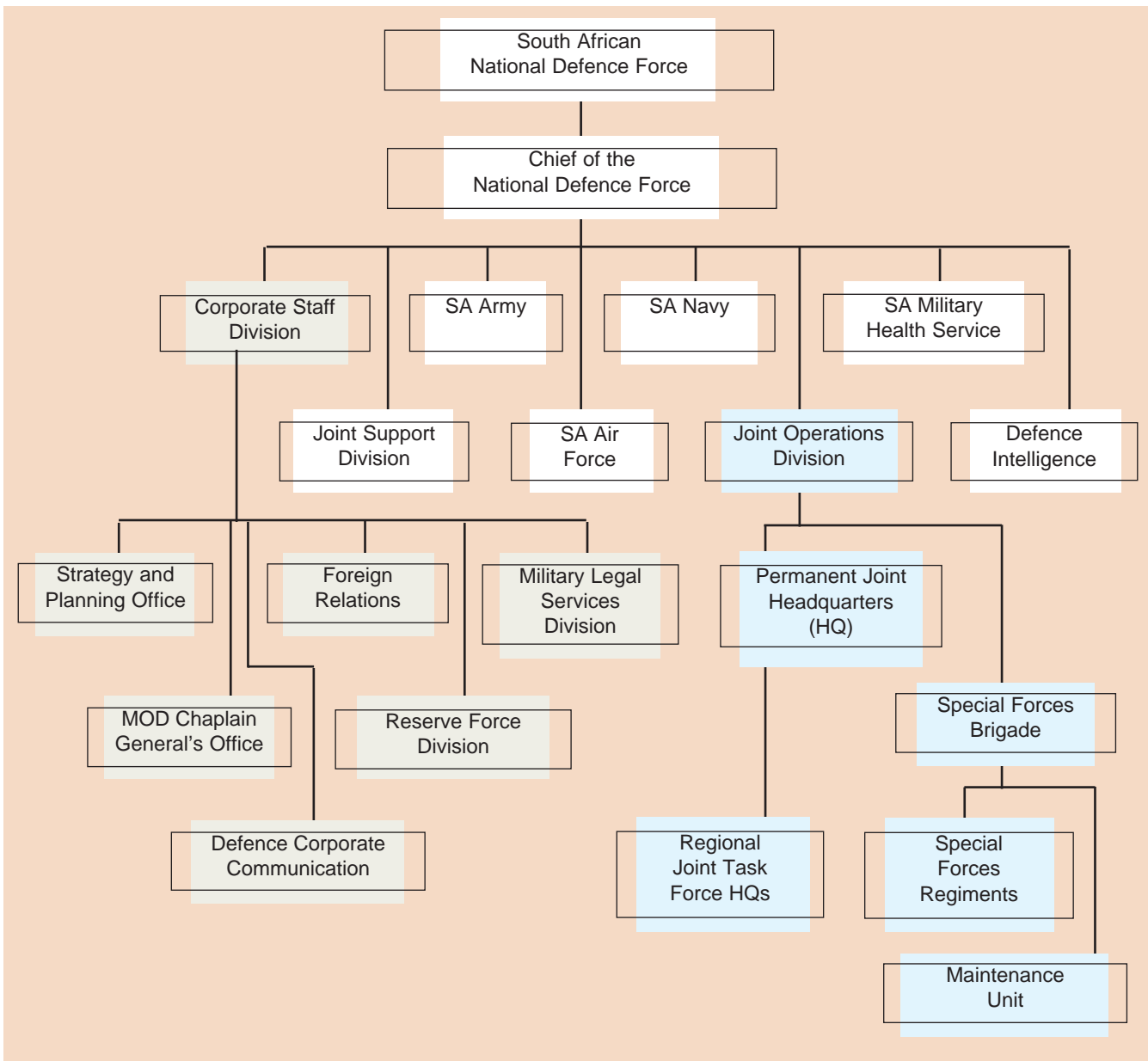


Figure 3.3. Organisational Structure of the South African National Defence Force



DOD HUMAN RESOURCE STRATEGY 2010

The macro Human Resource (HR) strategic direction for the DOD to be followed until the year 2010 is spelt out in HR Strategy 2010. This strategy addresses the high-level HR management concept to align the HR composition of the DOD to effectively and efficiently execute the DOD's mission. The implementation of HR Strategy 2010 has been identified as one of the Minister of Defence's priorities to commence during the FY 2003/04.

During the last quarter of FY 2002/03, HR Strategy 2010 was workshopped with the Portfolio Committee on Defence and the Joint Standing Committee on Defence in Parliament. The Minister of Defence also approved the strategy for implementation in the DOD.

The strategy is based on a practical analysis of the current DOD HR composition. The DOD's HR realities require strategic direction to solve the main HR problem areas

identified in HR Strategy 2010. If not addressed, these problems will lead to a deterioration of the DOD's HR composition and the inability of the DOD to execute its mission. The strategy is configured in terms of a metaphorical "cap stand" with "hooks" that make provision for the development of departmental and administrative, operational and technical (AOT) policies, as well as sub-strategies. The focus is on the predominant systems, processes and issues which drive, or significantly influence, the "provide human resources process", from a strategic perspective.

Given a limited budget, demanding operating requirements, and increasing external deployment expectations, the principles of affordability and flexibility in force levels will continue to be pursued by the DOD. The DOD therefore requires a new service system, which is based upon accruing optimal cost-benefit advantages for the organisation. During FY 2002/03 the DOD developed the first career stage of the new service system,

namely the Military Skills Development System (MSDS). The aim of the MSDS is to grant young people, mostly school leavers, the opportunity to do voluntary military service for a two-year term. Upon completion of the term of service, the SANDF will select a number of applicants for continued service in the Regular Force, whilst the majority of the intake will feed the Reserves. During January 2003 the first intake of 1 350 MSDS members reported for training.

Emanating from HR Strategy 2010 are the following nine "desired end states", which identify the results that should be obtained by implementing the strategy:

- A rejuvenated SANDF HR composition.
- An affordable DOD HR composition.
- A practised one-force model.
- A new way in which members serve.
- An optimally representative Department of Defence.
- Excellent HR service delivery.

Table 3.1. Personnel Expenditure by Programme - Period 1 April 2002 to 31 March 2003

<i>Programme</i>	<i>Total Expenditure R'000</i>	<i>Total Personnel Expenditure R'000</i>	<i>Administrative Expenditure R'000</i>	<i>Professional and Special Services R'000</i>	<i>Personnel Cost as a % of Total Expenditure</i>	<i>Average Personnel Cost per Employee R'000</i>
Administration	592 574	455 032	72 069	16 786	77%	113
Landward Defence	3 504 882	2 507 306	133 650	459 175	72%	48
Air Defence	2 046 950	1 021 086	85 082	691 809	50%	88
Maritime Defence	969 848	620 383	49 055	138 955	64%	85
Military Health Support	1 213 274	774 580	42 334	127 534	64%	97
Defence Intelligence	132 731	104 374	7 912	11 403	79%	138
Joint Support	1 974 801	941 367	90 336	603 645	48%	71
Command and Control	588 303	217 908	132 354	116 499	37%	152
Special Defence Account	7 786 232	-	-	-	-	-
Special Functions: Authorised Losses	26 206	-	-	-	-	-
Total	18 835 801	6 642 036	612 792	2 165 806	35%	67

- Harmony between the uniformed and civilian components.
- Retention of operational and functional expertise.
- Labour peace.

Once the DOD has realised these nine desired end states, the HR strategic issues would have been addressed, and HR Strategy 2010's aim achieved.

The methods of achieving the stated goals require significant effort, commitment and the will to execute

the implementation of the stated plan. The success of this strategy is dependent on the support of all commanders and managers at all levels. A detailed HR Strategic Implementation Plan will guide the fulfilment of this strategy. Various efforts are underway to communicate the strategy throughout the DOD.

MACRO-WORKFORCE COMPOSITION

During FY 2002/03, the DOD's Regular Force, the Defence Act

Personnel (DAP) (members serving in the Long-term Service, Medium term Service, Short-term Service and Auxiliary Service) decreased by 1 per cent from 59 523 as at 1 April 2002 to 58 890 as at 31 March 2003.

The Public Service Act Personnel (PSAP) component decreased by 3 per cent from 16 622 as at 1 April 2002 to 16 016 as at 31 March 2003. This reduction was achieved by making use of selective appointments, natural attrition and the employer initiated package (EIP). Owing to the intake of MSD

Table 3.2. Personnel Expenditure by Salary Bands for the Period 1 April 2002 to 31 March 2003

Salary Band	Personnel Expenditure R'000	% of total Personnel Cost	Average Personnel Cost per Employee	Strength
Lower Skilled (Levels 1-2)	515 954	7.77%	33 676	9 215
Skilled (Levels 3-5)	2 028 395	30.54%	44 780	33 500
Highly skilled production (Levels 6-8)	2 508 313	37.76%	89 292	24 373
Highly Skilled Supervision (Levels 9-12)	1 441 247	21.70%	148 506	7 530
Professionals (Levels 13-16)	27 808	0.42%	695 203	37
SMS (Levels 13-16)	120 319	1.81%	432 803	251
Total	6 642 036	100.00%	67 273	74 906

Table 3.3. Salaries, Overtime, Home Owners' Allowance and Medical Assistance by Programme for 1 April 2002 to 31 March 2003

Programme	Salaries		Overtime		Home Owners' Allowance		Medical Assistance	
	Amount R'000	% of Personnel Cost	Amount R'000	% of Personnel Cost	Amount R'000	% of Personnel Cost	Amount R'000	% of Personnel Cost
Administration	340 069	74.74%	123	0.03%	9 282	2.04%	5 313	1.17%
Landward Defence	1 908 548	76.12%	-	0.00%	36 552	1.46%	10 780	0.43%
Air Defence	736 757	72.15%	-	0.00%	17 618	1.73%	3 688	0.36%
Maritime Defence	444 559	71.66%	2 201	0.35%	15 068	2.43%	12 252	1.97%
Military Health Support	560 815	72.40%	43 620	5.63%	13 478	1.74%	5 247	0.68%
Defence Intelligence	77 607	74.35%	3 387	3.25%	2 150	2.06%	602	0.58%
Joint Support	716 137	76.34%	-	0.00%	20 149	2.15%	9 911	1.06%
Command and Control	121 485	54.94%	190	0.09%	2 541 116	1.15%	307	0.14%
Total	4 905 977	73.86%	49 521	0.75%	839	1.76%	48 103	0.72%

*The Naval Dockyard employs a high number of PSAP, proportionally to DAP.

Table 3.4. Salaries, Overtime, Home Owners' Allowance and Medical Assistance by Salary Bands for the Period 1 April 2002 to 31 March 2003

Programme	Salaries		Overtime		Home Owners' Allowance		Medical Assistance	
	Amount R'000	% of Person- nel Cost	Amount R'000	% of Person- nel Cost	Amount R'000	% of Person- nel Cost	Amount R'000	% of Person- nel Cost
Lower Skilled (Levels 1-2)	381 097	5.74%	3 536	0.05%	7 284	0.11%	15 646	0.24%
Skilled (Levels 3-5)	1 498 224	22.56%	1 771	0.03%	28 784	0.43%	8 357	0.13%
Highly Skilled Production (Levels 6-8)	1 852 704	27.89%	6 129	0.09%	55 372	0.83%	20 116	0.30%
Highly Skilled Supervision (Levels 9-12)	1 064 541	16.02%	33 322	0.50%	25 332	0.38%	3 583	0.05%
Professionals (Levels 13-16)	20 540	0.31%	3 659	0.06%	9	0.00%	136	0.00%
SMS (Levels 13-16)	88 871	1.34%	1 104	0.02%	57	0.00%	267	0.00%
Total	4 905 977	73.86%	49 521	0.75%	116 839	1.76%	48 104	0.72%

members, it is envisaged that the projected Defence Review guideline of a full-time component (DAP and PSAP) strength of 70 000 would therefore theoretically be achieved by the end of 2004.

PERSONNEL EXPENDITURE

Despite an average salary increase of 7 per cent in FY 2001/02 and 9 per cent in FY 2002/03, the over-

all personnel expenditure has decreased from 39 per cent to 35 per cent of the DOD's total expenditure. The expenditure of 35 per cent has been calculated with the inclusion of the Strategic Defence Packages.

Table 3.5. Employment and Vacancies by Programme as at 31 March 2003

Programme	Establishment	Number of Employees as at 31 March 2003	Vacancy Rate	Additional to Establishment
Administration	4 380	3 648	16.71%	-732
Landward Defence	32 872	33 793	-2.80%	921
Air Defence	11 506	10 621	7.69%	-885
Maritime Defence	7 609	6 053	20.45%	-1,556
Military Health Support	8 126	6 599	18.79%	-1,527
Defence Intelligence	11 025	676	34.05%	-349
Joint Support	4 657	12 252	16.41%	-2,405
Command and Control	1 817	1 264	30.43%	-553
Total	81 992	74 906	8.64%	-7,086

Note: The structure of 81 992 is unaffordable and restructuring to a baseline of 70 000 in terms of the Defence Review is in process.

Changes in the force design and force structure, as well as an envisaged transition from the current service system to a new service system for DAP, will determine future personnel strengths and expenditure.

The full-time component needs to be reduced to provide more funds, among other things to ensure a viable contingent-ready Reserve Force.

Clearly defined and stable force

design and force structures are, however, prerequisites for defining the appropriate and affordable size and shape of the DOD's HR composition. The expenditure for overtime includes the commuted overtime payable to health workers and medical professionals.

EMPLOYMENT AND VACANCIES

DOD's Establishment. The establishment figures indicated in the tables below reflect only the

transitional post establishment, as restructuring and re-engineering in the DOD have not yet been completed. Guided by a structural audit conducted in July 2001, programme managers adjusted their baseline establishment figures accordingly. These figures will again be adjusted after completion of the restructuring and re-engineering process in terms of the Department of Public Service and Administration's Resolution 7 of 2002 and the DOD's Planning Instruction 7 of 2002.

Table 3.6. Employment and Vacancies by Salary Bands as at 31 March 2003

<i>Salary Band</i>	<i>Number of Posts</i>	<i>Number of Employees as at 31 March 2003</i>	<i>Vacancy Rate</i>	<i>Additional to Establishment</i>
Lower Skilled (Levels *1-*2)	7 721	9 215	-19.35%	1,494
Skilled (Levels *3-5)	30 485	33 500	-9.89%	3,015
Highly Skilled Production (Levels 6-8)	33 433	24 373	27.10%	-9,060
Highly Skilled Supervision (Levels 9-12)	9 989	7 530	24.62%	-2,459
Professionals (Levels 13-16)	101	37	63.37%	-64
SMS (Levels 13-16)	263	251	4.56%	-12
Total	81 992	74 906	8.64%	-7,086

Note: *The levels 1 to 3 post structures are currently under review.

Table 3.7. Employment and Vacancies by Critical Occupation as at 31 March 2003

<i>Critical Occupations</i>	<i>Establishment</i>	<i>Number of Employees as at 31 March 2003</i>	<i>Vacancy Rate</i>	<i>Additional to Establishment</i>
Air Space Control	610	472	22.6%	-143
Aircrew	765	507	33.7%	-258
Anti-Aircraft	973	759	22.0%	-214
Artillery	1 268	931	26.6%	-339
Combat Navy	883	582	34.1%	-313
Engineer	271	177	34.7%	-94
Medical Professional	1 611	1 459	9.4%	-158
Nursing	2 295	1 515	34.0%	-781
Technical	10 184	7 337	28.0%	-2,847
Total	18 860	13 739	27.2%	-5,147

Chapter 3

The staffing process in the DOD is reliant on the completion of the restructuring process. The number of employees indicated as additional to the establishment in the following tables is based on a statistical comparison of the establishment figure as well as the number of personnel and does not necessarily mean that the personnel indicated as additional to the establishment have been individually identified. The transformation and restructur-

ing process in terms of Resolution 7 of 2002 will be completed during the FY 2003/04. This process will see the further adjustment of the structure. It should be noted, however, that the indicated vacancies are predominantly unfunded, that they reflect an establishment still in the process of restructuring and that the DOD is currently working towards an HR composition of 70 000 personnel as stated in the Defence Review.

Funded vacancies are predominantly the vacancies in critical occupations.

EMPLOYMENT CHANGES

Appointments in comparison with terminations of service are significantly lower. Selective appointments within the whole spectrum of race and gender have contributed to the overall improvement of representivity in the Department. Budget

Table 3.8. Annual Turnover Rates by Salary Bands for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>Number of Employees per Band as at 1 April 2002</i>	<i>Appointments and Transfers into the Department</i>	<i>Terminations and Transfers out of the Department</i>	<i>Turnover Rate</i>
Lower Skilled (Levels 1-2)	9 900	30	414	-3.88%
Skilled (Levels 3-5)	36 353	1 124	1 353	-0.63%
Highly Skilled Production (Levels 6-8)	22 913	322	1 150	-3.61%
Highly Skilled Supervision (Levels 9-12)	6 695	127	572	-6.65%
Senior Management Service Band A	201	0	13	-6.47%
Senior Management Service Band B	68	2	7	-7.35%
Senior Management Service Band C	11	1	0	9.09%
Senior Management Service Band D	4	0	0	0.00%
Total	76 145	1 606	3 509	-2.50%

Table 3.9. Annual Turnover Rates by Critical Occupation for the Period 1 April 2002 to 31 March 2003

<i>Occupation</i>	<i>Number of Employees per Band as at 1 April 2002</i>	<i>Appointments and Transfers into the Department</i>	<i>Terminations and Transfers out of the Department</i>	<i>Turnover Rate</i>
Anti-aircraft	734	51	33	2.45%
Air Space Control	474	24	45	-4.43%
Artillery	904	73	53	2.21%
Technical	7 387	187	413	-3.06%
Engineer	183	20	11	4.92%
Medical Professional	1 388	248	189	4.25%
Nursing	1 497	109	88	1.40%
Aircrew	517	36	42	-1.16%
Combat Navy	628	19	46	-4.30%
Total	13 712	767	920	-1.12%

constraints necessitated the restriction of appointments to only specialised and professional occupations within the guidelines of Resolution 7 of 2002.

It needs to be noted that initial appointments in the regular component are only made at entry level. Subsequent levels are filled through promotion.

Occupations included in the Medical Professional occupation include medical practitioners, pharmacists, specialists and ancillary health.

With regard to critical occupations, it is clear that most terminations occurred in occupations where the DOD has the greatest need, and the rate of replacement by either promotion or appointment is not

adequate to maintain the capabilities of the DOD. The high private sector demand for specific personnel in the DOD's critical occupations, as well as substantially better remuneration being offered in most cases, is mainly responsible for the constant turnover in critical occupations.

The integration of former forces and subsequent appointments of historically disadvantaged individuals enabled the DOD to attain an equitable black composition, with Africans comprising 61.58 per cent of the total personnel strength.

Since 1994 the DOD has made significant progress in improving representivity, especially in respect of race and gender. Recruiting, appointments, promotions and career development are all executed in compliance with the relevant criteria for representivity. Normalisation of representivity must, however, still occur in the specialised occupations. This process proves to be a daunting challenge, as the private sector also places a premium on the normalisation of their own representivity ratios in specialised occupations. In many

Table 3.10. Reasons for Termination of Service in the Department for the Period 1 April 2002 to 31 March 2003

<i>Termination Type</i>	<i>Number</i>	<i>% of total</i>
Retirement	185	5.27%
Deceased	851	24.25%
Departmental Transfer	125	3.56%
Contract Expiry	89	2.54%
Discharge	161	4.59%
Resign	1 045	29.78%
Contract Change	49	1.40%
Medical Discharge	101	2.88%
Employer Initiated Package	864	24.62%
Other	39	1.11%
Total	3 509	100.00%

Table 3.11. Promotions by Critical Occupation for the Period 1 April 2002 to 31 March 2003

<i>Occupations</i>	<i>Employees as at 1 April 2002</i>	<i>Promotions to Another Salary Level</i>	<i>Salary Level Promotions as a % of Employees by Occupation</i>	<i>Progressions to Another Notch Within Salary Level</i>	<i>Notch Progressions as a % of Employees by Occupation</i>
Anti-aircraft	734	125	17.03%	70	9.5%
Air-space Control	474	87	18.45%	77	16.2%
Artillery	904	201	22.23%	180	19.9%
Technical	7 387	1 345	18.21%	854	11.6%
Engineer	183	41	22.40%	6	3.3%
Medical Professional	1 388	377	27.16%	176	12.7%
Nursing	1 497	416	27.79%	188	12.6%
Aircrew	517	86	16.63%	18	3.5%
Combat Navy	628	94	14.97%	133	21.2%
Total	13 712	2 772	20.22%	1,702	12.4%

Chapter 3

cases, the better entry-level remuneration and conditions of service offered by the private sector for blacks in specialised occupations dissuade candidates from seeking employment in the DOD.

The DOD has experienced a 6 per cent attrition rate per year since

1998 owing to a large number of members leaving the service by means of the Voluntary Severance Package (VSP). The attrition rate has, however, been reduced to 2.43 per cent during FY 2002/03. The Employer Initiated Package (EIP) with less success replaced the VSP.

In general, whilst the number of members of the DOD leaving the organisation has decreased when measured as a percentage of the total strength, no significant change in the reasons for leaving has been noted. A slight increase in the attrition figure due to deaths has, however, been experienced.

Table 3.12. Promotions by Salary Bands for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>Employees as at 1 April 2002</i>	<i>Promotions to Another Salary Level</i>	<i>Salary Level Promotions as a % of Employees by Occupation</i>	<i>Progressions to Another Notch Within Salary Level</i>	<i>Notch Progressions as a % of Employees by Occupation</i>
Lower Skilled (Levels 1-2)	9 900	11	0.1%	1 273	12.9%
Skilled (Levels 3-5)	36 353	3 124	8.6%	3 488	9.6%
Highly Skilled Production (Levels 6-8)	22 913	4 936	21.5%	3 937	17.2%
Highly Skilled Supervision (Levels 9-12)	6 695	1 257	18.8%	1 330	19.9%
Senior Management (Levels 13-16)	284	24	8.5%	6	2.1%
Total	76 145	9 352	12.3%	10 034	13.2%

Table 3.13. Total Number of Employees by Occupational Categories as on 31 March 2003

<i>Occupational Categories (SASCO)</i>	<i>Male</i>				<i>Female</i>				<i>Total</i>
	<i>Asians</i>	<i>Africans</i>	<i>Coloureds</i>	<i>Whites</i>	<i>Asians</i>	<i>Africans</i>	<i>Coloureds</i>	<i>Whites</i>	
Legislators, Snr Officials and Managers	3	92	4	136	0	8	0	15	258
Professionals	32	243	54	595	38	210	35	425	1 632
Technicians and Associate Professionals	256	4 878	1 802	6 439	67	1 545	423	2 886	18 296
Clerks	48	4 246	757	586	40	1 623	281	1 879	9 460
Service and Sales Workers	169	20 637	2 458	1 514	19	1 692	393	371	27 253
Craft and Related Trades Workers	168	3 364	771	2 546	17	504	121	399	7 890
Plant, Machine Operators and Assemblers	85	570	619	136	1	48	31	27	1 517
Elementary Occupations	3	4 752	1 100	119	8	1 717	448	453	8 600
Total	764	38 782	7 565	12 071	190	7 347	1 732	6 455	74 906

EMPLOYMENT EQUITY

Overall Picture. In terms of the requirement set by the Defence Review, the DOD representivity lev-

els for 2003 for Whites is 0.38 per cent over the required 24.35 per cent, Coloureds 2.2 per cent over the required 10.22 per cent, Asians 0.52 per cent over the required 0.75

per cent and Africans 3.1 per cent under the required 64.68 per cent.

Changes in Representivity.

Between 1994 and 2003 the follow-

Table 3.14. Total Number of DOD Employees by Occupational Bands as on 31 March 2003

Occupational Bands	Male				Female				Total
	Asians	Africans	Coloureds	Whites	Asians	Africans	Coloureds	Whites	
Top Management	0	9	0	5	0	2	0	0	16
Senior Management	4	86	4	155	0	7	0	16	272
Professionally qualified and experienced specialists and mid-management	95	1 355	481	4 093	44	307	24	1 131	7 530
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	405	7 400	3 110	6 360	85	1 999	610	4 404	24 373
Semi-skilled and discretionary decision making	251	24 681	3 049	1 414	61	2 634	533	877	33 500
Unskilled and defined decision making	9	5 250	921	45	0	2 398	565	27	9 215
Total	764	38 781	7 565	12 072	190	7 347	1 732	6 455	74 906

Table 3.15. Recruitment by Occupational Bands for the Period 1 April 2002 to 31 March 2003

Occupational Bands	Male				Female				Total
	Asians	Africans	Coloureds	Whites	Asians	Africans	Coloureds	Whites	
Top Management	0	1	0	0	0	0	0	0	1
Senior Management	0	2	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	5	25	4	49	3	17	4	20	127
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	53	13	43	13	85	20	92	322
Semi-skilled and discretionary decision making	20	423	138	204	9	169	86	75	1,124
Unskilled and defined decision making	0	7	3	7	0	0	12	1	30
Total	28	511	158	303	25	271	122	188	1 606

Table 3.16. Promotions by Occupation Bands for the Period 1 April 2002 to 31 March 2003

<i>Occupational Bands</i>	<i>Male</i>				<i>Female</i>				<i>Total</i>
	<i>Asians</i>	<i>Africans</i>	<i>Coloureds</i>	<i>Whites</i>	<i>Asians</i>	<i>Africans</i>	<i>Coloureds</i>	<i>Whites</i>	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	9	0	14	0	0	0	1	24
Professionally qualified and experienced specialists and mid-management	25	289	92	515	14	116	9	197	1 257
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	65	1 742	559	1 136	21	653	152	608	4 936
Semi-skilled and discretionary decision making	56	1 823	285	286	18	445	101	110	3 124
Unskilled and defined decision making	0	1	1	2	0	6	0	1	11
Total	146	3 864	937	1 953	53	1 220	262	917	9 352

Table 3.17. Terminations by Occupational Bands for the Period 1 April 2002 to 31 March 2003

<i>Occupational Bands</i>	<i>Male</i>				<i>Female</i>				<i>Total</i>
	<i>Asians</i>	<i>Africans</i>	<i>Coloureds</i>	<i>Whites</i>	<i>Asians</i>	<i>Africans</i>	<i>Coloureds</i>	<i>Whites</i>	
Senior Management	1	2	0	15	1	0	0	1	20
Professionally qualified and experienced specialists and mid-management	8	54	15	363	6	17	3	106	572
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	19	181	92	463	4	57	19	315	1 150
Semi-skilled and discretionary decision making	14	908	137	157	2	58	19	58	1 353
Unskilled and defined decision making	2	223	59	16	1	66	45	2	414
Total	44	1 368	303	1 014	14	198	86	482	3 509

ing positive changes in respect of representivity occurred:

- Whites decreased from 45.7% to 24.7%.
- Africans increased from 37.5% to 61.58%.
- Coloureds decreased from 15.7% to 12.41%.
- Asians increased from 0.1% to 1.27%.

In terms of total numbers, the DOD has generally attained an optimal level of representivity, although accomplishing rightsizing in terms of race composition at all levels, especially middle management, as well as privates and certain specialised and professional musterings, remains a challenge. However, race equity in junior levels has increased significantly over the past eight years from 37.5 per cent blacks in 1994 to 57.78 per cent blacks in 2003, with whites decreasing from 45.7 per cent in 1994 to 12.36 per cent in 2003. The focus over the short to medium term should, however, shift towards normalising the state of representivity in the SANDF's professional, highly specialised combat and technical musterings, as well as at middle

management and entry level.

The female composition increased from 19.8 per cent in 1994 to 20.99 per cent in 2003. The highest female composition per rank group occurs in the junior officer group, which bodes well for the growth of female representivity in the officer corps of the future. Overall, female representivity compares most favourably with that of other defence forces worldwide.

On 31 March 2003, 20.99 per cent of the DOD's members were women, with a racial distribution as follows:

- Africans 46.72% (-3.24%);
- Asians 1.21% (-0.12%);
- Coloureds 11.02% (+2.78%);
- Whites 41.05% (+0.6%).

On 31 March 2003, 79 per cent of the DOD's members were men, with a racial distribution as follows:

- Africans 65.53% (+0.24%);
- Asians 1.29% (-0.13%);
- Coloureds 12.78% (+1.83%); and
- Whites 20.40% (-1.93%).

The White Paper on Affirmative Action in the Public Service states

that National Departments must develop more refined targets to deal with specific inequalities within particular groups and levels. It also states that the Government will review and reset the national minimum targets by the end of 2000 and every three years thereafter. The DOD has, in this respect, developed a DOD Affirmative Action Implementation Plan.

PERFORMANCE REWARDS

The payment of performance rewards was dealt with separately from the annual performance appraisal process for the third consecutive year running. The results of the process were positive, with an average of 15.2 per cent of each rank group/salary level in the DOD receiving a performance incentive payment. This represents a major improvement from the 1998/1999 cycle, when the majority of incentive allocations were for middle to senior management. The DOD has managed to remain within its budget allocation for the payment of incentives for the third consecutive year running.

Table 3.18. Performance Rewards by Race and Gender for the Period 1 April 2002 to 31 March 2003

<i>Race and Gender</i>	<i>No of Beneficiaries</i>	<i>No of Employees as at 1 April 2002</i>	<i>% of Total within Group</i>	<i>Cost R'000</i>	<i>Average Cost per Employee</i>
Asians	172	956	17.99%	1 349	7 843
Male	138	782	17.65%	1 096	7 942
Female	34	174	19.54%	253	7 443
Africans	6 166	46 732	13.19%	32 000	5 190
Male	5 259	39 498	13.31%	27 204	5 173
Female	907	7 234	12.54%	4 795	5 287
Coloureds	1 429	9 327	15.32%	9 180	6 424
Male	1 172	7 641	15.34%	7 747	6 610
Female	257	1 686	15.24%	1 434	5 578
Whites	3 560	19 130	18.61%	31 994	8 987
Male	2 133	12 427	17.16%	20 116	9 431
Female	1 427	6 703	21.29%	11 878	8 324
Total	11 327	76 145	14.88%	74 523	6 579

Table 3.19. Performance Rewards by Salary Bands for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>No of Beneficiaries</i>	<i>No of Employees as at 1 April 2002</i>	<i>% of Total within Group</i>	<i>Cost R'000</i>	<i>Average Cost per Employee</i>	<i>Total Cost as a % of the Total Personnel Expenditure</i>
Salary level 1-2	841	9 900	8.49%	2 867	3 409	0.56%
Salary level 3-5	4 741	36 353	13.04%	21 185	4 468	1.04%
Salary level 6-8	4 313	22 913	18.82%	32 081	7 438	1.28%
Salary level 9-12	1 432	6 695	21.39%	18 391	12 843	1.28%
Total	11 327	75 861	14.93%	74 523	6 579	1.15%

Table 3.20. Performance Rewards by Critical Occupations for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>No of Beneficiaries</i>	<i>No of Employees as at 1 April 2002</i>	<i>% of Total within Group</i>	<i>Cost R'000</i>	<i>Average Cost per Employee</i>
Anti-aircraft	110	734	14.98%	641	5 825
Air Space Control	81	474	17.09%	658	8 125
Artillery	134	904	14.82%	894	6 675
Technical	1 079	7 387	14.61%	8 521	7 897
Engineer	9	183	4.92%	80	8 937
Medical Professional	106	1 388	7.64%	1 060	10 002
Nursing	204	1 497	13.63%	1 538	7 541
Aircrew	63	517	12.19%	686	10 880
Combat Navy	84	628	13.38%	733	8 720
Total	1 870	13 712	13.64%	14 811	7 920

This spending of performance incentives was also lower in real terms, indicating an acceptance of the principle among supervisors that, on average, only 15 per cent of personnel can be considered for a performance incentive.

The new interim performance appraisal system for the DOD was finalised. The system represents a major break from past appraisal practices, and all DOD personnel will be assessed on a universal

instrument, depending on their military rank or salary level.

The aim of this system will be to focus the attention of supervisors on the developmental role of the appraisal system, and to establish a more accurate indication of the competency and skills level of personnel.

FOREIGN WORKERS

All personnel employed by the DOD

during the FY 2002/03 were in possession of RSA citizenship.

UTILISATION OF LEAVE

There was a tendency among individuals to require sick leave more than once a year. It was also noticeable that the highest figures were for employees at salary levels 1-2 and 3-5.

Table 3.21. Sick Leave taken by Defence Act Personnel for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>Total Days Taken</i>	<i>No of Employees Using Sick Leave</i>	<i>% of Total Employees Using Sick Leave</i>	<i>Average per Employee Using Sick Leave</i>	<i>Cost</i>
Lower Skilled (Levels 1-2)	1 161	109	6.8%	10.7	102 415
Skilled (Levels 3-5)	142 058	13 524	41.5%	10.5	16 786 665
Highly Skilled Production (Levels 6-8)	93 115	10 151	47.8%	9.2	19 725 649
Highly Skilled Supervision (Levels 9-12)	23 673	2 683	37.5%	8.8	8 695 663
Senior Management (Levels 13-16)	482	69	27.6%	7.0	333 463
Total	260 489	26 536	42.2%	9.8	45 643 854

Note: Sick leave taken by Defence Act Personnel for the period is indicated in calendar days.

Table 3.22. Sick Leave taken by Public Service Act Personnel for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>Total Days Taken</i>	<i>No of Employees Using Sick Leave</i>	<i>% of Total Employees Using Sick Leave</i>	<i>Average per Employee Using Sick Leave</i>	<i>Cost</i>
Lower Skilled (Levels 1-2)	33 378	4 456	47.7%	7.5	2 951 893
Skilled (Levels 3-5)	9 648	1 360	60.1%	7.1	1 188 371
Highly Skilled Production (Levels 6-8)	19 743	2 718	63.9%	7.3	4 010 510
Highly Skilled Supervision (Levels 9-12)	2 092	323	36.3%	6.5	837 396
Senior Management (Levels 13-16)	82	13	22.8%	6.3	70 289
Total	64 943	8 870	52.8%	7.3	9 058 459

Note: Sick leave taken by Public Service Act Personnel for the period is indicated in working days.

Chapter 3

Table 3.23. Disability Leave taken by Public Service Act Personnel for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>Total Days Taken</i>	<i>% Days with Medical Certification</i>	<i>No of Employees Using Sick Leave</i>	<i>% of Total Employees Using Sick Leave</i>	<i>Ave per Employee Using Sick Leave</i>	<i>Cost</i>
Lower Skilled (Levels 1-2)	15 361	792	792	8.0%	19.4	1 350 107
Skilled (Levels 3-5)	4 557	236	236	0.6%	19.3	567 823
Highly Skilled Production (Levels 6-8)	7 881	429	429	1.9%	18.4	1 537 411
Highly Skilled Supervision (Levels 9-12)	473	30	30	0.4%	15.8	190 661
Senior Management (Levels 13-16)	2	1	1	0.4%	2.0	1 675
Total	28 274	1 488	1 488	2.0%	19.0	3 647 677

Table 3.24. Annual Vacation Leave taken by Defence Act Personnel by Salary Bands for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>Total Days Taken</i>	<i>Average per Employee Using Vacation Leave</i>
Lower Skilled (Levels 1-2)	6 556	32
Skilled (Levels 3-5)	976 138	32
Highly Skilled Production (Levels 6-8)	660 216	32
Highly Skilled Supervision (Levels 9-12)	224 699	33
Senior Management (Levels 13-16)	7 402	32
Total	1 875 011	32

Note: Annual vacation leave taken by Defence Act Personnel for the period is indicated in calendar days.

Table 3.25. Annual Vacation Leave taken by Public Service Act Personnel by Salary Bands for the Period 1 April 2002 to 31 March 2003

<i>Salary Bands</i>	<i>Total Days Taken</i>	<i>Average per Employee Using Vacation Leave</i>
Lower Skilled (Levels 1-2)	222 056	25
Skilled (Levels 3-5)	44 092	21
Highly Skilled Production (Levels 6-8)	85 328	21
Highly Skilled Supervision (Levels 9-12)	13 442	20
Senior Management (Levels 13-16)	1 055	20
Total	365 973	23

Note: Annual vacation leave taken by Public Service Act Personnel for the period is indicated in working days.

JOB EVALUATION

The Integrated Management Systems Directorate evaluated a total number of 226 job types. This

resulted in 1 816 job evaluations with a summary of jobs evaluated at various Salary Levels given in Table 2.24.

Table 3.26. Job Evaluations performed in the DOD during FY 2002/03

Salary Level	Post Establishment	No of Job Types Evaluated	Posts Upgraded		Posts Downgraded	
			Number	% of Total	Number	% of Total
Salary Level 1-2	6 087	1	2	3.13%	0	0.00%
Salary Level 3-5	32 448	4	37	57.81%	81	50.00%
Salary Level 6-8	33 472	43	21	32.81%	72	44.44%
Salary Level 9-12	9 867	37	4	6.25%	9	5.56%
Total	81 874	85	64	100%	162	100%

* Positions where they are registered with professional bodies (eg engineers, etc.).

HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 3.27. Steps taken to reduce the risk of Occupational Exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases	Key steps taken to reduce the risk
All Department of Defence Workplaces/Units	Training of HIV/AIDS Workplace Programme Managers appointed to implement HIV/AIDS Workplace Programmes according to policy, and Occupational Health and Safety Representatives at workplaces according to legislation with personal protective equipment available throughout the organisation
All Health Care Personnel	Training of all health care personnel in HIV/AIDS, including the prevention and management of occupational transmission with personal protective equipment available throughout the organisation

Table 3.28. Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.			

Chapter 3

Question	Yes	No	Details, if yes
<i>Does the department have a dedicated unit or have you 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.</i>			9 x area military health unit (provincial) health promotion managers (general health promotion programmes); 9 x area military health prevention managers (general health and specific HIV/AIDS prevention programmes). No specific budget allocated.
<i>Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.</i>			HIV/AIDS prevention; prevention of substance abuse; prevention of suicide; family preservation and resilience; financial empowerment; life skills; healthy lifestyle programmes; gender equity programmes
<i>Has the department established (a) committee(s) as contemplated in Part VI E.5 of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee(s) and the stakeholder(s) that they represent.</i>			HIV/AIDS committees at Level 2, 3 and 4 of the SAMHS (statutory directors and staff officers; HIV positive members; medico-legal officers, corporate communication and pastoral services) and military community development committees in all other services (commanding officers, occupational health and safety representatives, HIV workplace programme managers, pastoral services, social work officers, personnel, labour relations, legal officers, warrant officers)
<i>Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.</i>			
<i>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.</i>			Policy formulation; mass awareness (posters, pamphlets and industrial theatre); grievance procedures; GIPA programme; HIV/AIDS training programme with peer education; training of medico-legal officers in HIV/AIDS
<i>Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.</i>			Results of 2002 KAP study indicates that 85.9 per cent have had an HIV Test and 47.9 per cent of members assessed have asked for a HIV test in the past 12 months. The reason most often provided for not having an HIV test is that respondents were sure that they did not have HIV. The majority of last mentioned respondents were older than 39
<i>Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list the measures/indicators.</i>			Monitoring and evaluation of the DOD HIV/AIDS Training Programme with pre- and post-training questionnaires, monitoring of condom use and STI consultations, organisational KAP questionnaires, monitoring of total SANDF health profile, bi-annual comprehensive health assessments

SKILLS DEVELOPMENT

The following factors had an impact on the availability and accuracy of

the information provided and will be specifically addressed to ensure that the information for FY 2003/04 conforms to the requirements:

- Services and Divisions interpret professional development and functional training differently.

Table 3.29. Summary of Skills Development within DOD - FY 2002/03

Description	Male					Female				
	Africans	Coloureds	Asians	Whites	Disabled	Africans	Coloureds	Asians	Whites	Disabled
Professional Development: Officers	752	114	71	700	0	141	28	10	190	0
Professional Development: Other Ranks	3 611	637	638	1549	1	590	127	20	341	0
Professional Development: Public Service Act Personnel	39	163	0	55	1	23	27	6	278	1
Functional Training: Officers	723	118	84	917	2	233	47	5	214	0
Functional Training: Other Ranks	6 433	966	373	1485	2	1040	256	56	470	1
Functional Training: Public Service Act Personnel	17	8	0	1	2	18	17	3	82	0
Tertiary Studies at Military Institutions: Full-time: All DOD Personnel	195	49	8	111	0	41	23	0	57	0
Tertiary Studies at External Institutions: Full-time: All DOD Personnel	261	58	42	267	0	36	6	5	38	0
Tertiary Studies at Military Institutions: Part-time: All DOD Personnel	7	4	0	33	0	1	5	0	37	0
Tertiary Studies at External Institutions: Part-time: All DOD Personnel	1 094	251	92	1 118	2	454	170	81	481	0
ETD Seminars: Internal: All DOD Personnel	103	33	5	202	2	74	17	1	144	0
ETD Seminars: External: All DOD Personnel	420	290	70	939	0	531	73	15	398	0
Total	13 655	2 691	1 383	7 377	12	3 182	796	202	2 730	2

Comments on Table

- The SANDF is unique in that it provides both professional development and functional training for its officers

and other ranks to ensure the continual quality improvement of Defence Act Personnel in order to prepare them for operations. This training is not available anywhere else in the RSA and is unique to the military.

- PSAP development and training within the DOD are in line with rest of the Public Service and are based on individual career development requirements as included in the Codes of Remuneration for each specific occupational class or group.
- Emphasis is placed on the officer corps to obtain higher tertiary qualifications so as to ensure that the leaders of tomorrow are suitably equipped to meet the challenges of the future.

- The information requested was not always available in the format required.
- No financial data was provided, as there is a large discrepancy in the formula to

determine the costs involved. The formula varies between Services and Divisions leading to inconsistencies when the information is consolidated at corporate level.

- Little to no communication was evident in providing guidelines to the holders of developmental information at the beginning of the financial year.

LABOUR RELATIONS

No collective agreements were entered into with trade unions within the Department.

Table 3.30. Misconduct and Disciplinary Hearings Finalised, 1 April 2002 to 31 March 2003

<i>Outcomes of disciplinary hearings</i>	<i>Number</i>	<i>% of total</i>
<i>Correctional counselling</i>	1	2.12%
<i>Verbal warning</i>		
<i>Written warning</i>	9	19.16%
<i>Final written warning</i>	12	25.54%
<i>Suspended without pay</i>		
<i>Fine</i>		
<i>Demotion</i>	1	2.12%
<i>Dismissal</i>	16	34.04%
<i>Not guilty</i>	4	8.51%
<i>Case withdrawn</i>	4	8.51%
Total	47	100%

Table 3.31. Types of Misconduct addressed at Disciplinary Hearings (PSAP)

<i>Type of misconduct</i>	<i>Number</i>	<i>% of total</i>
<i>Theft of State money/property</i>	8	17.02
<i>Failure to maintain effective, efficient and transparent systems to prevent unauthorised and irregular expenditure</i>	1	2.12
<i>Mismanagement of State finances</i>	9	19.16
<i>Absence without leave (AWOL)</i>	16	34.04
<i>Fraud</i>	2	4.26
<i>Prejudice towards the administration, discipline and/or efficiency of the DOD</i>	2	4.26
<i>Failure to carry out lawful orders</i>	2	4.26
<i>Loss of State monies</i>	2	4.26
<i>Unauthorised use of State property</i>	2	4.26
<i>Disclosure of official information</i>	1	2.12
<i>Criminal offences</i>	1	2.12
<i>Sexual harassment</i>	1	2.12
Total	47	100

Table 3.32. Collective Grievances lodged for the Period 1 April 2002 to 31 March 2003

	<i>Number</i>	<i>% of total</i>
<i>Number of grievances resolved</i>	1	25%
<i>Number of grievances not resolved</i>	3	75%
Total number of grievances lodged	4	100%

Table 3.33. Collective Disputes lodged with DOD Bargaining Council and Military Bargaining Council for the Period 1 April 2002 to 31 March 2003

	<i>Number</i>	<i>% of total</i>
<i>Number of disputes upheld</i>	0	0.00%
<i>Number of disputes dismissed</i>	0	0.00%
Total number of disputes lodged	10	100%

Commencement of activities of the Military Arbitration Board (MAB). The MAB commenced with its activities on 3 July 2002. A large number of matters were referred to the Board for arbitration. In most of the cases a number of *in limine* arguments were raised by both councils and have therefore not been finalised as yet.

Resolution of disputes before the MAB. None of the matters brought before the MAB have been resolved for the following reasons

- The testing of legal principles that may serve as precedents in future.
- Interpretation anomalies of certain sections of Chapter XX of the General Regulations for the South African National Defence Force and Reserves.
- South African National Defence Union's (SANDU) insistence to be involved in managerial matters and the denial of the managerial prerogative and responsibilities as provided for in all recognised labour practice.
- The perceived calculated confrontational stance of SANDU, possibly linked to their quest for membership.

Table 3.34. Individual Grievances lodged with Sectoral Councils for the Period 1 April 2002 to 31 March 2003

	<i>Number</i>	<i>% of total</i>
<i>Number of grievances resolved</i>	534	64, 9
<i>Number of grievances not resolved</i>	289	35, 1
<i>Total number of grievances lodged</i>	823	100%

Kindly note that the grievances statistics submitted are for the level of Chief of the SANDF/Secretary for Defence and upwards (President and Public Service Commission). Statistics are drawn from interim database, which was established in May 2002. Grievance statistics include both DAP and PSAP.

Table 3.35 - Disputes lodged with Councils for the Period 1 April 2002 to 31 March 2003

	<i>Number</i>	<i>% of total</i>
<i>Number of disputes upheld</i>	0	0.00%
<i>Settlement by means of agreement on procedural fairness</i>	7	16, 3%
<i>Number of disputes dismissed</i>	36	83, 7%
<i>Total number of disputes lodged</i>	43	100%

Table 3.36. Strike actions for the Period 1 April 2002 to 31 March 2003

<i>COSATU Demonstration for Decent Public Rail Transport Protest Action - 13 June 2002</i>	
<i>Total number of person working days lost</i>	<i>Nil</i>
<i>Total cost (R'000) of working days lost</i>	<i>Nil</i>
<i>Amount (R'000) recovered as a result of no work no pay</i>	<i>Nil</i>
<i>COSATU Anti-Privatisation Campaign which took place during 01-02 Oct 2002</i>	
<i>DAY ONE</i>	
<i>Total number of person working days lost</i>	288
<i>Total cost (R'000) of working days lost</i>	2,296
<i>Amount (R'000) recovered as a result of no work no pay</i>	129,701.70
<i>DAY TWO</i>	
<i>Total number of person working days lost</i>	285
<i>Total cost (R'000) of working days lost</i>	2,272
<i>Amount (R'000) recovered as a result of "no work no pay"</i>	129,446.90

Note: COSATU = Congress of South African Trade Unions.

Table 3.37. Precautionary Suspensions for the Period 1 April 2002 to 31 March 2003

<i>Number of people suspended</i>	7
<i>Number of people whose suspension exceeded 30 days</i>	7
<i>Average number of days suspended</i>	173.6
<i>Cost (R'000) of suspensions</i>	R319 444.77

DISCIPLINE

The most common offences occurring among uniformed members of the DOD as measured at the review

of cases from disciplinary hearings and the Courts of Military

Judge and Senior Military Judge, are given in the table below.

Table 3.38. Most Common Offences of DAP for FY 2002/03

<i>Most Common Offences</i>	<i>2000/01</i>	<i>2001/02</i>	<i>2002/03</i>
<i>Section 14(a) MDC Absence without leave (AWOL)</i>	4231	5007	2727
<i>Section 14 (b) MDC Absence from place of parade, duty, etc</i>	1593	2162	1021
<i>Section 19 (2) MDC Disobeying a lawful command</i>	657	992	247
<i>Section 17 MDC Using threatening, insubordinate or insulting language</i>	112	-	163
<i>Section 33 (a) and (b) Drunkenness</i>	142	435	121

Note: MDC = Military Disciplinary Code.

PART 3: PROGRAMME PERFORMANCE

DEFENCE ADMINISTRATION

ANNUAL REVIEW

The Department of Defence (DOD) Annual Report reports the performance of the DOD against its plans for the FY 2002/03. This report is in effect the DOD's performance report. Therefore the full outputs, including the operational outputs (outputs for internal consumption) consumed by divisions inside the DOD during the process of producing the defence outputs for use by Government, are detailed in this report.

INTRODUCTION

The nine defence programmes administer, acquire, support and prepare the capabilities required to deter aggression and protect the RSA's sovereignty. During periods of conflict it is easier to observe the outcome of defence and the outputs of defence than during time of relative peace. Government funds the defence programme in order to *be prepared for contingencies* that could arise as identified in the priority classes.

DEFENCE OUTPUTS¹

The outputs of the DOD consist of

- defence commitments; and
- defence capabilities.

Defence commitments are those operations

- which are ongoing in nature, and for which plans and financial provision can be made in advance;
- which must be executed during the year and, if unforeseen, for which no provision has been made; and
- for which joint and multinational exercises are required to prepare forces for operations.

The defence capabilities required to meet the defence needs of South Africa are described in terms of the *force design* and *combat readiness*.

¹ **Outputs** are defined by Treasury as "...the *final goods or services* rendered by departments to external customers or clients". The DOD defines the final goods and services produced by Services and Divisions that are supplied to **internal** customers or clients as "**operational outputs**".



The South African National Defence Force (SANDF) Force Design (FD) indicates the level of capabilities required by the DOD to achieve its mission. The force design of the SANDF was derived from the Defence Review, and is continually reviewed in response to changes in the environment reflected in the Military Strategic Appreciation and the Military Strategy. These documents, as well as guidelines issued by the Minister of Defence, the Secretary for Defence and the Chief of the SANDF are used to design a force structure (including the force design) that is affordable within the DOD budget allocation.

Combat Readiness², which is a measure of the ability of a unit to carry out its assigned mission, is the primary performance measure used to evaluate the quality of the outputs of the capabilities that produce combat and combat-support units.

The performance reports per programme are contained in the following chapters:

- Chapter 4. Defence Administration.
- Chapter 5. Landward Defence.
- Chapter 6. Air Defence.
- Chapter 7. Maritime Defence.
- Chapter 8. Military Health Service.
- Chapter 9. Defence Intelligence.
- Chapter 10. Joint Support.
- Chapter 11. Command and Control.

POLITICAL DIRECTION

The Minister of Defence and the Deputy Minister of Defence (collectively known as the Ministry of Defence - MOD) are responsible for providing political direction to the DOD.

During the period under review the MOD continued their role in guiding

the processes necessary for participation in peace missions outside the country. Continued presence in a number of African countries displayed South Africa's and specifically the DOD's contribution to promote regional security. These missions included deployment in countries such as the Democratic Republic of the Congo (DRC), Burundi, Ethiopia and Eritrea. The MOD directed the Defence Secretariat and the SANDF in planning and servicing the military Memoranda of Understanding with states in accordance with the International Relations Peace and Security (IRPS) Cluster priorities for states to enhance collective security and early warning. Instructions were issued concerning preparations for the staffing of the Inter-State Defence and Security Committee (ISDSC), as part of the Southern African Development Community (SADC). This was done with a view to the execution of multi-national exercises and operations through the sharing of resources, concurrently contributing towards interoperability.

The MOD also instructed preparation for the training of personnel on mediation, negotiation and arbitration techniques that could assist with the participation and staffing of the African Union (AU) peace and security structures. The challenge of foreign languages in the regional context where SANDF forces are deployed, was also addressed.

The sustainable composition of the DOD is the primary purpose of the Human Resource Strategy 2010 that was accepted in FY 2001/02. This strategy would enable the DOD to rejuvenate the SANDF human resource composition, implement the new way that members serve in the SANDF, and the "one force concept" was used for

force development and force employment to viably source both the Regular and Reserve Force, and lastly to rightsize the DOD.

New Partnership for Africa's Development (NEPAD). The DOD was given direction regarding its role within NEPAD. The DOD approach was to make available excess defence articles and provide learning opportunities to other defence forces.

The African Union (AU). South Africa's position as first Chair of the AU requires South Africa and the DOD to demonstrate their willingness and the ability to deploy their defence resources in order to ensure that the AU becomes a recognised vehicle for pursuing and attaining the NEPAD objectives. The areas identified where the DOD was to play a role were:

- **Participation in the AU structures.** The emphasis was put on a main custodian for all AU-related matters within the DOD.
- **Common Defence and Security Policy.** The DOD had to develop its position and mainly along the lines of the SADC Mutual Defence Pact, whilst considering the impact on the military strategy and the force design.
- **Protocol on the Peace and Security Council (PSC).** The DOD investigated its role in the PSC and the possible seconding of DOD personnel to the PSC.

SADC Security Management. The MOD made the DOD aware of the possible overlapping of requirements for security co-operation at the regional (AU) and the subre-

² This term is synonymous with the term "force preparedness". In this plan combat readiness refers to the readiness states prescribed by Chief of Joint Operations on behalf of C SANDF, whilst force preparedness refers to the readiness states prescribed by the Service Chief.

gional (SADC) levels. The DOD had to consider the taxing nature of such commitments.

DEPARTMENTAL DIRECTION

This subprogramme provides for the Secretary for Defence as the Head of Department, the Accounting Officer and the Principal Policy Advisor to the Minister of Defence. As Accounting Officer, the Secretary for Defence dealt with the strategic plan for the forthcoming Medium-term Expenditure Framework (MTEF), submitting to Parliament the measurable objectives for each main division of the DOD, and eventual accounting to Parliament for the Defence Vote 22.

The Secretary for Defence spearheaded the continued revisiting of the Defence Review to validate the relevance of strategic scenarios and contingencies. A precondition is the achievement of general consensus on the type of defence to ensure cost-effective defence, a primary concern for the Secretary for Defence.

Primary activities within the DOD were characterised by the preparations for the Mutual Defence Pact, with the focus on early warning mechanisms, interoperability and logistic support.

Another area of focus was the alignment and improvement of departmental programmes, planning and processes to comply with the policies of government and executive expectations.

POLICY AND PLANNING

INTRODUCTION

The range of transformational and structural changes that occurred in the DOD during the past year required the DOD to continuously adapt and adjust to these changing circumstances. The developments

surrounding the AU and NEPAD further dictated national and international obligations, which necessitated correct management of bilateral and multilateral agreements. The significant defence implications of these agreements called for sound administrative systems and procedures.

ANNUAL REVIEW

The Policy and Planning Division had an impressive but very challenging year. The output of the division was significantly increased despite challenges pertaining to staffing and insufficient budgetary allocation. The cumbersome staffing procedure for Public Service Act Personnel (PSAP) was largely responsible for the under-expenditure during the period under review.

The Chief Director Defence Policy and Director Research and Analysis were appointed. The function shift from the Civic Education Evaluation Advisory Board (CEEAB) of Joint Training to the Policy and Planning Division without the requisite budget put more pressure on the division's operating budget.

The other new mandates given to the division that were not planned or budgeted for were the Military Arbitration Board (MAB) and the Military Bargaining Council (MBC). Funding for the MAB and MBC was only received through the Departmental Programme and Budget Evaluation Committee (DPBEC) towards the end of the 3rd quarter of FY 2002/03.

One great concern during the period under review was the planning and management of peace missions for the SANDF. Efforts to improve co-ordination between the Defence Secretariat and the SANDF were further hampered by the dysfunctional National Office for Co-ordination of Peace Missions (NOCPM) of the Department of Foreign Affairs (DFA). This was

further exacerbated by a number of visits abroad that were not planned and/or budgeted for.

The Directorate Planning and Programming has been in existence since March 2002 as a fully functional directorate rendering a dedicated and focused service to the DOD. The Directorate has to deal with multiple processes of planning and reporting simultaneously at various levels, namely the Policy and Planning Division, the Defence Secretariat and, ultimately, at DOD level when the SANDF material is integrated. The Directorate has to ensure not only compliance with national and departmental regulations and guidelines, but it is also responsible for quality assurance of all the above-mentioned products.

The Directorate Integrated Management Systems implemented functional control over the DOD organisational structures and performed an elaborate job evaluation of Senior Management System (SMS) posts.

Despite the plethora of challenges encountered by the Division with regard to functional planning, budgetary and human resource capacity, the division managed to perform impressively against its set objectives. Some of the significant highlights of the period included the following:

Drafting of the Prohibition of Anti-personnel Mines Bill, which was approved by Cabinet, the Portfolio Committee on Defence and the National Assembly. The Bill was hailed by both the Portfolio Committee on Defence and the National Assembly as one of the best written Bills from the DOD since 1994. The Bill has also been received as constituting best practice by international organisations such as the International Committee of the Red Cross (ICRC) and the International Campaign to Ban Landmines (ICBL).

The formalisation and institutionalisation of the Performance Against Plan Control System was successfully introduced during the year under review.

Eleven international agreements were concluded and twelve bilateral meetings (defence committees) were hosted for the purposes of furthering RSA defence interests and promoting government diplomatic agendas of forging closer ties with countries having common interests with the RSA.

The DOD position paper on the World Summit on Sustainable Development (WSSD) was drafted and it also became part of the RSA Government delegation to the WSSD's proceedings and discussions.

There was successful participation in the United Nations' (UN) negotiations on the proposed amendments to the Certain Conventional Weapons (CCW) Convention. A member of the Division has been appointed as a member of the UN-established body of Government experts to advise the UN on the merits of the proposed amendments to the CCW Convention.

RSA positions were presented at the UN Ad Hoc Committee meeting on the strengthening of the UN Convention on the safety of UN personnel and associated personnel.

The first of a series of four US-sponsored policy writers/instructors courses took place, which should see the competency for the training of policy writers established in the DOD by 2004.

Ministerial approval was given for the policy on the inherent rank/age requirements and an updated Human Resource (HR) Strategy 2010.

The finalisation of the Defence Act, Act 42 of 2002, and the signing

thereof by the President in February 2003, took place.

The tabling and adoption of the National Conventional Arms Control Committee Act, 2002, took place, of which the Act was also assented to by the President in February 2003.

CORE DIVISIONAL OBJECTIVES

The core objectives of the Policy and Planning Division are the following:

- Providing expert inputs relating to general defence policy to the Minister of Defence, Deputy Minister of Defence, Secretary for Defence and the Chief of the SANDF.
- Managing of the strategic management, strategic planning and strategic control processes of the DOD.
- Managing the policy-formulation process of the DOD.
- Drawing up, promulgation and promotion of the departmental plan to Parliament.
- Integrating and performing analysis of management systems in the DOD.
- Interpreting inputs/influences which could affect the overall national defence strategy;
- Providing human resource policy and planning for the DOD.
- Regulating conventional arms transfers in accordance with government policy.
- Co-ordinating the drawing up of national contingency plans for a state of national defence (war).

POLICY DEVELOPMENT

The following policies were developed and promulgated by the Policy and Planning Division during the period under review:

- The Policy on the Promotion of Access to Information Act was approved by the Plenary Defence Staff Council (PDSC) in May 2002.

- The Policy on the Working Hours and Working Arrangements in the DOD was approved by the PDSC in March 2002.
- The Policy on Organisational Rights of Public Service Act Personnel (PSAP) Unions in the DOD was signed and ratified by both the employer and the employee representatives on 26 September 2002.
- The Constitution of the DOD Bargaining Council was brought in line with the Public Service Co-ordination Bargaining Council (PSCBC) guidelines. This Constitution was approved and ratified by the DOD Bargaining Council on 27 November 2002.
- The Policy on the Management of Cabinet Memoranda in the DOD was approved by the PDSC in August 2002.
- The DOD position paper on the proposed amendments to the Conventional Service Writing (CSW). This paper was approved by the PDSC in October 2002.
- The Ministerial Directive and the Secretary for Defence Implementation Instruction on the Donations and Sponsorships Policy was brought in line with the requirements of the Public Finance Management Act (PFMA). This was approved by the PDSC.
- The Policy Instruction for the Implementation of Civic Education in the DOD, was approved.

OUTPUTS

- Provision of advisory services to the Secretary for Defence and the Ministry on matters pertaining to defence policy.
- The Division continued to provide legal advice to the Secretary for Defence and

Ministry, especially during the formulation of defence-related legislation.

- Provision of strategic management services, including departmental planning and reporting.
- Provision of integrated management services, including the DOD structure management.
- Provision of secretariat services concerning the management of conventional arms transfers and related issues.

SERVICE DELIVERY IMPROVEMENT

The division strongly believes that through proper training and relevant exposure, service delivery and efficiency could be improved and costs reduced. It is against this background that the division invests heavily in granting opportunities to study at State expense and provides opportunities in competency-enhancement courses that are offered by high-profile institutions both internally and abroad.

The Division is currently being analysed in order to determine the appropriateness of the current structure in respect of its functions. It is envisaged that there may be a reconfiguration of functions and structures in order to ensure efficiency and effectiveness.

FINANCIAL MANAGEMENT

INTRODUCTION

The Financial Management Division provides a financial management service to the DOD in order to ensure compliance with statutory prescripts when obtaining and utilising financial resources in pursuit of defence objectives. The Finance Division thus plays a critical role in supporting the Secretary for Defence as the Accounting Officer for the DOD.

The division, headed by the Chief Financial Officer, makes use of the Financial Management Board and related committees in exercising control over the execution of plans. Since the enactment of the PFMA, a structured and regular reporting mechanism has been introduced.

ANNUAL REVIEW

The Financial Management Division continued to render an excellent service to clients and principals. The good relationship between the division and National Treasury as well as the Auditor General has helped to ensure continued professional service.

Finance is challenged by transformation imperatives. These challenges are being attended to in three phases over ten years:

- Phase 1: Fundamental re-design for improved cost-effectiveness of service delivery (1998 - 2001).
- Phase 2: Compliance with legislative and regulatory prescripts for public financial management (2002 - 2003).
- Phase 3: Converting from cash-based to accrual-based accounting policy (2004 - 2008).

Finance has completed Phase 1, except for a specific labour issue relating predominantly to representivity which is currently being dealt with. The self-generated PFMA compliance audits were completed by 31 July 2002. The core and improvement objectives for FY 2002/03 and other years have been revised accordingly.

Finance has achieved the milestones of the core and improvement objectives set for the FY 2002/03 as detailed in the report. The aggressive pursuit of the objectives of the Financial Management Division is sought from all the managers, supervisors and workers because financial management is the spinal cord of the DOD.

CORE DIVISIONAL OBJECTIVE

To provide an effective, efficient and economic financial management service to the Secretary for Defence, our principals and clients appropriate to point of delivery, in terms of statutory prescripts, by means of one professional representative civilian finance corps and appropriate financial management systems.

POLICY DEVELOPMENTS

Policies that were approved and promulgated during the period under review are:

- Ministerial Policy Directive on Risk Management in the DOD - DODI/00001/2002, 31 July 2002.
- DOD Policy on Risk Management - DODI/CFO/00001/2002, 31 July 2002.
- DOD Policy Publication on Risk Management in the DOD - JDP/00001/2002, 31 July 2002.

OUTPUTS

Budget Management

- A cost-effective corporate budget preparation service was achieved as planned. The following were produced timeously, efficiently, effectively and economically:
 - Budget guidelines.
 - Budget submission.
 - Estimate of national expenditure.
 - Departmental vote.
 - Departmental input - and output-based motivation report.
 - Approved Special Defence Account.
- A cost-effective corporate budget execution service was achieved as planned. The following were executed as required:
 - In-year programme adjustments budget submission.

- Monthly early warning reports, including exception reports, when necessary.
- Virement and fund reallocation submissions/ authorities.
- Funding of underfunded and unfunded mandates.
- Roll-over claim submission.
- A cost-effective budget management service to programme managers was achieved as planned.

Accounting

- The corporate financial asset and annual reporting service were achieved as planned. Bank accounts were managed strictly according to prescripts. In the area of debtor management, problems were experienced with the implementation of the debtor system. The system was, however, implemented in February 2002. The required policy has been compiled and only needs to be promulgated. Write-off of irrecoverable debt is still lagging.
- The stores, services, related payments and revenue management service were achieved as planned. A revenue manager has been appointed. A problem relating to delays of payment documentation through the Support Bases to the payment sections is still being experienced.
- The remuneration administration service was achieved as planned.

A cost-effective finance support service, a compliance service directorate was established, but has not yet been fully staffed.

SERVICE DELIVERY IMPROVEMENT

Enhancement of the current budget-

ing subsystem on the Financial Management System (FMS) has been finalised. No further enhancements are envisaged.

Production of a project baseline monitor instrument (red light reports) phase I and II have been completed. Phases III and IV are continuing. The target date for the finalisation of the project is 31 March 2004.

Enhancement of the FMS to capture the adjustment budget was implemented in December 2002.

Progress was made on a method to more accurately predict cash flow through the Paymaster General (PMG) Account. The State Information Technology Agency (SITA) has done preliminary investigations. Further feedback is awaited. It has been put on temporary hold due to the implementation of the Special Defence Account bank account.

Development and implementation of a Debtor Management and Accounting System:

- Take-on and registration of debt from the 12 serials onto the debtor system is in process and is to be completed by April 2003.
- The 1st debtors course took place over the period 3 to 14 March 2003 at the Education, Training and Development (ETD) Centre.

A database for security clearance per post on the FMS has been created.

An inter-departmental loss prevention system was compiled and the DOD plan will be derived from this.

DEPARTMENTAL ACQUISITION AND PROCUREMENT

ANNUAL REVIEW

FY 2002/03 was characterised as a

year of relative tranquillity after the turbulence created by the so-called "Armaments Package Scandal". Mr B.E. Ramfola filled the post of Chief of Acquisitions of the DOD, which was vacated in April, with effect from 1 July 2002.

During this time the DOD managed 69 weapon system acquisition projects and 22 technology acquisition domains. New milestone authorisations to 48 of these weapon system projects were given at the appropriate Ministerial or Secretary for Defence approval forum.

Of a total capital budget allocation amounting to some Rb7,8 for the purchase of new weaponry, less than 0,1 per cent was left uncommitted at the end of the financial year. At variance with the previous six financial years, a very substantial amount of money, representing almost 16 per cent of the capital budget, could not be paid, either because the contractual milestones were not achieved or because some other administrative problems were experienced.

Essentially, this underspending (approximately 11 per cent) was on the strategic defence packages (SDPs). On the corvette programme in Germany a very substantial cabling problem was encountered which has since been successfully resolved. On the light utility helicopter a few interim milestone shifts were unavoidable, but the ultimate delivery schedule of the helicopters will not be adversely affected.

Furthermore, the strengthening of the local currency resulted in some exchange rate savings on all the SDP's. Some of these savings will be utilised to invest in additional training of crew members and support staff in pursuance of transformation objectives. As far as the other programmes were concerned, substantial payment delays were experienced on the C130 aircraft programme of the SA Air Force

(SAAF) contracted in the United Kingdom and the Ground Based Air Defence System of the SA Army contracted with Denel (force majeure).

As far as the SDP are concerned, approximately 24 per cent of the estimated total of Rb52,8 has been expended to date. This total requirement of Rb52,8 should, however, be substantially reduced when new multi-year forward forecasting of the Rand exchange rate performance becomes available from National Treasury.

Contracted project deliverables from both local and overseas suppliers were generally speaking, reasonable. However, there is some scope for improvement. With the ever-increasing globalisation of the local defence-related industry, a tendency seems to be emerging where local industry favours continued performance against offshore-contracted timescales to the detriment of DOD obligations.

The Acquisition Division, in conjunction with Armscor, will endeavour to increase the efficiency of industrial output in order to shorten the timescales within which to field the more modern technology as it becomes available.

The complete rewriting of the acquisition policy proved to be a more daunting task than originally envisaged. The policy endeavoured to alleviate all deficiencies that emerged during the activities of the Joint Investigation Team and simultaneously incorporated best practices that become available in the local and overseas arenas of acquisition. The first draft of the new policy will be available for comment by May 2003 and should be in force soon thereafter.

A challenge that will be pursued in the forthcoming financial year will be to significantly improve audit findings on projects, in particular those related to the SDP.

Furthermore, the setting up of a new DOD procurement regime is envisaged, in compliance with Government procurement reform initiatives. A lot of preparatory work has already been performed towards this objective.

SA ARMY ACQUISITION

SA Army Acquisition continued to engage in a number of smaller projects that were envisaged to enhance the Army's capability. At the same time it is in the process of upgrading some of the Army's main equipment. New additions to the Army's capability are as follows:

- **Rapid Deployment Logistical Vehicle (RDLV).** The production and delivery of the first 75 vehicles were successful and another 31 vehicles will be delivered in the latter part of 2003.
- **Ground Based Air Defence System (GBADS).** An order for the delivery of the local warning segment of the GBADS was placed and the procurement of this phase will now commence.
- **Artillery Target Engagement System (ATES).** This project is progressing according to plan. The order for the Unmanned Aerial Vehicle (UAV) component of the ATES was placed during this report period.
- **Rapid Deployment Reconnaissance Vehicle (RDRV).** This project is in the acquisition phase and will be commissioned in 2005.

Progress on other Army Acquisition projects include the following:

- Delivery of the upgraded light machine-guns.
- Delivery of the first 120 upgraded Mamba MkIII vehicles, with the upgrade of an additional 100 in process.

- Successful operational test and evaluation (OT&E) was done on the following:
 - Automatic grenade launcher.
 - Olifant MK1B main battle tank.
 - Tank transporter.

Several requirements for future capabilities were registered as capital projects, viz:

- Logistical supply support systems (cargo and fuel handling), including a new vehicle which will eventually replace the SAMIL 100 vehicle.
- Deeper level logistical vehicles.
- Upgrade of additional Casspirs.
- Upgrade of the GV6 self-propelled artillery systems.
- New generation light artillery capability.
- New generation anti-armour capability.
- New generation indirect fire capability for the infantry.

The main challenge for Army Acquisition is the shortage of capital funds allocated to satisfy the total needs of the Army Acquisition programmes, resulting in long lead times and limited upgrades of main equipment.

SA AIR FORCE ACQUISITION

The three SA Air Force (SAAF) SDP programmes are progressing according to schedule. The following relate to the specific projects:

- **Augusta A-109 Light Utility Helicopter (SDP).** 30 Light utility helicopters are acquired for the SAAF. In conjunction with the main contractor, a project team is monitoring the progress of the major design-engineering milestones. The first South African aircraft has been completed and has undergone extreme

cold flight trials in Sweden. It is currently undergoing flight tests in Italy. The second South African aircraft is currently on the flight line in Italy and the majority of the initial functional acceptance tests have been completed. Aircraft three to five are in various stages of assembly. The Italian prototype aircraft was in South Africa during February 2003 undergoing testing and evaluation under local conditions. Denel Aviation has completed industrialising the manufacturing process in order to commence with the final assembly of the first locally assembled aircraft. Aircraft will be delivered to the SAAF in order to allow for the operational test and evaluation phase to commence during April 2004. The first squadron will be equipped by January 2005.

- **Hawk Lead-in Fighter Trainer (SDP).** 24 Hawk Lead-in Fighter Trainer aircraft are acquired for the SAAF. The acquisition of the 24 Hawk Lead-in Fighter Trainer aircraft is progressing according to schedule, with the first aircraft complete and production having commenced on a further 12 aircraft. The first SAAF aircraft is due for delivery in March 2005, with the final aircraft due in February 2006. The British Aerospace Hawk New Demonstrator Aircraft (HNDA) test and evaluation aircraft is currently at the SAAF Test Flight and Development Centre undergoing extensive testing of the engine. Having recognised the ability of local industry to assist in this test programme and the availability of South African testing facilities, British Aerospace Systems have decid-

ed to do the full engine evaluation programme in South Africa, thereby adding impetus to their programme. A combined Denel/SAAF ground-crew team, including two historically disadvantaged individuals (HDIs) in the SAAF contingent of six, received eight weeks' training at Warton in the UK to enable them to participate in the trials.

- **Gripen Advanced Light Fighter (SDP).** 28 Gripen Advanced Light Fighter aircraft are acquired for the SAAF. The contract for development and delivery of the aircraft for South Africa was activated in April 2002. The South African project team in Sweden, in conjunction with Saab, achieved the functional baseline (FBL) for the SAAF Gripen according to schedule at the end of 2002. The detail design phase is now under way. Initial assembly of various parts and components for the first SA Gripen will start in the latter half of 2003, with the first flight due in Sweden in November 2005. Saab/BAE are well ahead of their Department Investment Programme (DIP) commitments to date. The skills and technology transfer programme is advancing on schedule, and has resulted in the establishment of the Design and Development Centre at Denel Aviation. Fuselage sections and communication system components are currently being delivered to Saab from South Africa for the Swedish Air Force's latest batch of Gripen aircraft. The first dual-seater aircraft is due to arrive in South Africa for test flights in June 2006 and is scheduled for delivery to the SAAF in November 2007. The final air-

craft is due for delivery in 2012.

- **Rooivalk Attack Helicopter.** 12 Rooivalk Attack Helicopters are acquired for the SANDF. Some of the aircraft have already been delivered to the SAAF. Retrofit activities are being undertaken on the aircraft to ensure that they are all of the same operational baseline. Cabinet has approved the funding for the final commissioning of the aircraft to full operational status. Chief Director Acquisition and Procurement is currently negotiating through the Minister of Defence with the Minister of Finance for the allocation of the necessary funds.
- **SAAF Intercontinental VIP Aircraft.** An Intercontinental VIP aircraft was acquired for the SAAF. The aircraft was delivered to the SAAF in October 2002, completed the operational test and evaluation phase and was declared operational in January 2003. The aircraft has been used on numerous flights to date.
- **C130 Upgrade.** The SAAF's C130 Medium Transport aircraft are being upgraded. Three of the nine aircraft have been completed and delivered to the SAAF. The fourth aircraft is due for completion in May 2003, with the final aircraft due for completion in October 2004.
- **Maritime Helicopters.** 4 Maritime helicopters are acquired for the SAAF. Ministerial approval has been received for the procurement of four Maritime Helicopters for the SAAF for operational deployment on the SA Navy Corvettes. Contract negotiations will commence shortly.
- **New Generation Communications.** The development of a secure high

frequency airborne radio, as well as world-leading secure very high/ ultra high frequency airborne and ground-based radios, has been successfully completed by local industry. This equipment is being fitted to all the new aircraft being procured and will form the basis of an advanced secure communications capability within the SANDF.

SA NAVY ACQUISITION

The SDP has dominated the activities of the Naval Acquisition Directorate during FY 2002/03. The Directorate is pleased to report that the acquisition of the Type MEKO® A-200 (SAN) patrol corvettes and Type 209 submarines has created the opportunity for a strong professional relationship to develop between the South African and German navies. Additionally, the crews have become proficient in the operation of the vessels' on-board systems, thereby exploiting an opportunity to transfer sophisticated technology to the SANDF.

- **Type MEKO® A-200 (SAN) Patrol Corvette Acquisition Project.** The first two vessels, SAS AMATOLA and SAS ISANDLWANA were christened and launched in June and December 2002, respectively. During this period it became apparent that, as a result of defective control cabling, there would be a nine-month delay in terms of the vessel delivery schedule. The construction of SAS AMATOLA was, however, completed, and she successfully completed the contractor's sea trials. SAS ISANDLWANA has yet to complete sea trials. The construction of the primary structures of the third and fourth vessels was completed, and outfitting has commenced. In respect of the

integrated test bed of the combat suite, 80 per cent of the components have been accepted and integrated. The logistic engineering effort has been completed. All on-board and depot vessel spares were procured. Platform training for SAS AMATOLA has been completed. Owing to the delays experienced, some retraining at the contractor's cost will take place in August 2003.

- **Type 209 Submarine Acquisition Project.** The project teams for the three new Type 209 submarine projects are now well established in their respective project offices in Kiel and Emden. Production of the hull for the first submarine is nearing completion, after which it will be outfitted. Welding of the hull sections for the second submarine is progressing well and the welding of the ring-frames for the third submarine has commenced. Each submarine will be manned by fully trained Navy personnel and undergo sea acceptance prior to leaving for South Africa. The first submarine is expected to arrive in the second quarter of 2005, followed by the second and third submarines in early 2006 and 2007, respectively. The submarine project is still on schedule as planned.
- **Acquisition of Underwater Ranges.** The staff requirement for a system to measure and manage underwater acoustic and magnetic signatures of vessels was approved in March 2003. The project team is currently preparing the Value System and the Request for Quotations.
- **Acquisition of Type 351 Minesweepers.** The acquisition of the Type 351

minesweepers has been completed. This project will be closed after receipt of the final audit report.

- **Acquisition of Workboats.** The acquisition of six 8-metre workboats for the SA Navy's combat support ships is progressing well. The first boat will be delivered in April 2003 and the last in June 2003; whereafter a closure audit will be initiated.
- **Strike Craft Systems' Logistic Supportability Project.** Some operational strike craft are currently fitted with all but one of the new systems acquired under this project. The scheduled completion date for this project is March 2004, when the last element of this umbrella project will have been accepted and integrated into the existing combat systems.
- **DAPHNÉ Class Submarine Combat System Supportability Project.** The combat system supportability project for the DAPHNÉ Class submarines' combat system has been completed and delivered to the SA Navy. The project will be closed upon receipt of the final audit report.

Challenges. Representivity remains the main challenge for the Naval Acquisition Directorate. This important matter has been taken up with the human resources pool manager and a medium-term plan has been established in order to meet the representivity requirements. Additionally, a strong effort is being made to create opportunities for HDI's to be exposed to the new technologies that are being transferred with the acquisition of the new ships and submarines.

TECHNOLOGY DEVELOPMENT

Satisfy Armament Requirements. The viability of the defence-related

industry in support of the corvette air-defence capability was boosted with the selection of the Denel/Kentron offer to provide an air defence missile to Finland. Success in international marketing can translate into the "economy of scale" imperative of the White Paper on Defence related industry and provides vital sustenance for satisfying the armament requirements of the SANDF.

Appropriate Technologies. The consolidation of scientific support in the areas of landward defence at Defencetek, CSIR, and human resources at ERGOTEK, was accomplished and authorised within the Acquisition Management System during 2002/03. These areas are in the vanguard of the shifting emphasis on military capabilities brought about by the transformation of defence.

The maintenance of foundation capabilities for the next two years (2003/04 and 2004/05), specifically in the Defence Evaluation and Research Institute (DERI) - defence science and engineering manpower-domain, was secured during 02/03. Adaptation of this high-level manpower to the momentous changes impacting on defence forces internationally, and the SANDF in particular, requires careful co-ordination and implementation. The involvement of the Department of Science and Technology was solicited in early 2003.

COMMON WEAPON SYSTEMS

The common weapon systems acquisition conducted projects relating to Command and Management Information (CMI) and Special Forces product systems, and included activities on a large number of smaller projects. Four significant new projects were approved at the end of 2002.

Project Related Progress.

- **Tactical Radios and Related Equipment.** The

Very High Frequency (VHF) Project is complete and is being closed, while the High Frequency (HF) Project is completing its final activity, after which it will also be closed. The surface-to-air communications requirement has been included in the new project for digital communications equipment, as is the requirement for short-range communications.

- **Tactical Vehicle Telecommunications Harness Systems.** The project's delivery schedule is fully on track, although the installations have been delayed through both changes in vehicle upgrade programmes as well as contractor delays.
- **Static Telecommunications Infrastructure.** The final part of this project was delayed owing to the allocation of spectrum as well as delivery delays experienced by the contractor. After the completion of these activities the project will also be closed.
- **Early Warning (EW) Systems.** The tactical systems were successfully delivered and the final installation of specialised equipment in the static system is progressing according to plan.
- **Cryptography Equipment.** This project is progressing according to plan.
- **Unique South African Identification Systems.** After some delays this project obtained approval and contracts for the delivery of components for integration in the SDPs were closed. Progress is according to plan.

Highlights

Approval has been obtained for the following new projects, which have

all started their functional study phase:

- New Generation Tactical Radios.
- Replacement of the Static and Mobile Telecommunication Infrastructure.
- New generation Static EW System.
- Transportable power supply equipment.
- Specialised equipment for the EW systems has been delivered.

Challenges

- The major challenge lies in the approach to the implementation of the tactical command and control systems.
- Another challenge is the implementation of the frequency migration plan from the 1.8 GHz band.

SERVICE DELIVERY IMPROVEMENT

The Departmental and Procurement Division will continue to improve service delivery to its clients, *inter alia* through the following:

- Managing and acting as a nodal point for the SANDF Capital Acquisition Master Plan and all related activities.
- Ensuring that multi-year adjustments to the master plan, that is project scheduling and financial allocation, are done in accordance with project prioritisation as determined by Chief Joint Operations and as approved by the Military Council and the PDSC.
- Ensuring that in-year adjustments to individual project financial allocations due to performance and cash-flow deficiencies are done without essentially affecting the project multi-year ceiling authorisation.

- Striving to minimise adverse audit reports as well as negative feedback from the defence industry and other Government departments.
- Striving to maximise the operational capability of the SANDF within the constraints by the continued early delivery of capable weapon systems.
- Reducing the impact of exchange rate fluctuations by appropriate scheduling and contracting of DOD requirements.
- Maximising the contracting of Small, Medium and Micro Enterprises (SMMEs) in order to broaden the industrial base.

Procurement Administration

Course. In order to improve the service delivery by and the knowledge of the procurement officials of various procurement entities within the DOD, three procurement administration courses were presented by a member of this Division during the year. 85 students successfully completed the courses and all indicated that they had learnt a lot through their attendance.

National Treasury Workshops.

Workshops were attended by procurement officials of this Division and the 3 corporate entities, wherein staff of the National Treasury gave guidance on the application of the Preferential Procurement Policy Framework Act and the Preferential Procurement Regulations when applied to tenders relating to the following:

- Joint ventures.
- Professional services.

Envisaged transfer of the Office of the State Tender Board (OSTB) functions to the DOD. The envisaged transfer of the OSTB functions to the DOD is eagerly awaited. The DOD Standing Tender Committee has ensured that all processes have been put into place to address the function shift.

On Site Travel Agent Office. An On Site Travel Agent Office has been established at the Central Procurement Service Centre (CPSC) in Thaba Tshwane (Pretoria) with great success. The successful payment of invoices has increased drastically.

Computerised Procurement System (PROQUIRE). A new Treasury approved computerised procurement system (PROQUIRE) was successfully installed at the CPSC in Thaba Tshwane in May 2002. This procurement program has increased security of the adjudication process and enhanced the transparency of the DOD procurement process. It has also improved lead times required for the adjudication of tenders and quotations.

Trade World (Source Link). This computerised requirement advertising system installed at the CPSCs greatly reduces the administrative lead times regarding the advertising of requirements.

Compliance Audit. In the spirit of the PFMA, a compliance audit for Type MEKO[®] A-200 (SAN) Patrol Corvette Acquisition Project has been initiated. Lessons learned in respect of the management of the acquisition process will be implemented within the other projects.

Risk Management. In compliance with the PFMA, the Departmental Acquisition and Procurement Division has established a Risk Register at divisional level and is represented at the DOD Resource Risk Management Subcommittee. In addition to the risk management implicit in the acquisition process, each project is required to manage and report its own risks explicitly. A member of the Division is being trained in fraud prevention in order to establish a credible fraud prevention plan.

DEFENCE INSPECTORATE

ANNUAL REVIEW

The Head of Department issued an instruction to the Inspector General (IG) DOD to realign his/her functional activities in accordance with the needs of the PFMA and Treasury Regulations. The outcome thereof was that the roles of Directorate Inspections and Directorate Internal Audit were redefined, and two new directorates were functionally renamed and organised as the Directorate Performance Audit and Directorate Regulatory Audit.

This annual report will cover the trends and tendencies against a three-year rolling audit strategy. It reports against categories of risk identified in the IG DOD Risk Register and includes for the first time activities of the Directorate Anti-Fraud.

The Inspectorate had reached a 91 per cent staffing level at the end of March 2003 and has simultaneously obtained representivity marginally close to the prescribed requirements.

It can be proudly reported that the IG DOD thus obtained international recognition through ISO 9001: 2000 Certification.

Audit Committee. During the year under review, the DOD Audit Committee (AC) for the DOD was duly constituted according to the PFMA. The committee consists of six members who are external to the DOD, two who are independent members within the DOD, two who are ex-officio officers, the Auditor General and representatives of the Inspectorate. Four scheduled meetings were held in the 2002 calendar year and one special meeting was arranged. This is the first year that the Audit Committee approved the IG DOD's Strategic Business Plan. The activities of the Audit Committee are formally structured

into a plan, which will allow coverage of the total spectrum of work that needs to be evaluated and monitored.

International Standards

Organization (ISO) 9001:2000 Certification. The Inspectorate sought and successfully obtained ISO 9001:2000 certification from the South African Bureau of Standards (SABS). This historic first for a DOD division has greatly improved the capabilities and output of the Defence Inspectorate and Internal Audit activity in the DOD. A consequence of this achievement is that the Defence Inspectorate is subject to ongoing audits by the SABS to ensure that the quality and standards are maintained.

POLICY DEVELOPMENTS

No new policies were developed during the period under review.

INTERNAL AUDITS

The Directorate Performance Audit's target for inspections, survey reports and Warrant Officers' reports was 152, of which 121 reports were completed. Performance against plan was negatively influenced by the preparation for ISO 9001:2000 Certification. However, this led to a quantum improvement in the quality of the Directorate's reports.

Directorate Regulatory Audit had set a target of 479 audits. Total audit reports delivered were 576 reports. Performance against plan was negatively influenced by the staffing levels (36 per cent vacant) and the preparation for ISO 9001:2000. Closing down audits were dealt with as a priority, with the result that most of the audits were conducted in this field to the detriment of management audit reports.

INSPECTIONS

A wide-ranging scope of inspections

was performed during the period under review. Areas of concern identified via these inspections include:

- **Misuse of State Property.**

With regard to board and lodging fees, neither personnel nor logistic line managers took sufficient preventative action with regard to the misuse of State property and the failure to collect funds payable to the State. The Human Resources Services produced a DOD Instruction (DODI) that partially covers the aspects. This matter was addressed at the Accountability Management Committee (AMC), which convenes on a monthly basis. Chief of Joint Support, who is the responsible line functionary for hospitality services, has been informed of the situation.

- **Management Problems.**

- Management at unit level does not adequately apply internal control measures to ensure that basic office administration is sound. This leads to poor roll-call administration, with the result that Chief Personnel Payments is notified late of deceased members or members that are absent without leave (AWOL), which is largely the reason for irrecoverable departmental debts. Linked to the maladministration of the roll-call administration, irregularities were found in the Inland Accommodation Expenditure (IAE).

- A failure to optimise the utilisation of resources as a result of inappropriate management practices has become visible in the following examples: the Internet Policy is not being implemented, file mustering is not carried out and negative

perceptions pertaining to management in general persist.

- Positive reports were received where management implemented the South African Excellence Foundation (SAEF) Model. The utilisation of the SAEF Model as a management tool to continuously improve and strive for excellence was advocated extensively. Units that apply this management tool enjoy the advantages of the programme, and since they have realised that the end-users of their product or service are "customers", their attitude toward customers and service delivery has improved tremendously.

- **Logistic Control.** Internal controls in the logistic environment are generally inadequate. No reliance could be placed on stock verification certificates and main ledger accounts. A case was reported where the security fencing surrounding the unit was found to be inadequate and stores-stores were not fenced off, whilst the unit carries expensive strategic stock items that must be operationally ready at any given time. It was, however, reported that weapons and ammunition are well secured at inspected units.

- **DOD Projects.** The internal controls with regard to projects are, in general, unacceptable. The main trend is the absence of approval documentation pertaining to the projects. Chief of Acquisitions and Procurement should put measures in place to address the issue of non-compliance, as well as to assure the Secretary for Defence and Chief of the

SANDF that no unauthorised expenditure will be incurred by the DOD.

Strategic control risks identified:

- The use of contractors and consultants are not exposed to sufficient control.
- The development of logistic information systems is hampered by a lack of policy guidance.
- Detention quarters within the DOD are inadequately managed.
- **Fitness Levels.** Traditional physical fitness training and fitness tests are maintained. However, there is a lack of policy to regulate fitness levels in the SANDF.
- **Use of the Reserve Force.** There are insufficient directives with regard to the utilisation and maintenance of the Reserve Force.
- **Small Arms.** The development, industrialisation and manufacturing of small arms in the SANDF/DOD are hampered by insufficient directives.
- **Relations within the DOD.** A high percentage of the sample indicated that relationships between members of the different population groups are sometimes tense, due to misperceptions emanating from pre-1994 racial and military training backgrounds.
- **Peace-support Operations.** The majority of the sample agreed that it is necessary for the DOD/SANDF to deploy peace-support forces. A noticeable number expressed negative feelings about the feasibility of deploying peace-support forces. The percentage of the total sample that claimed that they would volunteer to participate in peace-support missions has risen to its

highest level since 2000.

- **Transformation.** Just over 50 per cent of the respondents of the total sample indicated that transformation was progressing very well/well/reasonably well. Respondents reacted relatively negatively to integration, rationalisation, fairness in the execution of affirmative action, cuts in the Defence Force budget, restructuring of the DOD/SANDF, the way gender equality is applied and the inception of the Defence Secretariat. The majority of the sample reacted positively to their adaptation to new circumstances in the DOD. The most dominant problems that the sample identified for the transformed DOD are loss of skilled personnel, racism, application/enforcement of discipline, differences in military culture and perceived preferential treatment of certain cultural groups.
- **Communication Media.** The majority of the survey participants reported positively on the effectiveness of the MASIBAMBISANE HIV/AIDS Industrial Theatre production as a medium of communication, as well as to its perceived impact on members/personnel of the DOD.

SERVICE DELIVERY IMPROVEMENT

Measures implemented to improve service delivery were as follows:

- The Effectiveness Model to assist in determining the status of combat readiness has been almost completely implemented.
- Evaluation reports received from clients regarding audit services reflect positively on the situation. Where the

contrary is experienced, such report information is used effectively to improve the service to clients.

- Filling of vacant posts was expedited and this will further improve the audit coverage during the next financial year.
- An effort was launched to enhance the quality of the Departmental Internal Audit function in pursuit of both superior performance delivery and good governance. To this end an ISO Certification (9001:2000) was attained towards the end of 2002. This brought the Defence Inspectorate on a par internationally with regard to processes and procedures to be documented and delivery of production.
- The above-mentioned will result in a reduction in costs in relation to improvement of services provided to Services /Divisions and lower levels.

Objectives. The core objectives of the Inspectorate were as follows:

- To ensure the verification of management information. This was done by means of audits and inspections that were conducted over eleven identified risk areas. Nine of the eleven risk areas were reported on.
- To ensure the availability and integrity of appropriate resources to enable the Inspectorate's output. This objective was achieved almost completely, except for the fact that, although all vacant posts were staffed, not all new incumbents accepted the appointment offered. This resulted in staffing that was not fully completed.
- To ensure that all members of the Inspectorate enjoy equal opportunities and fair labour practices. This objec-

tive was applied throughout the Inspectorate's activities, whether it was with regard to merits, commendations, promotions or staffing.

- To fully develop the internal processes of the Defence Inspectorate. All processes and procedures are documented in full. To this effect an ISO Certification (9001:2000) was attained by 20 November 2002.

EQUAL OPPORTUNITIES

ANNUAL REVIEW

The Equal Opportunities Chief Directorate (EOCD) is charged with the responsibility to "institutionalise equal opportunities" in the DOD. In many ways 2002 proved to be a very successful year in reaching this strategic goal of the DOD.

The Directorate Equal Opportunities (EO) Policy and Plans had a fruitful year in the execution of the EOCD's mission and that of the DOD's strategic goals. Many EO related policies were promulgated, assistance was given by means of advice and the presence of EO personnel at various forums was significant.

Various aspects of the DOD were influenced. Affirmative Action (AA) issues that were monitored through Parliament, the Council on Defence, the PDSC and the EO Advisory Board, gender issues were mainstreamed and the DOD Disability Forum provided a useful platform, not only to discuss the plight of our disabled, but to put in place action plans to accommodate these individuals in our organisation.

The past year also saw the implementation of an evaluation instrument and evaluation teams in order to monitor the implementation of the EO and AA policy within the DOD.

The following challenges were experienced:

- Non-compliance with Government imperatives, namely outdated regulatory framework, e.g. the White Paper on AA: Targets (1999) and attainment of representivity targets in the DOD.
- Financial constraints limit the degree to which EOCD can perform its core function (foreign travel is a key component).
- Changing attitudes is time consuming and restricts development.
- The Department of Labour, Department of Public Service Administration, Public Service Commission, Office on the Status of Women in the Presidency (OSW), Office on the Status of Disabled Persons (OSDP), Parliamentary Committee and the EO & AA Advisory Board are crossing command and control lines within the DOD.
- Attainment of representivity targets within DOD.
- Commitment by management regarding the implementation of the policy to the lowest level.

POLICY DEVELOPMENT

The following policies have been developed, annulled and authorised:

- The Pregnancy Policy has been developed and is in the process of promulgation.
- The Policy on Fast Tracking.
- The Policy on DOD Shared Values.
- The Sexual Harassment Policy was promulgated and distributed.

OUTPUTS

The following were outputs of CDEO during the period under review:

The undermentioned DODIs were either promulgated, reviewed or prepared in a draft format:

- Fast-tracking Policy (promulgated).
- DOD EO & AA Policy as revised (promulgated).
- A draft policy was completed on departmental values that have been identified as a sub-driver of the strategic issue "Low Morale and Loss of Expertise". This will serve as a platform for the creation of an effective corporate culture and currently the awareness programme and curriculum is being aligned specifically to accommodate and reflect the following values:
 - Professionalism
 - Human dignity
 - Integrity
 - Leadership
 - Accountability
 - Loyalty
 - Patriotism
- Draft DOD Policy on Sexual Orientation.
- Draft DOD Policy on Violence against Women & Children.
- DOD's Policy Guidelines on the Prevention and Elimination of Unfair Discrimination towards People with Disabilities (promulgated).

RESEARCH

- The fifth annual EO and AA survey was conducted by the IG DOD Effect Analysis Section in 2002.
- Gender-Integration Research forms part of an ongoing research project on gender integration.
- The perceptions of members and employees in respect of racism in their units/bases are continually researched in conjunction with Section Effect Analysis by means of focus group research.

EQUAL OPPORTUNITY DEVELOPMENT

EO and AA policy states that all members and employees in the DOD shall periodically undergo mandatory training in EO and AA. It also stipulates that all officers commanding and managers should attend special training programmes on EO and AA. For this purpose a range of EO & AA seminars are presented and DOD personnel exposed to them regularly.

AFFIRMATIVE ACTION

The South African Defence Review, 1998, Chapter 10, gives the DOD baseline targets regarding affirmative action.

While progress in terms of racial representivity has been noted, on both the regular force and PSAP component, an area of concern is the rank/level, gender and disability representivity.

INSPECTIONS

The Evaluation Section has evaluated the implementation of equal opportunities throughout the DOD, which has been divided into 5 geographical regions. The management, evaluation and implementation of equal opportunities will be discussed per region, each of which consists of a number of general support bases (GSBs). The findings in these geographical areas are:

- **Western and Eastern Cape** (this included GSBs Port Elizabeth, Oudtshoorn, Bredasdorp, Simon's Town and Langebaanweg). Evaluations have progressed well in this area except for Simon's Town where there is a shortage of personnel. The Multi-skilled Functionaries (MSF) posts have not been fully staffed in Port Elizabeth (1 post), Oudtshoorn (1 post) and Lange-

baan (3 posts) and Simon's Town (2 posts). In Simon's Town the large number of labour related issues are an added burden for the understaffed office. Owing to personnel problems the Port Elizabeth and Simon's Town areas are the furthest behind with the implementation of the EO policies by means of briefings.

- **The Central Region** (including Bloemfontein, Kimberley, Kroonstad, Lohatla and Potchefstroom). These units, according to plan, have been evaluated and action plans to address the problem areas are in progress. Of main concern is the Kroonstad area where the MSF has not been trained and there is a vacant officer's post. Bloemfontein and Lohatla have vacant clerical posts.
- **Gauteng Region** (including GSBs' Doornkop, Garrison, Thaba Tshwane, Waterkloof, Wonderboom, Johannesburg and MOD). Evaluations are behind in this area owing to the absence of a coordinator at EOCD. This post has now been filled and planning has been undertaken to rectify this situation.
- **Eastern Region** (GSBs Durban and Ladysmith). MSFs have been implementing action plans within this region and are utilised by management and members. All areas have been evaluated and information briefings are being given according to plan. The re-evaluations will commence during 2003 to establish if there has been improvement in the areas of concern.
- **Far North Region** (GSBs Hoedspruit, Louis Trichardt, Nelspruit and Polokwane). Units have been evaluated

and action plans developed according to plan. Owing to a continual change in personnel, corrective actions have been hampered in this area as personnel have to be trained before they can commence with their tasks. Posts have recently been filled in Polokwane, but there are still vacant posts at Nelspruit and Hoedspruit.

General. There has been progress within the EO field in all the areas with the completion of the evaluations and the implementation of action plans, based on the areas of concern identified through the evaluation reports. All corrective actions are slow because the MSF teams are small and have to service all the units within their GSB, as well as manage the labour service and separations related work.

Many requests and criticism was received in 2002 concerning the fact that the evaluations did not give enough detailed information for the use of officers commanding (OCs). This has been corrected by the implementation of the Statistical Product Service Solutions (SPSS) Programme, which gives a large amount of detailed information to the users, making it easy to identify areas of concern within the individual units.

The SPSS Programme has accumulated sufficient data to enable the section to produce strategic reports on the implementation of the EO Policy within the DOD during 2003.

GENDER

Visit to Germany. April 24 -06 May the Senior Staff Officer Gender accompanied the Deputy Minister of Defence to Germany on the invitation of the SA Ambassador to Germany. The aim of the visit was to enable the participation of SA women in the German women's

Table 4.1. Comparison of DOD Baseline Target

DOD STRENGTH REQUIRED BASELINE PER RACE					
	<i>African</i>	<i>White</i>	<i>Coloured</i>	<i>Indian</i>	<i>TOTAL</i>
<i>Required %</i>	64.68%	24.35%	10.22%	0.75%	100%
<i>Status at March 2003</i>	62%	25%	12%	1%	100%

conference that coincided with the SA independence week. Apart from the DOD women, other State departments as well as the Parliamentary women's caucus also sent delegations to this conference. The DOD benefited by means of exposure to the work done by the women of Germany.

DISABILITY

The DOD, in terms of the White Paper on an Integrated National Disability Strategy, is committed to providing people with disabilities with information in forms accessible to them. The DOD considers access to communication as an integral part of the equalisation of opportunities for people with communication disabilities, such as deaf people, people with speech difficulties and people with visual disabilities. A Beginners and Intermediate Sign Language Course was embarked upon during June and July 2002 at the University of the Witwatersrand.

Five disability forums were coordinated and held every second month to facilitate the process of fair acknowledgement of the rights of people with disabilities at all levels in the DOD and to determine the gap and required change. The Disability Forum ensures the promotion, protection, development and attainment of equal opportunities for people with disabilities in the DOD.

The Disability Equity Section participated in three Interdepartmental

Collaboration Committee (IDCC) meetings at the Office on the Status of Disabled Persons in the Presidency. This was done to ensure collaboration between all spheres of government on repositioning disability as a development issue in South Africa, Africa and other developing parts of the world.

SERVICE DELIVERY IMPROVEMENT

The application of sound management principles is adhered to for assurance of acceptable improvement of service delivery.

CORPORATE STAFF DIVISION

ANNUAL REVIEW

The Corporate Staff Division has taken the Strategic Planning Process to heart, and has shown its determination to ensure the successful implementation and maintenance of the process.

The most common challenge facing the Division is the filling of posts with skilled and/or experienced staff. This issue is being viewed as a short-term problem which is being addressed by the training and experiential exposure of a new generation of SANDF members. Use is also being made of Reserve Force members with appropriate skills and experience to assist with skills shortages.

New international commitments and the additional staffing of overseas

posts have created fresh staffing challenges for the Division. The growing commitment to international peacekeeping and regional security arrangements will extend the SANDF's ability to provide military forces for these operations.

STRATEGY AND PLANNING OFFICE

The establishment of a crisis management centre for the Chief of the SANDF is still in process. Considerable progress has been made, but a full operational status will only be achieved in FY 2003/04.

The military strategy was successfully promulgated within the Department and communicated up to Cabinet Level. The force design and structure investigations were initiated to determine the most effective, efficient, and economic structure that will support the required force design.

Measures taken to improve (align and refine) the Strategic Planning Process continued and yielded positive results including the development and implementation of a strategic planning tool to improve strategic control.

DEFENCE CORPORATE COMMUNICATION

Defence Corporate Communication (DCC) succeeded in reaching most of its objectives and outputs according to plan in FY 2002/03, despite being understaffed, by means of harder and smarter work by all members. Staffing appropriately

skilled and knowledgeable personnel into vital posts has been a constant challenge. A major effort has been put into (mostly outsourced professional) training and development of existing and newly appointed staff members. A major internal training effort will be embarked on in the future, not only of its own staff, but also of all corporate communication functionaries in the DOD.

MILITARY LEGAL SERVICES

The Reserve Force contingent is being developed to act as a force multiplier to alleviate the effect of the loss of expertise and experienced staff in the Military Legal Services Division.

RESERVE FORCE DIVISION

ANNUAL REVIEW

The Reserve Force is acknowledged in the Constitution and the White Paper on Defence as a national asset and an integral part of the SANDF's force design and the chief means to provide a sufficiently large defence capability at an affordable cost.

The now Reserve Force was formerly known as the Part-time Component, whereas the then Full-time Component is now referred to as the Regular Force. The previously all-white, largely conscript force is now an all-volunteer force and many new recruits from all sectors of the population have been inducted into the Reserve Force. The SA Army has the largest component with 96 per cent of the total Reserve Force, made up of some 51 000 Army Territorial Reserve (ATR) members and 7 000 Army Conventional Reserves.

Since budgetary constraints were imposed in 1997, severe limitations on the ability to recruit and train

Reservists and a severe shortage of leader group developed, due chiefly to insufficient flow of trained personnel from the Initial Military Service (IMS) system.

Despite these challenges, reserve units have succeeded in recruiting members locally from previously disadvantaged communities and almost 40 per cent of the Reserve Force are now African, Coloured and Asian persons who have received at least basic training and limited functional training.

The capability of the Conventional Reserve though has declined whilst the ATR (previously known as the Commandos) has been able to contribute to a relatively stable situation, largely due to their employment in support of the SA Police Service (SAPS).

PERSONNEL MATTERS

The cost of the Regular Force has been the chief reason for the lack of resources available to the Reserve Force. The limited budget for the IMS system has resulted in small intakes and most of these members have moved into the Regular Force after their training.

The new Military Skills Development System, which was launched in January 2003 as part of the SANDF's Human Resource Strategy 2010, has also been limited by the lack of resources and will also not significantly affect the flow of trained personnel to the Reserve Force unless intakes can be increased substantially.

A project to encourage ex-Regular Force members to join the Reserve Force is currently underway to try to address the leader group shortage. However, many of these persons are in the more senior rank groups and this will not solve the shortage in the junior leader ranks.

Representivity in the Reserve Force

is still not in line with the targets set in the Defence Review due to insufficient personnel flow. The measure of representivity achieved is largely due to the initiatives of the units themselves who have recruited previously untrained persons locally. Gender representivity is, however satisfactory with 26 per cent of Reserve Force members being female, significantly higher than the Regular Force.

The SA Air Force and the SA Navy have small Reserve Force elements consisting mainly of specialist personnel in their respective musterings. The Military Health Service makes good use of their Reserve Force medical personnel to supplement their capacity and the Military Legal Service has significantly increased its capacity by recruiting legally qualified persons into the Reserve Force as military judges, prosecutors and defending officers.

TRAINING AND DEPLOYMENT

The ATR has continued to supply personnel in support of the SAPS in crime-combating operations and the Rural Safety Plan. The ATR contributed in excess of 400 000 man days in this role in FY 2002/03. However, government decision to phase out the Commandos has had a significant effect on the morale of ATR members.

Postal service to SANDF elements deployed externally has continued to be supplied by 11 Field Post Office, a Reserve Force unit of the CMIS Formation. Approximately one and a half tons of post and parcels per month are handled by this unit.

SA Air Force Reserve Force Squadrons supply light air transport services to the DOD, albeit this is limited by available funds. The SA Air Force Reserve Force pool is also employed on a regular basis to supplement aircrew and other specialist

functions in SA Air Force transport squadrons and headquarters.

The CMI and DOD Logistics Formations have Reserve Force units earmarked for the combat support role. These are mainly units in the signals, logistics and technical support fields. Most of these units suffer the same challenges experienced by the Army Conventional Reserve in terms of funding and the lack of conventional training exercises.

The Army Conventional Reserve has had limited training for several years although the smaller elements such as the Artillery and Armour Corps have, due to the smaller numbers required, been able to incorporate Reserve Force elements into Regular Force training. Due to the budget constraints, no formation-level exercise has been held since 1996. The conventional reserve as a whole is therefore currently not adequately combat ready.

PROJECT PHOENIX

Due to the overall state of the Reserve Force, the SANDF launched Project PHOENIX in September 2002 with the aim of establishing plans for the renewal and transformation of the Reserve Force. The Reserve Force Division is responsible for co-ordinating and monitoring the compilation and execution of these plans by the Services and Divisions that command Reserve Force units.

In line with the Military Strategy, which envisages a complete withdrawal of the SANDF from support to the SAPS by 2009, the focus of Project PHOENIX is directed mainly towards the conventional reserve.

Since the establishment of Project PHOENIX, the following has been achieved:

SA Army

- The restructuring of the

Directorate Army Reserves and the appointment of personnel in the posts.

- The appointment of a Senior Staff Officer Reserves in all the Army formations as advisors to the GOC wrt the renewal and management of the Reserve Force.
- The approval and launching of plans to identify and recruit ex-Regular Force members and former Non-Statutory Force leader elements into the Reserve Force.
- The allocation of a "survival" budget to all Reserve Force units to enable training and administration to take place at unit level.

SA Air Force

- The appointment of a Director Reserves.
- The establishment of a plan for the use against repayment of the Reserve squadrons.
- Approval of a concept to establish a Reserve Force combat capability.
- A draft plan to re-establish a Reserve Tactical Airfield unit.

SA Navy

- The appointment of a new Director Reserves.
- A plan for the complete restructuring of the Naval Reserve and the re-allocation of current reserve force members to ships together with the deactivating of the current administrative Reserve Force units.

Military Health Service

- Appointment of Reserve staff officers in the Directorate Reserves.
- The establishment of a structure for reserve combat support and staff elements.
- The strengthening of reserve infrastructure posts and appointments.

- A plan for specialist training of reserve force members in battlefield medical support.

Chief of Joint Support

- CMIS Formation.
 - The revamping of Reserve Force structures according to the requirements of the SANDF force design.
 - The updating of the Directorate Reserves and appointment of personnel.
 - Limited staffing of leader group posts and technical personnel in Reserve units.
- Military Police Agency
 - Recruiting of 87 new members. The training of these members will hopefully take place in FY 2003/04 depending on funds being available.

CONCLUSION

The establishment of Project PHOENIX has had a very positive effect in terms of raising awareness of the essential part, which the Reserve Force must play in the design of the SANDF and the capability to expand to a wartime force. The role of the Reserve Force as a major component of South Africa's deterrent capability has been reinforced.

The approval of a draft Doctrinal Framework for the Reserve Force has also served to direct thinking and planning on a structured and goal-orientated basis with desired end-states in mind.

The critical issues remain, however, the following:

- Adequate funding of the Reserve Force, which will remain a challenge under the current budget allocation and the current size of the Regular Force.
- Staffing of the Reserve Force with adequately trained personnel for the

same reasons as stated above.

- The revisiting of legislation with a view to enabling the call-up of the Reserve Force in peacetime is an issue, which is becoming increasingly relevant given the SANDF's commitment to peace support operations.

CHAPLAIN GENERAL

The Division set itself a number of strategic goals over a period of five years (1999-2003). This year saw the reaching of most of the goals whilst good progress with the others were made.

DEFENCE FOREIGN RELATIONS

Constant changes and developments in the arena of international affairs and defence diplomacy affect the execution of Defence Foreign Relations (DFR) responsibilities and how it plans and co-ordinates its functions in relation to the needs of the SANDF and the DOD. The conduct of SANDF and DOD activities influencing the defence foreign relations environment are not integrated and co-ordinated. This impacts directly on the ability to exert influ-

ence in the field of defence diplomacy and military foreign relations. At the same time the lack of co-ordination often does not advance a professional image of the DOD and SANDF.

- Foreign dignitaries handled submissions for 394 visits abroad by DOD personnel, and for 180 official visits to the RSA. Eleven ministerial visits were arranged internationally, and three visits nationally. Ten visits were arranged for the Deputy Minister internationally, and she hosted four national counterpart visits. One inbound courtesy visit and one international visit were arranged for the Secretary for Defence. The Chief of the SANDF had five visits internationally, and hosted one locally.
- 1969 official and diplomatic passports were issued; 1 580 visas processed and 255 air tickets were issued. Vehicle hire reservations and hotel reservations were made for some of these visits and courier letters were issued.
- There are 54 military attachés (MAs) accredited to the RSA from 41 different coun-

tries. Nine accreditation/de-accreditation ceremonies were held. Twenty two different events were organised for the MA and Advisor Corps to expose them to the SANDF and the RSA, to ensure that they are correctly informed and to enable them to identify possible areas of cooperation between the SANDF and other foreign armed forces. The MA and Advisor Corps Guide has been revised and a year programme has been issued to enhance service delivery to the members of the MA and Advisor Corps.

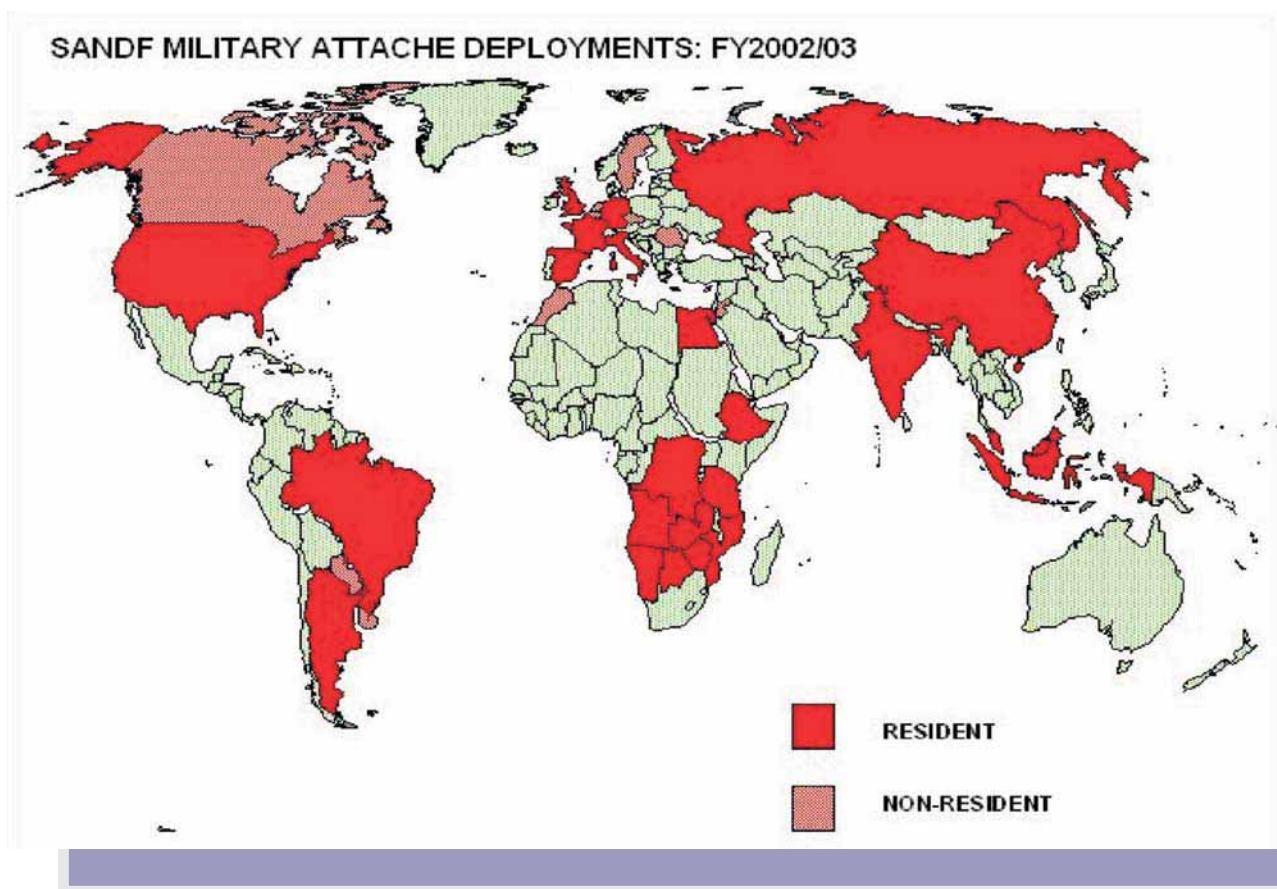
- Foreign military students attended courses in SANDF training institutions during the year (this includes courses of a year to only a few weeks' duration). See Table 4.2 for details.

Military Attachés. The SANDF has 26 MAs deployed in twenty-two (22) countries. These MAs' are accredited to 33 countries. In terms of the Force Employment Strategy and the Military Council decisions of 3 March 2003, more MA offices are to be opened from FY 2003/04 to FY 2005/06. The planning and

Table 4.2. Foreign Students on Senior Courses

<i>No of Students</i>	<i>Course Attended</i>	<i>Countries of Origin</i>
7	<i>Executive National Security Programme 05/02 (Jan-Jun 02)</i>	Namibia, Kenya, Nigeria, USA, Egypt, Botswana, Zambia
4	<i>Executive National Security Programme 06/02 (Jul-Nov 02)</i>	Nigeria, Pakistan, Tanzania, Zimbabwe
5	<i>Executive National Security Programme 07/03 (Jan- Jun 03)</i>	Botswana, Malawi, Pakistan, UK, Zimbabwe
4	<i>Joint Senior Command and Staff Course-2002</i>	Pakistan, India, Botswana, Zimbabwe
7	<i>Joint Senior Command and Staff Course-2003</i>	Botswana, Rwanda, Kenya, Egypt, Malawi, Tanzania, Nigeria

Figure 4.1. SANDF Military Attaché Deployments



preparation for this is in process. However, insufficient funds prevent these offices from functioning to their full potential. MAs monitor geopolitical and military developments abroad and provide early warnings on potential conflicts abroad. Standard operating procedures are being developed to ensure that MAs deployed abroad direct the correct information at the correct time to the correct place. MAs assist Heads of Mission

abroad with military and security advice. See Figure 4.1. for SANDF MA Deployments.

POLICY DEVELOPMENT

The following policy developments occurred during the year:

- A draft policy for the practice of Media Liaison in the DOD, including guidelines for crisis communication relating specifically to the media, still

needs to be promulgated as a DOD Instruction. Corporate communication policy development is an area of great need.

- All existing standing work procedures and instructions were updated and converted into divisional standing orders. Five new standing order's were issued during the reporting period.

LANDWARD DEFENCE

ANNUAL REVIEW

The past financial year has been a challenging year for the SA Army owing to the limited budget versus the ever-increasing costs for the sustainment of Prime Mission Equipment (PME), facilities and personnel.

Throughout the year the SA Army continued to provide troops to Chief Joint Operations (C J Ops) for employment during operations. Internal deployments continue to require a substantial number of troops in order to assist the South African Police Service (SAPS) in their fight against crime and other related issues.

The SA Army also provided troops during the launching of the African Union (AU), the World Summit on Sustainable Development (WSSD) and the Cricket World Cup. The success of these events cannot be attributed to the SA Army only but its participation did make the difference.

In external operations the SA Army troops continue to make a difference in Burundi, and all indications are that finally peace in that country is about to prevail. Preparations are afoot to increase the SA Army contribution in Burundi, with an additional battalion about to deploy there to reinforce the one already there. There are also plans to send

a battalion to the Democratic Republic of Congo (DRC). Although these operations demand a large number of troops, the SA Army is always ready and willing to support the Government's initiative to have lasting peace in the region.

Force preparation has been taking place quite well despite limited funds. The commencement of training of the Military Skills Development System (MSDS) at both the SA Army Gymnasium for the Leader Group and 3 SA Infantry Battalion for the rest of the troops earmarked for other Services and Divisions marks the begin-

ning of the rejuvenation of the SA Army. The commencement of the MSDS is much appreciated, as it will bring in new blood for the ageing SA Army. It is, however, important that an exit mechanism be implemented in order to downsize and right-size the Army to an acceptable level. Currently the SA Army spends almost 71 per cent on personnel related issues and this cuts into the operating funds needed for the sustainment of PME and training, as well as research and development. The current intakes will lay the foundation for the bigger intakes that will commence their training in July 2003 and other subsequent intakes in the following years.

INTRODUCTION



For the rest of the SA Army, training and course attendance progressed well throughout the year. As part of force preparation, Exercise IRON EAGLE was held at the Combat Training Centre (CTC). This exercise involved other Services as well, and it was a resounding success. The SA Army is, however, concerned that only one exercise of this nature can be conducted each year, while three are required. Drill competitions organised by the Warrant Officers of the SA Army have also contributed tremendously to improving discipline and the standard of drill. Leadership, Command and Management Principles (LCAMPS) training has been institutionalised within the SA Army and more than 1 000 members have attended these courses. The intention is to extend this training to involve the Reserve Force members as well.

During January 2003 Chief Army undertook a "road show" under the auspices of Project PHOENIX to address both the members of the Army Conventional and Territorial Reserves. The road show was very successful and many concerns and misinformation regarding the future of the Reserves were addressed. Chief Army also undertook to involve the Reserves in all managerial activities within the Army Office, and Director Army Reserve currently attends the Army Command Cadre (ACC) and the Army Council (AC) meetings on a regular basis. Reserve Force members are also involved in various Forums like the Army Planning Forum (APF) and the Army Evaluation and Budgeting Committee (AECC). The Army continues to appoint new members from the Reserve Force in the Army Office

Sustainment of PME and facilities has reached an acceptable level. Most of the capabilities are ticking, maintaining a "core growth capability" as required by the Military Strategy, but limited funds are start-

ing to influence these as well. Critical spares required to keep most of the PME, which is reaching its full life cycle and will need to be replaced in the near future, need urgent replenishment.

The slow response by the Department of Public Works (DPW) is going to cost the SA Army a substantial amount of money to maintain current buildings. The SA Army is currently involved in emergency repairs only, so as to be in line with the requirements of Occupational Health and Safety (OHS) Act. Many buildings are falling apart and becoming uninhabitable and the SA Army does not have enough funds to address this issue.

STRATEGIC PROFILE

Mandate. To provide prepared and supported landward defence capabilities for the defence and protection of the RSA by providing strategic direction for landward defence and establishing, training and maintaining prepared combat elements, auxiliary services and facilities.

Vision. The SA Army, our people in one spirit, has the commanding presence and power of a pride of lions. We are an excellent military force, forever professional and ready, making a difference wherever serving South Africa.

Mission. The SA Army provides combat-ready forces to Chief SANDF, whilst playing a leading role in sustaining a credible, cohesive, joint landward defence capability.

POLICY DEVELOPMENTS

The following policies were promulgated within the SA Army:

- The Peace Support Operations curriculum was developed for testing during pre-deployment training for units that must deploy outside the RSA.

- SAAO/Chief Director Army Force Preparation/AOT/002/02/99: Policy on Development and Maintenance of Policy in the SA Army, which included the hierarchy of doctrine and policy, was distributed for implementation.
- 43 SA Army policies were registered, 12 were promulgated and another 31 are in the process of promulgation.

LANDWARD DEFENCE CAPABILITIES

OVERVIEW

The SA Army force design (FD) is managed at various levels of readiness. The intention is that the capabilities at lower readiness levels are to expand should the necessity arise. This, however, implies that a reasonable warning time (three months to eight years - depending on the present readiness level), together with the necessary resources, will be required to upgrade the various units from their current status to fully operational deployable entities or combat-ready user systems.

The SA Army is mandated to prepare combat-ready user systems/higher order user systems according to the Force Preparedness Schedule, based on the Military Strategy as appreciated. The Force Preparedness Schedule provides for the short- to long-term requirements and is based on the premise that from FY 2006/07 40 per cent of the SANDF active duty members will be Military Skills Development System (MSDS) or Reserve Force members. The Landward Defence Programme comprises of the following sub-programmes: strategic direction, infantry capability, armour capability, artillery capability, air defence artillery capability, engineer capability, operational intelligence capability, support capability, general training capability, and command and control capability.

STRATEGIC DIRECTION

This sub-programme, which is executed by the Army Office, provides direction to the Landward Defence Programme. Its output is that it directs, orchestrates and controls the SA Army in the achievement of its mission and comprising the following:

- Office of Chief of the Army.
- Chief Directorate for Army Force Structure.
- Chief Directorate Army Force Preparation.
- Chief Directorate Army Corporate Services.
- SA Army Inspector General.

INFANTRY CAPABILITY

This sub-programme, which is executed by the Infantry Formation, provides the Infantry Capability of the Landward Defence Programme. The Infantry Formation comprises both the Regular and Reserve Force.

Actual Output

- Infantry Formation Headquarters.
- Corps School.
- The following infantry battalions for both Regular and Reserve Force:
 - Motorised.
 - Mechanised.
 - Parachute.
 - Light Infantry.
- Special Infantry Battalion.
- Army Territorial Reserve Units (23 Platoons per day required).
- Group Headquarters.

Level of Achievement

- While all the units performed according to expectation, some experienced serious challenges especially with regard to staffing and limited funding. It is hoped that the introduction of the MSDS will alleviate this situation, as healthy and young soldiers will be introduced into the

SA Army. The operational readiness of the Army Territorial Reserve (ATR) units will also improve.

ARMOUR CAPABILITY

The aim of this sub-programme is to provide the Armour Capability of the Landward Defence Programme.

Its outputs were as follows:

- Armour Formation Headquarters.
- Corps School.
- Regular and Reserve Force Tank Regiments.
- Regular and Reserve Force Armoured Car Regiments.
- Reserve Force Armoured Reconnaissance Regiment.
- Regular and Reserve Force Tank Transport Squadrons.

Level of Achievement

- The absence of a "human resource feeder system", the absence of national legislation to support Reserve Force utilisation and a limited budget caused the Reserve Force not to achieve combat-readiness goals. The Armour Formation Reserve Force units, however, recruited potential leader group members and, in cooperation with the School of Armour, presented Basic Training and Basic Armour Training for more than 50 potential junior leaders.
- The SA Army Armour Formation reached all its formal training objectives, but could not do sufficient continuation training owing to a lack of Product System Management support, especially for the Rooikat system. The only force training done was training of 1 SA Tank Regiment in the secondary role, in order to be ready for deployment on the Lesotho border as from April 2003.
- No units or sub-units were deployed during the year.

However, certain individual members were deployed to Burundi and the DRC. The SA Army Armour Formation is, however, scheduled to deploy in its secondary role during the FY 2003/04.

ARTILLERY CAPABILITY

The aim of this sub-programme is to provide the Artillery Capability of the Landward Defence Programme.

Actual Outputs

- Artillery Formation Headquarters.
- Corps School.
- Regular Force Composite Artillery Regiment.
- Regular Force Airborne Light Artillery Battery.
- Artillery Mobilisation Regiment.

Level of Achievement

- As a result of the military strategy and the force employment strategy, an appropriate draft Artillery Strategy has been formulated to act as baseline for the force design investigations which will be approved by the Minister of Defence for implementation.
- SOMCHEM conducted an investigation into the chemical degradation on the 155mm charge system (M50 series), and the future utilisation of these charges. This has led the Artillery Formation, Director Army Logistics and ARMSCOR to dispose of those charges not adhering to the international standards for the safe handling of ammunition. This resulted in an operational gap regarding both the 155mm GV5 Med Towed Gun/Howitzer Artillery System and the 155mm GV6 Med Sp Gun/Howitzer Artillery System of the SANDF.

- The artillery capability is already within a core growth capability, being one composite regiment. The staffing, training and equipping of 4 Artillery Regiment have been specific focus areas for the Artillery Formation during the past financial year.
- The Reserve Force capability within the Artillery Formation is on the brink of extinction and a deliberate effort must be launched to ensure its survival. Of the seven Reserve Force units, three units effectively stopped functioning due to insufficient personnel being available.
- A total of 17 ceremonial gun salutes were conducted during the period under review, including the opening of Parliament and the inauguration of the AU. This capability was maintained by means of an integrated approach between the Reserve Force and the Regular Force units.

AIR DEFENCE ARTILLERY CAPABILITY (ADA)

The aim of this sub-programme is to provide the ADA capability of the Landward Defence Programme.

Actual Output

- Formation Headquarters.
- Corps School.
- Regular Force Composite ADA Regiment.
- Reserve Force Mobile ADA Regiments.
- Reserve Force Towed ADA Regiment.
- Regular Force Air Mobile ADA Battery (no equipment).

Level of Achievement

- The ADA capability is equipped with trained personnel, ready to be deployed immediately, but the Reserve component may need a longer warning period.

ENGINEER CAPABILITY

The aim of this sub-programme is to provide the Engineer Capability of the Landward Defence Programme.

Full Outputs

- Engineer Formation Headquarters.
- Corps School.
- Regular and Reserve Force Combat Field Engineer Regiments.
- Regular Force Engineer Support Regiment.
- Reserve Force Engineer Parachute Field Regiment.
- Military Printing Regiment.
- Survey and Mapping Regiment.

Level of Achievement

- The engineer capability is ready for deployment at any time but there are still critical posts that need to be staffed urgently.

OPERATIONAL INTELLIGENCE CAPABILITY

The aim of this sub-programme is to provide the Operational Intelligence Capability of the Landward Defence Programme.

Full Outputs

- Intelligence Formation Headquarters.
- Corps School.
- Regular Force Tactical Intelligence Regiment.
- Reserve Force Tactical Intelligence Regiment.

Level of Achievement

- The School of Tactical Intelligence reached its goal of presenting all courses as planned and had an overall pass rate of 95.6 per cent. The total number of students trained was 878. A successful distance-training programme to train Reserve Force members was execut-

ed and a total number of 173 students were trained.

- All specialised intelligence equipment stores, headquarters and clubs were fitted with alarm systems, burglar proofing and security doors to safe-keep the equipment.

SUPPORT CAPABILITY

The aim of this sub-programme is to provide operational level command and control for the Support Capability of the Landward Defence Capability Programme.

Full Outputs

- Support Formation Headquarters.
- Regular Force Maintenance Units.
- Regular Force Workshops.
- National Ceremonial Guard Unit.
- Army General Support Bases.

Level of Achievement

- Staffing and DOD guidelines for the operating of ASBs not yet finalised.
- Disposal process very slow as there are as yet no DOD auction centres.
- The deployment of CALMIS not yet complete.
- A total of 388 military funerals were conducted during the FY 2002/03.
- 960 members completed the apprenticeship training and were classified as artisans.
- Unleaded fuel tanks were erected at all Army Support Bases.
- Ceremonial support was provided for Chief of the SANDF, Freedom Day, opening of Parliament and a variety of other activities.
- Continued support was provided for units deployed in Operation FIBRE.

GENERAL TRAINING CAPABILITY

The aim of this sub-programme is to provide operational level command and control for the General Training Capability of the Landward Defence Programme.

Full Outputs

- Training Formation Headquarters.
- SA Army College.
- SA Army Combat Training Centre.
- 3 SAI Battalion.
- SA Army Gymnasium.

Levels of Achievement

- Provisioning and maintenance of general training capability for basic, junior leader, voluntary military service, formation and staff training at training establishments continued according to plan.
- Members from other countries have also been trained in the training institutions of the SA Army and this reflects very well on the SA Army. SA Army members also attended courses overseas and have benefited well from this exposure.

COMMAND AND CONTROL CAPABILITY

The aim of this sub-programme is to provide the tactical level Command and Control Capability for Higher Order User System (HOUS) force preparation of the Landward Defence Programme.

Full Outputs

- 43 SA Brigade Headquarters.
- 46 SA Brigade Headquarters.

Level of Achievement

- Performance of this sub-programme was according to plan.

DEFENCE COMMITMENTS

OPERATIONS

The SA Army provides combat-ready forces to Chief Joint Operations on request for deployment within the budget allocation. During the period under review the SA Army commissioned forces for both internal and external operations. For internal operations ten Regular Force companies and nine Reserve Force platoons were constantly deployed on internal operations. These deployments utilised approximately 1 765 troops daily, or a total of 644 225 man days. Most operations internally include borderline protection, support to the SAPS, VIP protection and patrols. Of most significance is the participation of the SA Army during the inauguration of the AU and the WSSD, held in Durban and Johannesburg, respectively, and the Cricket World Cup.

The following are the results of internal operations conducted constantly throughout the year all over the country for support to the people and to assist the SAPS:

- Roadblocks: 869.
- Vehicle control points: 968.
- Foot patrols: 7 503.
- Vehicle patrols: 9 006.
- Motorcycle patrols: 358.
- Equestrian patrols: 292.
- Air patrols: 88.
- Farm visits: 8 885.
- Town visits: 318.
- National Key point visits: 220.
- Observation posts: 2824.
- Listening posts: 1 286.
- Cordon and search: 1 036.

Operational results for the same period were as follows:

- Modern Fire arms seized: 1 683.
- Kilograms Dagga seized: 87 968 kg.
- Kilograms cocaine seized: 41 kg.
- Mandrax/grey tablets

Seized: 7 955.

- Stolen precious metals seized: 3 744 kg.
- Head of stock seized: 898.
- Undocumented migrants apprehended: 57 774 individuals.

Casualties. One soldier died during these operations.

Within the Region the SA Army continues to provide troops for the Burundi peace process for VIP protection and other Peace Support Operations (PSOs). About 1,500 troops have been deployed in Burundi during the period under review and this number is expected to increase in the near future. Plans are also afoot to deploy troops in the DRC as part of Regional support. These deployments support the government's initiative for peace and development in the Region and promote the principles of the AU and NEPAD. The SA Army has observers in African countries like Ethiopia and Eritrea.

The following is the list of operations that the SA Army participated in during FY 2002/03:

CONTRIBUTION TO INTERNAL AND MULTINATIONAL EXERCISES

As part of force preparation the SA Army conducted and participated in various exercises at different levels in order to be able to provide combat-ready user systems/higher-order user systems to C J Ops for operational deployment. Exercise IRON EAGLE held at the Combat Training Centre was the only force preparation exercise conducted during the year. The SA Army needs to carry out at least three force preparation exercises each year for evaluating realistically its preparedness. The SA Army is requesting that more funds be allocated to be able to address this anomaly. Multinational exercises were also held with other countries as indicated in the Table 5.1.

Table 5.1. Exercises (Single, Combined and Multinational)

<i>Exercise</i>	<i>Duration</i>	<i>Location</i>	<i>Description of Exercise</i>	<i>Participating Units</i>	<i>Losses</i>
<i>TANZANITE</i>	15/02/02 - 22/02/02	Tanzania	Multi-national peace support operations	4 SAI Battalion - 45 members	Nil
<i>Airborne Africa</i>	01/06/02 - 14/06/02	Botswana	Multi-national friendly airborne competition	44 Parachute Regiment - 15 members	Nil
<i>Emergency Exercise with Airports Company of South Africa (ACSA)</i>	11/07/02	Upington	Humanitarian exercise to test response of all role players in case of aircraft emergency	8 SAI Battalion - 86 members	Nil
<i>RAINBOW TREK</i>	Oct/Nov 02	Richards Bay	Multi-national peace support operations	Two companies, 121 SAI Battalion and one company of 44 Parachute Regiment	Nil
<i>LAUREL</i>	30/10/02 - 09/11/02	Cape Town	Multi-national amphibious disaster humanitarian relief	Pathfinder Platoon, 44 Parachute Regiment and two companies of 121 SAI Battalion	Nil
<i>GOLDEN EAGLE</i>	31/05/02 - 21/06/02	Bloemfontein /Combat Training Centre	SAAF current operational capability	Two companies and Pathfinder Platoon, 44 Parachute Regiment	Nil
<i>IRON EAGLE</i>	06/09/02 - 13/09/02	Bloemfontein /Combat Training Centre	Airborne operations/emergency evacuation	563 members of 44 Parachute Regiment, 78 Reserve Force members and 350 members of 6 SAI Battalion	Nil
<i>Pre-deployment combat-ready training</i>	06/01/03 - 31/01/03	Potchefstroom Training Area	Peace support operations	2 SAI Battalion - 481, 14 SAI Battalion- 160 118 SAI Battalion - 169	Nil

OUTPUTS PRODUCED FOR DOD CLIENTS

Outputs produced for internal consumption by DOD clients are shown in the table below.

SERVICE DELIVERY IMPROVEMENT

Corrective measure/measures taken to effect savings during the period include the following:

- **Reserve Force Rejuvenation.** As part of Project PHOENIX, Chief of the Army conducted a "road show", addressing the Army Combat and Territorial

Table 5.2. Outputs Produced by the SA Army for DOD Clients

<i>Description of Service</i>	<i>Service Recipient</i>	<i>Results</i>
<i>The funded Command and Control of supported deployed SA Army Regular and Reserve Force units.</i>	<i>CJ Operations</i>	<i>Achieved</i>
<i>The management and maintenance of SA Army Regular Force, Reserve Force and PSAP</i>	<i>HR Support Centre</i>	<i>Achieved</i>
<i>The provision of Ceremonial Artillery Gun Salutes.</i>	<i>DOD/ Presidency</i>	<i>Achieved</i>
<i>SA Army Services to SAMHS - 37 Sickbays and facilities for Veterinary Services</i>	<i>SAMHS</i>	<i>Achieved</i>
<i>Product Systems Support</i>	<i>DOD</i>	<i>Achieved</i>
<i>DOD Cross-subsidisation. The provision of:</i> <ul style="list-style-type: none"> • <i>Ammunition for Force Preparation.</i> • <i>Uniform items to members of SA Army outside the SA Army.</i> • <i>Ration packs to other Services and Divisions during operations.</i> • <i>Centralised stationery.</i> • <i>Updated maps and charts.</i> 	<i>DOD Services and Divisions</i>	<i>Achieved</i>
<i>Course support for DOD Common Training</i>	<i>DOD</i>	<i>Achieved</i>

Reserve members regarding their concerns and future role in the SA Army. The show was well received and many issues were addressed and this will go a long way to improve the image and commitment of the SA Army towards the Reserves. Through Project PHOENIX there is an improved visibility of Reserve Force participation at Army Office, and in time this will be cascaded down to Levels 3 and 4.

- **Sustainment**
 - Intervention took place

regarding Procurement Centres within the ASBs. General Officer Commanding (GOC) Support Formation was mandated to identify capable members to be placed within the procurement centres so as to assist with processing of FAs and Orders received from Army clients and expedite payments.

- The procurement of critical items like the fuses for the 155 mm system and parachutes in order to improve the combat-readiness of

1 Parachute Battalion.

- Limited disposal of obsolete equipment took place
- Indoor shooting ranges and shooting related equipment at various units were repaired and this will contribute to improve the standard of shooting in the SA Army. The use of simulators, especially for shooting training, also continued.
- Utilisation of the Landward Defence Institute for scientific investigations into the SA Army explosive ordnance strategy, vehicle strategy



- and stock policy, took place.
- Upgrading of various mess facilities at units so as to use these for accommodation by visiting personnel as opposed to private hotels thereby cutting costs for Sustenance and Travel (S&T) allowance.
- A new security system was installed at the Army Office in order to enhance security and prevent theft of government equipment in general.
- Several units have been closed in line with the Military Strategy. The self-accounting status of Level 4 units was withdrawn to improve service delivery.
- The Warrant Officer (WO) of the SA Army has instituted a number of WO and Non-Commissioned Officer (NCO) competitions in order to improve the standard of discipline and drill within the SA Army.

- Institutionalisation of LCAMPS in the SA Army is already underway and more than 1 000 members have already attended the course. This is done in order to improve leadership within the SA Army.
- In preparation for the bigger intakes envisaged for the MSDS intake, plans are underway to open a 2nd Depot at the School of Infantry that will be able to accommodate up to 3 000 members at one time.

The SA Army Office introduced a new belt at the beginning of the year, representing all Corps available within the SA Army. The new belt replaces the current belts worn by the different Corps and acts as a unifying symbol that embraces transformation. The belt promotes esprit de corps amongst Army members and promotes the "one force" concept.

UTILISATION OF CONSULTANTS

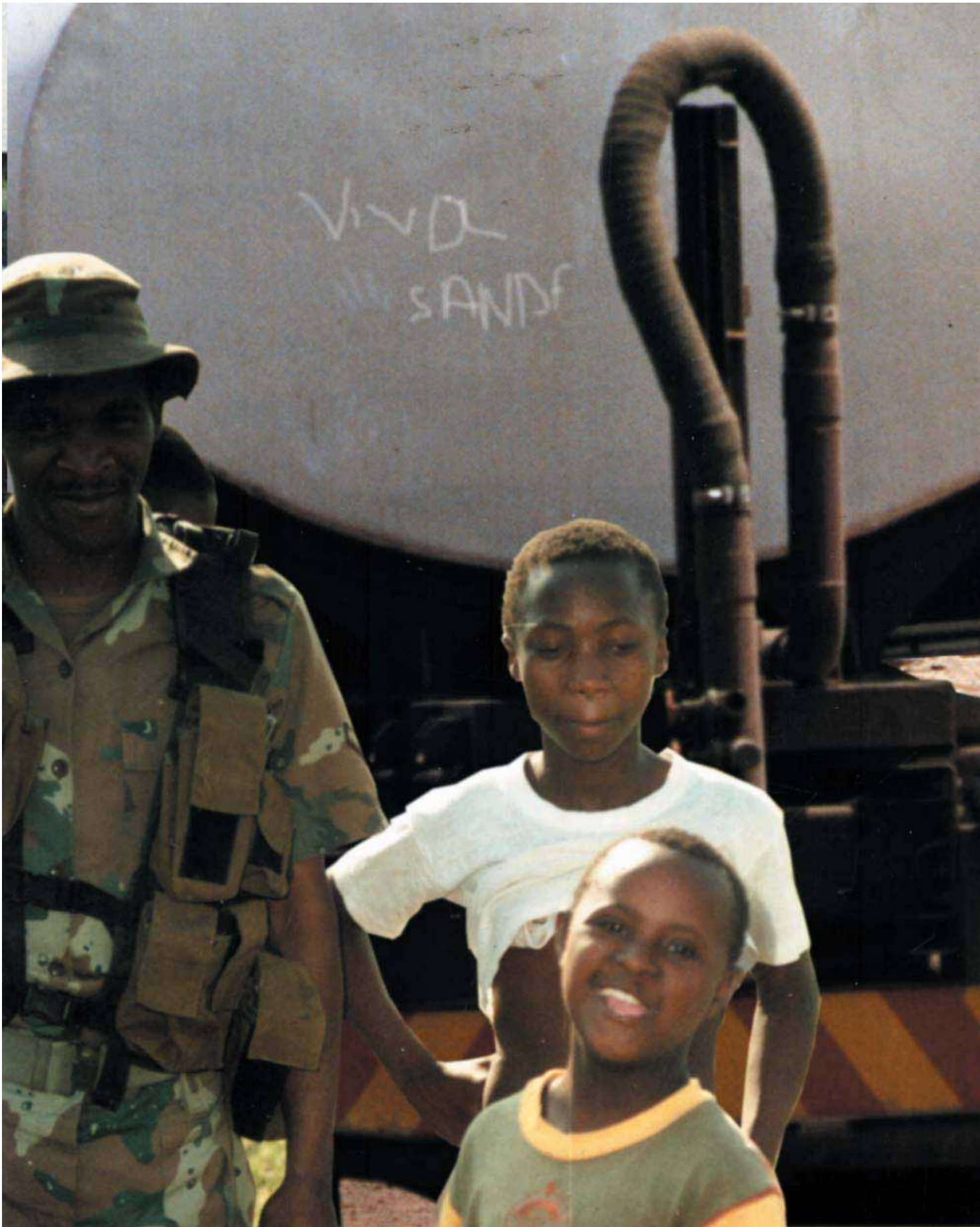
Most consultants utilised by Chief Directorate Force Preparation were for translation of SA Army training manuals from Afrikaans to English.

CONCLUSION

Amid all the challenges that the SA Army is currently facing, it continues to fulfil its role and mandate. The SA Army is proud to support the government's initiatives both locally and regionally and will continue to do so when instructed. The presence of the SA Army in Burundi is but one example of the preparedness of the SA Army to serve this country wherever and whenever commanded. The problems currently being experienced can be solved by timeous interventions and the implementation of an integrated approach - the "one force concept".

Table 5.3. Utilisation Of Consultants

<i>Project Title</i>	<i>Total Number of Consultants who Worked on Project</i>	<i>Duration of Work Days</i>	<i>Contract Value in Rand</i>
<i>Translation of SA Army Vol 6: "Die Stormpioniers".</i>	<i>Hudson and Associates</i>	<i>40 days</i>	<i>R8 835.00</i>
<i>Translation of "SA Leër Opleidingsbeleidhandboek: Oorlewing".</i>	<i>I. Hodgson</i>	<i>10 days</i>	<i>R3 488.40</i>
<i>Translation of "SA Leër Olifant Gevegstenk".</i>	<i>I. Hodgson</i>	<i>22 days</i>	<i>R3 197.70</i>
<i>Translation of "Vestiging van Tegnieke".</i>	<i>I. Hodgson</i>	<i>20 days</i>	<i>R4 902.00</i>
<i>Vehicle Strategy</i>	<i>Land Mobile Technologies</i>	<i>Contracted Price</i>	<i>R395 231.00</i>
<i>Ammunition Strategy</i>	<i>Defence Research Centre</i>	<i>Contracted Price</i>	<i>R709 296.00</i>
<i>Stock Level Policy</i>	<i>Konditek</i>	<i>Contracted Price</i>	<i>R236 664.00</i>
<i>Handling of Artillery Ammunition</i>	<i>Ergotek</i>	<i>Contracted Price</i>	<i>R284 504.00</i>
<i>Structure of Mechanised Infantry Support Company</i>	<i>Defence Research Centre</i>	<i>Contracted Price</i>	<i>R250 001.00</i>
<i>Financial Procedures</i>	<i>Defence Research Centre</i>	<i>Contracted Price</i>	<i>R349 695.00</i>



AIR DEFENCE

ANNUAL REVIEW

The past year was one filled with great opportunities and some outstanding achievements. The SA Air Force once again presented itself to the national and international communities as a valuable national asset and important contributor to the New Partnership for Africa's Development (NEPAD) initiatives of government. During the year the SA Air Force contributed substantial manpower and other elements of air power to the contingents of the South African National Defence Force (SANDF) that are currently deployed in the Democratic Republic of the Congo (DRC) and Burundi. The services rendered by SA Air Force members are good examples and visible confirmation of the SA Air Force's involvement in and commitment to NEPAD, and towards attaining and ensuring a peaceful and stable region.

As part of its normal support to the people of South Africa, the SA Air Force was continuously involved in transport, humanitarian and coastal patrol operations, with many hours flown in support of the deployment in the DRC and Burundi, as well as in support of the South African

Police Service (SAPS) during crime prevention and border-protection operations. During the year the SA Air Force flew 35 145 hours, of which 10 947 were force employment in direct support of the SA Air Force's national mandate. A total of 3 937 force employment missions were flown.

During May 2002 the Chief of the SANDF unveiled the stone dedicat-

ed to the unknown airman which formed the main event of the SA Air

Force memorial service held at Bays Hill. The stone honours all unknown airmen who died in the service of the SA Air Force, as well as the Transkei, Bophuthatswana, Venda and Ciskei Air Wings. It also honours those unknown members of Umkhonto we Sizwe (MK) and the Azanian Peoples Liberation Army (APLA), who were destined to become part of the SA Air Force.

A highlight during the year 2002 was the sterling service rendered by SA Air Force members in saving Russian and German sailors from the Antarctic ice in June and July 2002.

INTRODUCTION



22 Squadron was honoured by the Russian Federation at a formal awards ceremony in Cape Town, where SA Air Force members were given official recognition for their brave and selfless acts of service in saving these foreign nationals under extremely difficult and dangerous flying conditions.

The SA Air Force contributed significantly to the World Summit on Sustainable Development (WSSD) that took place in Johannesburg in August and September 2002, with the provision of Military Liaison Officers and the utilisation of Air Force Base (AFB) Waterkloof for foreign aircraft movements. Approximately 50 SA Air Force officers performed duty as liaison officers. AFB Waterkloof played host to 46 aircraft from 32 different countries and handled 103 aircraft movements.

AFRICA AEROSPACE AND DEFENCE EXPOSITION

The Africa Aerospace and Defence Exposition was held at AFB Waterkloof during September 2002. This very successful event offered many opportunities to strengthen friendships with other air forces and partners in Industry. The Gripen, Hawk and Agusta, soon to be introduced into service, were displayed to the public and provided a preview of the next generation of aircraft to be introduced into the SA Air Force.

The Sir Pierre van Ryneveld Air Power Symposium, well supported by the air forces of the Southern African Development Community (SADC) countries, formed part of the Africa Aerospace and Defence Exposition 2002. More than 300 representatives from Government, the military, industry and foreign countries attended, and the SA Air Force is proud of an event that provided valuable insights into the challenges related to multinational air operations. During the Defence Exposition the SA Air Force hosted

the Standing Aviation Committee Conference of the Inter-State Defence and Security Committee (ISDSC) of the SADC. One of the important issues addressed at the Conference was a combined air forces preparation exercise, Exercise BLUE ANGEL, to be held during July or August 2003 in Zambia. The scenario for the exercise will be a simulated disaster-relief operation and its main aim will be to improve the interoperability of equipment and the harmonisation of procedures. The Chief of the Air Force attended this conference to personally strengthen and reinforce the SA Air Force's ongoing commitment towards contributing to improved peace-support operations in the region.

The Chief of the Air Force was the Revue Officer at the annual wings parade held at AFB Langebaanweg in December 2002. It was the 100th pilots wings course held since World War II. Fifty-four students received wings, of whom 23 were pilots. Of significance at this wings parade was that, for the first time ever, 4 SAAF Reserve officers received their wings alongside Regular Force personnel. Three navigators, 5 flight engineers, 4 loadmasters and four attendants also received wings. The remaining 11 wings were presented in the electronic and telecommunication musters.

The annual SA Air Force Day Parade was held on 31 January 2003 on Bays Hill at the SA Air Force Memorial. The Deputy Minister of Defence and other members of the Defence Staff Council attended the event. The annual SA Air Force prestige awards were handed out at the parade. The Prestige Award of the year went to the Mobile Communication Unit. The SA Air Force Protection Squadrons were honoured with the Sword of Peace award for their role in Africa, particularly in Burundi, where they form the core of the VIP Protection Unit.

Another major highlight was the progress made with the SA Air Force aviation awareness programme, SIYANDIZA. The guideline given by the SAAF Board to the SIYANDIZA project for the year 2002 was that it was to be more focused on individuals, and thus to produce 50 applicants for an aviation career in the SAAF by December 2002. To this end, the programme was to be decentralised and its main objective to be focused on establishing aviation awareness programmes at base and unit level, involving children from local communities. By means of this process, candidates with the right qualifications and an interest in aviation were identified. The result is that the SA Air Force now has a name list of more than 80 specially selected black candidates who will enter the normal recruitment process of the defence force.

During the Africa Aerospace and Defence Exposition, SIYANDIZA was able to expose more than 8 000 learners to the world of aviation. As a result of the active participation countrywide, some 25 000 learners and 5 000 teachers and parents were reached during the year. The project team has a database of 300 individuals who are actively part of a development programme.

The SA Air Force Medium-term Human Resource (HR) Strategy and the HR Short-term Support Plan were drafted and approved in February 2003. These plans are intended to address the lack of adequate and skilled resources, while at the same time addressing the imperatives of representivity. They constitute sub-strategies of the SA Air Force Strategic Transformation Plan Towards Vision 2012 and play a very important role in setting specific objectives which have to be achieved in the HR resource environment to ensure that the SA Air Force becomes a fully representative, competent and combat-ready organisation.

CHALLENGES

One of the major challenges facing the SA Air Force was addressing the lack of African flying instructors at the basic flying training school at Langebaanweg. This necessitated a special effort, and the SA Air Force embarked on a programme to train African flying instructors, not only at Langebaanweg, but also with the aid of foreign courses. The air forces of the United States and Algeria trained, and are still training, SA Air Force pilots to become flying instructors. It is envisaged that by June 2003 there will be a total of 9 African flying instructors at Central Flying School

Langebaanweg, including the first-ever African female flying instructor in the history of the SA Air Force. Initiatives like these not only benefit the SA Air Force in terms of its own internal efficiencies, but they are proof of the fact that the SA Air Force is serious in its pursuit of the objective of becoming fully representative in the flying environment, as explicitly stated in its transformation plan.

The year also saw the promotion of another female member into the rank group of brigadier general. This was another important step in enhancing gender representivity in the senior management service. Eight African members were appointed as officers commanding during the year. Of the 427 uniformed members and Public Service Act Personnel (PSAP) appointed during the year, 226 were African, 126 were White, 58 were Coloured, and 17 were Asian. The gender composition of new appointments was 363 males and 64 females. This represents a significant step forward in correcting representivity imbalances.

Systems integrity and personnel shortages in core musterings were the major obstacles impacting on the SA Air Force's ability to achieve combat-readiness and other objec-

tives during the year. Approval of the Transformation Plan Towards Vision 2012 opens the way for the implementation of measures that will make possible a larger portion of the operating budget to address the issue of systems integrity, while the embedded HR strategy will address the personnel shortcomings and imbalances. Measures to be implemented include logistical restructuring, optimisation of all support contracts and significant personnel reductions. The number of personnel contracted in from the Aerospace Manpower Group will be reduced to 500 from the current 850 over the next three years.

Another highlight in the year was the arrival of the new intercontinental aircraft, "Inkwazi". It arrived in October, and, after the required release to service flights had been completed, it was released to service in January 2003. Between formal commissioning and the end of the financial year it completed 10 flights in support of the President's office, six of which were international flights. The aircraft is expected to fly well in excess of the 300 flying hours requested annually, and in anticipation of its increased usage the SA Air Force has planned on a target of 600 hours for FY 2003/04.

The SA Air Force Benevolent Trust was established during the year. Its management committee is chaired by the Chief of the Air Force and the trust will be applied for the benefit of all serving and former serving members of the SA Air Force. It will also be used for the social upliftment of members of previously disadvantaged communities by funding projects that will benefit those members as well as the SA Air Force.

Another milestone in preserving military aviation heritage was achieved when Defence Staff Council approval was obtained for the establishment of Swartkop as a military aviation heritage site. In accor-

dance with the prescripts of the Transformation Plan Towards Vision 2012, provision has been made for the upgrading of the General's house at Thaba Tshwane and the establishment of a flagship Warrant Officers' mess in Pretoria, as well as for the creation of a Garden of Remembrance at the SA Air Force Memorial. All these initiatives will commence during FY 2003/04.

The South African Excellence Foundation (SAEF) model was employed as a measuring tool to evaluate bases and units of the SAAF for the first time during FY 2002/03. 526 Squadron, a protection squadron based at Langebaanweg, entered for the South African Excellence Foundation annual excellence awards at national level, and the unit was awarded a national certificate for its achievements.

On the sporting front, SAAF members excelled again, as in the past. Fourteen members - ten male and four female - were awarded national colours, while 97 members obtained provincial colours in various sports. All in all, FY 2002/03 was a great sports year for the SA Air Force.

STRATEGIC PROFILE

- **Vision.** The SA Air Force adopted a ten-point vision, named Vision 2012, which describes the desired future state of the SA Air Force, and forms the basis of the SA Air Force Strategic Transformation Plan Towards Vision 2012.
- **Mission Statement.** The SA Air Force provides combat-ready air capabilities for the SANDF in service of our country.
- **Mandate.** To provide and manage the Air Defence capability of the Department of Defence (DOD) on behalf of the DOD, thereby

participating in the service to ensure

- the sovereignty and protection of the Republic's territorial integrity; and
- compliance with the international obligations of the Republic to international bodies and states.

SUPPORT OF GOVERNMENT INITIATIVES

During the year the SA Air Force contributed substantial manpower and other elements of air power to the contingents of the SANDF that are currently deployed in the DRC and Burundi. Just over 600 flying hours were flown in direct support of external operations in those countries. The SA Air Force Protection Squadrons were honoured with the Sword of Peace award for their role in Africa, particularly in Burundi, where they form the core of the VIP Protection Unit.

The funding of air mobility for diplomacy was one of the highest priorities of the SA Air Force Board in the past year. The SA Air Force committed itself to providing for all the air transport requirements of the President's Office. Of the 1 803 flying hours flown in support of air mobility for diplomacy, 59 flights, totalling 304 hours, were flown into SADC and other African countries.

As already indicated, the Sir Pierre van Ryneveld Air Power Symposium was well supported by the air forces of the SADC countries. They also attended the Africa Aerospace and Defence Exposition in September 2002. During the Defence Exposition the Air Force hosted the Standing Aviation Committee Conference of the ISDSC.

Various training opportunities were afforded to members from SADC countries during the past year. Ten learners from Zambia completed VIP protection training at the SA Air Force Gymnasium in March 2003.

One learner from Gabon successfully completed the Officers Formative Course at the SA Air Force College and one learner from Zambia completed the Junior Staff Course at the SA Air Force College. Of the eight learners from Lesotho who underwent apprentice training, one has already completed the training and returned to Lesotho. The Transformation Plan Towards Vision 2012 has also established that 10 per cent of the capacity of the SA Air Forces basic flying training should be made available to regional partners in support of NEPAD. The implementation of this initiative is still to be finalised.

DEFENCE CAPABILITIES AND SERVICE DELIVERY TRENDS

AIR COMBAT CAPABILITY

The allocated budget for the directorate funded approximately 80 per cent of the required flying hours for Cheetah and Impala systems. In addition to this, electronic warfare activities of the SAAF had to be limited to only defensive capabilities, essential training and limited flying on the Dakota C-47TP and Oryx Electronic Warfare platforms. Very limited funding was made available for the Boeing 707 systems. The challenge facing the Directorate was thus to optimise the flying potential of the two funded flying systems while enhancing the electronic warfare capabilities of the SA Air Force as a whole within the limited budget allocation. In addition to this, the directorate was charged with the task of re-establishing the Boeing 707 capability as an essential component of service delivery, without access to a formal budget allocation.

A total of 2 160 hours were funded for the Impala Mk I/II combat training system, to be executed on 13 Impala Mk I and 13 Impala Mk II trainer aircraft. Despite a limited instructor core, the unit expanded

its aircrew complement and, in line with development targets set during the budget cycle, re-established essential combat competencies of advanced mission execution and basic night operations within the allocated budget. In addition to this, the unit was tasked to participate in the SA Air Force Exercise GOLDEN EAGLE, while the unit also participated in an unscheduled joint exercise with the SA Army, Exercise IRON EAGLE. This deployment was exploited to complete a series of tactical reconnaissance missions for Chief of Joint Operations. Both initial fighter conversion and flight leader courses were completed on schedule, while an air-to-air training camp was also conducted for the first time in several years. During the year the unit lost three combat pilots through resignation, while a fourth pilot was fatally injured in an Impala Mk II training accident. Planning was also initiated to migrate the combat training capability to AFB Louis Trichardt in anticipation of the scheduled delivery of the new Hawk lead-in fighter training system during 2005. Through prudent management, the unit was able to fly a total of 2 510 hours, thus exceeding the allocated target by some 300 hours. In doing so, the tactical competence of all allocated aircrews was enhanced substantially, resulting in a revival of morale in the fighter line as a whole.

The primary objective allocated to the Cheetah unit was to regain combat proficiency in core missions after years of inadequate budgetary allocations, while the technical integrity of the aircraft systems had to be advanced significantly to support the projected flying hours. Through focused training and retention plans the unit grew during the year, while qualified combat pilots were released for flying instructor training to further address the backlog in qualified pilot attack instructors. During the year the dual-seat aircraft were withdrawn for an

engine modification programme to reduce the cost of ownership of this capability, thus limiting the training potential in-year. A revision of the support concept ensured that aircraft availability improved significantly, with average mission availability in excess of 90 per cent being achieved on the aircraft deployed to the air-to-air camp at Langebaanweg. The unit participated fully in Exercise GOLDEN EAGLE and continued to hone combat skills throughout the year, including the re-establishment of core night-flying and aerial gunnery competencies. Owing to the unavailability of the air-refueling capability at the time, the unit was not able to participate in Exercise IRON EAGLE. Finally, management intervention ensured that the unit was also tasked to execute a host of reconnaissance missions for Chief of Joint Operations as part of routine force preparation flying, thus adding to the collateral value of such missions. A total of 1 150 hours were flown on the Cheetah system, almost equalling the budgeted flying potential of 1 200 hours.

Only Rm1,0 was allocated from the operating budget to sustain essential administrative functions in the absence of a formal budget for the Boeing-707 capability. Through accepting specific logistic management risks, and utilising advances from uncommitted aviation fuel funding of the directorate, the flying potential of two Boeing-707s was exploited in support of regional deployments in Burundi and the DRC. This service delivery was against repayment and the income generated allowed the funding of critical maintenance tasks, while essential flying training could also be carried out. A support contract with Denel Overberg Test Range was also completed, during which air-refueling services were provided to the German Department of Defence. This generated some 60 hours against repayment, the

income of which should have accrued to the Boeing-707 system. This funding, as well as funding from a similar support contract conducted at the end of the 2001 financial year, was not reimbursed to the Combat System Group, necessitating cross-subsidisation of Boeing-707 operations from the Cheetah budget to defray essential maintenance activities, while logistic reserves were severely depleted in the process.

Until financial mechanisms are agreed to ensure reimbursement of fixed-cost expenditures, any contracted support has been curtailed. Despite the loss of income the directorate achieved 601 flying hours on the Boeing-707 system during the period under review. In doing so, the value of this capability within the DOD force design was clearly confirmed, while it was proven that the survival of this capability could be assured through commercial application. Owing to uncertainties about the future of the unit, three operational pilots terminated their employment at the end of their contracted service periods. Exploitation under the Reserve Force regulations ensured that Boeing-707 services could be continued until March 2003, when all three members found permanent employment in the commercial aviation sector.

Effective recruitment resulted in the re-appointment of two experienced Boeing pilots, while two serving officers were transferred to the unit to commence conversion training. This has ensured that the capability will again be operational from May 2003. The allocation of a formal budget and the planned recovery of income for flights against repayment are, however, cardinal to the retention of this capability area.

The unit was tasked to conduct electronic warfare awareness training as well as to re-establish essential self-protection capabilities within

the SAAF. While building on established Cheetah, Impala and Dakota C-47TP capabilities, the section also introduced electronic self-protection functionalities on the modified Hercules C-130BZ and Oryx systems. The unit was also tasked to run two electronic warfare training camps for the SAAF, where more advanced self-protection scenarios were practised with attached DOD elements for the first time in several years. The capabilities of the Dakota C-47 TP and active electronic warfare systems on modified Oryx helicopters were also utilised to participate in a joint exercise with the SA Navy that had not been budgeted for initially. The unit thus succeeded in all its objectives and surpassed planned output through innovative management practices.

The Occupational Health and Aviation Safety System had one major and six minor accidents. One pilot was killed and the aircraft destroyed in an Impala Mk II flying accident.

AIR TRANSPORT AND MARITIME CAPABILITY

The Directorate Air Transport and Maritime Systems approached FY 2002/03 with the intent to recover systems integrity. This meant that more funds were allocated towards maintenance and force preparation at the cost of a reduction in force employment hours. This would position the System Group to be well placed to improve service delivery in terms of force employment hours for FY 2003/04. The result of this strategy was that the average aircraft mission readiness of the Systems Group improved from 54 per cent at the outset of the year to more than 80 per cent in March 2003. The aircrew readiness of the Systems Group improved to 73 per cent in March 2003.

The air transport and maritime capability, comprising 29 aircraft

and 36 crew was planned to fly 5 143 force employment and 5 052 force preparation and training hours, thus totalling 10 195 hours. This output was achieved. All capabilities performed to respective business plans and all financial transactions went according to plan.

The VIP transport capability, comprising three aircraft (Boeing Business Jet, Falcon 900 and Falcon 50) and 4 crews, was planned to fly 1 276 force employment and 546 force preparation and training hours, thus totalling 1 822 hours. This output was achieved.

The medium heavy transport capability, comprising 2 aircraft and 4 crews was planned to fly 300 force employment and 468 force preparation and training hours, totalling 768 hours on medium heavy transport aircraft (Hercules C-130BZ). This output was achieved. Aircraft availability at the squadron was low during periods that Hercules 130-Bs were withdrawn for modification to Hercules C-130BZ. Progress on the operational test and evaluation of Project EBB is according to plan. The Test Flight and Development Centre cleared the aircraft for compliance with the required navigation performance.

The medium/medium light transport capability, comprising two aircraft (Casa-235 and Casa-212) and 5 crews was planned to fly 400 force employment and 470 force preparation and training hours, thus totalling 870 hours. This output was achieved. During the year crew availability was reduced due to transfers. No permanent Casa-235 crews were available, but staff and Reserve Force members were utilised to man aircraft. Sufficient crews were, however, trained during the year to meet the policy for FY 2003/04.

The medium range maritime patrol capability, comprising 5 aircraft (Dakota C-47TP) and six crews

was planned to fly 366 force employment and 584 force preparation and training hours, thus totalling 950 hours. This output was achieved. The Dakota C-47TP operations were limited due to allocation of hours. Partial relief was obtained in the last quarter through cross-funding from combat systems for electronic warfare training. Maritime operations received extra funding to complete objectives.

The light transport/reconnaissance capability, comprising thirteen aircraft (Cessna-208 and Cessna-185) and ten crews was planned to fly 2 280 force employment and 2 420 force preparation and training hours, thus totalling 4 700 hours. This output was achieved. The Cessna-185 was utilised with great success in the Southern Coastline Marine anti-crime programme in cooperation with marine coastal management and the SAPS.

The command and control capability comprising four aircraft and 5 crews was planned to fly 521 force employment and 546 force preparation and training hours, totalling 1 067 hours, on command and control transport aircraft (Cessna-550, Beechcraft-30, Beechcraft-20 and Pilatus PC-12). This output was achieved. During the year crew availability was reduced due to transfers to Directorate Education, Training and Development.

The SA Air Force Reserve Squadrons comprising 147 aircraft and 89 pilots in 9 SAAF Reserve Squadrons, was planned to fly a total of 2 400 force employment and force preparation hours on various aircraft. This output was achieved. Because of allocation of hours, only limited force employment and force preparation was possible. The failure to utilise this capability has affected the spirit of the members. Members of 110 Squadron were introduced to possible surf-line operations for marine anti-crime operations, but have not yet been

utilised in this role owing to the unavailability of suitable pilots at the squadron. A drive was initiated to recruit suitable pilots for 110 Squadron and this will continue into the new year.

The Occupational Health and Aviation Safety System had one major and four minor accidents. The fatality occurred when a ground crew member fell out of a taxiing C-208 Caravan Aircraft; he was fatally injured.

HELICOPTER CAPABILITY

The medium transport helicopter capability consists of the Oryx helicopter fleet which is distributed throughout the RSA, at

- 15 Squadron (AFB Durban),
- 17 Squadron (AFB Swartkop),
- 19 Squadron (AFB Louis Trichardt),
- 22 Squadron (AFB Ysterplaat) and
- 87 Helicopter Flying School (AFB Bloemspruit).

Owing to the decision to reduce the fleet size, the financial allocation was sufficient to generate 7 000 flying hours, a substantial improvement on the previous year. Unfortunately, mainly owing to a lack of ground forces, approximately 1 000 hours remained unused.

The SA Navy halted the disposal process for the 10 aircraft in storage, as it was considered that it might be appropriate to use some of these airframes to satisfy the maritime helicopter requirement. Following a request from the Minister of Environmental Affairs and Tourism to the Minister of Defence to re-establish the Antarctic support, a support concept was formulated in which there would be financial risk sharing between both departments and proactive financial support from the Department of Environmental Affairs and Tourism. The helicopter support to that department will be

resumed in September 2004 on the expiry of the civilian contract. The two M2 Antarctic Oryx helicopters were utilised very effectively during a rescue operation of Russian scientists off a German ship stuck in the Antarctic ice cap in mid-winter. The safety door modifications necessitated by the catastrophic 1999 Oryx accident were implemented during the second half of the year. This process was delayed by the need to find an effective technical solution and to ensure that this solution satisfied the airworthiness criteria.

During October 2001 two Oryx helicopters were deployed to Burundi with a planned utilisation rate of 120 hours per month. As the actual utilisation rate was very low, an Alouette III helicopter replaced one Oryx in April 2002. These two aircraft flew a total of 128 hours for the year. The capability has been hard hit by the loss of experienced technicians owing to aggressive recruiting campaigns by commercial airlines and slow progress with the implementation of the technical incentive pay scheme. This resulted in the SAAF not being able to satisfy the United Nations (UN) deployment needs to the DRC early in 2003.

The light utility helicopter capability consists of the Alouette III helicopter fleet which is distributed at

- 17 Squadron (AFB Swartkop),
- 19 Squadron (AFB Louis Trichardt),
- 22 Squadron (AFB Ysterplaat), and
- 87 Helicopter Flying School (AFB Bloemspruit)

and the BK-117 helicopter fleet which is distributed at

- 15 Squadron (AFB Durban) and
- Air Force Station Port Elizabeth and
- 87 Helicopter Flying School (AFB Bloemspruit).

Although the Alouette helicopter

fleet was utilised fairly extensively in anti-crime operations, it still tends to be underutilised, as it cannot be operated during poor weather conditions or dark nights. Of the available 4 000 flying hours, 3 596 hours were utilised. The limitations on operations will be removed when the Agusta 109 replaces the fleet during 2004.

The spares clean-up exercise has enabled the directorate to devise an extremely economical phase-out plan for the fleet. Sufficient spares will be retained to cover the remaining life of the fleet and surplus stock will be disposed of at the optimum time. Authority has been obtained to retain 10 aircraft until 2009 as dedicated basic trainers with no operational roles. This will release additional Agusta 109, which have very capable operational systems, from training for more cost-effective operational use.

The availability of the BK-117 helicopter fleet was poor, which resulted in 1 143 hours being flown out of the planned 1 700 hours. This fleet has been supported with very few spares since it was introduced into service in 1994, but the high utilisation rate during the Mozambique operation highlighted the need to support this fleet as a military helicopter.

The combat support helicopter capability consists of the Rooivalk helicopter fleet that operates out of 16 Squadron AFB Bloemspruit. As of the end of March 2003 ten aircraft of the order for 12 had been delivered. Cabinet has approved funding to complete the outstanding development aspects and the in-service operating costs. The unit is currently busy with the operational test and evaluation phase of the programme. The unit flew 569 hours of the planned 800 hours, mainly due to delays in production delivery and software upgrades. While the lack of operating funds has resulted in extremely low avail-

ability rates during the second half of the year, it is anticipated that with the additional funding this situation should improve dramatically.

The Occupational Health and Aviation Safety System had no major accidents, but recorded 51 minor accidents.

COMMAND AND CONTROL CAPABILITY

Directorate Command and Control Systems comprises four capability areas that provide the main backbone to the Ground and In-flight Command and Control System of the SA Air Force. These four capability areas are:

- Air Defence Management,
- Air Traffic Management,
- Information Technology & Communications and
- Ground Command and Control.

Despite the challenges in terms of force preparation, financial constraints and personnel shortages, especially in the air traffic management environment, this directorate has served the needs of the SAAF by providing a service which has ensured that the main core function of the SAAF was attained and command and control ground systems met all unit policy commitments in respect of equipment. The successful implementation of the market-related mission/air traffic controller incentive package has already resulted in a large drop of resignations in these core musters. The Memorandum of Understanding between the Air Traffic and Navigational Services Company and the SA Air Force regarding joint ventures in the provision of air traffic management services, training, integration of systems and sharing of facilities will soon be finalised.

Besides having tentacles, which extend throughout the SA Air Force, the Directorate also provides the SA

Air Force with two sector control centres, various Base Command Posts and an Air Force mobile deployment wing, which incorporates 140 Squadron (Umlindi Radar Systems), 142 Squadron (Tactical Mobile Radar Systems), Mobile Communications Unit (MCU) and 18 Deployment Support Unit. The plan for the closure of 120 Squadron (ground based air defence) is in the final phases and the squadron is no longer funded. The MCU continues to supply the main multi-channel communications infrastructure in Burundi under the auspices of the Chief of Joint Operations as part of Operation FIBRE. It made history by becoming the first operational non-flying unit to receive the SA Air Force Prestige Award for Top Performer during 2002. The upgraded ground command and control system has also been operationally accepted. Systems within the Directorate's force structure elements and the integrated command and control systems within the SA Air Force are largely maintained by product support system manager contracts.

OPERATIONAL SUPPORT AND INTELLIGENCE CAPABILITY

This directorate provides force prepared and developed intelligence and counter-intelligence and protection services personnel to the Air Force. It is also responsible for the provision of intelligence and protection systems and effective counter-intelligence and safeguarding measures to ensure operationally and security-prepared SA Air Force personnel. This directorate has achieved its goals to a satisfactory level.

The SA Air Force's intelligence systems provide force-prepared and force-developed intelligence for operations functionaries to the SANDF in support of operations. It also ensures the effective management of the SA Air Force's airborne imagery sensors and imagery prod-

ucts through its allocated force structure elements, ie the Joint Air Reconnaissance and Intelligence Centre (JARIC) at AFB Waterkloof and the SA Air Force's unmanned aerial vehicle, the Seeker 1 System, operated by Kentron. Intelligence systems achieved its goals and objectives to a satisfactory level over the reporting period.

The core business of the JARIC is to exploit the SANDF and other user clients' image intelligence requirements, the provision of image intelligence support, air intelligence training, the provision of air reconnaissance and survey imagery and research and development within its sphere of interest.

The JARIC achieved its goals and objectives during the reporting period, despite its ageing equipment and many challenges that arose throughout the year pertaining to maintaining serviceability. The unit provided the following image support to its clients. 95% of requested taskings were achieved, with 3 per cent being partially achieved and 2 per cent not achieved. The JARIC received the Best Support Unit of the Year Award (2002) during the SA Air Force's Annual Prestige Award Ceremony held early in 2003.

For the last few years Kentron has kept the Seeker 1 System in a flying condition by employing engineers and highly qualified technicians to keep the various systems in a serviceable condition. Funds for deployments as required by Joint Operations were allocated from the DOD technology budget. However, the occurrence of random critical failures during a recent deployment of the system has prompted Kentron to declare the system unsafe for further operations until extensive refurbishing of several subsystems have taken place. The SAAF is presently negotiating with Kentron to create an affordable and sustainable model for the continued

use of the system until a new system can be purchased in 2006. Indications are that the system will not be available for operational use before September 2003, after which it should be able to provide the required level of service until 2006. Steps are being taken at present to train SA Air Force operational and technical staff to conduct UAV missions with limited assistance from the industry, which should substantially decrease the cost of future deployments. The core business of the Seeker 1 UAV system is to assist the SANDF, other government departments and clients during internal operations of a diverse kind, such as crime prevention, crowd densities and concentrations during election periods, traffic monitoring and border-control operations. This system is a force multiplier and was utilised with great success whenever deployed, both during day and night-time operations. It operated in conjunction with the JARIC's Tactical Image Exploitation System which contributed to tactical image exploitation on site to assist commanders in their decision making and guiding of forces onto targeted areas, irrespective of time of day.

The Counter-intelligence sub-section is responsible for the following:

- Counter-intelligence related force preparation and force development in the SAAF.
- Management and conduct of military security in the SAAF.
- Management of the strategy for criminality in the SAAF.
- Management of the SAAF's code of conduct transgression database, as well as the development and implementation of management interventions in this regard.
- The management and conduct of safeguarding in the SAAF.

The Counter-intelligence Section achieved its objectives to a satisfactory level.

Protection Services' core protection functions are being maintained by base level protection squadrons in the form of entrance control, patrols and dog patrols as well as point guard duties. 500 Squadron maintains a capability to provide specialised protection operations in the form of rapid deployment capability (search and rescue and aircraft down capability). They also provide mobile protection, i.e. assets in transit protection. The Protection Services achieved their goals.

The Logistic Support Section provides cost-effective integrated logistic support to Director Operational Support and Intelligence Systems. This section is also responsible for the directorate's financial management. This section has achieved its goals to a satisfactory level.

Deviations concerning operational support and intelligence capabilities

- Shortcomings at JARIC can be ascribed to technical difficulties experienced with hardware, non-availability of key personnel to perform tasks due to other functional obligations and other priority tasks received during their period of occupation with specific tasks.
- Budgetary constraints have resulted in the Seeker 1 UAV System not being funded at all. Technology funds were obtained to fund 63 operational deployment days for the year. This funding excluded the JARIC's Tactical Image Exploitation System, which was funded by Chief of Joint Operations. The system has been suspended whilst undergoing safety modifications and will be out of service until September 2003.
- Because of personnel shortages protection services continue owing to the Burundi deployment and adversely affect the capability

to provide a standby element at most squadrons. The shortage of patrol/guard dogs limits the performance of dog patrols.

BASE SUPPORT SYSTEMS CAPABILITY

This capability provides force prepared and developed base support services. The following services are provided as base support services:

- The provision of airport services, in particular aerodrome, fire-fighting and passenger handling services.
- The provision of aviation accommodation services, ie. facilities.
- The provision of transport and vehicle management services.
- The provision of an apron service to aircraft, in particular ground power units and aircraft tugs.
- The provision of aviation fuel storage and dispensing services.

The Directorate Base Support Systems has partially achieved the majority of the goals for the past year.

The price of achieving operational goals in FY 2001/02 was as expected and as mentioned in the previous report, felt during FY 2002/03. Owing to limited funds, the service delivery has been to the further detriment of the products and systems required for supplying the services. It is expected that the condition of the base support capability will seriously affect the operational support capabilities of the SA Air Force in the near future. The project currently underway for the upgrading and procurement of new fire-fighting systems, will alleviate the problems faced to providing an effective aviation fire-and-rescue capability.

The Occupational Health and Aviation Safety System had a major incident that occurred during FY 2002/03, namely an electrical shock sustained by a member during the operation of hangar doors at AFB Waterkloof. Following the involvement of the Department of Labour, an on-site contractor has been appointed over a four-year period to address and monitor problems of this nature and prevent similar incidents from recurring.

EDUCATION, TRAINING AND DEVELOPMENT CAPABILITY

The majority of the outputs provided by this capability area can be regarded as outputs for internal consumption.

All basic flying and flying instructors courses are presented at Central Flying School at AFB Langebaanweg. A combined course for pilots wing courses, as well as a flying instructors course, were presented with a planned output of 31 students. A second flying instructors course was cancelled as the students were trained in the United States of America and Algeria. To accomplish this 5 475 flying hours were needed. The planned output was achieved with all 31 students passing and 4 079 hours (74,per cent) being flown. Owing to the cancellation of the second flying instructors course, fewer hours were flown.

All navigator and flying-related training, such as survival and parachute sailing, is done at 80 Air Navigation School. Six courses were planned with an output of 138 students and 590 hours to accomplish the required output. The planned output was partially achieved. 133 of the 138 students (96 per cent) passed, with 453 hours being flown. The navigator wings course had only 4 of the planned 6 students. One student navigator withdrew from the navigator course and one student failed the survival course.

All logistic non-technical training courses are presented at 68 Air School and the SA Air Force Gymnasium. A total of 101 courses with 1 768 students were planned at 68 Air School and 10 courses with 233 students at the SA Air Force Gymnasium for FY 2002/03.

The planned output at the Advanced Training Wing - 68 Air School was partially achieved in that 50 of the 55 (90 per cent) planned courses took place and 1 164 of the 1 194 (97,48 per cent) students attended the courses presented by the Advanced Training Wing. The reductions were due to the restructuring of courses, cancellation of courses, and the non-availability of instructors who were undergoing competency training. Of the 1 164 students who attended the courses all passed.

The Commodities and Services Training Wing, 68 Air School, will become the DOD's Logistical School of Training Pretoria Satellite with the amalgamation of supply support training. The amalgamation is in the final stages. The output was partially achieved in that 37 of the 46 (80,43 per cent) planned courses took place and 480 of the 574 (83,62 per cent) students attended the courses presented by the Commodities and Services Training Wing. The reductions were due to the restructuring of courses, cancellation of courses, and the non-availability of instructors who were undergoing training. Of the 480 students who attended the courses 435 successfully passed. All who failed were given a second opportunity and then passed.

The output by the SANDF Fire Training School at the SA Air Force Gymnasium was partially achieved in that all 6 planned courses took place and all 157 students that were earmarked attended the courses presented at the SA AirForce Gymnasium. Of the 157 students that attended the courses

70 passed. The 87 who did not complete the courses were due to students failing and/or withdrawing at own request.

The output by the SA Air Force School of Cookery at the SA Air Force Gymnasium was partially achieved in that all 4 planned courses took place and 70 of the 76 students who were earmarked attended the courses presented at the SA Air Force Gymnasium. Of the 70 students who attended the courses 44 passed. The 26 who did not complete the courses were owing to academic failure, medical reasons or withdrawals at own request.

During the period it was planned to train 2 988 members in various fields of advanced training. A total of 3 759 members were accommodated for training. The escalation was due to an increased requirement, changes in the validity period of certain competencies and unplanned training due to the South African Excellence Foundation model implementation and the minimum requirement set for artisan status.

All technical training was done at 68 Air School and various air servicing units during FY 2002/03. Three courses were planned for 83 learner engineers at universities and Centurion College. 35 courses were planned for apprentice training at Centurion College and 68 Air School for 560 students. Three courses were planned for 60 artisans to complete full-time technical tertiary training at various colleges. The output was partially achieved. 78 learner engineering students attended engineering courses. Five learner engineers were withdrawn from the training programme - three due to poor academic performance and two at request for possible remustering within the Air Force. 550 students attended apprentice-training courses, of which eight were from Lesotho. Two first-year

apprentices on Basic Military Training took their discharge from the SA Air Force for medical reasons. One Lesotho student completed his apprenticeship successfully and returned to his country. 38 artisans attended full-time technical tertiary training. Of the 22 vacancies for artisans to complete tertiary training, 10 students did not meet minimum requirements, while 12 learner opportunities were not used owing to no operational requirement. Four students were unsuccessful in their studies.

All command and control training within the SA Air Force takes place at SA Air Force Command and Control School. A total of 20 learning interventions, with 205 students, were planned to take place during FY 2002/03. The output was partially achieved in that 17 of the 20 learning interventions were presented to 157 learners. One learning intervention was cancelled owing to one of the two learners failing (Approach Course). The remainder of the cancelled learning interventions were due to redesigning and a shifting in training priorities. Of the 157 members who received training 136 passed (87 per cent pass rate).

All intelligence and counter-intelligence training within the SA Air Force takes place at the Joint Air Reconnaissance Intelligence Centre. A total of 19 courses with 271 learners were planned to take place during FY 2002/03. The output was partially achieved in that 16 of the 19 courses were presented to 145 learners. Three courses were cancelled owing to the unavailability of learners on the one hand, and a shift in priorities of training (a more advanced course was required for a lesser number of learners) on the other. Of the 145 members actually trained, 129 members completed their training successfully. This means a pass rate of 89 per cent.

All protection training within the SA Air Force takes place at the SA Air

Force Gymnasium. 25 learning programmes for 590 learners were planned for FY 2002/03. The output was partially achieved as 296 learners were trained at the SA Air Force Gymnasium. Ten learning programmes were cancelled due to logistical support problems.

Two African Mission Deployment (Burundi) Courses were presented at the Pienaars River training facility. A total of 300 learners were planned for, and 270 achieved the learning objectives.

All basic military training within the SA Air Force takes place at the SA Air Force Gymnasium. Six learning programmes for 400 learners were planned for FY 2002/03. The training output was partially achieved as 385 of the 400 learners planned for FY 2002/03 were trained at the SA Air Force Gymnasium (96 per cent). All officers' development training takes place at the SA Air Force College. Twelve courses for 454 learners were planned for FY 2002/03. The planned output was partially achieved in that 12 courses took place and were attended by 332 of the planned 454 learners (73,1 per cent). The reduced numbers were due mainly to under-subscription of the courses. Nineteen learners did not complete the courses. This was due to failure and withdrawals at own request. This relates to a pass rate of 94,3 per cent.

All Non-commissioned Officers (NCO) development training takes place at the SA Air Force College. 22 courses for 1 110 learners were planned for FY 2002/03. The planned output was partially achieved as 19 courses were presented to 811 learners. Three courses (110 learners) were cancelled owing to non-requirement. The attendance of only 811 of the planned 1 000 learners (81,1 per cent) was due mainly to under-subscription of the courses and members not arriving for the courses.

161 learners (including Individual Study Phase students) did not complete the courses. This was due to failure and withdrawals at own request, resulting in a pass rate of 80,2 per cent.

It was planned to train 360 members at tertiary training institutions, of which 100 were newly selected to be year 2003 students. 338 members were accommodated for tertiary training. The shortfall was due to factors such as individuals not being successful with their studies from previous years and the postponement of studies by members on account of military courses and operational deployments.

The ceremonial activities of the SA Air Force Band for the FY 2002/03 were a scheduled total of 68. The actual number of ceremonial activities for FY 2002/03 was 147. The increased number of activities was due to ad hoc requests received from within the DOD and the SAAF, such as medal parades, official functions, farewell parades, funerals, flag-hoisting parades, and official ceremonies for foreign dignitaries.

The participation of SA Air Force uniformed members in organised sport increased by 1,5 per cent to 44,5 per cent of the actual strength. Only 15 of the 17 SA Air Force Sports Code Championships were presented. The highlight of the 2003 sport year was the presentation of the annual SA Air Force Sports Awards. Altogether, 57 awards were handed out to SA Air Force members who excelled in their sporting codes.

Physical training and the overall attendance of fitness evaluations increased from 70,6 to 72,3 per cent with an initial 70,1 per cent. Fitness programmes at most bases/units were implemented in order to improve fitness levels.

All e-learning, Education, Training and Development Practitioner train-

ing (ETD) takes place at the College for Educational Technology (COLET). The inability of the COLET to accommodate the SA Air Force's requirement for FY 2002/03 led to the SAAF instituting a tender process to fulfil the requirement to train ETD practitioners (trainers). One intervention totalling 128 learners was planned. The output was partially achieved in that of the 128 learners who attended the programme, 41 did not successfully complete the course. This was due to failure and withdrawals at own request, resulting in a pass rate of 67,9 per cent.

The Occupational Health and Aviation Safety System had one major accident and four minor accidents. A Harvard aircraft of the museum suffered an engine failure and was destroyed in the subsequent forced landing. The pilot suffered only very minor injuries.

MAJOR JOINT AND COMBINED EXERCISES

Exercise AIRBORNE AFRICA

- **Duration.** 2 to 13 June 2002.
- **Aim.** To conduct a combined airborne combat-readiness exercise.
- **Geographic Area.** Theba Patswa AFB in Botswana and Maun.
- **Nature of the Exercise.** The exercise took place in the format of a competition.
- **Participating Forces.** Members from 44 Parachute Regiment, Special Forces Brigade, Botswana Defence Force, Botswana Air Wing, 28 Squadron and 101 Air Supply Unit.
- **Description of the Exercise.** The exercise included parachute jumps and drops, several marches and various shooting exercises.
- **Results Achieved.** The exercise was regarded as very successful.
- **Losses.** Nil.

Exercise GOLDEN EAGLE

- **Duration.** 31 May to 21 June 2002.
- **Aim.** To evaluate the SA Air Force's operational capability in a joint environment.
- **Geographic Area.** Louis Trichardt, Hoedspruit, Madimbo and Port Alfred area.
- **Nature of the Exercise.** The exercise was designed to evaluate the interoperability of equipment and procedures between the participating services.
- **Participating Forces.** Various bases and squadrons of the SA Air Force, 44 Parachute Regiment, 10 Anti-aircraft Regiment, elements from the Artillery Formation of the South African Army, two strikecraft from the SA Navy, one medical task team from the South African Military Health Services (SAMHS), members from 4 and 5 Special Forces Brigade and members from the SAPS Task Force participated in the Exercise.
- **Description of the Exercise.** The exercise was executed in two phases, namely a maritime phase over the period 31 May to 12 June 2002, and a counter-air phase over the period 3 to 21 June 2002.
- **Results Achieved.** All the formulated objectives were achieved and the exercise was regarded as very successful.
- **Losses.** A total of 496 hours were flown without any aircraft incident or accident. Unfortunately one member of the SAPS's Task Force was fatally injured during a night free-fall parachute exercise with 5 Special Forces Regiment northeast of Madimbo.

Exercise IRON EAGLE

- **Duration.** 6 to 12 September 2002.
- **Aim.** To exercise the airborne elements of the SA Army during the annual force preparation cycle.
- **Geographic Area.** The Bloemfontein training area in the Free State Province and Combat Training Centre at Lohattha.
- **Nature of the Exercise.** The exercise was conducted in two phases, namely BLACK HAWK, which was an independent airborne exercise, and PEACE DOVE, which was a Peace Support exercise.
- **Participating Forces.** 43 SA Brigade, 44 Parachute Regiment, SA Army Artillery Formation, SA Army Air Defence Artillery Formation, SA Army Engineer Formation, aircraft from the SAAF and the SAMHS.
- **Description of the Exercise.** The exercise was a peace support exercise based on a real-time scenario (Burundi) with emphasis on emergency evacuation.
- **Results Achieved.** All the set objectives were achieved.
- **Losses.** Nil.

Exercise TAPIOCA

- **Duration.** 23 to 29 September 2002.
- **Aim.** To provide training, enhance interoperability and promote co-operation between the SA Air Force and the United States Air Force (USAF).
- **Geographic Area.** AFB Louis Trichardt.
- **Nature of the Exercise.** Exercise Tapioca was a multinational force preparation exercise that coincided with the Africa Aerospace and Defence Exhibition.
- **Participating Forces.** USAF,

SA Air Force and the SAMHS.

- **Description of the Exercise.** The exercise was conducted to gain experience in the fighter environment by exercising defensive and offensive counter-air operations.
- **Results Achieved.** All formulated objectives were achieved.
- **Losses.** No losses were encountered. Only one incident involving a F-15 Fighter aircraft from the USAF was experienced when the aircraft suffered a hydraulic failure, but landed safely at AFB Louis Trichardt.

Exercise XYLOGRAPH

- **Duration.** 7 to 10 October 2002.
- **Aim.** To conduct mutual training in order to develop counter-terror (anti-siege) drills, procedures and interoperability between the participating forces.
- **Geographic Area.** The "Verdrag" Training Area in the Gauteng Province and Theba Patswa AFB in Botswana.
- **Nature of the Exercise.** This was a combined exercise between the RSA and Botswana.
- **Participating Forces.** Special Forces Brigade from South Africa and the Botswana Commando Squadron. Transport aircraft and helicopters from the SA Air Force and a medical task team from the SAMHS. Members from the SAPS Task Force also participated.
- **Description of the Exercise.** A counter-terror exercise that included transportation of troops to Botswana, parachuting and fast-roping.
- **Results Achieved.** All the set objectives were achieved.
- **Losses.** One member was injured and flown back to the RSA.

Exercise OXIDE II

- **Duration.** 12 to 17 November 2002.
- **Aim.** To provide training, enhance interoperability and co-operation between the SANDF and French forces at La Reunion.
- **Geographic Area.** La Reunion.
- **Nature of the Exercise.** The exercise was designed to test and evaluate search-and-rescue procedures between the forces participating.
- **Participating Forces.** Three ships from the French forces stationed in La Reunion and one ship and one Dornier aircraft from Mauritius. 2 X Hercules C-130 aircraft and 1 X Oryx helicopter on board the SAS Drakensberg with contingents from the SAMHS and the Military Police Agency (MPA).
- **Description of the Exercise.** The exercise was conducted as a search-and-rescue exercise with the aim of retrieving survivors from the sea.
- **Results Achieved.** All objectives formulated were achieved and the exercise can be regarded as very successful. The Hercules C-130 aircraft flew a total of 8 hours and 20 minutes and the Oryx helicopter flew 3 hours and 45 minutes.
- **Losses.** Nil.

OUTPUTS PRODUCED FOR CLIENTS

Outputs in support of the Short-term Force Employment Plan, 11 849 hours were planned for FY 2002/03, 10 339 hours were flown in 3 937 missions. The distribution of the flying hours between the various users was as follows:

- The Joint Air Transport Support Centre is responsible for air transport to DOD

clients such as the Presidency, Parliament, Government departments and the SANDF. Of the 6 170 hours requested, 2 645 hours were allocated, and 2 960 hours were actually flown. Non-usage of hours allocated to other clients enabled a higher than planned output.

- The Joint Offensive Support Centre is responsible to DOD clients such as Government departments, and force employment requirements from within the SANDF as well as joint deployments/exercises with foreign countries. Of the 3 624 hours requested, 2 200 hours were allocated, and 728 hours were actually flown. The underutilisation of these hours was due to low request levels and, at times, the non-availability of aircraft.
- The SA Air Force Command Post is responsible for carrying out the execution of SA Air Force autonomous humanitarian operations. Of the 210 hours that were requested, 204 hours were allocated and 164 hours were flown. There was a lower number of emergency flight requests and SAR incidents than expected.
- The Regional Joint Task Force Central is responsible for area protection and borderline control operations within the Gauteng, Free State and North West Provinces. Of the 1 730 hours requested, 1 722 hours were allocated, and 1 687 hours were actually flown.
- The Regional Joint Task Force North is responsible for area protection and borderline control operations within the Limpopo and Mpumalanga provinces. Of

the 2 545 hours requested, 1 595 hours were allocated, and 1 399 hours were actually flown.

- The Regional Joint Task Force East is responsible for area protection and borderline control operations within the Kwazulu-Natal Province. Of the 2 070 hours requested, 1 125 hours were allocated, and 1 050 hours were actually flown.
- The Regional Joint Task Force South is responsible for area protection and borderline control operations within the Eastern Cape Province. Of the 610 hours requested, 553 hours were allocated, and 434 hours were actually flown.
- Regional Joint Task Force West is responsible for area protection, borderline control, and maritime patrol operations within the Cape and Northern Cape Provinces. Of the 3 320 hours requested, 1 805 hours were allocated, and 1 917 hours were actually flown. Non-usage of hours allocated to other clients enabled a higher than planned output.

The following paragraphs show further detail of the utilisation of flying hours.

- **Outputs in Support of Border Control (Operation INTEXO).** During the year a total of 1 519 hours were flown by various aircraft in support of the SA Army, SA Navy and the SAPS for Operation INTEXO.
- **Outputs in Support of Crime Prevention in Rural Areas (Operation STIPPER).** During the year a total of 2 895 hours were flown by various aircraft in support of the SA Army, SA Navy and the SAPS for Operation STIPPER.

- **Outputs for Humanitarian Assistance (Operation HUMAN).** During the year a total of 1 102 hours were flown by various aircraft in support of Operation HUMAN. The reported successes were as follows:
 - Casualty evacuation: 35 patients.
 - Medical evacuation: 44 patients.
 - Search-and-rescue: 207 people rescued and 8 bodies recovered.
 - Fire fighting: 8 522 500 litres of water delivered by helicopters.
- **Outputs in Support of Maritime Reconnaissance (Operation HARDER).** During the year maritime patrol aircraft in support of the SA Navy for Operation HARDER flew a total of 238 hours. The reported successes were as follows:
 - Vessels logged: 756.
 - Infringements: 10.
 - High interest: 4 (incidents where suspect behaviour was identified).
- **Outputs in Support of Air Mobility for Diplomacy.** During the year a total of 1 803 hours were flown by various aircraft in support of air mobility for diplomacy. A summary of flights undertaken and passengers flown is as follows:
 - President T. Mbeki: 77 flights with a passenger total of 509.
 - Deputy President J. Zuma: 93 flights with a passenger total of 727.
 - Minister of Defence, Mr. M.G.P. Lekota: 13 flights with a passenger total of 137.
 - Former President, Mr N.R. Mandela: 75 flights with a passenger total of 393.
 - Deputy Minister of Defence, Ms. N.C. Madlala-Routledge: 5

flights with a passenger total of 38.

- Other dignitaries, state guests and VIPs: 64 flights with a passenger total of 517.
- **Outputs in Support of Air Mobility for Important People.** During the year a total of 1 052 hours were flown by various aircraft in support of air mobility for important people not included in the previous paragraph. 217 flights, with a passenger total of 3 179, were undertaken.
- **Outputs in Support of Other Air Operations.** During the year a total of 1 730 hours were flown by various aircraft in support of other air operations. These included communication flights, area familiarisation, logistic support, communication station repairs, and training for other services and divisions.
- **Outputs in Support of External Joint Operations (Operations FIBRE and MISTRAL).** The following outputs were delivered in support of external joint operations and were flown over and above those flown in support of the Short-term Force Employment Plan:
 - B707 (Operations FIBRE and MISTRAL) - 336 hours.
 - C130 (Operations FIBRE and MISTRAL) - 144 hours.
 - Alo3 (Operation FIBRE) - 68 hours.
 - Oryx (Operation FIBRE) - 60 hours.

SERVICE DELIVERY IMPROVEMENT

Reductions in the SA Air Force inventory and clean-up process were initiated in Denel to bring all Air Force equipment back to the SA

Air Force to save on storage costs paid to Denel on an annual basis. 314 accounts were brought back to the SA Air Force, which led to a saving of five million Rand.

A substantial effort has been launched within the SA Air Force in order to reduce the inventory of excess and redundant matériel. An SANDF work group was established to recommend improvements to the current disposal process, and those recommendations have been implemented within the SA Air Force. The new process allows for matériel to be transferred to ARMSCOR for marketing according to a business plan that will render the best possible return to the State whilst reducing the stock holdings more effectively. A tender of some 65 500 line items was held over the last two weeks of March 2003 to address mainly the redundant matériel in stock, whilst the SA Air Force's Strategic Transformation Plan 2012 also addresses the current actions to rid systems presently in use of excess matériel in order to return those inventories to optimum and economic levels. A total of 64 formal disposal boards were finalised during FY 2002/03.

An Air Force instruction, complying with the requirements of the ministerial directive on risk management, has resulted in a programme being drafted. It is currently undergoing the approval process for SA Air Force instructions and it is expected to be ready for promulgation early in 2003. The process is in its infancy and will not reach full maturity for some time. An Air Force representative has been appointed to serve as a member of the newly formed Risk Management Council at the Defence Secretariat.

A crime strategy which strives toward crime prevention received a very high priority over the past year. Officers commanding of all AFBs and units developed crime-preven-

tion measures and these were consolidated and issued for implementation throughout the SA Air Force. New control measures have been implemented at all SA Air Force units. Field officers on duty and stay awake orderly officer duties have led to a reduction in internal crime rates.

The restructuring of logistic support is ongoing and there have been some reductions in the fixed portion of the SA Air Force's operating budget in FY 2003/04. These reductions have been applied to improving systems integrity as well as increasing flying-hour output.

Restructuring of the Aero Manpower Group contract is also under way and progressing well.

The Air Force Staff Council was established in January 2003 as a corporate management forum to manage Air Force corporate issues and for controlling and monitoring the implementation and execution of the Transformation Plan Towards Vision 2012.

A new leadership model is in place to implement culture change in order to move to the new SA Air Force value system in accordance with the Transformation Plan

Towards Vision 2012. The Air Force Board, together with 60 of the most senior SA Air Force leaders (including 30 senior warrant officers), have been exposed to a creativity development programme to support the transformation process leading to the new value system.

USE OF CONSULTANTS

The State Information Technology Agency (SITA), Armscor and their subsidiaries are not classified as consultants, the SAAF's usage of consultants is minimal. The following tables indicate consultant usage over the reporting period.

Table 6.1. Report on Consultant Appointments using Appropriated Funds

<i>Project Title</i>	<i>Total Number of Consultants who Worked on Project</i>	<i>Duration of Work Days</i>	<i>Contract Value in Rand</i>
<i>Specialised Engineering Support</i>	2	55	152 617

Table 6.2. Report on Consultant Appointments using Appropriated Funds

<i>Project Title</i>	<i>Ownership by HDI Groups</i>	<i>Duration of Work Days</i>	<i>Consultants from HDI Groups on the Project</i>
<i>Specialised Engineering Support</i>	50%	40%	0

MARITIME DEFENCE

ANNUAL REVIEW

The Financial Year (FY) 2002/03 was not without challenges for the SA Navy but the SA Navy, through the efforts of its people, met these challenges in an admirable manner. In particular, closure had to be achieved on objectives such as the building of capacity to release personnel, facilities and equipment for the new vessel acquisitions, the reduction of inventories and the implementation of measures to ensure personnel retention. At the same time the SA Navy had to ensure that the Chief Joint Operations' (CJ Ops') requirements for vessel availability was maintained. With minor exceptions the SA Navy has performed in accordance with its plan and has achieved its objectives for the year. The following is a brief overview of the major incidents.

In terms of planning and budgeting, the Navy Plan carried an underfunded risk of Rm186. To minimise the risk of not delivering the required output, given the aforementioned underfunding, a key objective of the SA Navy was to achieve a 100 per cent expenditure of its budget. With

the exception of the Item 10 budget (underspent by Rm2,8 owing to circumstances beyond the SA Navy's control), a 100 per cent financial authority figure was achieved by the end of the year. Overall the financial performance has been as reflected in Table 7.1 below. Failure to achieve a 100 per cent payment figure was partly due to all Folio 02 payments not being effected by Armscor (but as orders were placed, the full amount will be rolled over to FY 2003/04), and due to Folio 01 payments being outstanding in the foreign course environment.

In respect of force employment, the hours that the SA Navy provided in accordance with the plan were not fully utilised by CJ Ops. This is a matter that will be addressed in the re-planning for FY 2003/04 in order to ensure that over-capacity does not occur. A highlight is the continued assistance to the South African Police Service (SAPS) and the Marine and Coastal Management (MCM) Department in the curbing of illegal smuggling of marine resources.

INTRODUCTION



The SA Navy achieved most of its force preparation objectives. The shortage of qualified personnel, ships in refit and the non-availability of vessels due to operational defects, however, had a negative impact on the achievement of all objectives.

The scaling down of the SA Navy's force structure proceeded as planned. The following units are no longer operational and are in the process of administrative closure:

- The general support functions of Naval Base Durban (and the associated infrastructure, equipment and personnel) have been transferred to the SA Army General Support Base (GSB) in Durban.
- Usable depot stocks of Naval Stores Depot Durban have been back-loaded to the Naval Stores Depot Wingfield.
- Naval Armament Depot Durban's establishment has been incorporated into that of Naval Armament Depot Simon's Town and the facility now functions as an agency of the Simon's Town Depot until such time as it is transferred to the Chief of Logistics.
- Activities at the Fleet Maintenance Unit Durban have ceased.
- The function of SA Naval Works has been incorporat-

ed into that of Naval Base Simon's Town.

The SA Navy was primarily involved with the outsourcing of the Simon's Town Naval Dockyard during the reporting period. The investigation into transferring the Naval Dockyard Simon's Town to Armscor has been completed. The implementation plan is currently being designed. Once approved, the migration process will commence. In addition to the dockyard investigation, an investigation was also conducted into the future establishment of a Warship Support Agency. This will be processed further when current initiatives involving the dockyard have been completed.

The retention of scarce expertise has been previously recognised by the SA Navy as being of significant strategic importance. Accordingly, incentive mechanisms were developed, approved and implemented within the two domains most constrained by loss of expertise, namely the combat and technical environments. While insufficient time has elapsed from the date of implementation in order to statistically predict the impact of the incentive scheme mechanism on attrition rates, qualitative analysis suggests that the impact has been most favourable.

Performance excellence was excelled. SAS WINGFIELD entered the SA Excellence Foundation (SAEF) annual awards competition for 2002 and was the first ever win-

ner of the Level 3 Assessment (Public Service/Defence Sector) since the inception of the SAEF in 1998. The evaluation process included a site visit to the unit by an independent team of assessors drawn from South African business/organisations.

STRATEGIC PROFILE

The mandate of the SA Navy is drawn from the 1998 Defence Review. This mandate requires the provision of naval forces as elements of the SANDF maritime capabilities

- to counter an attack from seaward and on shipping;
- to provide for interdiction of the maritime battlespace once hostilities have begun;
- to provide for counter-offensive actions to drive the enemy from own or friendly sea-space;
- to ensure that naval units have the inherent ability to function within the SANDF command and control system at the required joint levels;
- to continuously prepare such naval forces to act for the defence of the country;
- to prepare specified naval units to participate in operations other than war; and
- to maintain effective support capabilities to support all naval forces.

Table 7.1. FY 2002/03 Financial Performance - SA Navy

Capability	Current (RM)	Paid (RM)	%	Cash Flow Indicator
Strategic Direction	368	358	97	Deviation < 5%.
Combat Capability	94	94	100	Deviation < 5%.
Logistics Support Capability	160	158	99	Deviation < 5%.
Training Capability	88	86	98	Deviation < 5%.
Base Support Capability	249	249	100	Deviation < 5%.
Reserve Capability	15	15	100	Deviation < 5%.

Following from the mandate, and subject to the Constitution and other laws governing the defence of the RSA, the SA Navy has determined its core business, mission and vision respectively as being

- to fight at sea;
- to win at sea; and
- to be unchallenged at sea.

Based on the above, it is clear that the SA Navy is to contribute to safety, security and welfare through the strategic and operational deployment of its prepared naval forces. In order to do so the SA Navy has adopted the following strategic profile:

- **Regional Reach.** The SA Navy has the ability to operate and sustain its forces throughout the Southern oceans and Southern African littoral.
- **Balance of Force Capabilities.** The size and shape of the SA Navy results in a coherent military capability across all relevant areas of maritime warfare, together with the ability to operate these balanced forces effectively, giving battle-winning combat capability.
- **Interoperability.** The SA Navy has the ability to operate jointly or in combination with whatever other forces may be required, whether the South African armed forces, the armed forces of the UN, the armed forces of the Southern African Developing Community (SADC) or other nations or civilian authorities.
- **Information Superiority.** The SA Navy has the ability to use information to achieve mission success by increased situational awareness, interoperability and increased speed of information flow, whilst protecting and preserving own information assets.

- **Quality.** The SA Navy has the ability to provide forces that are completely fit for purpose as and when required.
- **Will.** The SA Navy has the willingness of its individuals, units and the command chain to become completely engaged in whatever task, from low-intensity peacetime activities to high-intensity war fighting, with utter determination to succeed.
- **Respect.** The SA Navy is an admired yardstick against which similar sized navies throughout the world judge themselves.

During the past year the SA Navy has actively applied this profile in executing the Navy Plan. This has been particularly apparent in the manner in which its personnel have applied themselves and in the manner in which it has engaged the regional navies.

POLICY DEVELOPMENTS

In accordance with the Navy Plan, strategic and force preparation direction must respectively be provided by Navy Office and Fleet Command. This is achieved by inter alia the provision of policy and guidelines. In addition, the Navy Office is responsible for co-ordinating the drafting of lower level policies and ensuring that these policies are aligned with departmental policies. All the SA Navy directorates are continuously involved in providing inputs on policy advice, both formal and informal.

A total of sixteen DOD instructions were received and implemented during the reporting period. In addition, eleven Level 2 policies (naval orders) were promulgated and implemented. These were mainly in the human resources domain. The following is a summary of the policies promulgated by the Navy for the period 1 April 2002 to 31 March 2003.

- Sail training in the SA Navy.
- Administration of foreign learner opportunities.
- Authorisation for planning/work sessions and team building exercises.
- Staffing of Defence Act (Uniformed) members in the SA Navy.
- Guidelines regarding selection and development of candidates within the broad parameters of the military skills development.
- The SA Navy management process.
- Establishment of mechanisms promoting continuous learner partnerships within the SA Navy.
- Policy on tobacco smoking in the SA Navy.
- The use of private domestic appliances in naval messes.
- Policy on the management of information wrt submarine heavyweight torpedoes.
- Naval Order on post profiles in the SA Navy.

DEFENCE CAPABILITIES AND OUTPUTS

MARITIME COMBAT CAPABILITY

The Maritime combat capability provides prepared and supported maritime combat capabilities in accordance with the approved force design:

- The surface combat capability prepares WARRIOR class strike craft to conduct surface warfare operations:
 - Utilisation objectives achieved for force preparation but not for force employment. The set target was 2 528 hrs for force preparation (achieved 2 503 hrs) and 2 152 hrs for force employment (achieved 944 hrs).
 - The readiness-level objective for force employment was not met due to a shortage of personnel

because of training requirements for the patrol corvettes. This caused the SA Navy to operate two strike craft at a higher level of readiness, and two at a lower level of readiness.

- The submarine warfare capability prepares DAPHNÉ Class submarines to conduct submarine warfare operations:
 - Utilisation objectives achieved for force preparation but not for force employment. The set target was 1 200 hours for force preparation (achieved 1 792 hours) and 168 hours for force employment (achieved zero hrs).
 - Only one submarine was operated during the reporting period. The lack of qualified personnel, stores and spares seriously curtailed the deployment of the submarine. This capability will improve once the new submarines enter operational service.
- The combat support and sealift capability prepares combat support ships to provide support to combat vessels and to provide a sealift capability:
 - Utilisation objectives achieved for force preparation but not for force employment. The set target was 1 200 hours for force preparation (achieved 3 131 hours) and 4 608 hours for force employment (achieved 1 074 hours).
 - The combat support ships doubled their force preparation hrs mainly due to the transit times for joint force preparation exercises being considered as force preparation.
- The mine warfare capability

prepares CITY Class Minesweepers and RIVER class minehunters to conduct mine countermeasure operations:

- Utilisation objectives achieved for force preparation but not for force employment. The set target was 600 hours for force preparation (achieved 2 803 hours) and 1 080 hours for force employment (achieved 675 hours).
- Insufficient hours were allocated for force preparation during the reporting period. The mine countermeasures capability was also curtailed by the lack of operational mine-hunting sonars and control systems. The two RIVER class vessels in commission were thus operated in training and patrol roles only. The lack of an operational systems support baseline and equipment not suited for minesweeping also inhibited the operational use of the CITY class vessel in commission. The vessel was thus operated in a training role only.
- The diving support and torpedo recovery capability prepares a diving support vessel to conduct diving support and torpedo recovery:
 - Utilisation objective was not achieved. The set target was 936 hours for force preparation (achieved 429 hours).
 - Major technical difficulties resulted in repairs taking longer than expected. Personnel shortages also resulted in the ship spending more time alongside.
- The hydrographic survey capability prepares a hydrographic survey vessel to conduct hydrographic sur-

veys for the RSA and international organisations:

- Utilisation objectives not achieved for force preparation and force employment. The set target was 1 296 hours for force employment (achieved 108 hours) and 120 hours for force employment (achieved 99 hours).
- The ship went into a refit at the end of April 2002 and therefore could not meet its objectives.
- The operational diving capability prepares an operational diving team to conduct diving operations:
 - Utilisation objectives achieved for force employment but not for force preparation. The set target was 800 hours for force preparation (achieved 263 hours) and 1 200 hours for force employment (achieved 3 585 hours).
 - An extensive service was rendered to the SAPS and MCM in anti-poaching operations. The time available for force preparation was negatively influenced by rendering this service.
- The berthing assistance capability prepares tugs to render a berthing service:
 - Utilisation objective was not achieved. The set target was 1 787 hours for force employment (achieved 1 316 hours).
 - Only one tug was operational during the reporting period.
- The inshore patrol capability prepares inshore patrol vessels to conduct patrols and sea training:
 - Utilisation objectives achieved for force preparation but not for force employment. The set target was 456 hours for force preparation

(achieved 1 366 hours) and 768 hours for force employment (achieved 501 hours).

- The over-achievement of force preparation hours was due to the training required to qualify the new officers commanding. These vessels are more readily available for force employment as the level of expertise rises.

EXERCISES AND OPERATIONS CONDUCTED

Operation OUTLINE

- **Duration/Dates.** 4 - 12 April 2002.
- **Aim.** To conduct a fishery patrol along the east coast of the RSA.
- **Geographic Area.** Simon's Town/Richards Bay/Simon's Town.
- **Participating Forces.** SAS GALESHEWE, together with members of the MCM and SAPS. The Military Police Agency (MPA) also assisted during the patrol.
- **Short Description of the Operation.** CJ Ops tasked the SA Navy to conduct a fishery patrol in the RSA's EEZ (between the 200m and 1000m contours) in order to deter illegal fishing activities. The ship was assisted in the execution of the operation by the periodic allocation of the MPA for contact reporting of specific areas. The operation formed part of the ongoing Operation INTEXO.
- **Results Achieved.** 57 fishing vessels, of which 7 were boarded, were encountered and interrogated during the patrol.
- **Losses.** No losses occurred.

Exercise SONKE

- **Duration/Dates.** 05 - 07 May 2002.

- **Aim.** To display the capabilities of the SA Navy to the students of the Joint Senior Command and Staff Programme.
- **Geographic Area.** Simon's Town/Saldanha/Simon's Town.
- **Participating Forces.** SAS PROTEA, SAS DRAKENSBERG, SAS ISAAC DYOBHA, SAS MAKHANDA and SAS UMZIMKULU.
- **Short Description of the Exercise .** The Task Group conducted various exercises in order to display the capabilities of the SA Navy enroute from Simon's Town to Saldanha. Of particular note were the exercises conducted in Saldanha, which included minehunting demonstrations, fast-roping exercises and a helicopter diver jump display. A naval gunfire support exercise was also conducted in False Bay, together with a replenishment at sea demonstration.
- **Results Achieved.** The exercise was of good value to both the SA Navy and the students.
- **Losses.** No losses occurred.

Operation BACON

- **Duration/Dates.** 13 - 16 May 2002.
- **Aim.** To conduct a fishery patrol along the east coast of the RSA.
- **Geographic Area.** Simon's Town/Port Elizabeth/Simon's Town.
- **Participating Forces.** SAS ISAAC DYOBHA, together with members of the MCM and SAPS. The MPA also assisted during the patrol.
- **Short Description of the Operation.** Regional Joint Task Force West (RJTFW) was instructed by CJ Ops to conduct a fishery patrol in the RSA's EEZ in order to deter

illegal fishing activities. The ship was assisted in the execution of the operation by the periodic allocation of an MPA for contact reporting of specific areas. The operation formed part of the ongoing Operation INTEXO.

- **Results Achieved.** 31 fishing vessels, of which only 1 was boarded, were encountered and interrogated during the patrol. The adverse weather and sea conditions prevented any further boardings and eventually resulted in the shortening of the patrol.
- **Losses.** No losses occurred.

Operation BOBCAT III

- **Duration/Dates.** 09 - 24 June 2002.
- **Aim.** To transit to St Helena Island to participate in the Quincentenary celebrations.
- **Geographic Area.** Simon's Town/St Helena Island/Simon's Town.
- **Participating Forces.** SAS DRAKENSBERG.
- **Short Description of the Operation.** The SA Navy received an invitation from the Governor of St Helena Island for a naval ship to participate in the Quincentenary celebrations on the island. After the necessary authority was obtained, the ship departed for St Helena. During the transit to the island a number of exercises were conducted to familiarise new members with the ship's routine and to carry out continuation training for other members of the ship's company. Flying training was also conducted. On arrival at St Helena Island, various functions were attended by members of the ship's company, which included the Queen's birthday party, luncheon at the Governor's residence, Zulu dancing, a visit to the Boer war graves, a

wreath-laying ceremony and a number of sporting activities. On completion of the festivities, the ship departed and arrived safely in Simon's Town.

- **Results Achieved.** The visit was extremely successful from a public relations point of view and many letters of praise and thanks were received from organisations on the island.
- **Losses.** No losses occurred.

Exercise GOLDEN EAGLE

- **Duration/Dates.** 10 - 14 June 2002.
- **Aim.** To participate in the maritime phase of the SAAF's Exercise GOLDEN EAGLE 2002.
- **Geographic Area.** Simon's Town/Mossel Bay/Simon's Town.
- **Participating Forces.** SAS MAKHANDA and SAS ISAAC DYOBHA.
- **Short Description of the Exercise.** CJ Ops tasked the SA Navy to participate in the maritime phase of the SA Air Force's Exercise GOLDEN EAGLE 2002. The exercise was conducted between Mossel Bay and Cape Point. Two tandem exercises were conducted, one en route to Mossel Bay and one en route to Simon's Town.
- **Results Achieved.** The exercise was successful from the point of view that it highlighted a number of command and control shortcomings that need to be resolved.
- **Losses.** No losses occurred.

Interoperation WEST

- **Duration/Dates.** 22 July - 3 August 2002.
- **Aim.** To conduct a Joint Task Force (JTF) visit to Namibia with the purpose of promoting and strengthening ties with

the maritime wing of the Namibian Defence Force.

- **Geographic Area.** Simon's Town/Walvis Bay/Simon's Town.
- **Participating Forces.** SAS OUTENIQUA, SAS UMHLOTI and elements of the SA Air Force and SAMedical Health Service.
- **Short Description of the Operation.** CJ Ops tasked the SA Navy to conduct a JTF visit to Namibia. In the execution of this instruction, various exercises and internal drills were conducted enroute to Walvis Bay. Whilst alongside in Walvis Bay, the JTF hosted a number of functions. A Bridge Watchkeeping Board was also held, together with harbour patrol boat training. The JTF sailed for Simon's Town on completion of the visit.
- **Results Achieved.** The deployment was a success and all objectives were met.
- **Losses.** No losses occurred.

Operation AIRLANE

- **Duration/Dates.** 22 July - 08 August 2002.
- **Aim.** To assist the MCM and SAPS in an effort to combat the poaching of marine resources.
- **Geographic Area.** Simon's Town/Gansbaai/Hermanus/Beatty's Bay/Simon's Town.
- **Participating Forces.** One inshore patrol vessel and one operational diving team.
- **Short Description of the Operation.** CJ Ops tasked the SA Navy to assist the MCM and SAPS in an effort to combat the poaching of marine resources. The participating forces were utilised to conduct coastal and inshore patrols between the areas of Quinn Point and Gansbaai, including Dyer Island and from Hermanus to Hanglip.

Information and intelligence gathering proved that most poaching activities in the area occurred at night.

- Deployments were scheduled around intelligence reports received on a daily basis. Patrol times were varied in order to avoid a set routine.
- **Results Achieved.** The deployment was very successful as the poachers were deterred from entering the water.
 - **Losses.** No losses occurred.

Operation SPOOK

- **Duration/Dates.** 29 July - 07 August 2002.
- **Aim.** To conduct an EEZ patrol along the west coast of the RSA.
- **Geographic Area.** Simon's Town/Orange River Mouth/Simon's Town.
- **Participating Forces.** SAS ASSEGAAI.
- **Short Description of the Operation.** CJ Ops tasked the SAN to conduct a patrol in the RSA's EEZ for purposes of intelligence gathering. The deployment was conducted in three phases; a dived transit from Simon's Town to the designated patrol area, followed by a surveillance and intelligence gathering phase and a dived transit to Simon's Town. Significant merchant shipping activities were encountered between Cape Point and Cape Town, with trawler activities between Saldanha and Lamberts Bay. Only two offshore mining vessels were observed in the patrol area. A number of Soutpansberg Military fishing vessels were observed in the anchorage of Port Nolloth. An unsuccessful photo and video reconnaissance were conducted off Oranjemund. The failure was due to the prevailing atmospheric conditions at the

time. This exercise was, however, successfully repeated off Port Nolloth.

- **Results Achieved.** The patrol was considered a partial success into the objectives to be achieved.
- **Losses.** No losses occurred.

Operation TANKER TWO

- **Duration/Dates.** 16 August - 12 September 2002.
- **Aim.** To shadow the Greenpeace ship MV ESPERANZA (ESP) from Cape Town to Durban.
- **Geographic Area.** Simon's Town / Cape Town / Durban / Cape Town.
- **Participating Forces.** SAS MAKHANDA, SAS GALESHEWE, SAS UMZIMKULU, inshore patrol vessel, harbour patrol boats, 4 Special Force Regiment (RSF) and SAPS task force elements.
- **Short Description of the Operation.** CJ Ops instructed the SA Navy to shadow the ESP when the vessel sailed from Cape Town to intercept the PACIFIC TEAL, carrying plutonium to the United Kingdom. On completion of this interception, the ESP returned to Cape Town harbour. The vessel again sailed a few days later and launched a rubber boat off the Koeberg Nuclear Power Station, which subsequently resulted in the "attack" on the Power Station by activists. The ESP was again shadowed whilst preparations got underway in Simon's Town to load equipment, 4 SFR and SAPS personnel on board one of the participating vessels. The shadowing operation continued up the east coast to Durban and back to Cape Town until the ESP finally left the Cape Town area on 11 September 2002.

- **Results Achieved.** The operation was successful.
- **Losses.** No losses occurred.

Exercise RED LION

- **Duration/Dates.** 14 - 25 October 2002.
- **Aim.** To prepare forces for future force employment by CJ Ops. This included proving the SA Navy's ability to support forces while away from a home base.
- **Geographic Area.** Simon's Town/Port Elizabeth/Simon's Town.
- **Participating Forces.** SAS OUTENIQUA, SAS DRAKENSBERG, SAS UMZIMKULU, SAS UMHLOTI, SAS ASSEGAAI, SAS GALESHEWE, SAS MAKHANDA and SAS KAPA.
- **Short Description of the Exercise.** During the passage to Port Elizabeth, various exercises and internal drills were carried out by the task group. These exercises and internal drills were evaluated by the Operational Sea Training Team to ensure the maintenance of standards. The task group then went alongside in Port Elizabeth for three days after which they sailed for Simon's Town. Various exercises were again carried out on the return passage to Simon's Town. Unfortunately the missile/torpedo firing was cancelled due to adverse weather conditions.
- **Results Achieved.** The exercise was of immense value to the SA Navy with regard to the general preparation for future employment by CJ Ops.
- **Losses.** No losses occurred.

Exercise OXIDE II / RUST

- **Duration/Dates.** 4 - 11 November 2002, 12-17 November 2002 and 17-22 November 2002.

- **Aim.** Exercise OXIDE II (12 - 17 November 2002) was a force employment exercise and Exercise RUST (4 - 11 November 2002 and 17 - 22 November 2002) a force preparation exercise. Exercise OXIDE II was designed to provide training, enhance interoperability and co-operation between the SANDF and French forces. Exercise RUST was utilised for preparation training on the transit to and from La Reunion.
- **Geographic Area.** Simon's Town /Durban/La Reunion /Simon's Town.
- **Participating Forces.** SAS DRAKENSBERG, SAS MAKHANDA and SAS GALESHEWE.
- **Short Description of the Exercise.** The task group conducted various exercises in accordance with the Exercise RUST programme en route to Durban. The task group went alongside in Durban for one day after which it sailed for La Reunion. Once again various exercises were conducted during this phase. On arrival at La Reunion the task group went alongside at Le Port, after which all forces were briefed on the conducting of the search-and-rescue exercise. Four nations participated in the exercise, namely Madagascar, Mauritius, Reunion (French forces), and the RSA. On completion of the briefings the forces sailed in accordance with the exercise instructions. The ensuing search-and-rescue exercise was very successful and all parties benefited from it. On completion of the exercise the task group sailed from Le Port and reverted to the Exercise RUST programme for the transit back to Simon's Town. The two strike craft proceeded to Durban, whilst the SAS

DRAKENSBERG continued on her passage to Simon's Town. The task group again rendezvoused off Mossel Bay and proceeded to Simon's Town.

- **Results Achieved.** The exercise was a success as all objectives were achieved.
- **Losses.** No losses occurred.

Operation SALIENT

- **Duration/Dates.** 6 - 15 November 2002.
- **Aim.** To conduct a fishery patrol along the south and east coasts of the RSA.
- **Geographic Area.** Simon's Town /Port St Johns/Simon's Town.
- **Participating Forces.** SAS UMHLOTI, together with members of MCM and SAPS. The MPA also assisted during the patrol.
- **Short Description of the Operation.** The ship sailed from Simon's Town and successfully boarded a number of Soutpansberg Military fishing vessels in the vicinity of Cape Point. The ship unfortunately had to return to Simon's Town harbour to effect repairs to an operational defect. She sailed again later in the day and proceeded to Betty's Bay where suspicious divers were detected in the water (these divers were interrogated by the SAPS). The ship proceeded on her voyage and went alongside in Port Elizabeth. From Port Elizabeth the area to Mossel Bay and Simon's Town was again patrolled with intermittent sightings, boarding and interrogation of fishing vessels. The ship was assisted in the execution of the operation by the periodic allocation of the MPA for contact reporting of specific areas.
- **Results Achieved.** 12 boats were boarded.
- **Losses.** No losses occurred.

Operation CATEMBA

- **Duration/Dates.** 01 - 07 December 2002.
- **Aim.** To conduct a fishery patrol along the east coast of the RSA.
- **Geographic Area.** Durban/Richards Bay/Durban.
- **Participating Forces.** Inshore patrol vessel.
- **Short Description of the Operation.** The vessel sailed as planned but had to return to Durban because of adverse weather conditions. She however sailed again early the next morning and headed north towards Richards Bay. The weather conditions were favourable on sailing but deteriorated about 30 nm south of Richards Bay, which forced the vessel to seek shelter in Richards Bay. As the weather conditions did not improve sufficiently, the vessel was ordered to return to Durban.
- **Results Achieved.** No vessels were encountered owing to the adverse weather conditions.
- **Losses.** No losses occurred.

Operation WIREBIRD

- **Duration/Dates.** 05 - 23 December 2002.
- **Aim.** To deliver 2 x harbour patrol boats to Walvis Bay for the Maritime Wing of the Namibian Defence Force and to uplift the yachts that participated in the Governors Cup Yacht Race between Cape Town and St Helena Island.
- **Geographic Area.** Simon's Town/Walvis Bay/St Helena Island/Simon's Town.
- **Participating Forces.** SAS OUTENIQUA, SA Air Force and SAMHS elements.
- **Short Description of the Operation.** The vessel's sailing was delayed by one day due to operational defects that had to be repaired. On its

voyage to Walvis Bay, the normal internal drills and exercises were held. On arrival in Walvis Bay the ship anchored and proceeded to unload the harbour patrol boats. On completion of the hand-over ceremony, the vessel sailed for St Helena island. Further exercises were conducted during the passage to the island. On arrival at the island, an official call was made on the Governor of the island and a reciprocal call was made to the ship by guests from the island. In the meantime the yachts were loaded and the ship's crew were given the opportunity of visiting places of interest on the island when not required onboard for watches or assisting with the loading of the yachts. On the return voyage to Cape Town the vessel experienced engine problems, which were repaired after the main engines were shut down. The vessel then proceeded and arrived safely in Simon's Town.

- **Results Achieved.** Despite the engine defects experienced during the passage, all objectives were met and the operation was deemed a success.
- **Losses.** No losses occurred.

Operation COLD CUT

- **Duration/Dates.** 27 February - 10 March 2003.
- **Aim.** To assist the Department of Environment, Agriculture and Tourism (DEAT) in transporting a member of Department of Public Works (DPW), equipment and spares to effect repairs to refrigeration equipment and to take victuals to Gough Island.
- **Geographic Area.** Simon's Town/Gough Island/Cape Town/Simon's Town.

- **Participating Forces.** SAS OUTENIQUA, SAAF and SAMHS elements.
- **Short Description of the Operation.** The vessel sailed for Gough Island as planned and carried out internal drills and exercises during the passage. On arrival at the island the DPW members and equipment were flown to the island to commence with the repairs to the defective refrigeration equipment. On completion of the repairs, the victuals were transferred to the island. The vessel then shaped course for Cape Town and the ship's company settled into a normal routine.
- **Results Achieved.** The deployment was deemed to have been successful as all objectives were met.
- **Losses.** No losses occurred.

Operation INTEXO

- **Duration/Dates.** 03 - 06 March 2003.
- **Aim.** To conduct a fishery patrol along the south-east coast of the RSA.
- **Geographic Area.** Port Elizabeth/East London/Port Elizabeth.
- **Participating Forces.** SAS UMZIMKULU, SAS UMHLOTI, SAS KAPA, together with members of the MCM and Border Police.
- **Short Description of the Operation.** The task group sailed from Port Elizabeth and patrolled the designated patrol area, en route to East London to take on bunkers. On departing from East London the task group sailed to Port Elizabeth. On arrival in Port Elizabeth the members of MCM and Border Police were landed, after which the task group carried on with their exercise programme.
- **Results Achieved.** The patrol was deemed to be suc-

cessful even though no illegal fishing activities were detected or encountered.

- **Losses.** No losses occurred.

Operation WAVE SCAN

- **Duration/Dates.** 11-14 March 2003.
- **Aim.** To assist the Institute for Maritime Technology (IMT) with the transporting and laying of wavescan buoys at Elands Bay and Lamberts Bay.
- **Geographic Area.** Simon's Town/Hout Bay/Elands Bay/Lamberts Bay/Simon's Town.
- **Participating Forces.** SAS UMZIMKULU.
- **Short Description of the Operation.** The vessel sailed from Simon's Town and shaped course for Hout Bay where one of the wavescan buoys was to be uplifted. On completion of this task the vessel shaped course for Elands Bay. On arrival at Elands Bay, the wavescan buoy was successfully laid. The vessel then proceeded to Lamberts Bay where the second wavescan buoy was successfully laid. The vessel then proceeded back to Simon's Town.
- **Results Achieved.** The deployment was deemed a success.
- **Losses.** No losses occurred.

ACTIVITIES UNDERTAKEN TO ACHIEVE THE OBJECTIVES OF GOVERNMENT

STANDING MARITIME COMMITTEE

The SA Navy is actively involved in the Standing Maritime Committee (SMC) of the SADC's Inter-State Defence and Security Committee (ISDSC). The last plenary session was held in Luanda under Angola's chairmanship over the period 21-23 August 2002. Currently the SA

Navy provides and funds the Permanent Secretariat for the SMC.

CONFERENCE ON WARSHIP SUPPORT IN AFRICA AND LAW ENFORCEMENT AT SEA

In response to the SMC's request for a regional workshop on Law Enforcement at Sea, the SA Navy co-hosted a conference with IMT in Simon's Town over the period 13-14 February 2003. All SADC countries were invited to send representatives to the conference. The aim of the conference was to address the two interrelated topics of Law Enforcement at Sea and Warfare Support in Africa with the view of developing viable recommendations for future consideration by the SMC. The conference was well-attended and received positive media coverage.

MAPPING OF THE CONTINENTAL SHELF FOR PURPOSES OF INSTITUTING TERRITORIAL CLAIMS

The United Nations Law of the Sea Convention (UNCLOS) was signed by the RSA in January 1998. Under UNCLOS the RSA claimed a 200 nm maritime EEZ. Further claims for an extended continental shelf beyond 200 nm must be submitted to the UN by 2009 and must include extensive bathymetric, seismic, magnetic and gravimetric surveys. In addition the adjacent maritime boundaries with French island possessions in the Southern Indian Ocean, Mozambique and Namibia must be finalised.

The Petroleum Agency of SA has overall responsibility for the project and has established a steering committee to oversee the project. The SA Navy's hydrographer is a member of the committee along with representatives of the other State departments and applicable agencies.

It is planned that the SA Navy's survey vessel, the SAS PROTEA, will complete the required surveys over a period of two years commencing in 2004.

HYDROGRAPHY IN THE SADC REGION

SADC member countries are signatories of the SADC Protocol on Transport, Communications and Meteorology, and have agreed to co-operate in developing the standard for hydrographic practice with-

in the region, in conjunction with the Southern Africa and Islands Hydrographic Commission (SAIHC). The SA Navy's hydrographic section plays a key role in SAIHC. Improved charting is an essential component of integrated coastal management within the region. Programmes being developed in this regard have the objective of uplifting the living standards of the inhabitants of the coastal areas by reducing insurance tariffs for vessels entering and leaving ports throughout the region.

TRAINING PROVIDED TO OTHER AFRICAN COUNTRIES

The following is a summary of training provided by the SAN to African countries:

- Angola - 2.
- Ghana - 10.
- Lesotho - 2.
- Malawi - 1.
- Mozambique - 1.
- Namibia - 26.
- Nigeria - 14.
- Seychelles - 1.
- Swaziland - 2.
- Tanzania - 13.

MILITARY HEALTH SERVICE

ANNUAL REVIEW

The health and healthy lifestyle of the patients of the South African Military Health Service (SAMHS) remain of cardinal importance to the organisation. This is, however, not the responsibility of the SAMHS alone but also that of each individual in the organisation. The output of the SAMHS is very much influenced by the health profile of the patients and only rough estimates are available of what disease patterns can occur.

It should therefore be realised that the output of this organisation is subject to

changes in the health environment.

Through the management and specific decisions taken by the SAMHS executive, the SAMHS was able to host a very effective International Congress of Military Medicine (ICMM). This benefited the SAMHS members through international exposure and intellectual exchange of ideas at an internationally-recognised congress.

The SAMHS Reserves was the first ever non-NATO organisation to be admitted to the *Confederatio Internallie des Officiers Medicaux des Reserves* (CIOMR) as an associate member. The SAMHS

Reserves has passed the 50 per cent mark in achieving representivity. Although more than 58 per cent of Reserve Force members are African, Coloured and Indian, in the overall figures the bulk of these are in the entry level, while the top and middle orders are still predominantly White.

The Inter-State Defence and Security Committee (ISDSC) Health

Work Group decisions are starting to take effect and are being implemented. The

management of HIV/AIDS is receiving high priority and there is a sincere will to combat this disease throughout the military establishments in the Southern African Development Community (SADC) region.

SAMHS also participated in regional sports activities through the International Council of Military Sport (CISM). A Joint Working Committee has been established where representatives from the SANDF, the SA Police Service (SAPS) and the Department of Correctional Services will liaise with the SA Sports Commission to exploit possible areas of mutual cooperation.

INTRODUCTION



Internally, the SAMHS was tasked with the training of SADC member countries' medical orderlies. The decision is now being realised with the completion of the Regional Military Health Training Centre in Thaba Tshwane. The centre was upgraded through donor funding from the United States of America (USA) and ensures that health training for operational emergency care orderlies in the military clusters will be at the same standard as and also comply with RSA national health care standards. The formal opening of the centre was planned for June 2003.

The SAMHS health courses included members from several African countries. This not only builds capacity, but also indicates the willingness of the SAMHS to embrace the New Partnership for Africa's Development (NEPAD) principles and involvement with national priorities. In this area the SAMHS is in consultation with the Lesotho Defence Force to establish a sustainable military health capability.

Common commodities remain a problem area, as central procurement actions are creating delays that are beyond the control of the SAMHS. The shortage of general commodities, especially clothing, hampers the effectiveness of the SAMHS. This includes low levels of serviceability of vehicles which will influence the efficiency of SAMHS.

The SAMHS is proud of the fact that Col Ben Steyn, the Chemical and Biological Defence Advisor to the Surgeon General, formed part of the delegation to Iraq to try and avert war. This is indicative of the knowledge and experience levels still available in the SAMHS.

The situation regarding the condition of SAMHS' buildings remains a serious concern. This matter is currently being addressed at director general level.

The deployment of SAMHS personnel in Operation MONUC and Operation FIBRE posed certain challenges, but shows the SAMHS's ability to conduct its priority functions whilst maintaining a secondary function in base facilities.

STRATEGIC PROFILE

Vision Statement. The vision statement "A healthy military community" was drawn from the mandate and task placed on the SAMHS. This implies the following:

- Health must be seen as the responsibility of the individual, as well as of the organisation to its members. Health encompasses the physical, psychological and social dimensions of every member and his/her dependants.
- The SAMHS has the inherent ability to provide specialist health inputs and advice in support of the SADC.
- The SAMHS is structured to provide a health service on the primary, secondary and tertiary military health levels to serving and retired members, their dependants and approved clientele, whilst being self-supporting regarding health logistics.
- The SAMHS has the inherent capability to operate jointly in support of its clients in the combat theatre.
- Knowledge is power, also in health. The SAMHS strives to be up to date with the latest health information, equipment and procedures to ensure a dedicated service to all its patients.
- The SAMHS, through its statutory obligations, human capital and health equipment, is able to provide quality care to its clients.
- The SAMHS is respected in the Southern African region as a quality health care provider for the military

establishment.

- The SAMHS is committed to providing the best possible health care to every patient during peacetime and in times of conflict.
- The SAMHS strives to empower its clients in their own health management through communication.
- The SAMHS is an organisation that portrays the caring side of life through support given to its own members and its adversaries.

Mission. The mission of the SAMHS is to provide a comprehensive, excellent, self-supporting, multi-disciplinary military health service that ensures a healthy military community. The operationalisation of the mission entails the provision of strategic direction to provide health capabilities over the total spectrum, establishing and maintaining a force structure, training human resources, maintaining health facilities and equipment and preparing military health capabilities.

The core business of the SAMHS is to combat disease and injury to the best of its knowledge. This is accomplished by the following:

- Rendering a comprehensive, excellent, self-supporting, multi-disciplinary military health service that ensures a healthy military community.
- Investing in human resources, reinforced by relevant technological equipment and resources.

POLICY DEVELOPMENTS

The list and dates of DOD instructions (DODI) originating from the Surgeon General and SAMHS orders promulgated between 1 April 2002 and 30 March 2003 are indicated in the table below.

Table 8.1. General and SAMHS Orders Promulgated: FY 2002/03

<i>Policy Title</i>	<i>Date Promulgated</i>
<i>Occupational Health and Safety in the DOD</i>	03 April 2002
<i>Implementation of Standard Biokinetic Evaluations</i>	23 May 2002
<i>SAMHS Patient Administration Policy and Procedures</i>	21 June 2002
<i>Revised Tobacco Policy in the DOD</i>	July 2002
<i>Appointment of Honorary Colonels in the SAMHS</i>	14 October 2002
<i>Defence Against Chemical and Biological Weapons and Radioactive Materials</i>	11 November 2002
<i>Policy on the Route of Citations for Bravery and Merit Awards</i>	30 November 2002

DEFENCE OUTPUTS AND CAPABILITIES

OUTPUTS

The following statistics indicate the most visible service outputs of the SAMHS:

- About 1 112 767 consultations were conducted at a cost of Rm 110 during the period under review.
- The prescription function is reflected in two tables. Table 8.2 indicates those prescriptions prescribed by a service provider and is a close reflection of real consultations as it is captured in time to comply with statutory regulations pertaining to the dispensing of medicines. Table 8.3 reflects the number of prescriptions dispensed.
- The cost of initial prescribed medication is Rm67. The cost of dispensed medicine was Rm104. More important is the cost escalation per quarter. Over the period the escalation was in the order of 18 per cent on medicines and, until the third quarter, approximately 25 per cent. This is clearly under current funding principles an

Table 8.2 Prescriptions Prescribed by SAMHS: FY 2002/03

<i>Period</i>	<i>Prescriptions</i>	<i>Items</i>	<i>Prescription Cost</i>	<i>Average Items Per Script</i>	<i>Average Cost Per Item</i>	<i>Average Cost Per Script (R)</i>
<i>Apr - Jun</i>	280 399	815 522	15 622 874	2,9	55,72	55,72
<i>Jul- Sep</i>	270 673	791 846	17 673 443	2,9	65,29	65,29
<i>Oct - Dec</i>	232 970	652 821	17 804 803	2,8	76,43	76,43
<i>Jan - Mar</i>	235975	657602	16 510 458	2,8	69,97	69,97
Total	1 020 017	2 917 791	67 611 578	2,85	66,85	66,85

Table 8.3 Prescriptions Dispensed by SAMHS: FY 2002/03

<i>Period</i>	<i>Prescriptions</i>	<i>Items</i>	<i>Prescription Cost</i>	<i>Average Items Per Script</i>	<i>Average Cost Per Item</i>	<i>Average Cost Per Script (R)</i>
<i>Apr - Jun</i>	336 455	990 686	23 458 477	2,9	23,68	69,72
<i>Jul- Sep</i>	328 640	967 036	26 748 994	2,9	27,66	81,39
<i>Oct - Dec</i>	300 601	860 348	29 410 053	2,9	34,18	97,84
<i>Jan - Mar</i>	289 967	819 838	24 541 094	2,8	29,93	84,63
Total	1 255 663	3 637 908	104 158 618	2,88	28,86	83,4

Table 8.4 Admissions to SAMHS Facilities: FY 2002/03

<i>Period</i>	<i>In-patients</i>	<i>Intensive Care Unit Days</i>	<i>Ward Days</i>	<i>In-patient Days</i>	<i>Average Length of Stay</i>	<i>In-patient Cost</i>	<i>Average In-patient Cost Per Day (R)</i>
<i>Apr - Jun</i>	9 275	1563.45	29 598	31 161	3.4	13 504 906	433
<i>Jul- Sep</i>	8 899	1372.35	28 325	29 697	3.3	12 598 260	424
<i>Oct - Dec</i>	5 859	704.4	15 233	15 937	2.7	6 686 858	419
<i>Jan - Mar</i>	8 451	1041.49	24 295	25 336	3	10 449 024	412
Total	32 484	4681.69	97 451	102 131	3.1	43 239 048	422

unhealthy situation, given the principle that all patients have to be treated and cannot be denied medication.

The admissions to SAMHS facilities are treated in a cost-effective manner, as indicated by the average length of stay. The cost factor for treatment in own facilities at Rm43,2 is far less than it would have been in the private sector

(See Table 8.4).

The structure and distribution of SAMHS facilities mean that in some cases external referrals must take place. The SAMHS was able to restrict referrals to non-military hospitals to 2 499 patients.

The nature of the SAMHS core business is such that referrals will always take place to ensure the

most appropriate handling of specific health-related cases. This is mainly because it is neither cost-effective nor viable to have a doctor at each SAMHS facility. Referrals to military medical institutes were not made on the bases of the patients' health profiles, but on who were treatable in the SAMHS. Referrals to private facilities were made when military capacity was not available for cost-effective reasons. For instance, it is not cost-effective to have very expensive internal facilities for rarely occurring diseases.

Table 8.5. Admissions of SANDF Patients to Non-military Hospitals: FY 2002/03

<i>Period</i>	<i>Out Hospital Days</i>	<i>Patients</i>
<i>Apr - Jun</i>	1 895	673
<i>Jul- Sep</i>	1 848	683
<i>Oct - Dec</i>	1 630	597
<i>Jan - Mar</i>	1 451	546
Total	6 824	2 499

In the period under review 868 patients passed away (See Table 8.7). This reflects a mortality rate of 11,5 per thousand members of the DOD, based on a figure of 75 000. If this is extrapolated to the potential military patient population of approximately 300 000, the rate drops to 2,9 deaths per 1 000.

Table 8.6. Referrals: FY 2002/03

<i>Period</i>	<i>Referrals MMI</i>	<i>Referrals Non Mil</i>	<i>Referrals Private</i>	<i>Referral Total</i>	<i>X-Rays Private</i>	<i>X-Rays MMI</i>	<i>X-Rays Total</i>	<i>Lab Test Private</i>	<i>Lab Test MMI</i>	<i>Lab Test Total</i>
<i>Apr - Jun</i>	2 091	694	4 717	4 717	1 947	14 659	16 606	17 672	168 751	186 423
<i>Jul- Sep</i>	2 236	460	4 800	4 800	1 402	13 449	14 851	15 456	179 575	195 031
<i>Oct - Dec</i>	1 889	346	4 278	4 278	1 197	12 415	13 612	13 349	171 594	184 943
<i>Jan - Mar</i>	2 057	384	5 065	5 065	1 025	11 546	12 571	11 406	192 045	203 451
Total	8 273	1 884	18 860	18 860	5 571	52 069	57 640	57 883	711 965	769 848

Table 8.7. Mortality: FY 2002/03

<i>Period</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
<i>Apr - Jun</i>	172	72	244
<i>Jul - Sep</i>	189	81	270
<i>Oct - Dec</i>	103	70	173
<i>Jan - Mar</i>	117	64	181
Total	581	287	868

SAMHS CAPABILITIES

The Surgeon General and staff provide strategic direction to the Defence Health Programme through the formulation, promulgation and control of strategy, policies, plans and advice in order to prepare and provide the health capabilities required by the Chief of the SANDF.

In the inspectorate environment 106 inspection reports were produced, and this is graphically displayed in Figure 8.1 below.

The SAMHS Inspectorate was also tasked with conducting four boards of inquiry during the period of reporting. The reports highlighted the following positive aspects:

- The staffing process of uniformed members is nearly completed. Most of the staffed members reported at their new units, which posed a challenge, namely for the training and in-post-training of all new members.
- The South African Excellence Model (SAEM) has been implemented at all lower units, and key members, including officers commanding of all units have attended the self-assessment training. During the next inspection cycle starting off in November 2003, the implementation of the model at service and lower levels of the SAMHS will be facilitated.

- Some of the formations have already changed their quarterly performance feedback to be in line with the eleven criteria set by the SAEM. In doing so, an awareness of performance excellence is created and strengthened at all levels.
- The first SAMHS Quality Award was awarded to the Institute for Aviation Medicine during the annual awards evening of the SAMHS in November 2002. The Area Military Health Unit Eastern Cape and 7 Medical Battalion Group were close contenders for the award.
- SAMHS members have adopted the *Batho Pele* principles and continuously strive to execute service delivery according to these principles. The SAMHS communication initiative towards combating HIV/AIDS, Project MASIBAMBISANE, was fully supported at all the units that were inspected.

Performance Excellence. The following general concerns were highlighted by the Inspectors:

- Members do not keep records to show the results on their performance.
- Recognition initiatives.
- General lack of review of standard working procedures.
- People satisfaction is not measured.

- Processes are not regularly reviewed and updated.
- Customer and stakeholder satisfaction is not measured.
- Supplier performance is not monitored.
- Resolution of complaints is not done systematically.
- Some departments at unit level do not have business plans.

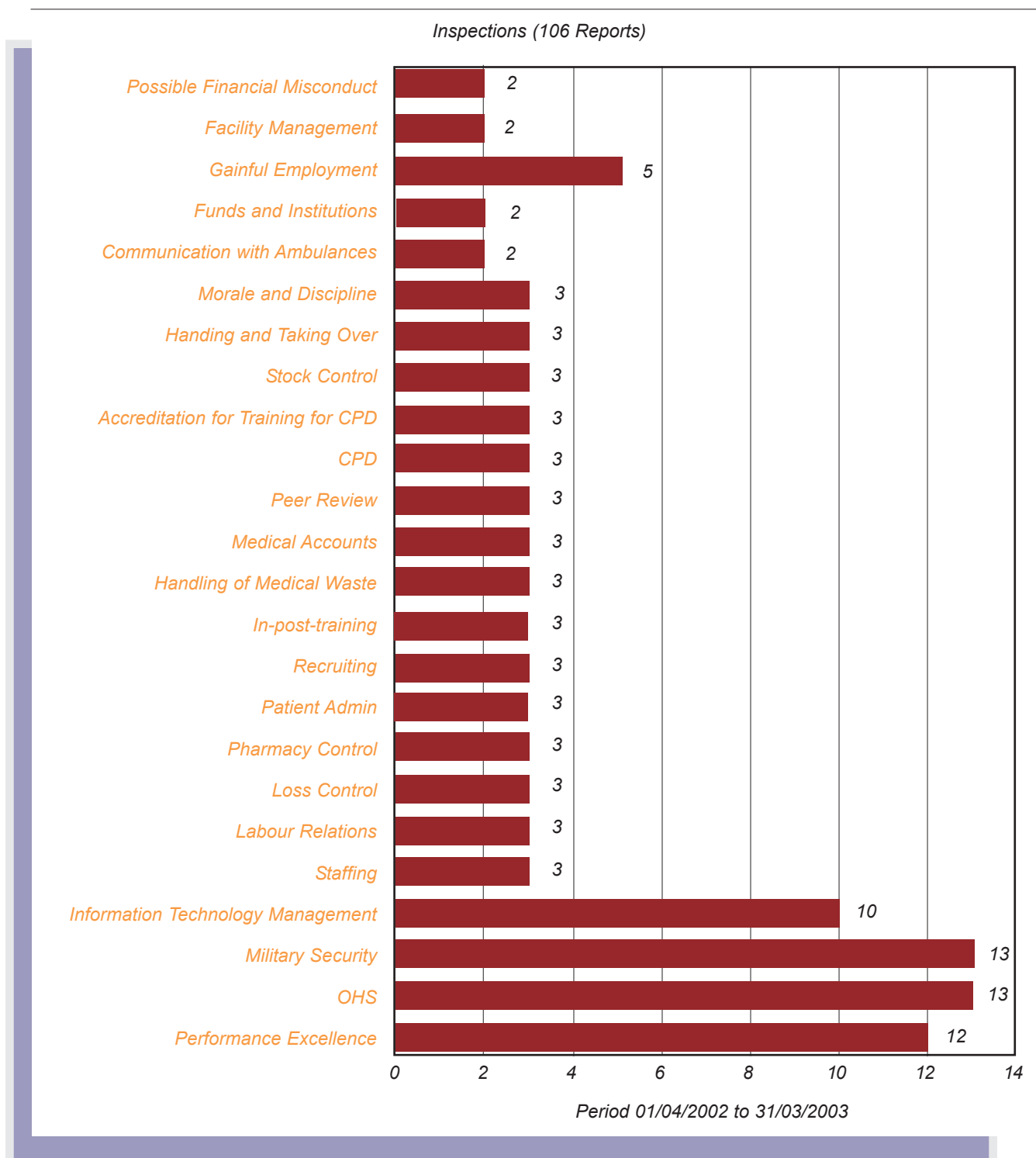
Specific areas of achievement in the inspectorate environment were:

- A holistic control section has been created at the SAMHS. The main functions of this section would be to capture relevant information on a database, process this information and provide regular reports to top management in respect of financial misconduct, criminality and management of risks.
- The SAMHS Quality Award (Certificate) was introduced by the SAMHS Inspectorate and awarded for the first time in November 2002. It is envisaged to institute a floating trophy with effect from November 2003, which will be awarded to the winner of the SAMHS Quality Award.

The SAMHS Reserves is showing growth and revival, though at a slow pace, and the following positive aspects were experienced during the FY 2002/03:

- The SAMHS was the first ever non-Nato organisation to be admitted to the *Confederatio Internallie des Officiers Medicaux des Reserves* (CIOMR) as associate member. The Reserve Force Council played a major part, alongside the Reserves Directorate in achieving this goal.
- SAMHS is part of Project PHOENIX, the project for the revival of the Reserves. The Parliamentary Portfolio Committee on Defence has

Figure 8.1. SAMHS Inspection Reports: FY2002/03



also committed itself to supporting these initiatives.

- The SAMHS Reserves has passed the 50 per cent mark in achieving representivity. Although more than 58 per cent of the Reserves are

African, Coloured and Asian, in the overall figures the bulk of these are at the entry levels, while the top and middle orders are still predominantly White.

- The Battle Field Advanced

Trauma Life and Saving (BATLS/BARTS) courses are primarily run by Reserve instructors and are widely supported.

The following negative aspects are

hampering growth and flexibility in the following areas:

- Owing to the extensive training period of Operational Emergency Care Orderlies (OECOs), a general shortage of "current" operational medics exists.
- Although more and more medical officers are showing an interest in enlisting as volunteers, they are not keen to be deployed, placing a further burden on the Reserves, and this does not enhance the "one force" principle. This will be addressed in Project PHOENIX and promotional exercises.

The Pastoral Service of the SAMHS exercises the following defence capabilities:

- Conducting of spiritual worship and parade events.
- Utilisation of well-being and enrichment opportunities.
- Pastoral counselling practices.
- Crisis intervention practices.
- Spiritual support to the ill and dying.
- Multidisciplinary teamwork practices.
- Military management practices.

More functional training for chaplains in counselling practices, as well as in facilitation skills to address HIV/AIDS, was implemented to improve service delivery.

The SAMHS, through the Social Work service, focuses on identified strategic issues, namely:

- Social health promotion.
- Cultural competency.
- Family preservation.
- Financial recovery and management.
- Violence in the family and the workplace.

Opportunities were optimally utilised to enhance the implementation of

health processes and policies by unit commanders through negotiation with lower level units for a regional commanders workshop to take place to address the implementation of the above policy, as well as the policy on HIV and comprehensive health assessments. The implementation of employee and workplace well-being is further actively marketed and addressed by the staff officers at the SAMHS Junior Command and Staff Course and the Senior Command and Staff Course.

Project RESILIENCE ensured that all pertinent issues affecting soldiers during deployments were tabled on the DOD agenda. As a result, policy reviews and changes have been made in order to ensure the social well-being of our members.

The SAMHS is working closely with non-government organisations (NGOs) to ensure the empowerment of soldiers' wives. They are helped to find their niche in our society, and to build their capacity so as to participate actively in all spheres of society. A pilot project directed towards this endeavour is being pursued at 10 SAI. The SAMHS has liaised with the private sector to organise a TV-set, books and educational toys for the Retswelele Crèche established at the Molopo Base in Mafikeng.

A resilience seminar is presented to members prior to their deployment. Pertinent social issues which members need to engage in, in order to build cohesion amongst them have also been identified, for example issues such as values, interpersonal skills, trust, etc. These are presented to our forces as part of mission-ready training prior to their departure to deployment areas.

The Directorate plays an enabling role at the SAMHS Training Formation by means of mentoring and advice to the training team. It

ensures that training maintains momentum through communication with other Services and Divisions and Level 3. Lesson plans on planning and budgeting were developed and presented on the HIV/AIDS programme development and management course.

The SAMHS initiated liaison with three NGOs to submit a proposal on gender equity training in the DOD, for which they obtained a grant. They are instrumental in the planning of the training and the management and monitoring of the implementation to peer group level.

Furthermore, as the co-ordinator of the United States programme, the SAMHS ensured that the inputs for the year's plans and budget, to the amount of US\$750 000, as well as the quarterly expenditure plans, were consolidated. In this capacity the coordinators and nodal points from lower level units were enabled and supported, and effective management of the funds took place.

All client data is captured accurately, timeously and microfilmed for future reference. Management information health service tendencies, irregularities, trends and solutions to problems are immediately identified. Management information must be secure, confidential and comprehensive.

TERTIARY MILITARY HEALTH FORMATION

The Tertiary Military Health Formation was formed during 2001 as a result of the transformation of the DOD. The formation consists of the following:

- Formation headquarters.
- Three military hospitals.
- Institute for Aviation Medicine.
- Institute for Maritime Medicine.
- Military Veterinary Institute.
- Military Psychological Institute.

The staffing of the formation is on the verge of being completed, and this includes the PSAP and the regular force component. Owing to a quick personnel turnover, approximately 15 per cent of posts are vacant, especially within the line function. These are in the process of being staffed, as functional directors and pool managers are pulling out all stops to ensure that the correct members for the correct posts are appointed within the guidelines of DOD recruitment policy, as well as within Government rules and regulations.

Unit commanders are trained to implement the SAEF model to improve service delivery. They have made the *Batho Pele* principles part of their service delivery enhancement programmes and ensure during forum meetings that the principles of commitment, caring, communication and compassion are adhered to at all times. A vast improvement in service delivery has been noted as unit commanders concern themselves more with unit members, as well as their clients.

Occupational health and safety laws are being enforced at all levels and during inspections and audits it is becoming apparent that the facilities currently occupied urgently require repair. 1 and 2 Military Hospitals are in urgent need of a major overhaul and it is foreseen that this will be rectified if the ramp is funded and brought to completion. It is envisaged that the building and renovations to 3 Military Hospital will commence during the first half of 2003. This project is eagerly awaited. A project has been registered to install a new centrifuge at the Institute for Aviation Medicine, as the old one is now in the process of being declared beyond economical repair. The headquarters is co-located with other formations and no problems are being experienced. The institutes are well cared for. However, from time to time renovations and proper facility manage-

ment by the local general support bases ensure good service delivery. Poor facilities may cause poor service delivery and it is essential that facilities are well maintained and cared for.

The output of the Tertiary Health Formation was achieved as the Formation was well managed. Confirmation of this input can be seen in the financial successes achieved during the past financial year. Two of the major units received favourable audit reports over the past year. The Auditor General once again conducted follow-up inspections of their environmental audits and reports of vast improvements were received.

The General Officer Commanding of the Formation involved all Unit Commanders in decision making, which resulted in units taking ownership. Successes are being achieved, especially within the service delivery domain. Over the past year a vast number of policies and directives were received, disseminated and forwarded to units. Unit commanders ensure that their members are trained on the computer systems and thus enable them to delve into the policies and directives available on the DOD systems.

All members of the Formation are constantly made aware of the Public Finance Management Act (PFMA), and unit commanders are utilising their respective forums to enhance these principles and to make members aware of their respective responsibilities towards the State and the DOD.

The Formation performed well over the last financial year and it is with pride that an A grading is reported, as we feel that the specialist military health component of the defence capabilities is combat-ready and cost-effective.

The provision of specialist military

health and military health-related services outputs were achieved as planned.

Members are encouraged to attend self-enrichment programmes, especially those that allow members to bring the knowledge they have gained back to the unit to train and inform those who could not attend. Training and development are considered as vital within service delivery and members are encouraged to be trained, not only within their specialist fields but also on a wider basis, especially within the military field, where it has now become apparent that the RSA will be actively involved within the SADC region, supplying knowledge and medical expertise within the operational requirements.

The commitment, caring, communication and composition (or the four Cs) ensured that SAMHS could deliver the following:

- Hospitalisation services of high quality.
- Excellent aviation services.
- Excellent maritime medicine services.
- Veterinary services of exceptional quality.
- Military psychological services of good quality.

Tertiary military health unique and common support outputs were partially achieved, not because members were unwilling to achieve, but because the common support services could not be supplied by the General Support Bases (GSBs) as expected. It is, however, expected that the systems will kick into place during September of 2003.

The morale of support workers is improving and they realize that their dedication and input are of vital importance to the service delivery of each and every unit. Patients are our business and their interests must always be put before own interest.

AREA MILITARY HEALTH FORMATION

The aim of the Area Military Health Formation (AMHF) is to provide a multi-disciplinary military-health combat-ready capability (including specialised functions for land, air, maritime, clinical and evacuation support) and main medical equipment (MME) at short notice in accordance with the DOD force design national and international obligations.

The AMHF consists of:

- Formation headquarters.
- 9 x area health units.
- 28 x health centres.
- 36 x sickbays.
- 4 x base hospitals.
- 21 x MMC's.
- 5 x regional occupational health and safety centres.
- 1 x presidential medical team.

On formulating a strategy for the AMHF the military health strategic issues which have been formulated for the DOD have been taken into consideration. They were:

- Health promotion, concurrent health assessments and HIV/AIDS with its impact.
- Professional staff were of

the utmost importance for conducting service delivery.

- The replacement of capital equipment was vital for the execution of core business.
- There was an increase in the patient load and the Health Info System had to be adapted to accommodate multiple spouses.
- Project MASIBAMBISANE had to be implemented at all levels to combat HIV/AIDS.
- Occupational health and safety as a new field had to be implemented at all levels.
- Physical training, sport and recreation.

The AMHF worked towards implementation of the SAEF model in all units to ensure a service of quality. Services were rendered during FY 2002/03 to the following health care clients:

- The Presidency.
- Army units.
- Navy units.
- Air Force units.
- SAMHS units.
- Dependants.
- VPA members.
- Approved Government departments.

The AMHFs were responsible for potential clients and area of responsibility as indicated in the table 8.8.

These force structure elements were serviced by 3 141 Regular Force members and 209 PSAP, a total of 3 350 members. This means that every AMHF member had to serve 64 potential clients. This is so despite the fact that many of the members of the AMHF occupy a support or managerial position. The AMHF achieved all its core objectives to the best of its ability. The achievement of core objectives such as healthy clients, an organisation conducive to health and combat-ready user systems will remain a quest.

MILITARY HEALTH SUPPORT FORMATION

The Military Health Support Formation (MHFS) was formed in 2001 as a result of the transformation of the SAMHS. Its primary aim was to provide military health support, warehousing of pharmaceuticals, sundries, SAMHS mobilisation equipment and unique stock and procurement of SAMHS unique products, materials, services and electro-medical equipment asset

Table 8.8. Potential Clients and Areas of Responsibility: Area Military Health Formation

<i>Unit</i>	<i>Potential Clients</i>	<i>Area of Responsibility (km²)</i>
<i>Area Military Health Unit Western Cape</i>	12 710	135 428
<i>Area Military Health Unit Eastern Cape</i>	15 217	348 000
<i>Area Military Health Unit Northern Cape</i>	11 400	361 830
<i>Area Military Health Unit North West</i>	28 000	156 400
<i>Area Military Health Unit Free State</i>	12 955	129 307
<i>Area Military Health Unit KwaZulu-Natal</i>	10 137	109 626
<i>Area Military Health Unit Gauteng</i>	98000	6400
<i>Area Military Health Unit Mpumalanga</i>	6 000	80 000
<i>Area Military Health Unit Northern Province</i>	20 951	225 861
<i>Presidential Medical Team</i>	60	RSA and abroad
Total	215 370	1 546 532

management service for Aarea and Mobile Military Health Formations, and the directing of SAMHS product systems and co-operative common logistics.

The formation consists of the MHSF headquarters with an Electro-Medical Service Centre attached to the structure, the Military Health Base Depot (MHBD) consisting of the Military Health Depot (MHD) and the Military Health Mobilisation Depot (MHMD), and the Military Health Procurement Unit (MHPU).

The staffing of Defence Act Personnel (DAP) was completed during FY 2002/03 and the staffing of Public Service Act Personnel (PSAP) will be completed during FY 2003/04. A drive to have military members functionally trained has resulted in more than eight per cent of the members being qualified both functionally and military-course qualified for their current ranks. At present 7 members are studying towards B-degrees and Technicon Diplomas. Members from all the units were trained in the SAEF model to ensure improved service delivery and client satisfaction.

The facilities of the MHBD will not comply with the new health legislation and the buildings are too old to be upgraded. New facilities will have to be obtained to ensure compliance with new legislation. On the positive side it must be noted that the security system at the MHBD was upgraded to provide state-of-the-art surveillance.

MHSF outputs from 1 April 2002 to 31 March 2003

- The MHD achieved a stock-turning (receipts and issues) of Rm 215,5. This was achieved with an average inventory of only 40 days stock on hand. Stock differences were 0.23per cent, which is considerably less than the benchmark figure of 2 per cent. The stockholding

in the MHD was aligned with the Military Medicine Code List, and at present 70 per cent of the items on the list are stocked in the depot. This contributes greatly to the availability of pharmaceuticals in military hospitals and sickbays.

- The Military Health Mobilisation Depot achieved a stock-turning (receipts and issues) of Rm 139,9. Stock differences were 0.32 per cent which is considerably less than the benchmark figure of 2 per cent. SAMHS mobile main medical equipment was used in several BATLS/ BARTS courses presented during the year. This equipment was a major point of attraction when displayed during the ICMM hosted by the SAMHS during September 2002.
- 22 291 orders to the value of Rm 213,3 were placed during the year for the SAMHS, deployments in Burundi and the DRC, as well the Department of Environmental Affairs (DEAT) for Antarctica, Gough and Marion Islands.
- Owing to the unavailability of funds to increase the stockholding in the MHD, the guideline of a 10 per cent out-of-stock limit was not attained. This resulted in units not being able to satisfy demands from patients.
- During the year the compilation of medical equipment asset registers for the AMHU commenced and the register for KwaZulu-Natal Military Health Unit was completed. Assistance is provided to the Product Systems manager with regard to preventive maintenance schedules for medical equipment as part of the introduction of a life-cycle management programme in the SAMHS.
- To improve the operational

capability of the SAMHS, Rm3 was spent on mobilisation stock and Rm 4 089 on repair and maintenance of B-vehicles.

- To replace an ageing D-vehicle fleet, an amount of Rm1 639 was used to procure 11 vehicles. Rm12 was spent on SAMHS unique common logistics to ensure the continuous flow of medical forms and SAMHS protective clothing and uniforms.

MILITARY HEALTH TRAINING FORMATION

The aim of the Military Health Training Formation (MHTF) is to provide military health services to ensure the development, establishment and maintenance of military health training capabilities within the parameters of relevant legislation and policies.

The outputs of the MHTF for the period 1 April 2002 to 31 March 2003 are described below.

- School for Military Training
 - Trained 1 100 learners, including additional requirements not initially planned for.
 - Revising training concept and implementing new methods and techniques to adhere to clientele requirements.
- School for Military Health Training
 - Many courses were cancelled because of factors beyond the Formation's control.
 - Plans are in place to present the same courses supported by more comprehensive marketing.
- Nursing College
 - Courses that were presented yielded positive results. However, some courses were cancelled because of factors beyond the Formation's control.

- Courses are also presented at the two satellite campuses of 2 and 3 Military Hospitals.
- Joint Physical Training, Sport and Recreation Training Centre
- Research and development capability not yet achieved will be finalised in FY 2003/04.
- Physical Training and Sport and Recreation management courses have been addressed but are currently making use of SA Air Force Gymnasium facilities.
- Combat Training Centre Lohattha
 - Existing responsibility of providing operational support during exercises was successful.
 - Revision of existing aim regarding training will contribute during FY 2003/04 to improve training within SAMHS.
- SAMHS Band
 - 24 parades, functions and ceremonies were conducted.

Owing to the fact that the GSB Thaba Tshwane is not fully functional, line functionaries had to take the responsibility for support functions. The Formation experienced problems with availability of sufficient vehicles, accommodation and classrooms. It is hoped these will enjoy priority during FY 2003/04.

MOBILE MILITARY HEALTH FORMATION

The Mobile Military Health Formation (MMHF) was established in 2001 as a result of the transformation of the SAMHS. Its aim is to provide a multi-disciplinary military health combat-ready capability (including specialised functions for land, air, maritime, clinical and evacuation support) and main medical equipment (MME) at short

notice in accordance with the DOD Force Design's national and international obligations.

The MMHF consists of the following:

- Formation headquarters.
- Two Regular Force medical battalion groups (7 and 8 Medical Battalion groups).
- Three Reserve Force medical battalion Groups (1,3 and 6 Medical Battalion Groups).

Outputs of the Mobile Military Health Formation for FY 2002/03 were as follows:

- Outputs were partially achieved because neither the Formation headquarter nor any subordinate unit has self-accounting status.
- The current structure of the formation is inadequate for the management of current realities. Staffing for both DAP and PSAP is still incomplete.
- Formation members were trained functionally and completed military courses. At present four members are studying towards degrees and Technicon diplomas.
- The SAEF model still has to be presented to all members in the formation to ensure improved service delivery and client satisfaction.

Facilities of the Formation require urgent attention in order to comply with national legislation and the new mobilisation and demobilisation requirements.

PARTICIPATION IN EXERCISES

Exercise GOLDEN EAGLE

- **Duration.** 31 May to 21 June 2002
- **Aim.** The exercise concentrated on mission-specific training in order to determine and evaluate the SA Air

Force's current operational capability in a joint environment.

- **Location.** Air Force Base Louis Trichardt.
- **Participants.** 7 Medical Battalion Group.
- **Objectives Achieved.**
 - Management of casualty evacuations.
 - Deployment of the air drop-able surgical post with the paratrooping of its team.
 - Evacuation procedures and patient administration of casualties.
 - Executing helicopter evacuations after assisting with the marking of landing zones.
- **Losses.** None.

Exercise MEDFLAG

- **Duration.** 17 August to 01 September 2002.
- **Aim.** Authority was obtained for the SAMHS to participate in Exercise MEDFLAG 02. This invitation by the US government presented an opportunity to understand the role and activities of the US Defence Force during a humanitarian relief exercise on the African continent.
- **Location.** Uganda.
- **Description.** The exercise was conducted in three phases and lasted for approximately 10 days. The phases included:
 - Phase 1. The training of the African country's medical personnel in mass casualties or disasters.
 - Phase 2. A simulated exercise was conducted entirely by the African country and included as many of the emergency response departments as was feasible.
 - Phase 3. Medical Civic Action Programmes comprised medical team members, alongside their

colleagues from the African country, who provided health care to the local population at isolated daily clinics.

- **Participants.** SAMHS observers.
- **Objectives Achieved.**
 - Taking part in the planning and execution of the humanitarian relief exercise.
 - Planning for the execution of Exercise MEDFLAG 04 in RSA.
- **Losses.** None.

Exercise OXIDE II

- **Duration.** 11 to 17 November 2002.
- **Aim.** Exercise OXIDE II was to provide training, enhance interoperability and co-operation between the SANDF and French forces at La Reunion.
- **Location.** Reunion Islands
- **Description.** The Exercise was conducted as a search-and-rescue exercise with the aim of retrieving survivors from the sea.
- **Participants.** 7 Medical Battalion Group and Institute for Maritime Medicine.
- **Objectives Achieved.**
 - Taking part in the management of the Emergency Evacuation Centre.
 - Providing military health support to all participants.
- **Losses.** None.

Exercise RAINBOW TREK

- **Duration.** 31 March to 15 April 2003.
- **Aim.** Exercise RAINBOW TREK was designed to provide training, enhance interoperability and promote co-operation between the SANDF and French forces in La Reunion. It also enhanced the peace support operations capability in Africa. This was accomplished through a series of exercises, both at sea and

ashore, using a simulated scenario.

- **Location.** Durban and Richards Bay.
- **Description.** The SANDF was requested to participate in a Command Post Exercise (CPX) and a Field Training Exercise (FTX), including a beach landing with the French forces of La Reunion (FAZ-SOI) off the coast of South Africa. The scenario for Exercise RAINBOW TREK was developed to include humanitarian aid/disaster relief, incorporating a peace-keeping/peace enforcement intervention, involving paratrooping, beach landing and personnel evacuation to an emergency control centre.
- **Participants.** 7 Medical Battalion Group and Area Military Health Unit KwaZulu-Natal.
- **Objectives Achieved.**
 - Taking part in the management of the emergency evacuation centre.
 - Providing military health support to all participants.
 - Taking part in the planning and execution of the humanitarian relief exercise.
 - Management of casualty evacuation.
- **Losses.** None.

SERVICE DELIVERY IMPROVEMENTS

Project RESILIENCE ensured that all pertinent issues affecting soldiers during deployments were tabled on the DOD agenda. As a result, policy reviews and changes have been made in order to ensure the social well-being of our members.

The SAMHS is working closely with NGOs to ensure the empowerment of soldiers' wives by helping them find their niche in our society, and to build their capacity so as to participate actively in all spheres of

society. A pilot project directed towards this endeavour is being pursued at 10 SAI. Liaison between the SAMHS and the private sector has yielded a TV-set, books and educational toys for the Retswelele crèche established at the Molopo base in Mafikeng.

A resilience seminar is presented to members prior to their deployment. Pertinent social issues which members need to engage in order to build cohesion amongst them have also been identified, for example issues such as values, interpersonal skills, trust, etc. These are presented to our forces as part of mission-ready training prior to their departure to deployment.

The SAMHS plays an enabling role for the training team at the SAMHS Training Formation by means of mentoring and advice. It ensures that training maintains momentum through communication with other services and divisions and level 3. Lesson plans on planning and budgeting were developed and presented on the HIV/AIDS programme development and management course.

The SAMHS initiated liaison with three NGOs to submit a proposal on gender equity training in the DOD, for which they obtained a grant. They are instrumental in the planning of the training and the management and monitoring of the implementation to peer group level.

Furthermore, as the co-ordinator of the United States programme, SAMHS ensured that the inputs for the year's plans and budget, to the amount of US\$750 000, as well as the quarterly expenditure plans, were consolidated. In this capacity the coordinators and nodal points from lower level units were enabled and supported, and effective management of the funds took place. All client data is captured accurately, timeously and microfilmed for future reference. Management

Chapter 8

information health service tendencies, irregularities, trends and solutions to problems are immediately identified. Management information must be secure, confidential and

comprehensive. There is a new concept of modular and distance training in the military training environment that should lead to a reduction in costs and relieve the

pressure on existing accommodation facilities. The concept will be executed and assessed during FY 2003/04.

DEFENCE INTELLIGENCE

ANNUAL REVIEW

Defence Intelligence continued to serve the Department of Defence (DOD) with intelligence in support of operations, planning and policy formulation. Although formal service agreements with key clients such as Joint Operations is still outstanding, service delivery to these clients met high standards. This is specifically relevant in light of the current external operations in the Great Lakes region. Currently a number of contingencies are in joint development with the client to ensure client satisfaction.

Defence Intelligence also continues to render policy advice to clients, especially in the counter-intelligence environment. A number of successes in this regard were reported. Cooperation with other intelligence agencies to improve the current capacity is planned and should deliver tangible results in the forthcoming financial year. Notwithstanding this envisaged cooperation, the collection environment is still lacking sufficient capacity to cover all required areas. Defence Intelligence co-operates with the intelligence structures in the Southern African Development

Community (SADC) region as part of confidence building and improving mutual capacity.

Staffing of Defence Intelligence posts with members with the correct profile and training remains one of the primary challenges. However, training of intelligence members continued successfully during the period under review.

INTRODUCTION

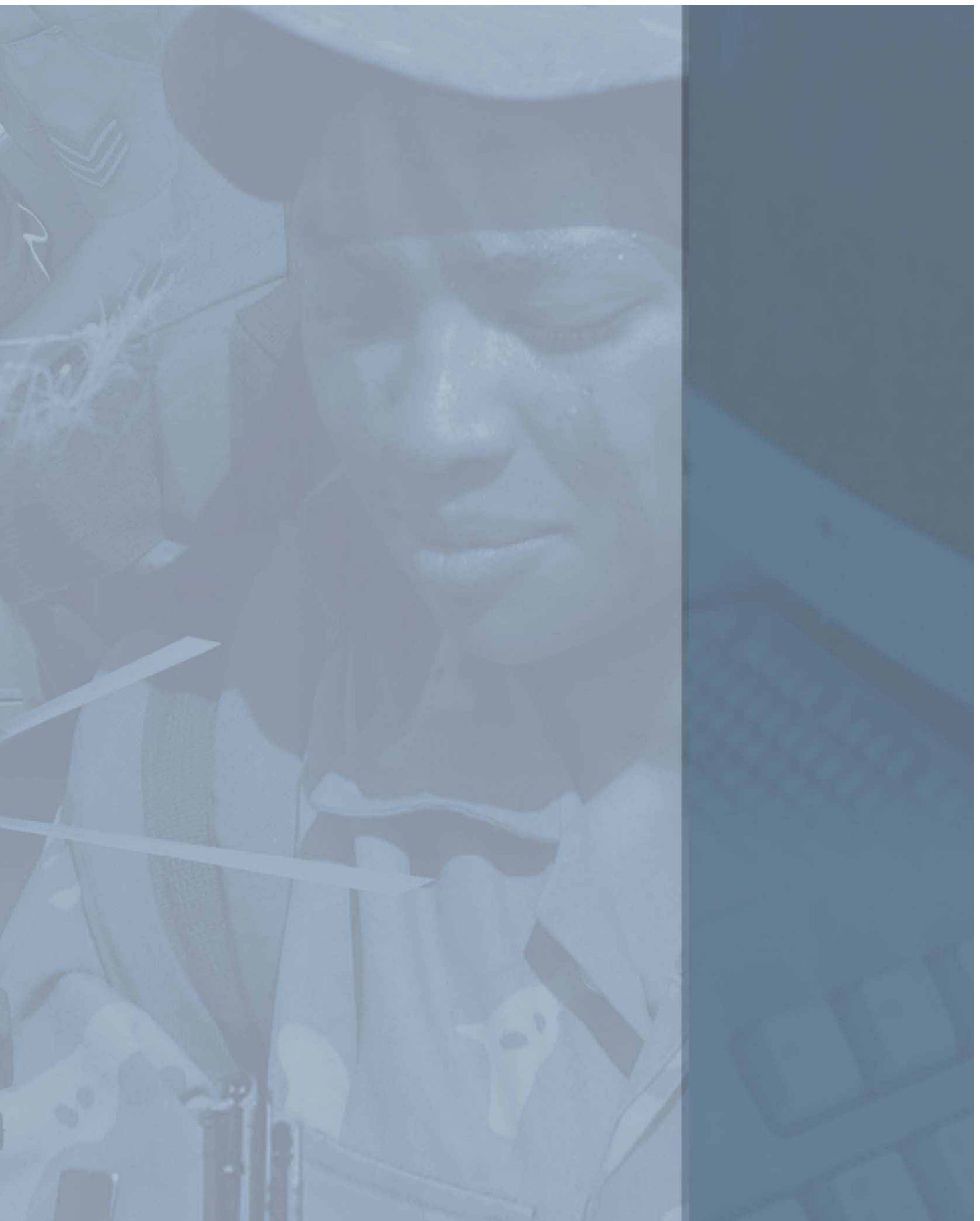
The renewal of Defence Intelligence's

information systems in support of the intelligence processes is another challenge. Defence Intelligence completed the planning for the replacement of these systems under the auspices of Command and Management Information (CMI), and the envisaged systems still have to be implemented.

STRATEGIC PROFILE

Vision. Winning edge intelligence for a secure future.

Mission. Defence Intelligence is the premier intelligence organisation for the Ministry of Defence (MOD), with the mission to provide intelligence and counter-intelligence on



the strategic and operational level to support activities of the MOD and national government in pursuit of security objectives of the country.

The following are the outputs emanating from the mission:

- Intelligence and counter-intelligence for departmental and national policy formulation and planning.
- Intelligence and counter-intelligence support for force development, preparation, and employment.

DEFENCE INTELLIGENCE POLICY

Defence Intelligence, in conjunction with the Policy and Planning Division, is in the process of drafting an intelligence policy for the DOD. The Information and Communication Systems Security (ICSS) policy has been revised to keep in pace with technological developments and, even though the revision of the Minimum Information Security Standards (MISS) has still not been finalised, it was decided to start with the updating of the DOD security policy (See Annual Report for FY 2001/02).

OUTPUTS OF DEFENCE INTELLIGENCE

The period under review served to build on the previous review period's successes. The main emphasis was placed on the production of intelligence (including counter-intelligence), in support of operations in the region, developing strategic partnerships and confidence-building with member countries of the SADC. Defence Intelligence will strive to improve the quality of service further so that the decision-making process can be enhanced.

DIRECTORATE INTEGRATION AND DISSEMINATION (DID)

At the core of DID's responsibility are the quality and dissemination of

military-related intelligence products to the DOD and other approved national clients, including the National Intelligence Co-ordinating Committee (NICOC) and to international partners. Intelligence is supplied by a matrix of interconnecting chief directorates and directorates, working towards the same end, drawing on each others' expertise and data to deliver to our clients integrated and relevant intelligence and thereby support their decision-making and planning ability in the defence/security environment. The Directorate's approach, to service the diverse needs of Defence Intelligence's clients, is based on close co-operation and awareness of the clients' changing intelligence requirements.

Through DID's function as nodal point between the DOD and NICOC and with DID members seconded to the National Early Warning Centre, the Directorate actively participates in the compilation of national strategic products for government and is able to draw on interdepartmental products to enhance intelligence to the DOD. During the reporting period Defence Intelligence disseminated reports, assessments, digests, studies, estimates and edited a number of other documents and briefings to meet client needs. Both quality and quantity of intelligence products have improved in comparison with the previous reporting period. A future challenge to DID is to harness the technology base, paving the way for fundamental changes in the way clients can request and receive the intelligence they need.

SUBDIVISION INTELLIGENCE PROCESSING (SDIP)

The quantity of Defence Intelligence products remained more or less the same during FY 2002/03 in comparison with FY 2001/02. A new philosophy of integrated operational and strategic intelligence products was introduced. This entails that opera-

tional and strategic reports and assessments, which were compiled separately in the past, are now being integrated in order to provide a more complete intelligence picture. This resulted in the improvement of products. The number of briefings has increased as the number of mission ready exercises for the deployment of SANDF forces externally increased during FY 2002/03. Client feedback from the Secretariat for Defence, the Office of Chief of the SANDF, Chief Joint Operations, the services, NICOC, CSIR (Deftek) and other Government departments confirm that the products being produced, the participation of members on various forums and the intelligence briefings given, satisfy almost all the requirements of the clients and the quality is also of a high standard.

Defence Intelligence officers are deployed externally in Burundi and MONUC Headquarters in Kinshasa. Defence Intelligence will be providing intelligence officers to the SANDF contingent to be deployed to Kindu in Eastern DRC as part of MONUC Phase III, as well as to the African Union task force earmarked for Burundi.

Defence Intelligence participated in the advisory team to the Deputy President's mediation on peace in Burundi. Seven members form part of the Third Party Verification Mechanism and members also attended the Inter-Congolese Dialogue talks in Sun City. Defence Intelligence also participated in a number of ISDSC committees and standing committees.

Defence Intelligence continues with intelligence exchange conferences with strategic partners. Intelligence obtained by way of exchange lightens the burden and provides coverage of additional military geographical areas.

SUBDIVISION COUNTER-INTELLIGENCE

Directorate Counter-Intelligence Collection performed a number of surveillance and technical operational tasks. The Counter-Intelligence Collection Support Centre of Section Special Collection successfully answered over a thousand requests.

After completion of training, two qualified Technical Surveillance Counter Measures (TSCM) teams were available for deployment. As a result, a number of military attaché and DOD offices have been electronically swept. Security locksmithing support was also given to the DOD internally, as well as to external deployments in Burundi and the DRC.

As already stated, the ICSS policy has been revised to keep in pace with technological developments. Counter-Intelligence personnel took an active part in the eradication of NIMDA and other viruses from the Defence Information Systems Network (DISN). ICSS support in the form of forensic audits was given to the Military Police Agency and Inspector General for the investigation of computer fraud and other crime. Various ICSS security

breaches were also analysed. Construction of an ICSS laboratory has started.

Even though the revision of the MISS has still not been finalised, it was decided that the need for an updated security policy is of utmost importance and the process for the drafting of the new DOD policy has started.

The Operational Counter-Intelligence (OPCI) personnel have maintained good working relations with other role-players such as Joint Operations. The presentation of an OPCI specialist training course to other services was also successful. The revision of the Joint Warfare Publication 129 was completed.

The increasing State Information Technology Agency (SITA) defence tariffs and escalating costs of both ICSS and electronic counter-measures hardware and software put a strain on current financial resources. The shortage of skilled personnel and loss of such personnel to other departments and the private sector impacts negatively on the ability to conduct security tasks throughout the DOD.

During the past year, the influence of the Promotion of Access to

Information Act, Act No 2 of 2000 (PAIA), has placed an exceedingly high burden on the personnel resources. However, during the reporting period the DOD received very positive feedback in the media regarding the release of information requested in terms of the PAIA.

Although a number of skilled personnel were lost to other departments, counter intelligence still managed to issue security clearances in accordance with post classifications. Notwithstanding these measures, there is still a huge backlog in security clearances that will be addressed in the forthcoming financial year.

DIRECTORATE INTELLIGENCE SUPPORT

Intelligence Support continues to implement service centres to support Defence Intelligence. The human resource service point is the latest of these. Intelligence Support also embarked on the process of creating Defence Intelligence unique plans for the support environment. The first of these is the Defence Intelligence Human Resource Plan. Logistics and information technology plans will follow during the forthcoming financial year.

JOINT SUPPORT

ANNUAL REVIEW

The aim of the Joint Support Programme is to provide common supplies and services to all defence programmes and objectives through a centralised support infrastructure under the ambit of the Joint Support Division. Through this programme supplies and services with respect to logistics, commodities, facilities, management information systems, telecommunications as well as a military policing and military testing capability are provided. The administration service for human resources (HR) is undertaken as well as certain common training and skills development. To execute the support function, the Joint Support Division consists of six subdivisions namely: Service Corps, Logistic Agency, Command and Management Information (CMI) Formation, the Human Resource Support Centre (HRSC), Joint Training Formation (J Trg Fmn) and the Military Policing Agency (MPA). The Joint Support Division reports to the Chief of the SANDF.

During FY 2002/03, two critical and inter-dependent processes were

addressed. Firstly, agreement was reached with respect to the strategic design of the division aimed at ensuring an integrated support service that is client-centred and which captures the principles of *Batho Pele*. The strategic design of the division is not fixed but will be influenced by the shape (footprint) of the South African National Defence Force (SANDF) and its

requirements during the preparation and deployment of forces.

Secondly, a process was initiated to review the current structures and processes of the division aimed at optimising efficiencies within a financial allocation envelope of Rb1,98 for 2004 and an establishment structure of 16 640 posts. The two processes will continue into the next year.

Notwithstanding the turbulence generated by the re-engineering and restructuring at the conceptual level, the Joint Support Division has had a successful year. The highlights of the year are presented per sub-division hereunder.

INTRODUCTION



JOINT LOGISTIC SERVICES

ANNUAL REVIEW

One challenge that the Department of Defence (DOD) is facing, from the Joint Logistics perspective, is the upgrading of state facilities (fixed assets) utilised by the department. This matter is currently being addressed by the Minister of Defence, in co-operation with the Minister of Public Works and Minister of Finance.

STRATEGIC PROFILE

Vision. To be the authority and respected provider of choice for integrated logistic support excellence in the DOD.

Mission. The Logistic Agency of

the Department of Defence (DOD) ensures optimal logistic support to all elements of the DOD in support of military operations and other tasks assigned to the DOD.

Strategy. The DOD Logistic Agency is to provide an integrative logistics support system to the SANDF and customers as determined by Chief of the SANDF. This will be executed as follows:

- The Logistic Division will supply logistic direction and guidance by means of logistic policy, doctrine, strategic resource allocation and output objectives.
- The DOD Logistic Support Formation will plan and execute the strategy by complying with the policies.
- The DOD Logistic Support Formation and force struc-

ture elements will physically execute these plans.

The policies and plans as promulgated by the Logistic Division include the guidance of unique logistics as executed by the Services and Divisions. Joint logistics will be executed as follows:

- Deeper level logistic support by depots and units under command.
- Third-line logistic support by Reserve Force units.
- Logistic support through the deployment of joint support bases (JSBs).

During peacetime and in war situations, depots are employed to ensure the capability and capacity to support the Short-term Force Employment Plan (STFEP).

Table 10.1. Land to be Retained by the Department of Defence

Province	Claim	Status
Northern Province	Madimbo Corridor	The Logistic Agency is currently revising its position regarding the need to retain the land.
Gauteng	Farm Boekenhoutkloof	Due to the strategic importance of the facilities on the land to the DOD, the land could not be restored to the claimant community. The Department of Land Affairs is currently in a process of investigating alternative compensation to the claimants.
	Farm Wahlmansthal	Due to the strategic importance of the land and the development of fixed assets on the land, the majority of the area could not be restored to the claimants. The Department of Land Affairs is currently in a process of investigating alternative compensation to the claimants.
KwaZulu-Natal	Boschoek Training Area	Due to the strategic importance of the land to the DOD, the land could not be restored to the claimant community. The Department of Land Affairs is currently in a process of investigating alternative compensation to the claimants.
Northern Cape	Lohatha Combat Training Centre	Due to the strategic importance of the land to the DOD, the land could not be restored to the claimant community. The Land Claims Court made a decision in favour of the DOD to retain the land for use by the DOD. The claimants could, however, be granted leave to appeal this decision.

Table 10.2. Land Claims in Investigation Phase

<i>Province</i>	<i>Claim</i>	<i>Status</i>
<i>North West</i>	<i>Zeerust : Farm Hazia</i>	<i>The Land Claims Commissioner is currently investigating the validity of the claim.</i>
<i>Limpopo</i>	<i>Ben Viljoen Training Area</i>	<i>Ditto.</i>

ENVIRONMENTAL MANAGEMENT

The DOD is on track with the development of an integrated Environmental Management System based on the principles of International Standards Organisation (ISO) 14000. The project will enter into a trial stage during 2003. The completion date for the project is December 2004.

A Commanders' Guide for Environmental Compliance was developed and is about to be promulgated. This guide will assist commanders to ensure compliance with environmental legislation.

The claimants of the Roodewaal Bombing Range in the Northern

Province have accepted alternative land. The land to be retained by the DOD and the land claims still at investigation phase are shown in Table 10.1 and Table 10.2.

The activities of the RSA-USA Environmental Security Working Group, which was established in 1997 under the RSA-USA Defence Committee, is progressing very well. Some of the major achievements include the following:

- The fourth joint RSA-USA environmental guidebook was finalised and published. It covers the subject "The Development and Implementation of Environmental Education and Training Programmes in the Military". Work on a guidebook on

environmental impact management is continuing.

- Funding was made available for the joint hosting of an International Conference on Military Integrated Environmental Management to take place in Pretoria in August 2003. Arrangements are proceeding very well and registrations of delegates from more than 25 countries have been received.

A study visit was paid to the Netherlands and the United Kingdom to benchmark best practices in military environmental management, with emphasis on land management and waste management. The results of the study are being incorporated in policies and

Table 10.3. Support Rendered to the Private Sector by the DOD: FY 2002/03

<i>Company</i>	<i>Service Rendered</i>
<i>Defence Industry</i>	
<i>ATE</i>	<i>Use of De Wet/De Brug Shooting Range</i>
<i>Alkantpan (five occasions)</i>	<i>Use of Vastrap Test Range</i>
<i>Overberg Test Range</i>	<i>Use of Boeing 707</i>
<i>Aerosud</i>	<i>Materiel Support to Aerosud</i>
<i>Naschem</i>	<i>UAE Training Ammunition and Explosives</i>
<i>RDI</i>	<i>Test Flight Support to Reutech Defence Industry</i>
<i>Total Pty Ltd</i>	<i>Fuel Handling Services during the World Summit on Sustainable Development</i>
<i>Alkantpan</i>	<i>Use of GV5 Gun to Conduct Trials for Singapore</i>
<i>Naschem</i>	<i>Ammunition Lot Acceptance Tests</i>
<i>Arm Scor</i>	<i>Final Assessment of ETPS Students</i>
<i>ATE</i>	<i>Use of De Wet/De Brug Shooting Range</i>
<i>BAE Systems</i>	<i>AAD 2002 SAAF C 130 Flight</i>

<i>Company</i>	<i>Service Rendered</i>
Private Organisations/Individuals	
<i>George Voortrekkers</i>	<i>Lease of Tents</i>
<i>Smit Marine SA Pty Ltd</i>	<i>Lease of Military Vehicles</i>
<i>Endemol Productions</i>	<i>Use of Dry Dock: Fear Factor Advertisement</i>
<i>Seejol Voortrekkers</i>	<i>Lease of Tents</i>
<i>Unitas</i>	<i>Lease of Pantry Trucks</i>
<i>SAATCHI & SAATCHI</i>	<i>Firing of Noon Day Gun in Celebration of World Aids Day</i>
<i>Anchor Marine Racing</i>	<i>Utilisation of SAS OUTENIQUA for Transportation of Crew and Yachts</i>
Accommodation	
<i>48 Civilian Individuals</i>	<i>Casual Accommodation</i>
Other State Departments	
<i>Presidency</i>	<i>Provisioning of Stewards: World Summit on Sustainable Development</i>
<i>Department of Health</i>	<i>Utilisation of SAMHS Personnel and Vehicles during the Mass Polio Immunisation Campaign</i>
<i>Department of Sport</i>	<i>Utilisation of SAMHS Personnel and Vehicles during the Love Life Games in Durban</i>
<i>Presidency</i>	<i>Provisioning of Stewards: State Banquet</i>

guidelines that are being developed for the DOD.

SUPPORT RENDERED TO THE PRIVATE SECTOR BY THE DOD

Support rendered to the private sector is detailed in the Table 10.3.

VEHICLE CENSUS: PROJECT INZUZO

The Inspector General of the DOD initiated his own special investigation into the misuse of DOD vehicles in the DOD during 2001. His findings pointed to serious irregular practices with regard to the marking of vehicles and the misuse of vehicles to an end not intended by departmental regulations, as well as non-compliance with the regulations for the administration of military vehicles. The Inspector General instructed that the grave situation needed immediate rectification.

To rectify the above discrepancies, Project INZUZO (meaning "to gain") was launched by Chief Logistics (C Log). The first phase of the project commenced on 1 July 2002 and

was finalised by 31 October 2002. Although a 89,8 per cent success rate was achieved, the effort must be weighed against the many positive outcomes of the project, such as:

- system enhancements to the mainframe equipment register;
- identification and recovery of so-called "lost" vehicles;
- identification of missing vehicles; and
- achieving an awareness of the importance and value of vehicle control.

Phase 2 of Project INZUZO, which will be done during 2003, will include all other types of military vehicles.

DEFENCE COMMITMENTS

EXTERNAL OPERATIONS

Operation FIBRE

- **Duration/Dates.** Since October 2001.
- **Aim.** Sustainment and cargo handling.

- **Geographic Area.** RSA (Air Force Base (AFB) Waterkloof and Burundi (Bujumbura))
- **Nature/Description of the Operation or Exercise.** Peacekeeping Operation.
- **Results Achieved.** Continues successful sustainment.
- **Losses.** Recorded by Joint Operations.

Operation MISTRAL

- **Duration/Dates.** Since April 2001.
- **Aim.** Sustainment and cargo handling.
- **Geographic Area.** RSA (AFB Waterkloof) and DRC (Kinshasa).
- **Nature/Description of the Operation or Exercise.** Specialised support.
- **Results Achieved.** Continues successful sustainment.
- **Losses.** Recorded by Joint Operations.

OTHER DEFENCE OUTPUTS

Members of the Logistic Agency participated successfully in the

Chapter 10

Inter-State Defence and Security Committee (ISDSC) Chief Logistic sub-work group in Botswana.

DEFENCE CAPABILITIES

NATIONAL CODIFICATION SYSTEM SUPPORT

Aim. To provide a national codification system support service to the SA Army, the SA Air Force, the SA Navy and the South African Military Health Service (SAMHS).

Performance in FY 2002/03

- System stable and a 45 per cent improvement in the provision of a national codification system support service to designated DOD clients. This service will be delivered at the right time, right place, and in the required quantity as per client specifications.
- Rm10 653 was received by the National Codification Bureau for FY 2001/02. Shortcomings in the contract were identified by the Inspector General and Auditor General.

The following are a few of the activities executed by the Stores Administration Management Section:

- Preparation and answering of questions from the Standing Committee on Public Accounts (SCOPA) was done successfully and in allocated time.
- Seven Parliamentary enquiries were received and answered.
- 242 IG reports were received, of which 190 were finalised.
- 10 new Auditor General enquiries were received, of which 9 were answered satisfactory.
- 5 Stores Administration Review Boards were held.

Evaluations, inspections and special tasks, as requested by DSSS, were carried out by the Logistic Management Support Section. It was noticeable that members staffed in critical posts are in some cases not able to cope with the workload. The lack of resources for the execution of daily activities contributes to this situation.

LOGISTIC EDUCATION TRAINING AND DEVELOPMENT

Service agreements for higher order logistic education, training and development between Chief

Logistics and Chief of the Navy, Surgeon General, Chief Acquisition and the General Officer Commanding Special Forces Brigade were concluded.

The United States (US) DOD mobile training teams, under the auspices of the US DOD International Military Education and Training (IMET) programme, presented the first Regional International Defence Management Course (mobile training team) over the period 5 - 16 August 2002 at the Air Force Gymnasium. The first Senior International Defence Management Regional Course over the period 4 - 15 August 2003 will be presented as part of this programme.

The DOD School of Logistic Training structure, including the satellite, was approved and implemented.

Additional funds were obtained from the SA Navy, Surgeon General and the Logistic Agency for the development of supply-support training packages. This resulted in the completion and delivery of initial and junior supply administration training packages.

A liaison channel was established

Table 10.4. Logistic Training presented by the Logistic Agency: FY 2002/03

Training Institution	Number of Courses	Number of Learners						
		Race					Gender	
		African	White	Asian	Coloured	Total	Male	Female
DOD TS Training Centre	47	324	108	0	19	451	451	0
DOD School of Logistic Training	5	48	35	0	5	88	87	1
DOD School of Munitions	9	50	85	0	14	149	138	11
FET Colleges	20	698	61	0	3	762	758	4
44 Parachute Battalion	1	17	1	0	1	19	9	10
Logistics School	57	779	165	17	182	1 143	866	277
Total	139	1 916	455	17	224	1 469	2 309	303

NOTE. Three learners at FET Colleges were disabled (deaf and dumb).

between the Chief of Logistics, Directorate Logistic Resources Management and the Diplomacy, Intelligence, Defence and Trade Sector Education and Training Authority (DIDTETA). A skills-development process was established with qualified skills development facilitators within the DOD Technical Service Corps. The training achievements are reflected in Table 10.4.

LOGISTIC MANAGEMENT

The Directorate Logistic Management has done tremendous work over the past financial year to ensure alignment within the Logistic Agency and logistic community in general. Good products were developed and delivered by the contracted service provider to the various logistic environments. Work was done in conjunction with the relevant stakeholders, resulting in 100 per cent client satisfaction.

Development and research work was done not only in the strategic environment, but also product system environments. Researched and developed products included support to the Directorate Logistic Management and the Logistic Support Formation for the strategic direction process, as well as financial management and budgeting processes.

Various quality products were delivered that included a reviewed logistic philosophy, budgeting and planning tool, as well as a Business Process Architecture Baseline document that serves as the logistic baseline document to the Defence Enterprise Information Systems Plan. The development process of the Business Process Architecture Baseline included participation from all the Services and all were eventually satisfied with the end result. Feedback received from CMI, the end-user, indicates that the Business Process Architecture Baseline product that has been delivered is of a high standard.

Logistic Information Management Systems (LIMS) Achievements

- The phasing out of the information management systems databases in item identification resulted in fewer databases that have to be updated. Furthermore, approval was granted for the consolidation of the corporate and functional databases, which resulted in more space being available on integrated data management systems and faster data distribution from on-line cataloguing information systems to corporate item identification.
- The automating of the data streams from the external test environment in on-line cataloguing information systems to corporate item identification has enhanced the testing capabilities, ensuring thorough programme adaptations and corrections before implementation.
- All related actions of the DOD Main Ordnance Depot and DOD Main Ordnance Sub Depot (Grahamstown), Technical Stores Depots have been successfully completed, owing to the Change Control Board approval for the programmatic movement of all the SCIs from the 00002/11 account to the 00002 account as "disposed".
- Positive feedback was received from the user on what was built into the system towards users of the current and those transactions that have not been used for the past two years. This was done to determine which transactions could be archived. Archiving has since been completed.
- The download facility from unit inventory management systems (UIMS) that was developed for operational

support information systems (OSIS) implementation has decreased the issuing from UIMS and receiving on OSIS from approximately one month to a week.

- The equipment register enhancements were successfully implemented on 15 July 2002.
- The barcode assisted receipts and issues were successfully implemented in 13 general support bases (GSBs) by the end of May 2002. This lightened the administrative burden on the uniform maintenance, as all the vouchers had to be completed manually.
- The cleanup of data, in terms of the eradication of duplication of location and terrain names, created a purer database. The process of transferring the ownership of facilities from the force structure elements to the GSBs is well underway.

Logistic Information Management Systems (LIMS) Challenges

- The rationalisation project that would have ensured purer data and the optimal interfacing between the systems was put on hold. By allowing the optimising of order administration systems, equipment register and facilities register systems to continue parallel with the planning phase up to the implementation of Project MONOLOG, purer and correct data would have been guaranteed for migration into the new system.
- The 4th line ammunition depot implementation on computer aided logistic management information systems (CALMIS) that was supposed to have started in September 2002 has been moved to a possible June

2003 date of implementation. This has a negative effect on the scaling down of certain functionalities on LIMS.

Operational Support Information Systems (OSIS) Achievements

- OSIS Product
 - The finalisation of the warrant and entitlement functionality and acceptance by the SA Navy.
 - The finalisation of document distribution functionality and acceptance by services and divisions.
 - The finalisation of logistic resource forecasting functionality and acceptance by the system groups.
 - The operational functionality to enable the operational community to have more visibility of their fleet.
 - The finalisation of the batch/lot functionality.
 - Finalisation of the demand, issues and receipts interface between OSIS and CALMIS.
- OSIS Implementation
 - Finalisation of the GSB at Louis Trichardt.
 - Finalisation of 10 AD Disposal Unit.
 - Finalisation of 1 Air Service Unit (ASU) and the transfer of all Squadrons at Waterkloof to 1 ASU.
- OSIS Training
 - Enablement of instructors at 68 Air School.
 - Continuous training within the SA Air Force.
- The OSIS facilities team was involved in various actions with regard to the deployment of SA Air Force aircraft in Burundi. Examples are:
 - Assistance to 85 Squadron at Air Force Base (AFB) Hoedspruit with the audit of the aircraft data where problems were experienced prior to the deployment of these aircraft to

AFB Louis Trichardt.

- Assistance to the DOD personnel at Burundi with the audit of the aircraft data where problems were experienced prior to the deployment of these aircraft to AFB Swartkop.
- This exercise offered the ideal opportunity to act as trial and evaluation to ensure that OSIS can deploy on-line by making use of satellite data communication. The satellite bandwidth was not always adequate, but the replication activities could be achieved successfully during 24-hour cycles.
 - The facilities personnel successfully tested various patches to the OSIS system and one major release, and all of these were successfully implemented.
- The facilities team has successfully accepted the following organisations after implementation on OSIS:
 - SAS PROTEA support ship in September 2002.
 - Naval Station Durban during December 2002.
 - Naval Armament Depot Simon's Town during February 2003.
- The OSIS facilities personnel continuously analyse reports and evaluate operational data from operations in the field for the different weapon systems implemented on OSIS. The recommendations and advice given to the customer form the basis in respect of possible enhancements to the weapon system manager's business processes and improving the workflow within the operational environment. This business advice to the customer ensures that the different weapon system managers maintain every configuration item forming part of

the OSIS Product System. This service resulted in resolving more than 90 per cent of all baseline-related and data problems encountered by the SA Navy and SA Air Force users during the year on OSIS to ensure the integrity of the OSIS weapon system baselines.

- An internal audit of OSIS was done by the State Information Technology Agency (SITA) Information Systems Department. A few problem areas were highlighted, but it was found that the OSIS standards and procedures are in place and that the staff are complying with them.

OSIS Challenges

- OSIS Product
 - The network response and viruses caused the target dates to slip on many occasions.
 - The non-performance of Information Technology Acquisition Centre (ITAC) on the CITRIX (software program) acquisition caused the project to slip by a year.
 - The single point of responsibility, ie the product house concept, is not supported by CMI structures.
- OSIS Implementation
 - The non-availability of funds almost caused implementation to stop in December 2002.
 - The reservations of the SA Army to implement the force structure elements (FSE) on to OSIS.
 - Burundi Information Technology (IT) Support Service. The OSIS support of the database management system components is the responsibility of the contracted operational database administration (DBA) personnel as part of

the IT support service within SITA to all the OSIS operational environments. The DOD policy is that no civilian support personnel will form part of any deployment. Therefore the delivery of this service via the satellite communication link to Burundi is not always effective or within expected service levels.

- The workstations that access the OSIS server in Simon's Town were infected on 16,17 and 18 September 2002 with viruses. This virus clean-up process forced the non-availability of OSIS to the OSIS users in Simon's Town.
- The OSIS users experience an increase in performance problems during the daily OSIS operations on the IT infrastructure at AFB Hoedspruit and AFB Louis Trichardt.
- CALMIS Achievements
 - The interface testing on the CALMIS and OSIS systems were completed and accepted. For the first time it was possible to do provisioning from an OSIS unit on a CALMIS supplier and vice versa. The stock transfer functionality is currently being developed and tested and it will be implemented within the current financial year.
 - The war game exercise was a huge success and a lot of positive feedback was received. Some areas have been identified that require some refinement, but all things considered, it was a job well done.
 - The CALMIS team supported and continues to support Operation FIBRE in Burundi. This is done under very trying circum-

stances, but nevertheless the CALMIS team has made a success of it. On 11 April 2002 Special Forces became operational on CALMIS.

- A major technical problem in the equipment register/serviceability status system environments was identified and it is being rectified in order to ensure a smooth interface between LIMS and CALMIS. Similarly, very good progress was made on implementing the force structure management system on CALMIS.
- Another operation to support was in process and planning for Operation MONUC III was underway. The box preparations had been done and SITA representatives were identified to take the required actions to install the new site in the DRC.
- CALMIS Challenge.
 - Policy is still not available to guide the development of certain CALMIS functionalities such as the management of parachutes, personal accounts, cartography and so forth.

ENGINEERING SUPPORT

The following challenges are facing the general/systems engineering in the DOD:

- The amount of expired DOD ammunition that needs to be disposed of, and the unmanageable extent of the disposal workload.
- The under-funding of engineering functions (especially maintenance) in the DOD, the resultant backlog, and the subsequent deterioration risk to DOD main equipment was made visible.
- The instituting of modern maintenance management

practices in the DOD which included:

- The re-establishment of DOD technical/engineering management structures and responsibilities.
- The planning, programming, budgeting, costing and control of maintenance, explicitly as part of the DOD Strategic Business Plan (including scrutiny by the DPBEC). Guidelines have been set for maintenance plans as part of integrated logistic support plans and, in turn, part of strategic business plans.
- The institution of strategic sourcing and the establishment of an optimised balance between internal and external engineering capabilities. Extensive guidelines have been prepared and transferred to the alternative service delivery (ASD) sub-directorate at Procurement for possible inclusion in the ASD DOD instruction. If adhered to, these guidelines can have a major impact on DOD effectiveness, efficiency and economy.
- The re-establishment of discipline within the DOD technical/engineering function through the creation of a technical governance framework for the DOD, with possible spin-offs into other government departments with significant asset inventories. Good progress is being made in this regard. The purpose of the technical governance framework would be to ensure the through-life effectiveness, efficiency, economy and integrity of DOD systems at all levels of the systems hierarchy, in that they are conceived, designed, produced, operated, supported/maintained, modified, managed, phased

out and disposed of according to approved standards, complying with national statutes and professional and authorised people.

ENGINEERING: MAINTENANCE

A draft DOD Maintenance Policy and DOD manual for Product System Management were nearing finalisation for implementation during FY 2003/04. Furthermore, the supply-support policy and administrative procedures for supporting external operations were still being reviewed. These policies and procedures are designed to improve the effectiveness, efficiency and economy for maintenance in the DOD.

Chief of Logistics and Senior Staff Officer (SSO) Technical Maintenance presented the structures and processes of DOD Logistics and maintenance to the German military mission, resulting in improved liaison. The DOD maintenance environment was also presented as part of the Joint Command and Staff Programme.

A draft Maintenance Strategy for Logistic Support to internal and external operations was developed, war-gamed and found workable. It is believed that this strategy will reduce the maintenance costs in the DOD.

The Logistic Support Formation was tasked to prepare a maintenance plan for commercial off-the-shelf (COTS) equipment deployed in external operations such as Burundi and the DRC. Draft policy for COTS maintenance requirements in the acquisition, operating and phase - out phases over the equipment life-cycle was developed.

ENGINEERING/TECHNICAL RESOURCES

The Technical Personnel Advisory Committee

- Aviation-related technical

incentives have been approved, but with technical instructors excluded. Work is in progress to include instructors and investigate other, non-aviation specialities.

- A Technical Personnel Advisory Committee workgroup was appointed to investigate the feasibility of using a grant or bursary for the training of apprentices. The proposal made forms the foundational framework for the improvement of apprentice and other occupational training systems.
- Actions were identified that will improve the communication and co-operation within the technical training system. The process is intended to integrate the components of the technical training system into a Joint Training process, the FCA, SDF activities, and competency management.

There were at least two technical/engineering Standards Generating Bodies (SGBs) that were in operation during the year under review. The idea was to keep the number as low as possible and rather to use available unit standards that have been written in other sectors.

Liaison was initiated with the SA Chapter of Skills International, an organisation dedicated to the promotion of vocational training for youths through competitions, to determine if and how the DOD should get involved.

ENGINEERING: FIRE AND RESCUE SERVICES

Progress in fire and rescue services policy development was hampered by the scarcity of experienced fire and rescue personnel in the DOD. The DOD policy was still being finalised concerning fire and rescue, fire safety, training and promotion of fire fighters in the DOD.

A specialist training functionary was appointed in the fire and rescue services education training development (ETD) environment to develop and maintain fire and rescue services training and qualifications in terms of acceptable national standards. Special effort is being made to ensure that the fire fighter in the SANDF is properly trained in terms of the requirements and responsibilities placed on fire and rescue services by relevant legislation, such as the:

- Occupational Health and Safety Act;
- Fire Brigade Services Act;
- Veldt and Bush Fire Act;
- Hazardous Materials Act.

A Fire Services Conference was held during May 2002 to address matters of common concern among the DOD services and divisions. A fire services competition was also held. Various working sessions and meetings occur on a regular basis to develop and co-ordinate joint matters within the DOD Fire and Rescue Services.

ENGINEERING: AMMUNITION

The DOD provided inputs into the Explosives Act and Explosives Regulations of the Occupational Health and Safety Act, and to the National Conventional Arms Control Committee (NCACC) on the findings and recommendations of the investigation into the disposal of military surplus small-arms ammunition.

An unlicensed demolition range at the General Piet Joubert training area was closed during February 2003. Liaison is continuing with the SAPS and SA DERI (Paardefontein) on joint use of demolition training areas. A request by Special Forces for a convenient training area for their special demolitions course was evaluated. CMI has also been approached to upgrade radio communications on demolition ranges.

The DOD was (and continues to be) represented at the following ammunition-related forums:

- The Chemical Industries Sector Education and Training Authority (CHIETA).
- The SAPS Bomb Disposal workgroup.
- The National Institute for Explosives Technology (NIXT).

The Functional Competency Authority function for ammunition personnel were initiated, resulting in frequent liaison on DOD ammunition personnel career management, and the updating of the military training and promotion policy for ammunition personnel.

During the period under review, it is notable that the ammunition personnel was progressively becoming more representative in terms of race and gender. This momentum would be maintained during FY 2003/04.

The DOD provided support for the local training of United Arab Emirates ammunition personnel.

COMMAND AND MANAGEMENT INFORMATION SERVICE

ANNUAL REVIEW

Despite the initial uncertainty about the possible over-expenditure on the human resource budget (Rm20) and under-expenditure on the total SITA account (Rm6), the Command and Management Information (CMI) sub-programme managed to keep expenditure within acceptable levels.

The CMI Division can report that, although it has not performed in accordance with its plan in all aspects, good progress is being made in those areas where shortcomings existed.

STRATEGIC PROFILE

Vision Statement. To ensure the availability of the right command and management information at the right place, at the right time, in the right format to the users.

Mission Statement. To provide command and management information products and services which constitute the provision of a secure capability to DOD users to capture, process, retrieve, distribute, store and manage information in the form of voice, data, text, image and video or any combination thereof.

Mandate. The Chief of CMI's mandate derives from the White Paper on Defence, the Defence Review, the DOD Transformation Design and Migration Plan dated 09 February 1998, the DOD Level 1 Plan dated 1 October 1999, the Performance Agreement between the Chief of Joint Support and the Chief of CMI and the legal requirements stemming from the Public Finance Management Act (PFMA).

Against the above-mentioned governing framework, the mandate of the Chief CMI is to provide command and management information to the DOD as and when required and manage DOD information on behalf of the DOD.

DEFENCE CAPABILITIES AND OUTPUTS

FORCE PREPARATION

1 147 learners were trained over the reporting period. This implies that all the training targets set by the career managers for the FY 2002/03 have been met, as well as all the promotional career path requirements.

The CMI Division took part in seven training exercises during the period 1 April 2002 to 31 March 2003. All activities were effectively supported in respect of CMI related services.

However, a lack of French, Portuguese and African language-speaking capabilities hampered the service levels with regard to CMI support during these exercises. This matter is receiving urgent attention. Preparations for Exercise RAINBOW TREK and Exercise FLINT LOCK have already started and will commence during the 1st quarter of FY 2003/04.

Apart from a fixed course schedule, the South African Communications Security Agency, presented cryptographic courses for the National Information Agency and the Department of Foreign Affairs. Positive feedback was received on the outcome of this training.

FORCE EMPLOYMENT

Operations. The CMI Division effectively supported the following internal deployments:

- Border Control. 2 Signal Regiment rendered mobile and tactical telecommunications support along the Lesotho border.
- Coastal Patrols. 1 Signal Regiment rendered mobile and tactical telecommunications support to the SA Navy for coastal patrols on the south-east coast.
- Police Intelligence. 2 Signal Regiment rendered mobile and tactical telecommunications support for SAPS intelligence operations in the Northern Military Police Region.
- Emergency Support. 1 and 2 Signals Regiments rendered mobile and tactical telecommunications (emergency) support during the SAPS's crime-combating operations.

External Operations. The CMI Division effectively supported the following external deployments:

- 1 and 2 Signal Regiments provided mobile and static telecommunications support

during operations in the DRC and Burundi. 3 Electronic Workshop provided a repair and maintenance capability and 4 CMI Unit a supply-support capability in support of 1 and 2 Signal Regiments during these deployments. Although satisfactory support was rendered to the deployed forces, optimal service delivery was hampered by factors such as the power supply capability that has not yet been upgraded, the lack of adequate logistic personnel and transportation as experienced by 4 CMI Unit, as well as the lack of adequate French, Portuguese and African language-speaking operators.

- The CMI Division Reserve Force capability provided by 6 Signal Regiment rendered the following support services, such as postal service through 11 Field Post Office and rear links through Signal Group during external deployments.

FORCE STRUCTURING

The project for the engineering of the CMI division's business process, was terminated on 31 March 2003. The CMI Division's business process architecture baseline was updated and will serve as the baseline for future Business Process Re-engineering which will commence during FY 2003/04.

The CMI Division's business process architecture baseline served as the basis for the CMI Division's force design within the context of Resolution 07/02. The CMI Division's structural concept and macro-structure is completed and the re-structuring process of the various force structure elements will commence during the 1st quarter of the FY 2003/04.

SUPPORT TO GOVERNMENT INSTITUTIONS

Information Systems Security (ISS) Support. During the reporting period, various State departments and Provincial governments approached the CMI Division for maintenance and support in order to ensure that existing ISS equipment stays operational. The top management of these government institutions was briefed on Information Systems Security equipment aspects, as well as on the processes of obtaining cryptographic equipment.

DEFENCE DIPLOMACY

Twelve foreign visits took place during the reporting period. The respective CMI personnel gained valuable experience and established good relations with their respective counterparts.

Two incoming visits to the SANDF (CMI Division) took place during the reporting period. The visitors were very impressed by the CMI Division's information and communications capabilities. Very valuable contacts pertaining to future benchmarking initiatives were established between the delegates of the visiting countries and the members of the CMI Division.

It is foreseen that the knowledge and experience gained through international exposure will definitely add value to the CMI Division's HR development programme and its service delivery in future.

HIGHLIGHTS

The Defence Enterprise Information Systems Plan was completed. The CMI Project, which was terminated on 31 March 2003, has the following deliverables.

- A CMI Division business processes architecture baseline.
- A standardised "planning and costing tool" (prototype).

- An improved CMI Division strategic direction process and activity time line.
- A proposal for a CMI Division management framework.

Stemming from the information and communication technology acquisition projects, the following solutions were provided:

- The file track system for the HR Support Centre.
- "Micro Issue Points" for the issuing of DOD identification cards at the various HR Support Centres.
- The first iteration of the HR budget planning system.

Three projects were completed to enhance the provision of strategic information and communication technology direction to the DOD and two projects were completed to establish and maintain the defence information and communication technology architecture.

The Directorate Documentation Services achieved almost all its outputs.

The CMI Division (2 Signal Regiment) successfully provided telecommunications support at the various Provincial Joint Operations Centres, which were established during the International World Cup Cricket Championships.

The cryptographic equipment required for the business boeing jet was operationally evaluated and passed the avionic tests during the first trial. The integration of information systems is now taking place.

The CMI Division presented a very successful Information Warfare Seminar on 19 and 20 November 2002 at the Council for Scientific and Industrial Research (CSIR). The feedback reports that were received reflect appreciation for the seminar and emphasise the importance of information warfare for the SANDF.

SERVICE DELIVERY IMPROVEMENT

The standardised "planning and costing tool" (prototype) has been completed and will be implemented by the CMI Division's force structure elements as a first iteration planning and costing methodology. This initiative will contribute to more accurate planning and budgeting as well as to ease the burden on the planners at the various management levels within the CMI Division.

The total integration of the search task system with the static electronic warfare system, which was completed during the period under review, will provide a wider search task and will provide a quicker response time to the clients.

The modernisation/upgrading of telephone switchboards in the Pretoria area continues. This will allow for "least-cost routing" to be implemented at the upgraded sites. It implies a further saving on the DOD's telephone account.

SERVICE CORPS

ANNUAL REVIEW

During the past year many deliberations regarding the mandate of the Service Corps took place. In 1998 the Plenary Defence Staff Council (PDSC) confirmed that the Service Corps would be the resettlement agent for the DOD and ever since it has endeavoured to fulfil this role.

The lack of an exit management framework (EMF) directly contributed to the Service Corps not being able to show a contribution to the output of the DOD from a financial and efficiency viewpoint and its existence was continually questioned. The compilation of policies and work methods regarding an exit management system for personnel that would be separated from the DOD was crucial to the determination of a redeployment capability,

since that would have provided an indication of the magnitude of the outflow of personnel from the DOD and thus the clients for the Service Corps. In view of certain delays during the execution of the transformation and restructuring programme process members are only expected to become available for reskilling via the Service Corps at the end of May 2003.

The Service Corps budgeted allocation represents a zero input infrastructure cost budget. The Service Corps does not budget for the cost of re-skilling clients, because that is the responsibility of the service or division on whose strength the clients are. Considering the continuing problem of accurately forecasting an optimal throughput of clients, which will ensure a good return on investment, the issue of "value for money" will remain questionable. The need for such a capability to address a government commitment, however, is not questionable.

STRATEGIC PROFILE

Vision Statement. The Service Corps is a skills enhancement institution striving to enable eligible persons, who express such a desire, to become empowered, employable and self-sustainable in society.

Mission Statement. In pursuit of its purpose to deliver marketable clients to prospective employers, and potential entrepreneurs in the small, micro and medium enterprises marketplace, the Service Corps will be directed to focus on the successful re-integration of its clients into society. This will be done as follows:

- An employment service capability in liaison with the public and private sectors to ensure successful employment.
- The utilisation of appropriate technology to maintain its core competencies.
- Providing the service for

which it is uniquely equipped in determining the needs of clients and the marketplace.

A uniquely packaged holistic approach to skills enhancement will be provided to clients in a process comprising of the following services:

- Identification of eligible clients.
- Assessing of clients.
- Counselling and career guidance.
- Training and facilitation of training.
- Placement or employment-seeking assistance.
- Creation of an enabling environment that empowers those who opt for self employment.

Mandate. The 1995 Mandate contained the embryo of becoming a National Service Corps. The Service Corps was established as a project of the Reconstruction and Development Programme (RDP), aimed at military personnel who are being demobilized. The Service Corps was initially to be part of the SANDF but it would develop into an independent and predominantly non-military organization.

A committee consisting of the Ministers of Defence (Convenor), Education, Safety and Security, Welfare and Population Development, Finance, the Minister without Portfolio and the Minister of Public Works, was to be established to urgently advise the Cabinet on the feasibility of extending the scope of the scheme to include other unemployed persons and the so-called marginalised youth.

The advice by the appointed Ministerial Committee resulted in the formulation and approval of the 1996 mandate. In less than 15 months, in March 1996, Cabinet approved a mandate for the planning of a National Service Corps with the following specific provisions:

- Establishment of a National Service Corps with national responsibilities.
- Upgrading the standard of education, vocational skills and life skills of the following groups:
 - Ex-service personnel
 - The youth (in particular females)
 - The unemployed
 - Public servants
 - Parolees
 - Probationers
 - Ex-prisoners, etc
- The creation of an enabling environment for these groups to find formal employment or run their own business, was a priority. Neither of these two mandates could come to full fruition because of a lack of clients.

The 1996 Mandate therefore amplified the 1995 Mandate. The second part of the 1995 Mandate, which requires the Service Corps to develop into an independent and predominantly by non-military organisation, still remains. The 1996 Mandate was further amplified by the March 1998 PDSC decision that the Service Corps must also become the Resettlement Agent of the DOD.

After the strategic thinking process conducted by the Service Corps in October/November 2000, the formulated two-path strategy was approved by the PDSC on 11 December 2000. On 8 August 2001 the Council on Defence resolved that the Service Corps was to continue planning to maintain its functionality.

STRATEGIC DIRECTION

Goals.

- To migrate the Service Corps to become a national asset outside the DOD.
- To empower eligible persons via skills enhancement.

Strategy.

- The Service Corps bases its strategy on a two-path parallel strategy in support of its present mandate as the SANDF Resettlement Agent, as well as the intended migration out of the SANDF.
- The following focus areas identified for the Service Corps have been deduced from Joint Support:
 - Defining and implementation of PFMA-based internal control, budget and delegation models.
 - Establishment of service agreements that comply with divisional policy between internal and external clients.
 - Formulation and implementation of plans to create a client-driven approach in a flexible process-driven structure through a unifying organisational culture.

As a project of the Reconstruction and Development Programme (RDP) of Government the Service Corps forms part of the upliftment initiatives, residing with various other governmental departments. Due to the fact that each department has various capabilities and resources, opportunities became apparent to collaterally utilise these capabilities and resources to achieve the common goal as prescribed by the RDP strategy. The 1995 Service Corps mandate is interpreted to include partnerships with other government departments, for example the Department of Labour and Department of Education involved in upliftment programmes for the illiterate and unemployed in support of the RDP, to share the utilisation of Service Corps infrastructure capacity.

HIGHLIGHTS

An intake of 94 members was realised in January 2003. Members

are all military veterans not previously trained through any DOD (Service Corps) system. This was in addition to the 98 members who were already in training.

A most successful launch of the Request for Information (RFI) was held on 17 January 2003. At the Centre for Advanced Training (CAT) through an information day attended by a very diverse and representative group of 43 private sector participants. The RFI closed on 18 February 2003. Only 15 RFI proposals were eventually received by the closing date. The Service Corps held a workshop from 26-28 February 2003 to:

- determine a future Service Corps draft model;
- evaluate each submission according to set criteria; and
- generate a future Service Corps business model that will be presented to the PDSC /Council of Defence later in March 2003.

A presentation was made to the Minister of Defence on 26 March 2003 on the proposed future business approach of the Service Corps. He accepted this approach but also made the following observations/decisions:

- The Service Corps will migrate to become a national asset outside of the DOD, but the DOD will always be its major client.
- A mandate must be sought to empower the Service Corps to reach wider in a quest for clients.
- The Service Corps needs to be more visible and accessible. It ought not to be accommodated within the DOD.
- The Minister of Defence will take charge of the convening of the Inter-Departmental Committee to direct the future Service Corps.

The Service Corps provided consid-

erable impetus to the process of resettlement of the SA Navy from Smidtsdrif to Platfontein Farm in the Kimberley area. This initiative has triggered the local government and its role-players to positively and constructively engage in the impasse that inhibited this process.

An intake of 84 clients has taken place at 17 Shaft between 31 March 2003 and 03 April 2003. The clients will be trained in hydroponics and construction work on two-year leaderships under the Umsobomvo Youth Trust. The youths identified for this project are all related to military veterans and the Service Corps was instrumental in this. Although these clients are not reflected in the statistics of the Service Corps, resources were used to assist with the intake.

The utilisation of the Service Corps training capacity has been improved over the past year. This includes re-skilling of 170 DOD personnel since September 2002 at the CAT under a German Aid Agreement, as well as training of military veterans employed on a work for water programme in terms of a poverty-relief partnership between the DOD and the Department of Water Affairs and Forestry, called Operation VUSELELA.

PERFORMANCE SUMMARY

The Service Corps has introduced a new costing tool which will facilitate the compilation of the MTEF estimates and quarterly reports. The SANDF Service Corps has been successfully activated with a mission to reintegrate ex-service members. To date the Service Corps has been successful in training their first intakes and in the establishment of its headquarters, a central training centre and regional centres. Its planning defines an entity which could serve as the nucleus of a National Service Corps.

The Service Corps business concept provides the framework according to its performance, whilst the mandate provides the rationale for the business concept. The Service Corps is dependent for its performance on clients derived externally from demobilised persons not serving in the DOD, but who appear on the certified personnel register, as well as the DOD Exit Management Framework driven by the HR Strategy 2010. As the exit management framework has not as yet been institutionalised within the DOD, members exit through the employer initiated package and these are the members currently

being addressed internally by the Service Corps.

The financial challenge to execute the above activities is found in the non-budgeting by the Divisions for the in-year requirements of the employer initiated packages and expiring contracts of serving members of the DOD. No budget is available to address members on the certified personnel register requiring assistance through the Service Corps as this has been withdrawn.

AREAS OF CONCERN

A draft policy statement and implementing instructions for official donations and sponsorship have been compiled. A meeting was held on 17 February 2003 to workshop the draft documents further.

The German technical advisors group has warned that the continued lack of throughput of clients utilising the facilities at the CAT could seriously hamper the continued aid for re-skilling from the Federal Republic of Germany. Since the Service Corps has no control over the client throughput to the CAT, other avenues to ensure a constant throughput of clients are being investigated. This issue also

Table 10.5. Total Clients Trained: FY2002/03

Category	Client Description	Total
1	Non-Statutory Force members not integrated into the DOD	280
2	Natural Attrition Group	0
3	Exit Management Framework	293
4	Clients outside of the DOD	1 037
5	Currently serving members still within the DOD:	
6	i. Defence Act Personnel 173	
	ii. Public Service Act Personnel 150	324
	Military Veterans	0
Grand Total of all Categories of Clients for this year		1 934

impacts heavily on the negative performance of the Service Corps and cannot only be managed by the Service Corps alone; it will have to be made visible and transferred to the department.

Since members exiting the DOD as a result of the employer-initiated package currently have the choice of utilising the services of the Service Corps, the lack of marketing of the organisation within the DOD to all personnel has resulted in a low turnout rate requiring the services of the Service Corps. An aggressive marketing campaign will have to be undertaken by the Service Corps within the DOD to empower individuals to make informed decisions about development and re-skilling opportunities when exiting the DOD. The Service Corps planned to hold an ex-combatant intake of ± 100 as a partnership with Department of Labour through the DIDTETA in January 2003 throughout the country via the Service Corps Regional Offices. The DIDTETA, through the National Skills Development Fund, will fund the training costs and allowances for the trainees.

DEFENCE OUTPUTS AND SERVICE DELIVERY TRENDS

CORE OBJECTIVES

To provide direction and leadership on the Service Corps process as part of the redeployment mechanism of the DOD in accordance with approved policy.

To provide re-skilling through in-house and outsourced training, and an employment assistance service by means of public-private partnership and networking initiatives, for the redeployment mechanism of the DOD in support of the DOD HR Strategy 2010.

To provide support for the Service Corps process within the redeployment mechanism of the DOD in

support of the DOD HR Strategy 2010.

RESKILLING CAPABILITY

Reskilling of former combatants.

Costs were as follows:

- Training:
 - Total training costs: R2 440 944.
 - Total cost per client: R4 571.
 - Total of courses: 534.
- Accommodation:
 - Total of accommodation cost: R799 400.
 - Total cost per client: R1 868.
 - Total of clients: 428.

The PSAP costs are as follows:

- Training:
 - Total courses: 150.
 - Total cost of training: R649 801-00.
 - Total cost per client: R4 332.
- Accommodation:
 - Total clients: 145.
 - Total cost of accommodation: R847 900.
 - Total cost per client: R5 848.

Reskilling of employer initiated package members. The costs were as follows:

- Training:
 - Total courses: 351.
 - Total cost of training: R1 718 165.
 - Total cost per client: R4 895.
 - Total busy with training: 30.
 - Total registered: 420.
- The number of clients indicated is according to the invoices received per client. The total training costs employer initiated package members for the above period is R2 065 827.

The pass rate for clients at the training institutions was as follows:

- Centre for Advanced

Training. 89%.

- Practical Business School. 100%.

The following are the placement statistics:

- Career guidance provided to clients: 573.
- Total of clients advised about job opportunities: 573.
- Total of clients placed after the Service Corps process: 175.

The list of DOD members supplied by Directorate Personnel Separation:

- Total of members as per redeployment plan: 600.
- Total of members registered to enter the Service Corps: 420.
- Total of members entered the Service Corps process: 293.

The Service Corps as a whole achieved an expenditure of 97,2 per cent of the revised projected expenditure for the period ending 31 March 2003 (including human resource expenditure with a surplus of R910 185,00).

Problems relating to the provisioning and procurement process were taken up with the relevant process owners and are in the process of being rectified.

SERVICE DELIVERY IMPROVEMENT

Supporting plans are currently being developed to be included in the FY 2003/04 business plans. Measures to track and report on these supporting plans are still being developed, but will be available in the next financial cycle.

JOINT TRAINING

STRATEGIC PROFILE

Vision. We are leaders in military professional development.

Mission. To present joint learning opportunities and to promote and ensure the continuous improvement of the DOD education, training and development system.

PERFORMANCE SUMMARY

The Youth Foundation training programme for FY 2002/03 successfully completed, as determined by service requirements, has been achieved. It was planned for 200 learners to attend, and the programme started with 205 members.

The South African National Defence College presents an integrated strategic developmental learning opportunity to senior members of the DOD, other government departments, invited representatives from foreign defence forces and selected SA defence industry representatives. This learning opportunity is called the executive national security programme (ENSP). The two ENSPs planned for FY 2002/03 were successfully executed by the South African National Defence College. 36 Members started on each programme and 72 members completed it successfully.

The Joint Senior Command and Staff programme (JSCSP), which is presented once a year by the SA National War College, was presented with limited success. Of the 110 learners who started the programme, 5 were unsuccessful.

The **Military Academy** provides academic and military training programmes to designated clients throughout the year. It issues certificates, diplomas and degrees. During the period under review it partially achieved its objectives as follows:

- 1st Year - Part of whole qualification
- Planned. 92 learners to enrol of whom at least 80 per cent achieve the required standards for a Certificate.

- Actual Output
 - Military Academy contract - 69 learners enrolled of whom five withdrew, 64 promotable to the 2nd year.
 - SAAF Aircrew contract - 22 learners enrolled of whom one withdrew, 21 complied with requirements.

2nd Year - Part of whole qualification

- Planned. 36 learners to enrol of whom at least 80 per cent should achieve the required standards for a diploma.
- Actual Output: 36 learners enrolled of whom three learners withdrew, 33 promotable to the 3rd year.

3rd Year - Whole qualification (Degree)

- Planned. 49 learners to enrol of whom at least 85 per cent should achieve the required standards for a Degree.
- Actual Output. 54 learners enrolled, two with further examinations pending. Eight learners continued part-time, and 81 per cent graduated.

Post-graduate

- Planned. 55 learners to enrol of whom at least 95 per cent should achieve the required standards.
- Actual Output. 17 learners were awarded B-Mil Hons and two M-Mil during December 2002. The others have various completion dates.

Preparatory Certificate in Military Studies

- Planned. 30 learners to enrol of whom at least 90 per cent should achieve the required standards.
- Actual Output. 30 learners achieved the required standards.

SANDEF COLET

- The primary objective of COLET is the establishment of a centre of excellence for educational technology and ETD systems integrity in the DOD.
- The Foundation and Implementation Centres have not yet been established to full capacity. The unit was, however, granted temporary accreditation by the ETDP SETA, which was a great achievement.
- The provision of educational technology training was successfully achieved for the past year. 17 programmes were planned and successfully presented. 445 learners have been planned for whilst 509 were trained. The reason for training 64 more was due to special requests made for specific programmes.

Personnel Service School

- The Personnel Service School presents selected functional "non-combat/mis-mission" learning opportunities to members of the DOD. This objective was successfully achieved. A total of 25 learning opportunities were planned/scheduled and presented. 495 learners were planned for but 498 were trained.
- 37 additional learning opportunities were presented and 554 more learners trained than what was originally planned. The reason for the extra training provided was the urgent training requests by DPF.
- The development of new curricula was still in process and should be in place by middle 2003 for the National War Simulation Centre. The provisioning of a war-gaming and simulation service to the DOD was success-

fully achieved as a total of 26 learning opportunities were planned for and 1 291 learners were trained. It is very difficult to plan for the exact amount of learners in this environment.

DOD Centre for Competence Development (CCD)

- Cape Town Office. 58 core competency modules (CCMs) were planned for, and 841 learners were to attend. The target output was partially achieved. 54 learning opportunities were presented and 773 learners attended.
- Pretoria Office. 36 core competency modules were planned for and 779 learners were to attend. The target output was partially achieved because 35 learning opportunities were presented and 762 learners attended.

POLICY DEVELOPMENTS

While a number of policies are still at different stages of development and approval, the following were approved and promulgated during the period under review:

- Policy on education, training and development (ETD) for PSAP members.
- Policy and procedures for the implementation of adult-based education and training (ABET). This policy is currently under review.

NEW PROJECTS

The curriculum for a Joint Warrant Officer programme (JWOP) at the operational level is in its developmental phase. Final preparation for implementation in 2004 is still in progress. The envisaged WO/NCO Academy/Wing is to be established at Military Base Wonderboom until FY 2009/10, when it will be co-located to the Defence Training Institute. The Warfare Module is

currently being captured on CD-ROM for ease of distance-learning accessibility. Concurrently, the National Qualifications Framework (NQF) accreditation (registration/certification) is being pursued with the forthcoming establishment of a Standards Generating Body (SGB). Curriculum development is cognisant of unit standards and outcomes-based formulation pre-cripts.

A project was initiated to investigate the possibility of providing access to the JSCSP for the Reserve Force members, PSAP and other clients.

HR SUPPORT CENTRE

STRATEGIC PROFILE

Vision. Ultimate human resources (HR) support.

Mission. To provide a timeous, professional, credible and efficient HR service which meets organisational and individual needs.

Mandate. The mandate of HR Support Centre is to provide the ultimate HR Support service to the DOD.

OBJECTIVES

The HR Support Centre seeks to achieve the following objectives:

- Centralised control and decentralised execution.
- Empowerment of HR functionaries.
- HR Support environment is to remain dynamic.
- Maintenance of transparency.
- Promotion of the "one force" concept.
- Client involvement in HR support processes.
- Unification of the personnel components in the DOD (full-time, reserves and the PSAP).

POLICY DEVELOPMENT

The HR Support Centre developed

and promulgated numerous standard operating procedures (SOPs) and policies. Included were SOPs and policies pertaining to service benefits, remuneration, data integrity, honours and awards, and dress regulations.

DEFENCE OUTPUTS

International Relations (Visits abroad and visits to the RSA)

- A German defence delegation visited South Africa and HR Support Centre gave a presentation on the HR support process in the DOD.
- A HR Support Centre member attended a course for military language teachers which was extremely useful.
- Another HR Support Centre member attended a career management seminar in Canada.

OUTPUTS PRODUCED FOR DOD CLIENTS

Chief of HR Support Office

- **Objective.** To exercise command and control over the HR Support Centre and HR Support Satellite offices.
- **Output.** HR strategic direction; HR-related advice to the DOD and timely, credible and professional HR Support Service according to organisational and individual needs.

Directorate Personnel Acquisition

- **Objective.** To acquire and provide personnel.
- **Achievements.**
 - 309 000 applications were processed.
 - 1 606 members were recruited.
 - 63 career exhibitions were attended.

Directorate Personnel Maintenance

- **Objective.** To provide timely, credible and professional HR support service to the

DOD, regarding service benefits, service conditions, remuneration and HR system data integrity.

- **Achievement.** Conformance to the administrative, operational and technical (AOT) policies and standard operating procedures to support personnel maintenance with regard to housing, service benefits, medical administration, termination of service and pension benefits, salary administration, support to Chief Joint Operations commitments, identification of SANDF/MOD employees as instructed and the implementation of equal opportunities and affirmative action.

Directorate Military Personnel Utilisation

- **Objective.** To direct the utilisation of Defence Act Personnel at corporate level.
- **Achievement.** The directorate was successful in the development and directing of career management for the Defence Act Personnel. The Structure Management Control System (SMCS) was also managed successfully.

Directorate Career Development for Public Service Act Personnel (PSAP)

- **Objective.** To direct and provide career development and utilisation of PSAP employees.
- **Achievement.** Personnel assessments for 3 783 had been worked through and promotions of 85 would be effected to the amount of R1 927 770 once approval had been obtained. Notches of 1 561 nominations were audited. Merit awards to the amount of R9 418 132 were paid out to PSAP. Numerous requests for the advertisement of posts and

staffing were received and processed by the Directorate.

Directorate Ceremonial Military Music

- **Objective.** To plan, execute, manage and evaluate the ceremonial military music, honours and awards process in the DOD.
- **Achievement.** 44 parades were co-ordinated and 46 262 medals issued.

Directorate Languages

- **Objective.** To direct and render corporate language services in the DOD.
- **Achievement.** 10 Courses were presented in respect of the co-ordination of the language function in the DOD. 3 courses were presented in order to prepare forces for peace support operations.

Directorate Labour and Service Relations

- **Objective.** To direct and provide labour and service relations systems and support to the DOD.
- **Achievement.**
 - 30 arbitration hearings in terms of the Labour Relations Act and Bargaining Councils' resolution procedures with 100% success rate.
 - 584 grievances were resolved at corporate level which included 50 Defence Act Personnel in terms of the Military Disciplinary Code.
 - 410 cases of misconduct were administered at corporate level and 408 cases were administered at the 23 client bases.

Directorate Personnel Separation

- **Objective.** To direct and act as a nodal point for DOD personnel separation services as well as veteran administration.

MILITARY POLICING AGENCY

ANNUAL REVIEW

Although the Military Policing Agency (MPA) could not provide the complete combat-ready provost company as required by Chief Joint Operations, the MPA was still able to achieve the objective by utilising MPA resources from other MPA structures as an interim mechanism. Sufficient MPA support was provided for all peace support operations.

With the exception of a few problems experienced, especially in the processes of procurement, the MPA achieved its outputs as planned. The budget allocation of the MPA for FY 2002/03 entailed an amount of Rm197.6, of which an amount of Rm191.6 was paid, resulting in a 96.96% payment for the financial year.

The MPA has for the past year presented general military competency courses to members of the MPA and from the SA Army, in an effort to qualify MPA members for promotion, which was not previously possible because of course acceptances. These courses were not included in the strategic plan of the MPA, but the Chief of the MPA decided to make funds available to present the courses in order to ensure the career development of MPA members. The MPA will not continue to present these general military competency courses during the FY 2003/04.

The MPA has developed a criminality plan that will be implemented and reported on by the services and divisions during FY 2003/04.

STRATEGIC PROFILE

Mandate. The MPA is responsible for providing a military policing capability to the DOD that entails the following:

- Policing services.
- Military correctional services.
- MPA strategic direction.
- MP force preparation.
- MP force employment.

Vision. A crime-free and disciplined DOD.

Mission. The MPA provides a professional cost-effective military policing service to the DOD and other interest groups in supporting the development of a crime-free and disciplined environment, by means of the following:

- Community involvement.
- Competent members with high morale and integrity.
- Mutual support.
- Optimal utilisation of resources.

DEFENCE CAPABILITIES AND OUTPUTS

DEFENCE CAPABILITIES

The operational capability of the MPA entails only one MP Coy, namely 13 Provost Company, located in Thaba Tshwane. 13 Provost Company provides CJ Ops with combat-ready MP forces for all types of operations. 13 Provost Company consists of 3 Provost (MP) platoons and, according to MP doctrine, a Provost platoon should support a brigade-strong military force. The rest of the MPA operational capability resides in the Reserve Force component of 1 Provost Regiment with the 3 Reserve Force companies.

The force employment strategy requires the MPA to provide 1 combat-ready MP company to support CJ Ops. Although the MPA only partially met the specified requirement from CJ Ops through the capability of 13 Provost Company, the MPA fully supported CJ Ops' requirement by providing the required MP Coy from MP personnel situated at other MPA structures.

The MPA is currently experiencing an increasing demand from C J Ops to increase the MPA support to peace support operations. The MPA is not in a position to continue with additional MPA support to peace support operations with the current approved structure and is in the process of addressing this shortcoming. 83 per cent of the current medically fit personnel of 13 Provost Company are currently being deployed simultaneously and there is insufficient provision available at 13 Provost Company to relieve the deployed personnel.

DEFENCE COMMITMENTS

Exercise IRON EAGLE

- **Duration/Dates.** 14 August - 13 September 2002.
- **Aim.** To provide cost-effective Military Police support to Exercise IRON EAGLE.
- **Geographic Area.** SA Army Combat Training Centre, Lohathla.
- **Nature/Description of the Exercise.** Practical exercise as part of JCSD course at SA Army Combat Training Centre, Lohathla.
- **Participating Forces.** 60 MPA.
- **Results Achieved.** Improvement of combat-readiness for future purposes.
- **Losses.** None.

Exercise RAINBOW TREK

- **Duration/Dates.** 31 March - 11 April 2002.
- **Aim.** To provide cost-effective Military Police support to Exercise RAINBOW TREK.
- **Geographic Area.** Richards Bay and Hellsgate Training Area.
- **Nature/Description of the Exercise.** Command post exercise and Field Training exercise including a beach landing with French forces.
- **Participating Forces.** The

French forces and the SANDF, of which 10 members were of the MPA.

- **Results Achieved.** Improvement of combat-readiness for future purposes.
- **Losses.** None.

Exercise OXIDE II

- **Duration/Dates.** November 2002.
- **Aim.** To provide cost-effective Military Police support to Exercise OXIDE II.
- **Geographic Area.** La Reunion Island.
- **Nature/Description of the Exercise.** Search-and-rescue operation.
- **Participating Forces.** The French forces and the SANDF, of which 10 members were of the MPA.
- **Results Achieved.** Improvement of combat-readiness for future purposes.
- **Losses.** None.

Operation MISTRAL

- **Duration/Dates.** Rotation from April - September 2002 and from October - March 2003.
- **Aim.** To provide cost-effective Military Police support to Operation MISTRAL.
- **Geographic Area.** DRC.
- **Nature/Description of the Operation.** UN peace mission.
- **Participating Forces.** The SANDF and other contributing countries. 48 MPA members are involved during one rotation.
- **Results Achieved.** Executing Military Police tasks (good successes as part of the investigation of crime) and also rendered MPA support to SANDF forces deployed.
- **Losses.** None.

Operation FIBRE

- **Duration/Dates.** From March 2002 - June 2003 with rotation of members.
- **Aim.** To provide cost-effective MP support to Op FIBRE.
- **Geographic Area.** Burundi.
- **Nature/Description of the Operation.** UN authorised mission.
- **Participating Forces.** The SANDF, of which 18 MPA members formed part of the MP contingent and 20 MPA members formed part of the VIP contingent.
- **Results Achieved.** Executing Military Police tasks (good successes as part of the investigation of crime) and also rendered MPA support to

SANDF forces deployed.

- **Losses.** None.

MILITARY POLICE AGENCY STATISTICS

Workload on CR Cases (Criminal Offences). During FY 2002/03 the cases on hand, (backlog) increased by a total of 758 cases (see Figure 10.1). It is important to take cognisance of the following aspects/trends:

- The total number of cases reported decreased by 363 cases. A total of 4 403 cases were reported to the MPA during FY 2001/02 and 4 040 cases were reported during FY 2002/03.
- The success rate decreased from 69 per cent to 68 per

cent for the investigation of case dockets over the same period.

- The most cases (47 per cent) were reported in the Northern MP Region, and more specifically in the Pretoria area.

SERVICE DELIVERY IMPROVEMENT

The MPA compiled a MPA strategy in October 2002 and has identified the need to improve service delivery to its clients. All the MPA structures have been instructed to place top priority on service delivery, and the financial resource allocation for FY 2003/04 within the MPA has been adjusted accordingly.

Figure 10.1. Crime Cases Reported to the MPA: FY 2002/03

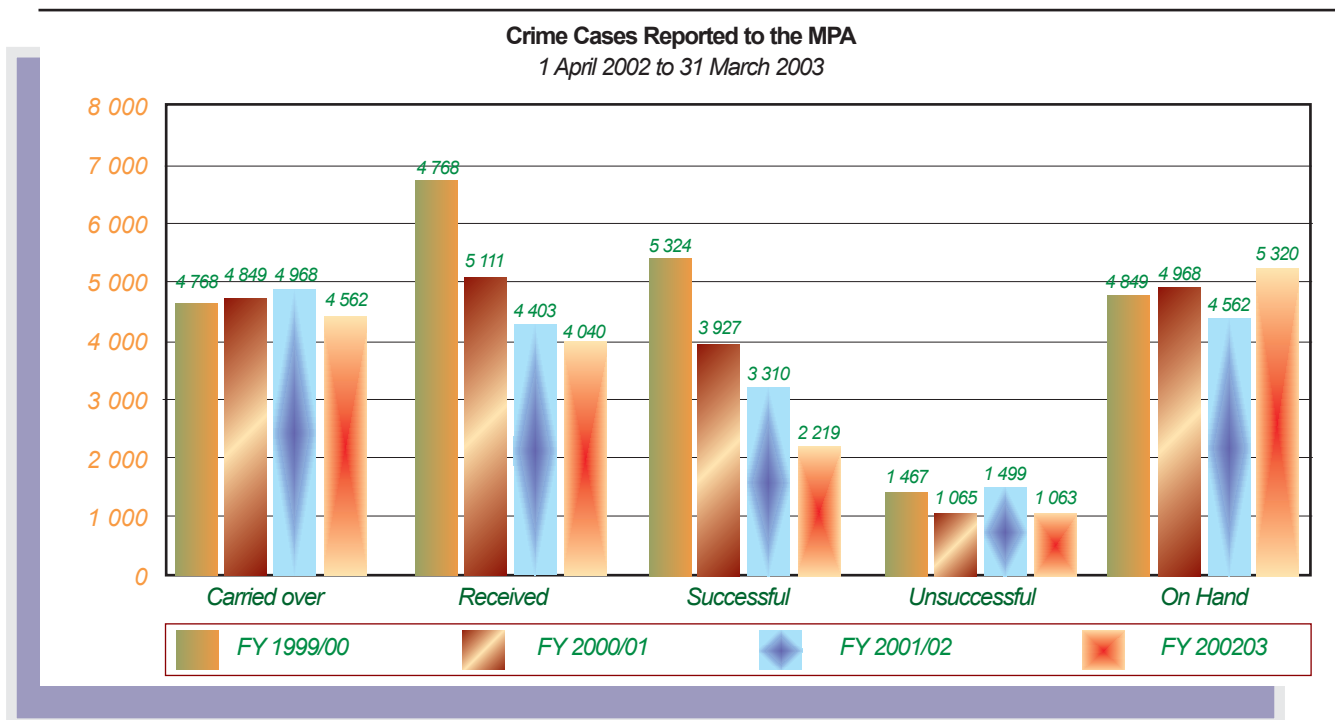
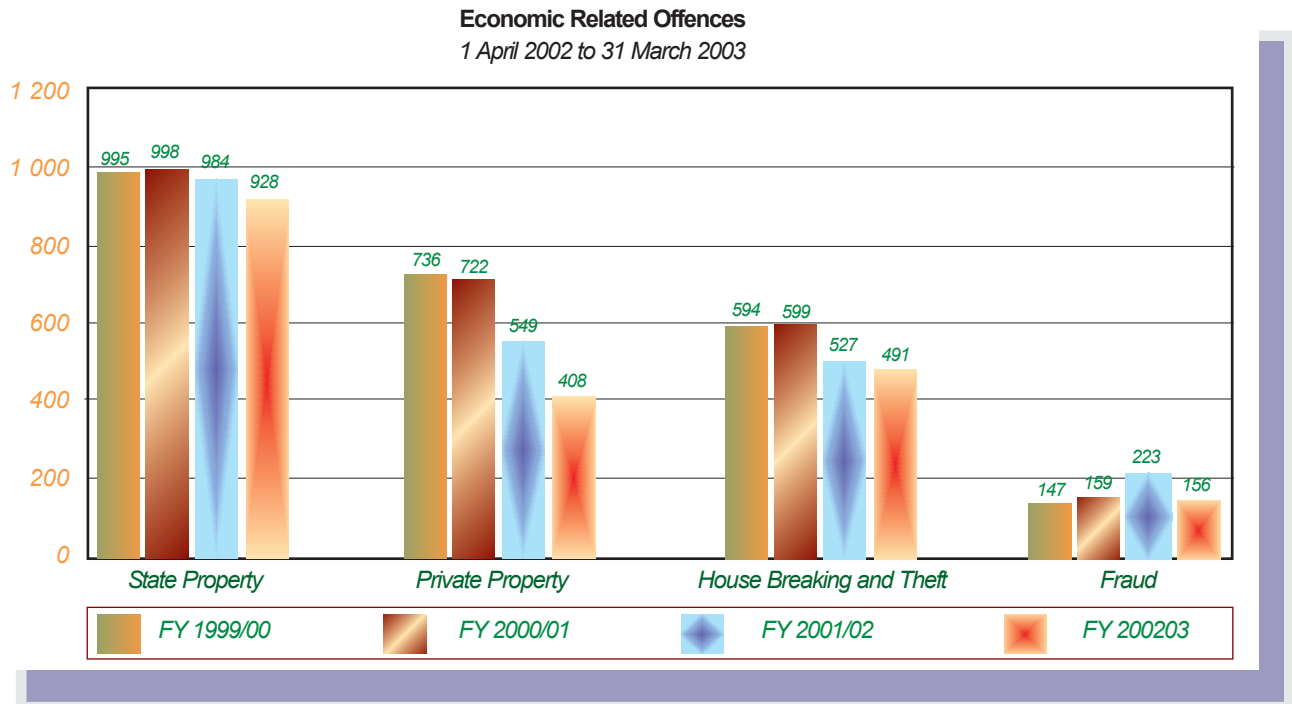


Figure 10.2. Economic Related Offences: FY 2002/03



COMMAND AND CONTROL

ANNUAL REVIEW

The Joint Operations Division has undergone a structural change during this period of reporting. The military strategy is being used for the guidance of the conduct of operations both internally and externally. The emphasis has been on the conduct of external operations such as Operation MISTRAL in the Democratic Republic of the Congo (DRC) and Operation FIBRE in Burundi. The deployment of SANDF soldiers to UNMEE to observe the monitoring of the border area between Ethiopia and Eritrea has also enjoyed the attention of staff members of Joint Operations Division.

As far as Operation FIBRE is concerned, attempts at establishing peace in Burundi have been frustrated by the inability of the various political factions of that country to get together at various times. This has meant that various members of the Joint Operations Division within the operations planning staff compartment had to be continuously involved in order to ensure the success of the peace process.

The South African Protection Support Detachment (SAPSD) elements deployed in Burundi have gained a reputation for being impar-

tial and have gained the respect of the Burundian population. Despite minor internal disciplinary problems, which have been corrected within the South African contingent, morale remains high. They realise the importance of their task at hand. The gradual scaling down of internal operations in accordance with the force employment strategy is taking place. During the period under review, there were seven companies deployed for border control purposes and the Commandos are responsible for the conduct of ad hoc operations in support of the South African Police Service (SAPS).

The SA Air Force continues to provide aircraft and crews for internal visual reconnaissance and trooping in support of operations with the SAPS.

Maritime coastal patrols are conducted from time to time as required and patrols include Marion and Prince Edward islands.

Joint Operations Division is unique in that its responsibilities differ from the other Services and Divisions, as it is the only division that conducts operations. Due to this fact the defence commitments table in this report is of utmost importance.

INTRODUCTION



STRATEGIC PROFILE

Vision. To conduct successful and efficient operations through jointness.

Mission. To initiate, plan, command, control, co-ordinate and evaluate all authorised SANDF prioritised missions.

POLICY DEVELOPMENTS

A Head of Department Instruction on the capital acquisition process and the Public Finance Management Act (PFMA), issued on 21 February 2002, ordered an evaluation of all capital acquisition projects in terms of the PFMA and the alignment of the capital acquisition process with international best practice. An investigation into capability management was done to ensure that the process utilised by the SANDF, which determines the method of acquisition of defence matériel, would meet with the requirements of the PFMA. Particular reference was made to Section 38 of the Act relating to the responsibility of the head of department to ensure that:

- The department's resources are utilised in an effective, efficient economical and transparent manner, and
- A system is in place for the proper evaluation of all major projects prior to final decision.

The initial conceptual process was developed and is currently being refined. This is based on the relationship between higher-level DOD processes and the capability management process, the sub-processes contained in the capability management process and the relationship between sub-processes. However, the latter will only be developed to maturity once the process is implemented. Priority was given to the development of the conceptual process which was completed and presented to the Operations

Staff Council on 31 October 2002 and then to the Plenary Defence Staff Council (PDSC) meeting on 8 November 2002. The concept was approved by the PDSC as the basis for further development. The expected output of the proposed process will include the following:

- A statement of required capabilities.
- An assessment of current and planned capabilities.
- Prioritised research requirements.

Guidelines for force design, force structure, force development, technology development and equipment acquisition projects.

Development of the project prioritisation model. In order to assist in determining the allocation of funding to projects, an investigation was initiated into developing a method of ranking projects in order of relative priority. This investigation commenced in 2000 and the model was tested during 2001. Refinement was done and the projects were subjected to the model again in October 2002. The intention is that the prioritisation will eventually constitute a sub-process of the capability management process. The development has been conducted under the leadership of Inspector General DOD. In co-operation with representatives of the services and divisions, working groups were facilitated to generate the required data which was applied to the model. This in turn has produced a prioritised list, which is in the process of being evaluated against the military and force employment strategies and the medium-term force employment guidelines. Once mature, the model is expected to improve the quality of decision-making when allocating funds to projects supporting the required defence capabilities.

COMBAT READINESS SCHEDULE

In order to improve the method of

allocation of funding for the preparation of forces and to meet projected operational deployments, the combat readiness schedule was introduced to the force provision process. It indicates the required operational readiness of forces and/or capabilities over the Medium-term Expenditure Framework (MTEF) period. It is still being refined and certain determinants are not yet present, eg mission relationship to the capability. As the process and schedule mature, these factors will be introduced to make the document more prescriptive and accurate in guiding force preparation and will facilitate more meaningful measurement of effectiveness.

MEDIUM-TERM FORCE EMPLOYMENT GUIDELINES

In previous years the short- and medium-term force employment plan served as the indication from Chief Joint Operations to the force providers of what the force levels and employment requirements were during the period of the plan. This was used as the basis for planning for the preparation and availability of forces. With the promulgation of the military strategy and in particular the force employment strategy, the existing short- and medium-term force employment plan needed to be reviewed to ensure that it reflected the direction and force requirement priorities indicated in the force employment strategy.

The guidelines, which have replaced to a large measure the short- and medium-term force employment plan, are an indication of the operational requirements and the estimated resources to perform the tasks identified for the DOD. Based on the Minister's directive issued to the Secretary for Defence and Chief of the SANDF on 8 September 2002, the objective was to produce a forecast of what resources could be needed, where and how they could be deployed

and how they should be supported and sustained. Despite some minor shortcomings, the force employment guidelines provide more specific direction to force providers than in the past.

FINALISED JOINT OPERATIONS DIVISION STRUCTURES

A three tier organisational structure has been created. The structure comprises of a strategic level divisional headquarters (HQ), a joint operational HQ and nine joint tactical HQs. Each of the joint tactical HQs is at provincial level and there is one for each province.

Special Forces Brigade HQ with its force structure elements remain unchanged and under command of Chief Joint Operations.

DEFENCE COMMITMENTS

Joint Operations Division is responsible for the planning and conduct of all military operations and exercises as instructed by the DOD according to DOD policy and strategy, which in turn is derived from national strategy.

PEACE SUPPORT/PEACE-KEEPING OPERATIONS

The following external operations were conducted by Joint Operations Division and still continue:

Operation FIBRE

The continued deployment of the SAPSD in Burundi. This deployment is revised every six months.

- The SAPSD provide VIP protection for returned opposition leaders who are participating in the Burundi Transitional Government.
- The force structure elements are rotated every four months.
- On 4 March 2003 there were 772 SANDF members deployed in Bujumbura. This includes HQ elements, VIP protec-

tors, a mission support unit, a guard and security unit, a medical task team and an air element.

Operation MONUC 1

One officer (colonel) is deployed in Kampala, Uganda and fulfils the role of chief military liaison officer.

Operation MISTRAL (MONUC)

This is the contribution made to the United Nations (UN) mission for the DRC.

- The RSA forces include specialist elements such as cargo HQ staff (maximum of 25) handling teams (48), medical personnel (6), staff officers (11), fire fighting teams (14) and military policemen (48).
- The MONUC mandate was extended by the UN to March 2003 and also includes an increase of force levels to 8 700.

Operation ESPRESSO

This operation consists of the deployment of military liaison officers and staff officers as part of the UN mission to Ethiopia and Eritrea as part of UNMEE and OLMEE. At present the following members of the SANDF are deployed:

- UNMEE. Seven military observers/staff officers.
- OLMEE. One senior military representative, one military assistant, two military liaison officers and one driver.

Planning for the African mission to Burundi enjoyed very high priority during the latter part of the reporting period. The hard work by staff officers, sometimes under great pressure of limited time has been an indication of the loyalty and dedication of all Joint Operations Division staff to the SANDF and especially to do a professional job on behalf of the country as a whole.

INTERNAL OPERATIONS

- **Operation INTEXO (Border Protection Operations).** Operation INTEXO continues on an ongoing basis as part of the SANDF commitment to combat transnational crime. Other operations, which form part of Operation INTEXO, include SA Air Force and SA Navy operations along the coast of South Africa within the RSA economic exclusion zone (EEZ) in order to combat the smuggling of abalone and other commodities. An average of seven infantry companies is deployed along the national borders at any one time for this purpose. They are deployed along the following borders:
 - Lesotho - Transkei.
 - Mozambique - Swaziland - Natal.
 - Zimbabwe - Limpopo Province.
- **Operation STIPPER (Rural Safeguarding in Support of the SAPS).** This operation continues at Regional Joint Task Force (RJTF) level where it is co-ordinated at tactical level. Due to the gradual withdrawal of personnel from RJTF HQs, the involvement is gradually getting less as per agreement with the SAPS. However, the SAPS are still inclined to rely on the military for support, especially when it comes to the need for the deployment of specialist equipment only issued to the military. To date many deployments have taken place to give the necessary protection to the SAPS while they conduct their tasks. The Army Territorial Reserve (ATR), previously known as the Commandos, have also reacted to criminal activities in various areas and suc-

cesses have been attained. In turn these successes have given a positive image of the SANDF in general despite one or two occasions where the Commandos have been accused of working outside of the law.

MULTINATIONAL EXERCISES AND TRAINING

Several multi-national exercises were planned during the reporting period and some were also executed as per planning. These include Exercises RAINBOW TREK and OXIDE with the French and Exercise FLINTLOCK with the Americans. Exercise RAINBOW TREK is an excellent example of the good co-operation between the RSA (Joint Operations Division in particular) and the French (specifically the French Forces in the Southern Indian Ocean FASZOI). Many lessons were learned by both nations in this humanitarian aid/peace support operations and the members of Joint Operations Division, who took part in the exercise, had the opportunity of ensuring that their planning and execution at the strategic, operational and tactical levels confirmed mission readiness. The following lessons were a positive experience for Joint Operations Division:

- Operations can be conducted at short notice despite differences in doctrine and language.
- Different approaches can be amalgamated to work towards success.
- Planning and execution of joint and combined military assets works well. Examples of this are:
 - The deployment of both French and RSA paratroopers using French C160 aircraft and RSA Oryx helicopters.
 - The deployment of the French frigate NIVOSE,

French landing ship LA GRANDIERE and the RSA combat support ship SAS OUTENIQUA was an excellent combination of protection and support from a maritime perspective in the conduct of beach landings, establishment of a Naval Evacuation Control Centre and general support for operations.

- The SANDF paratroopers and pathfinders were the most effective. Their deployment drills and approach encompassing light and quick deployments to achieve the operational and tactical objectives were excellent.
- The deployment of an on-board command post in a SAAF Oryx was something quite new for the French and they said that this was an excellent idea for controlling the operation.
- The use of modern technology by the French was a good lesson to learn. The French pathfinders deploy with a laptop computer, digital camera and a phone satellite link. This allows them to immediately send photos of possible targets and objectives for confirmation and information to their intelligence elements. It also allows them to send written messages by computer eg, situation reports and gives them the ability to download real time satellite photography.
- The integration of members of the Department of Foreign Affairs (DFA), local town management including disaster management and traffic police, the local Red Cross Society, the Bay Hospital and the general public interest contributed to the success of the exercise

and the local businesses also benefited.

The Special Forces Brigade continued to conduct specific operations where their expertise was required. The Brigade, through their excellent service proved that they are absolutely indispensable.

During the period under review the mobilisation and demobilisation sub-division was very busy ensuring that the external troop commitments and rotations continued in a smooth manner. The following took place:

- Operation FIBRE. There were four mobilisations for the four deployments involving more than 3 000 personnel.
- Operation MISTRAL, South African National Defence Force Specialist Contingent (SANDF-SPEC). For MISTRAL III a total of 1 300 personnel were mobilised.
- VIP Protection (Courses). 580 personnel were mobilised for this purpose.

Intelligence structures, with requisite equipment and infrastructure, were established in order to ensure successful operations, especially those outside the country.

Successful counter-intelligence activities and procedures were conducted and implemented during the reporting period. Specific successes recorded are as follows:

- Full counter-intelligence participation was maintained during all operations and exercises by counter-intelligence task teams deployed at the operational and tactical levels.
- Specific successes include the containment of potential adversarial intelligence activities during the execution of Exercise RAINBOW TREK as well as during the planning stages of Exercise FLINTLOCK.

- Counter-intelligence activities greatly contributed towards force protection for the external operations presently conducted and are reflected in the low occurrence of security-related incidents.
- Although existing information indicated that organised crime syndicates targeted SANDF equipment stockpiled and mobilised for external operations, virtually no incidents of crime were recorded. This can be attributed to effective counter-intelligence counter-measures and planning procedures.
- A draft doctrine for the conduct of counter-intelligence within the SANDF was completed during the reporting period and was being managed through the approval process.
- Aggressive counter-intelligence measures during the conduct of internal operations resulted in the arrest of 18 SANDF transgressors.

Joint Operations Command and Management Information (CMI). Much support was rendered to ensure good command and control of RSA forces deployed externally.

- Support to SAPSD has been a success story. Reliable communications through a satellite link were established between Joint Operations Division and the troops deployed in Burundi. A number of computers and related equipment were also made available to facilitate planning and record keeping for operations. CMI personnel also participated in the planning process for the deployment of the African mission to Burundi.

- The deployment of RSA forces to Kindu as part of the Disarmament, Demobilisation and Reintegration (DDR) programme were provided with satellite communications as well as computer equipment to allow them to do their job effectively. This allows for effective command and control from Joint Operations Division and to the UN Mission HQ in the DRC.
- The project to provide new computer cables for the new computer server is well underway and will allow for more effective computer service to all Joint Operations Division staff members, thus enhancing the effectiveness of day-to-day activities. The deployment of elements of Joint Operations Division to Swartkop Park required the provision of additional computer equipment and this was provided by Joint Operations CMI within a very short space of time to allow the command cadre to continue with their tasks at hand.
- Provision of CMI equipment and services for Exercise RAINBOW TREK allowed for direct phone communications to Joint Operations Division Headquarters in Pretoria. Tactical communications were also provided and allowed for command and control to the lowest level.

ASSISTANCE TO OTHER STATE DEPARTMENTS

- Assistance was given to the SAPS as an integral part of Operation STIPPER, INTEXO and BARRIER.
- Co-operation between Joint

Operations Division and DFA remains very good. Close liaison took place for the deployment of troops externally and the DFA was very helpful during multinational exercises within the RSA where they rendered assistance to allow foreign troops speedy entry into the RSA. Exercise RAINBOW TREK is an excellent example of such assistance.

- Co-operation remained good and the Department of Home Affairs assisted where possible in internal operations in conjunction with the SAPS. Customs and excise members assisted in meetings such as cross-border liaison with our neighbouring countries.
- Close co-operation is enjoyed with local government establishments wherever the SANDF conducts operations. Local traffic police assist military convoys and local hospitals in smaller towns render assistance where necessary.

SUCCESSSES

The following successes were achieved between 1 April 2002 and 9 February 2003:

- Weapons found - 1 877.
- Narcotics confiscated
 - Dagga - 78 202 kg.
 - Mandrax - 5 970 tablets.
 - Cocaine - 30 tablets.
 - Grey tablets - 267 tablets.
 - Other - 342 tablets.
- Precious metal recovered
 - Gold dust (g) - 3 699.
 - Copper (Kg) - 110.
- Livestock recovered - 1 751.
- Undocumented migrants apprehended - 51 522.
- Stolen vehicles recovered - 766.

Table 11.1 Joint Operations Defence Commitments: External

<i>Exercise/ Operation</i>	<i>Duration</i>	<i>Aim</i>	<i>Area</i>	<i>Nature</i>	<i>Forces</i>	<i>Description</i>
Operation MISTRAL	<i>Continuous (Forces are rotated every 6 months)</i>	<i>Deployment of South African National Defence Force Specialist Contingent (SANDFSPEC)</i>	<i>Democratic Republic of the Congo</i>	<i>Deployment of specialist support teams as part of UN Operation MONUC</i>	<i>1 x C2 supt unit, 2 x airfield crash rescue and fire fighting teams, 6 x air cargo handling teams, 2 x emergency medical teams and 15 military observers</i>	<i>Support to MONUC throughout the Democratic Republic of the Congo on an ongoing basis</i>
Operation FIBRE	<i>Continuous (Forces are rotated every 6 months)</i>	<i>Deployment of South African Protection and Support Detachment (SAPSD)</i>	<i>Burundi</i>	<i>Deployment of troops to protect returning leaders</i>	SAPSD <i>1 x mission HQ, 1 x protection unit, 1 x guard and support unit</i>	<i>RSA contribution to establishment of peace efforts in Central Africa / Burundi</i>
Operation ESPRESSO	<i>Continuous (Forces are rotated every 6 months)</i>	<i>Deployment of Military Observers</i>	<i>Ethiopia Eritrea</i>	<i>UN military observers deployment</i>	UNMEE <i>7 x military observers/ staff officers.</i> OLMEE <i>1 x senior military representative, 1 x military assistant, 2 x military liaison officers; and 1 x driver</i>	<i>RSA contribution to establishment of peace efforts</i>

Note: There were no losses to report on any of the operations mentioned above.

Table 11.2 Joint Operations Defence Commitments: Internal

<i>Exercise/ Operation</i>	<i>Duration</i>	<i>Aim</i>	<i>Area</i>	<i>Nature</i>	<i>Forces</i>	<i>Description</i>
<i>Operation INTEXO</i>	<i>Continuous</i>	<i>Border protection</i>	<i>Swaziland, Zimbabwe and Lesotho borders</i>	<i>Border patrols to prevent ille- gal border crossings into the RSA</i>	<i>7 x infantry companies</i>	<i>Conducted in conjunction with SAPS Border Police</i>
<i>Operation STIPPER</i>	<i>Continuous</i>	<i>Rural safeguard- ing in support of the SAPS</i>	<i>Rural areas of the RSA</i>	<i>Reaction to incidents of violence in rural areas, area patrols</i>		<i>Deployment of Commando mem- bers to assist the SAPS in rural safe- guarding.</i>
<i>Operation BARRIER</i>	<i>28 Jan 03 - 23 Mar 03</i>	<i>Safeguarding of World Cup crick- et games in RSA</i>	<i>All provinces of the RSA</i>	<i>Sporting event</i>		<i>Ensuring inter- nal security at cricket matches</i>

Table 11.3. Multinational Exercises

<i>Exercise</i>	<i>Duration</i>	<i>Aim</i>	<i>Area</i>	<i>Nature</i>	<i>Forces</i>	<i>Description</i>	<i>Results</i>
<i>Exercise RAINBOW TREK</i>	<i>31 Mar 03 - 12 Apr 03</i>	<i>Develop region- al co-operation in the field of peace- keeping and exer- cise joint command and control methodology with the French Forces in the Indian Ocean (FAZSOI)</i>	<i>Richards Bay and Hell's Gate</i>	<i>Command Post Exercise (CPX) and Field train- ing Exercise (FTX)</i>	RSA <i>RJTF East staff, Company 44 Parachute Regiment Company 121 Battalion, SAS OUT- ENIQUA, Harbour patrol boats</i> France <i>1 x frigate, 1 x landing ship, 1 x parachute company, Supporting elements</i>	<i>Practice beach landing, estab- lishment of Evacuation Control Centre, para- chute drop, evacuation of civilians</i>	<i>CPX plan- ning is com- plete at time of writing report. On site planning and FTX still to take place</i>
<i>Exercise OXIDE</i>	<i>6 - 12 Nov 02</i>	<i>Exercise search and rescue tech- niques in conjunc- tion with French Forces in the Indian Ocean</i>	<i>La Reunion Island</i>	<i>FTX</i>		<i>Practice com- bined multina- tional air and naval search and rescue ops</i>	<i>Successful</i>

<i>Exercise</i>	<i>Duration</i>	<i>Aim</i>	<i>Area</i>	<i>Nature</i>	<i>Forces</i>	<i>Description</i>	<i>Results</i>
<i>Exercise CHIFFON /AFRICAN SHIELD 03</i>	<i>Ongoing planning. Exercise to take place in Nov 03</i>	<i>Exercise planning of UN mandated Chapter 6 type operation and con- duct war simulation thereof</i>	<i>Pretoria</i>	<i>CPX only</i>	RSA <i>Still to be deter- mined but includes Joint Senior Command and Staff Program learners</i> Britain <i>Approx 400 all ranks</i>	<i>Practice run- ning a com- bined HQ, conduct com- bined joint planning and war simulation of plans</i>	<i>Only initial planning has taken place</i>
<i>Exercise FLINT- LOCK</i>	<i>Ongoing planning. Exercise to take place in Jul 03</i>	<i>Exercise planning of humanitarian / disaster prepared- ness training</i>	<i>Bloemfon- tein / Army Combat Training Centre and Laaiplek (West Cape)</i>	<i>CPX and FTX</i>	RSA <i>Still to be deter- mined.</i> USA	<i>Practice exe- cution of a humanitarian disaster operation</i>	<i>Only initial planning has taken place</i>
<i>Exercise BLUE ANGEL</i>	<i>Ongoing planning. Exercise to take place in Jul/ Aug 03</i>	<i>Exercise planning of humanitarian/ disaster prepared- ness training</i>	<i>Zambia</i>	<i>CTX and FTX</i>	RSA <i>1 x C130, Command and control elements, Mobile air opera- tion teams</i>	<i>Practice humanitarian relief opera- tions and dis- tribution of food within Zambia</i>	<i>Only initial planning has taken place</i>



PART 4: FINANCIAL STATEMENTS

DEPARTMENT OF DEFENCE VOTE 21

MANAGEMENT REPORT for the year ended 31 MARCH 2003



Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General review of the state of financial affairs

1.1 Budget allocation (main allocation) Rm18 414,380.

1.1.1 The Defence Budget Vote for the financial year 2002/2003 was increased by Rm2 361,430 from the adjusted appropriation of the previous year, apportioned amongst the nine main programmes. As in previous years the Special Defence Account (41,4%) and Landward Defence (18,9%) received the biggest allocations. The smallest portion was allocated to the Defence Intelligence Programme (0,8%).

1.1.2 The planned progress with the development and delivery milestones of the Strategic Defence Procurement

Programme resulted in a marked increase in the allocation to the Special Defence Account. The estimated cost of the Strategic Defence Procurement Programme amounts to Rb47,933. Up to 31 March 2003 Rb12,647 has been paid, leaving a balance of Rb35,286 to be paid over the period ending 31 March 2012. These estimates are subject to the daily rate of exchange fluctuations of the four major currencies in which payments are made.

1.1.3 The planned progress with the development and delivery milestones of the Strategic Defence Procurement Programme resulted in a marked increase in the allocation to the Special Defence Account. The continued and increased involvement of the SA National Defence Force in peace support operations was the main reason for the escalation in the Command and Control programme. Transformation and restruc-

turing within the logistic, telecommunication and information technology functions necessitated an increase in the Joint Support Programme.

1.1.4 Allocations to personnel (34,4%) and transfer payments (42,6%) continued to dominate the Vote. Salaries and wages alone amounted to 24% of the total Vote making provision to pay approximately 75 000 full time military and civilian employees. Provision was made for wages and allowances for the Reserve Forces amounting to Rm146,335. Other items which received substantial allocations were rations (Rm287,875) and fuel (Rm218,651).

1.1.5 Other substantial allocations that require mention are Rm143,610 budgeted for medical consumables for a patient population of approximately 320 000, Rm44,000 budgeted for the peace support operation in the Democratic Republic of the Congo and Rm270,000 for the protection support detachment in Burundi. Rm209,441 was budgeted for Armscor, one of the two public entities under control of the Minister of Defence and

Rm24,211 for the payment to the Auditor-General for audit services rendered.

1.2 Adjustment Estimate: Rm430,354.

The Defence Vote was increased by Rm430,354 through the Adjustment Estimate as a result of the following:

1.2.1 The approval of roll-overs from the financial year 2001/2002 - Rm7,477.

1.2.2 Unforeseeable and unavoidable expenditure resulting from the expansion of the deployment in Burundi (Rm60,275), the requested participation in securing the World Summit on Sustainable Development (Rm14,810) and the offset of direct costs of deploying additional members of the Military Police in the Democratic Republic of the Congo as part of the United Nations peace keeping operation (Rm6,919) - Rm82,004.

1.2.3 Higher than expected salary increases and covering the effect of the increase in general inflation - Rm180,098

1.2.4 Re-allocation of the revenue of the Special Defence

Account - Rm160,775.

1.3 Thus the total adjusted Defence Budget Vote for the financial year 2002/2003 amounted to Rm18 844,734.

1.4 **Spending trend:** Spending for the Department in comparison with the previous two financial years was as portrayed in table 11.1.

The Department has for the fifth consecutive year achieved an immaterial under- expenditure. A roll-over claim for Rm6,453 has been submitted to the National Treasury for the financial year 2002/2003.

2. Services rendered by the Department.

2.1 **Tariff Policy.** Different tariffs exist in the Department depending on the service provided. Tariff structures are approved by National Treasury. Tariffs are determined by the Services and Divisions which provide the service and are approved by the Accounting Officer. A Departmental Tariff Policy is in the final stages of approval to be implemented during the financial year 2003/2004.

Table 11.1 Spending for the Department in comparison with the previous two financial years was as follows:

	2000/2001 Rm	2001/2002 Rm	2002/2003 Rm
Vote	13 909,843	16 052,950	18 844,734
Expenditure	13 900,166	16 042,743	18 833,702
Amount surrendered	9,677	10,207	11,032
Amount surrendered as percentage of Vote	0,07%	0,06%	0,06%

Table 11.2 The Department rendered the under-mentioned free services.

<i>Nature of service</i>	<i>Service rendered to</i>	<i>Estimated value Rm</i>
Lending of tents and furniture - (21 cases)	Organisations and individuals	0,030
Harbour services - (7 cases)	International navy ships	0,183
Transport services (3 cases)	International navy ships	0,001
Total		0,214

2.2 The Department rendered the free services indicated in table 11.2.

3. Capacity constraints

3.1 The Department was able to meet all its commitments within the allocated Departmental Vote, however budget constraints did have a negative effect on the condition of military facilities, adversely affecting the operational readiness, morale and working conditions of the Department.

3.2 The skills shortage in specialised areas and musters remain a challenge for the Department.

4. Utilisation of donor funds

The Department did not directly receive any donor funds during the financial

year 2002/2003. Donations in assistance of peace support and other operations in Africa were made to the Reconstruction and Development Programme Fund. The cost for the operations were financed from the Departmental Vote.

5. Foreign aid assistance

Foreign aid assistance in the form of medical and other equipment and stores was received from the Government of the United States of America to the estimated value of Rm39,825 and the Government of the United Kingdom to the estimated value of Rm0,610 during the financial year. Because the transfer of ownership is still in progress, the donations are not disclosed in the financial statements as yet. Accurate disclosure will

be done in the financial statements for the financial year 2003/2004.

6. Public entities/ Trading entities

6.1 Public entities.

The Castle Control Board and the Armament Corporation of South Africa are reported as public entities under the ownership control of the Minister of Defence in Annexure 2A to the financial statements as previously. Both entities are directly controlled by a board of directors reporting to the Minister of Defence.

6.2 Trading entities.

The Trading Account for Medical Stock which was a controlled entity of the Department has been closed and the closing down audit was performed by the Auditor-General.

7. Other organisations to whom transfer payments have been made

7.1 Transfer payments were made to the following organisations:

Table 11.3 Transfer payments were made to the following organisations:

<i>Transferee</i>	<i>Reason for payments</i>	<i>Accountability arrangements</i>	<i>Voted 2002/2003 Rm</i>	<i>Expenditure 2002/2003 Rm</i>
Armaments Corporation of South Africa Ltd (Armcor)	To subsidise Armcor in their mission to meet the acquisition needs of the Department of Defence and other government departments for armament and related products and resources.	Armcor is a Schedule 2 Public Entity managed by a Board of Directors appointed by the Minister of Defence. The Accounting Officer of the Department serves on this Board. Armcor annually submits a business plan and estimate of expenditure, motivated by the General Manager Finance and Administration, Armcor at the Departmental Programme and Budget Evaluation Committee before funds are allocated to the Departmental Vote. Audited financial statements for the financial year 2001/2002 were submitted to request payment.	209,441	209,441
St Johns Ambulance Brigade	To subsidise ambulance services in South Africa and especially the use of services by the Military Health Service.	Audited financial statements for the financial year 2001/2002 were submitted to request payment.	0,095	0,036
SA First-Aid League	To subsidise first aid services and training in South Africa and especially the use of such services and training opportunities by the Military Health Service.	Audited financial statements could not be submitted for the financial year 2001/2002, consequently payment was withheld.	0,095	-
Medical Fund	To subsidise the Medical Fund B for Force members who retired before 1964.	Audited financial statements for the financial year 2001/2002 were submitted to request payments.	0,700	0,274

<i>Transferee</i>	<i>Reason for payments</i>	<i>Accountability arrangements</i>	<i>Voted 2002/2003 Rm</i>	<i>Expenditure 2002/2003 Rm</i>
Reserve Force Council (Previously the Part Time Force Council)	To subsidise the Reserve Force Council in their aim to secure community and private sector support for the Reserve Forces and to maintain a sound relationship and communication between the Reserve Forces, the Minister of Defence and the SANDF.	The Accounting Officer of the Department is represented on the National Council. The Council annually submits a business plan and estimate of expenditure before funds are allocated on the Departmental Vote. Audited financial statements for the financial year 2001/2002 were submitted to request payment.	1,938	1,938
Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA)	To subsidise the administrative expenditure of the DIDTETA which acts as the Sector Educational and Training Authority (SETA) for Defence in terms of the Skills Development Act, 1998.	Audited financial statements for the financial year 2001/2002 were submitted to request payment.	5,400	5,317
Province of the Northern Cape: Department of Housing and Local Government	Contribution for the relocation of the San Community from Schmidtsdrift to Platfontein.	Audited financial statements for the financial year 2001/2002 were submitted to request payment.	3,400	3,400
Special Defence Account	The acquisition of armament.	Under control of the Accounting Officer of the Department of Defence. Financial statements attached to this report.	7 786,232	7 786,232
Total			8 007,301	8 006,638

8. Corporate governance arrangements

8.1 Risk management.

A risk management approach has been established at the Defence Inspectorate. Eleven major risk areas were

identified and prioritised on an expected loss indicator matrix that serves to direct the focus of audit activities. It is envisaged that the Departmental Risk Management Programme will overtake this risk register for the

financial year 2003/2004.

8.2 Fraud prevention.

An Anti-fraud Directorate was established at the beginning of 2003. This Directorate will contribute to the Departmental Anti-fraud Strategy and

though already functional, is in the process to refine its mandate, legislative powers and work procedures and finalising its staffing. Officers Commanding are required to be fully involved in the execution of the anti-fraud strategy and plan.

8.3 Internal Audit.

The recent re-alignment of the Defence Inspectorate to better comply with legislation and other prescripts has resulted in a more functional integration of its audit activities. The audit activities now focus on both compliance and performance audits and are directed by the above mentioned risk register. The Defence Inspectorate has recently been staffed to 91% of the requirement that directly contributes to execution of the audit function. The vacant posts are expected to be fully staffed in the immediate future.

8.4 Audit Committee.

The Audit Committee is functional and has to date had four scheduled meetings and one special meeting. A programme that covers all the areas of responsibilities and reporting is in place. This will improve the effectiveness of the Audit Committee. The involvement of the Audit Committee was also sought in the preparation and subsequent approval of the Defence Inspectorate Strategic Plan. The Audit Committee interacts with the Auditor-General. The Audit Committee has commented on the financial statements for this financial year.

8.5 Management bodies.

The Minister of Defence

directs and controls the Defence function through the Council of Defence. The Secretary for Defence and the Chief of the National Defence Force implements ministerial directives through the Defence Staff Council. Various subordinate boards and committee serve these Councils. A formal strategic direction and control process is followed to enhance managerial effectiveness and eliminate conflicts of interest.

8.6 Code of conduct.

All personnel in the employ of the Department have signed into effect the appropriate military and civilian code of conduct. It has since become part of the military tradition to read out aloud the Codes of Conduct during military parades and other similar gatherings.

8.7 Occupational health and safety.

The Surgeon General is the delegated authority for occupational health and safety matters and undergoes regular audit in this regard. Officers Commanding provide direction and manage occupational health and safety issues through compulsory forums for their units.

8.8 Environmental matters.

The Chief of Joint Support is the delegated authority for environmental matters and also undergoes audit in this regard. Officers Commanding undergo training in environmental management using a manual relating to regulatory requirements.

9. Activities to be discontinued

Activities to be discontinued are described in the Annual Report.

10. New matters

10.1 The MONUC Phase II deployment of 150 members in the Democratic Republic of the Congo was extended till April 2004.

10.2 The deployment of twelve members to the ULMEE and OLMEE missions in Ethiopia/Eritrea was extended to 31 March 2004.

10.3 The deployment of 800 members to Burundi was extended to June 2003. The mandate of the mission will however change to become the African Mission with the participation of Mozambique, Ethiopia and South Africa, with the latter as the lead nation.

10.4 The deployment of 18 members to the Comores over the period 8 April 2002 to 10 June 2002 as observers to the general elections.

11. Proposed activities

Proposed activities are described in the Annual Report.

12. Progress with financial management improvement

The following actions have been taken to improve financial management:

12.1 An audit of internal control

systems regarding compliance with the financial management regulatory framework and the implementation of corrective projects where necessary.

- 12.2 Refinement of the budget control system to assure a spent budget with minimal improprieties.
- 12.3 Development and implementation of systems for risk, loss, audit and financial misconduct management and reporting.
- 12.4 Implementation of a comprehensive education training and development programme to professionalise financial management staff.

13. Performance information

- 13.1 The Departmental Strategic Business Plan reflects ministerial direction by detailing the different programmes, strategic objectives, outputs and performance indicators. All other business plans are aligned with the Departmental Strategic Business Plan. The Departmental Programme and Budget Evaluation Committee serves as the coordinating body for this process.
- 13.2 Performance agreements, service agreements, delegations and/or instructions are aligned with the business plans to ensure system integration and integrity of plans and budget. The responsibility for this activity is shared between the Policy and Planning and the Corporate Staff divisions.
- 13.3 Performance is measured through the quarterly and

annual reporting processes. Performance against plan is reported to the Defence Staff Council and lower order command and management bodies. The Department presently lacks the ability to produce in-time performance data due to the absence of a strategic control system. A balanced scorecard approach is presently being considered as an option.

- 13.4 Performance assessments for all members are conducted in terms of the Senior Management System and new performance management system. The assessment of military as well as civilian members is included in one system. The Department will be able to complete the process for inclusion in the new pay progression system commencing on 1 July 2003.
- 13.5 Performance improvement initiatives are encouraged through the Performance and Service Delivery Improvement Programme (Batho Pele) which was instituted by means of a departmental instruction. Total Quality Management principles are applied within normal management practices and suggestions are rewarded through application of the SA Excellence Model. International Standards Organisation standards for inspections and audits were adopted by the Chief Executive Audit of the Department.

14. Other

- 14.1 **Control system inadequacies.**
 - 14.1.1 Lack of control in recording leave taken from the inception of the leave accumula-

tion dispensation for the public sector has resulted in unjustified leave credits thus accumulated leave days not taken over the period. The resultant reported contingent liability for leave is larger than appropriate. It is not feasible to make corrections because of the duration of this dispensation. The related annual expenditure i.e. leave gratuities and discounted leave is consequently greater than appropriate. The leave accumulation dispensation was terminated on 30 June 2000 for civilians and on 31 March 2002 for the military. The periodic discounting of accumulated leave was introduced to, amongst other reasons, reduce the long term liability. Some additional measures have already been implemented whilst others are being considered to tighten control measures.

- 14.1.2 Weaknesses in the physical asset management system in general and the stock management system in particular have resulted in the inaccurate and/or lack of disclosure in notes to the financial statements and related annexures. Various factors such as new reporting requirements of National Treasury, multiple logistic information systems, insufficient funds to install logistic information systems at all units, inadequately skilled personnel, ineffective responsibility/accountability arrangements and weak enforcement of prescribed practices have all resulted in a weakened physical asset management system. Specific intervention measures such as restructuring reporting relationships and responsibilities to bolster accountability, ensuring the legal enforceability of pre-

scribed practices and the training of both logistic functionaries and line managers are being prepared and implemented. Examples of information not being able to report on are:

- 14.1.2.1 Information regarding leases cannot be provided accurately and is consequently omitted from the statements.
- 14.1.2.2 Information regarding physical- and intangible asset movement cannot be provided, consequently the required schedules are not submitted.
- 14.1.2.3 The amount for accruals for creditors in the financial statements is understated. The understatement cannot be quantified.
- 14.1.2.4 Information regarding gifts, donations and sponsorships of a social nature is not provided because such cases are not necessarily recorded. Steps have been taken to keep record in the future for disclosure purposes.
- 14.1.3 The Secretary for Defence has lacked organisational capacity in support of his responsibility as Accounting Officer since 1998 when top level departmental restructuring took place. The Minister for Defence is considering corrective measures to reinstate the organisational capacity and reporting relationships in support of the Accounting Officer. Implementation will be finalised during 2003.

14.2 Financial management compliance.

Two financial management compliance projects are envisaged in the medium term.

- 14.2.1 A project to determine the impact of Generally Recognised Accounting Practices (GRAP) appropriate to defence institutions, then testing the potential of current information systems to comply therewith. The objective is to determine which direction to take to obtain compliant information systems. The project will be completed by the end of the financial year 2003/2004.

- 14.2.2 A follow-up project to implement the adopted direction to obtain GRAP compliant information systems. This will be a medium to long term project.

14.3 Economic classification of expenditure.

In the Estimate of National Expenditure 2002 the majority of the Defence Vote was classified and appropriated as current expenditure, according to international Government Financial Statistics (GFS) standards developed by the International Monetary Fund. The National Treasury specimen Annual Financial Statements for Provincial and National Departments for the year ended 31 March 2003 however requires a different classification between capital and current expenditure. In preparing the financial statements for the financial year 2002/2003 the Department used the same classification

for recognition and disclosure purposes in the financial statements as was used for the approval of the Departmental Vote because the Department's Financial Management System does not provide for a change of the classification during the year. The Department will engage the National Treasury in discussions regarding the alignment of the economic classification used in the Estimate of Expenditure and Financial Statements for the Department of Defence and if necessary, introduce system enhancements to facilitate the requirement.

14.4 Inter-departmental debt.

The verification of inter-departmental debt between National Departments remains a problem. This Department will endeavour to create an inter-departmental forum, under the auspice of the National Treasury, where debt between departments could be reconciled on a monthly basis.

Approval

The annual financial statement have been approved by the Accounting Officer.



(J.B. MASILELA)
SECRETARY FOR DEFENCE:
DIRECTOR-GENERAL

Date: 31 MAY 2003

PART V: REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 21 - DEFENCE FOR THE YEAR ENDED 31 MARCH 2003



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 159 to 216, for the year ended 31 March 2003, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the Accounting Officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free

of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations that came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Inventory - R6 615 063 000

In note 5.1 to the financial

statements inventories on hand at year-end was disclosed as R6,6 billion. Owing to the nature of the Department of Defence's (DOD) records I was unable to verify the accuracy and completeness of this amount. Furthermore, the DOD could not submit evidence to substantiate this amount, except that the figure was extracted by the State Information Technology Agency (SITA) from the LOGEIS management information system.

The unreliability and unavailability of consolidated logistical information resulted, amongst others, from the following:

- (a) The audit conducted on the management of inventories, machinery and equipment revealed the same weaknesses in internal controls as reported on in prior years and existed in all main processes of asset management. The following findings need to be mentioned:
- Registers for receipt and issue vouchers were not properly maintained.
 - The recording of stores and equipment was not done completely and accurately, resulting in discrepancies between physical stock on hand and general ledger.
 - The access to, control over, storage of, and custody and care of assets were not sufficient. This resulted in unauthorised access to stores, decaying and deterioration of stock, as well as inadequate fire-prevention and fire-fighting equipment.
 - In certain instances no handing and taking over certificates were completed

during the changing of responsibilities.

- (b) There was a lack of enforcement of existing policies and procedures mainly due to the fact that all personnel responsible for the management of stock and equipment were not accountable to management responsible for asset management.
- (c) The logistical accounting system consisted of three computerised systems and a manual system that are not integrated, with the result that stock balances were not reliable or readily available. Only 29 per cent of units in the DOD were computerised.
- (d) Of all the self-accounting units only 66 per cent performed stocktakings and subsequently submitted stocktaking certificates. In some of these cases the certificates were reported as not credible. The total value of stock counted for the financial year could not be submitted to audit. In the case of units that had computerised system values as per stocktaking certificates, values differed materially from those values as per the LOGEIS management information system (inventories, machinery and equipment), whilst no values could be placed on the inventories, machinery and equipment of units that maintained manual systems without stocktaking certificates having been submitted.

The findings of the audit is also confirmed in paragraph 14.1.2 of the DOD management report.

4. QUALIFIED AUDIT OPINION

In my opinion, except for the

effect on the financial statements of the matters referred to in paragraph 3.1, the financial statements fairly present, in all material respects, the financial position of the department at 31 March 2003 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in a manner required by the Public Finance Management Act of 1999.

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Foreign aid assistance

- (a) *Foreign aid received in cash:* With reference to paragraph 4.1.1(a) on page 140 of the previous report [RP 162/2002], the amount of R3,569 million for which the DOD could not supply substantiating documentation was still in the process of being audited and will be reported on, if necessary, in my next report.
- (b) *Local and foreign aid received in kind:* With reference to paragraph 4.1.1(b) on page 140 of the previous report [RP 162/2002], there was still no system in place during the financial year for the recording and collation of local and foreign aid assistance received in kind. Furthermore, no supporting documentation could be provided with regard to an amount of R3 680 million of a total of R4 653 million, which was disclosed as foreign aid assistance in note 3 to the financial statements.

5.2 Purchases and payables

- (a) *Accruals:* Paragraph 14 of the Statement of Accounting Policies states that accruals represented goods/services that have been delivered, but for which no invoice has been received from the supplier at year-end, or where an invoice has been received it remained unpaid at year-end. Accruals, disclosed at an amount of R6,022 million in note 28 to the financial statements, represented only goods/services that have been delivered and an invoice has been received, but the amount remained unpaid at year-end. The amount did not include goods/services received during the year for which no invoice has been received and the amount remained unpaid at the year-end. The accounting systems in place at the DOD did not allow for the generation of this information. This has resulted in an understatement of the amount disclosed as accruals. I am unable to quantify the amount of the understatement.
- (b) *Leases:* Attention is drawn to paragraph 13 of the Statement of Accounting Policies and related matters and paragraph 5 of the detailed guidance on notes for disclosure as included in the *Guide for the preparation of annual reports of departments*, which require appropriate disclosure of certain information regarding leases entered into by the DOD. Notwithstanding the commitment given by the DOD to properly disclose the aforementioned matter and as was reported on in paragraph 4.1.2(b) on page 140 of the

previous report [RP 162/2002], the DOD was still unable to provide the required information.

5.3 Contingent liabilities

Leave entitlement: The short-term employee benefit, leave entitlement of R1,366 billion (2002: R1,025 billion) as disclosed in note 26 to the financial statements, was calculated based on the accumulated leave days recorded on the leave administration system. As a result of the findings mentioned in paragraph 5.4(b) I could not reach a conclusion on the correctness of the leave entitlement and therefore the accuracy of the amount disclosed. However, the Accounting Officer, in paragraph 14.1.1 of his management report, refers to additional measures being considered to tighten control measures in this regard.

5.4 Personnel expenditure

- (a) *Supplementary remuneration:* An audit conducted on the payment of supplementary remuneration revealed that internal control measures are not being adhered to. The audit findings were brought to the attention of the DOD and were resolved in some respects. However, the following need to be mentioned:
- *Overtime*
Hours worked were incorrectly transferred from time sheets to the Personnel Expenditure Remuneration Soldiers Pay (PERSOL) system. There was an error rate of 20 per cent in the representative sample audited.

There was also a limitation in the controls, as hours paid were not reconciled to the hours authorised.

- (b) *Leave credits and leave administration:* The internal controls in respect of the leave administration system are still considered to be inadequate. The following findings similar to those reported on paragraph 4.1.4 (b) of my previous report need to be mentioned:

- Leave application forms were not captured on the computerised leave system on time, they were not filed regularly in leave files of members and section heads did not approve it.
- Parade registers were not completed daily, approved as prescribed and/or reconciled with the leave system.
- Leave registers were not used as prescribed.
- The leave days on the Persol system did not always agree with the leave registers.
- No internal control measures were included in the computerised leave system to ensure that only leave, to which a person is entitled, can be taken.

Taking the above into account, the inefficiencies surrounding the administration of leave impacted on the following amounts in the financial statements as the number of leave days was used in the calculation of the amounts:

Table 13.1. Number of leave days taken

Discounting of leave	R 3,2m
Leave gratuities (included in gratuities of R52,5m)	R45,4m
Leave entitlement (note 30 to financial statements)	R 4,1m
Rand value included in the line item personnel costs as per income statement	R52,7m

In this regard the Accounting Officer in his management report, paragraph 14.1.1, confirms that the contingent liability for leave is larger than appropriated.

- (c) *Employment equity:* A comparison of actual strength per level to equity targets for the entire department indicated that the lower structure of the Department of Defence was predominantly black African, while the senior management structure and professional staff were predominantly white. Senior management whites represented 61 per cent against an average of 24 per cent for the other national departments.
- (d) *Consultants:* The Department of Defence has not yet implemented a final policy on the management and utilisation of consultants.
- (e) *Employees on suspension:* At 31 March 2003, 21 employees had been suspended with full pay for more than the three-month benchmark period resulting in a total cost of R4,2 million to the Department of Defence. Ten of the 21 members have been on suspension with full pay for more than 12 months at 31 March 2003.
- (f) *System of discipline:* A complete and accurate list of all disciplinary actions within the DOD could not be obtained.

Information obtained from various divisions within the DOD was incomplete, inaccurate and could not be compared to prior year figures.

5.5 Revenue and receivables

- (a) *Departmental income:* As mentioned in note 2 to the income statement, departmental income generated for the financial year under review amounted to R352 277 000 (including R160 775 000 Special Defence Account revenue), compared with R126 601 000 of the previous year. The audit again revealed the inefficient application of the internal controls to ensure completeness and accuracy of income.
- (b) *Debtors and recoverable revenue:* The DOD could not supply substantiating documentation with regard to debtors amounting to R10 997 million included in the line item: receivables (current assets) in the balance sheet of the department, which originated from the previous debtor system. This system was in the process of being replaced by a new debtors system. This also resulted in my office not being able to verify recoverable revenue suspense accounts (a portion of the credit entry) amounting to R7 546 million, included in the line item: recoverable rev-

enue (part of equity) in the balance sheet of the department.

5.6 Asset management

- (a) *Physical and intangible asset movements schedules (Annexure 4 & 5):* The above annexures as prescribed by the National Treasury in the *Guide for the preparation of annual reports of departments*, could not be supplied by the DOD and were therefore not subjected to auditing during the year under review. In this regard attention is drawn to paragraph 14.1.2 of the DOD management report.
- (b) *Biological assets:* Attention is drawn to note 35 to the financial statements where horses and dogs are disclosed at unit prices of R100 and R25 respectively. This is not in line with the *Guide for the preparation of annual reports of departments*, which requires horses and dogs to be disclosed at fair value.
- (c) *Excessive stock level:* In the DOD's appearance before the Standing Committee on Public Accounts (SCOPA) on 5 March 2003, SCOPA expressed certain concerns and asked certain questions regarding the excessive stock levels of the department. The DOD in turn made certain commitments regarding feedback and the imple-

mentation of corrective measures on the aforementioned concerns/questions.

At the time of compiling this report the feedback to SCOPA, and implementation of correct measures were not at a stage which warranted an audit yet. However, my office will monitor this process and report thereon in the 2003/2004 financial year.

5.7 Land and buildings

The audit conducted on land and buildings revealed the following:

- (a) The information as per DoD records did not correlate with information received from the Department of Public Works.
- (b) Furthermore, the following are examples of audit findings revealed at some of the audit points visited during the year under review:
 - Houses considered uninhabitable were occupied without the knowledge of the housing officer.
 - Properties, supposedly made available for the use of DOD personnel, were occupied by civilians at a fixed rate of R250 per month inclusive of water and electricity. However, DOD personnel were required to pay seven per cent of their salaries, which exceeded the fixed rental of the civilians.
 - Civilian occupants were not issued with receipts when rentals were paid.
 - No proper list/register of occupants occupying houses existed.

- Many houses require significant repairs and maintenance.
- The Department of Defence or Public Works maintained none of the houses at one of the units visited.
- Lease agreements/contracts were not always in place.

5.8 National Conventional Arms Control Committee (NCACC)

(a) Statutory Mandate

The NCACC was instituted to have control over arms development and production and is controlled by the Armaments Development and Production Act, 1968 (Act No. 57 of 1968) and the Cabinet Memorandum 19 of 1995 dated 18 August 1995.

The current structures in place were evaluated and uncertainty exists whether the Minister of Defence, in terms of the act, or the NCACC, in terms of the cabinet memo, has the power to delegate responsibilities and functions to the Directorate Conventional Arms Control (DCAC) situated within the DOD structure and the scrutiny committee - recommendation unit which is currently performing delegated functions on behalf of the NCACC.

(b) Audit findings

With the execution of the compliance audit I also noted with concern that:

- The DCAC issued permits, excluding contracting permits, to the indus-

try before the scrutiny committee made the recommendations to the NCACC and before the NCACC approved the issuing of the permits.

- Neither the Minister of Defence nor the NCACC approved the policy or procedural documents that are currently used by the DCAC and the scrutiny committee.
- No constitutions are in place to regulate the functioning of the NCACC or the scrutiny committee.
- The attendance of the NCACC and scrutiny committee meetings was found to be below 40 per cent for portfolio holders.
- As previously reported the proposed inspectorate function is not in place yet.

As uncertainty existed with regard to the delegations to the DCAC and the scrutiny committee the DOD has undertaken to take corrective steps and to obtain a legal opinion regarding these delegations. The legal opinion may have an influence on the findings as indicated above.

Furthermore, it came to my attention that, through Armscor, a German company was authorised by the NCACC to destruct or demilitarise military small arms ammunition. However, the German company sold portions of the consignment directly to third parties without taking the ammunition through a process of destruction or demilitarisation. At the time of compiling this report this matter was still in the

process of being investigated and, if necessary, will be reported on in my next report.

The audit did not include the following:

- The validation of end-user certificates, as it was not physically possible to verify the intended end users.
- Control evaluation at developing and manufacturing companies.
- Compliance visits reports, conclusions and recommendations.

5.9 Service Corps

With reference to paragraph 4.2.8 on page 144, of the previous report [RP 162/2002], the Service Corps is still not able to address the shortcomings relating to its future and direction that were under scrutiny by means of workshops held during the period January 2002 to July 2002.

Options for placement of the Service Corps in the broader Public Sector have not yet been concluded. The DOD indicated that an approved proposal in terms of the end product of the Service Corps would be made available in May 2003. However, at the time of compiling this report this proposal was still in process.

Options for a migrated and state of the Service Corps were still to be concluded on by the Minister of Defence. This matter is of a concern to me, specifically because of the amounts involved and the

fact that I have been reporting on the matter for four consecutive years.

5.10 Closing of the Trading Account for Medical Stock (TAMS)

With reference to paragraph 4.1.1 on page 197 of the previous report [RP 162/2002] it can be reported that the winding down process of the TAMS had been finalised during the year under review.

5.11 General matters of concern

I draw attention to the following matters as mentioned by the Accounting Officer in his management report for the year ended 31 March 2003:

- (a) *Capacity constraint:* In paragraph 3.1 of his management report the Accounting Officer mentions that budget constraints had a negative effect on the conditions of military facilities, adversely affecting the operational readiness, morale and working conditions of the department.
- (b) *Performance information:* In paragraph 13.3 of his management report the Accounting Officer mentions that the department presently lacks the ability to produce in time performance data due to the absence of a strategic control system. A balanced scorecard approach is presently being considered as an option.
- (c) *Organisational capability:* In paragraph 14.1.3 the Secretary for Defence, indicates that he has lacked organisational capacity in support of his responsibility

as Accounting Officer since 1998. The Minister of Defence is considering reinstating the organisational capacity and reporting relationship in support of the Accounting Officer.

I will consider the effect on my audit of the above-mentioned matters, during the planning process of the DOD audit, for the 2003/2004 financial year.

5.12 Financial management project

I would also like to draw attention to paragraph 14.2.1 of the aforementioned management report that indicates that the DOD has taken proactive measures in determining to which extent current information systems within the department would be able to accommodate Generally Recognised Accounting Practise (GRAP).

The follow-up project would then be to obtain GRAP compliant information systems. The department must be complimented on the proactive initiative taken in this regard.

6. APPRECIATION

The assistance rendered by the staff of Defence during the audit is sincerely appreciated.

Shaupet Fakie

S A FAKIE
Auditor-General

Pretoria
29 July 2003

DEPARTMENT OF DEFENCE VOTE 21

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 MARCH 2003



The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised

when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National Revenue Fund.

**DEPARTMENT OF DEFENCE
VOTE 21**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 MARCH 2003**

3. Donor Aid

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular and fruitless and wasteful expenditure

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or
- expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act,

- the State Tender Board Act, or any regulations made in terms of this act, or

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined.

6. Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2003 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement. Physical assets acquired are expensed i.e. written off in the income statement when the payment is made.

8. Investments

Marketable securities are carried at market value. Market value is calculated by

reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the directors, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

Increases in the carrying amount of marketable securities classified as non-current assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same marketable security are charged to the income statement. Increases/decreases in the carrying amount of marketable securities classified as current assets are credited/charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement. On disposal of a marketable security classified as a non-current asset, amounts in revaluation and other reserves relating to that marketable security, are transferred to retained earnings.

**DEPARTMENT OF DEFENCE
VOTE 21**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 MARCH 2003**

9. Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

10. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised

in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

11. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to the National Revenue Fund or another party.

12. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

13. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

14. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, OR an invoice has been received but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed.

15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

DEPARTMENT OF DEFENCE VOTE 21

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 MARCH 2003

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. 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.

Medical benefits

The department provides medical benefits for certain of its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contri-

butions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Retirement medical benefits for retired civil servants are expensed when the payment is made to the fund.

16. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, or deposits paid on behalf of employees of a foreign mission, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the National Revenue Fund.

17. Recoverable revenue

Recoverable revenue represents payments made and

recognised in the income statement as an expense in previous years, which have now become recoverable from a debtor due to non-performance in accordance with an agreement.

Repayments are transferred to the National Revenue Fund as and when the repayment is received.

18. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

**DEPARTMENT OF DEFENCE
VOTE 21**

**APPROPRIATION STATEMENT
for the year ended 31 MARCH 2003**

Programme	Programme						2001/02	
	2002/03						Revised Allocation	Actual Expenditure
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	R'000	R'000
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1. Administration								
Current	585 420	7 154	592 574	592 574	-	0.00	532 750	531 781
2. Landward Defence								
Current	3 543 539	(38 657)	3 504 882	3 504 882	-	0.00	3 421 691	3 416 052
3. Air Defence								
Current	2 040 438	6 512	2 046 950	2 046 950	-	0.00	1 946 099	1 946 029
4. Maritime Defence								
Current	977 506	(7 658)	969 848	969 848	-	0.00	902 342	902 342
5. Medical Health Support								
Current	1 159 135	54 139	1 213 274	1 213 274	-	0.00	1 036 819	1 036 819
6. Defence Intelligence								
Current	142 862	(10 131)	132 731	132 731	-	0.00	139 176	138 585
7. Joint Support								
Current	1 985 284	(8 004)	1 977 280	1 974 801	2 479	(0.13)	1 834 117	1 833 180
8. Command and Control								
Current	624 318	(29 561)	594 757	588 303	6 454	(1.09)	390 831	390 736
9. Special Defence Account								
Current	7 786 232	-	7 786 232	7 786 232	-	0.00	5 830 075	5 830 075
10. Special functions: authorised losses								
Current	-	26 206	26 206	26 206	-	0.00	19 050	19 050
Total	18 844 734	-	18 844 734	18 835 801	8 933	(0.05)	16 052 950	16 044 649

Direct charge against the National Revenue Fund	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1. Provinces Equitable Share	-	-	-	-	-	0.00	-	-
State Debt Costs	-	-	-	-	-	0.00	-	-
Total	-	-	-	-	-	0.00	-	-

**DEPARTMENT OF DEFENCE
VOTE 21**

**APPROPRIATION STATEMENT
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	18 789 708	-	18 789 708	18 782 591	7 117	(0.04)	15 981 183	15 972 882
Personnel	6 579 735	62 301	6 642 036	6 642 036	-	0.00	6 159 148	6 159 149
Transfer payments	8 007 301	-	8 007 301	8 006 638	663	(0.01)	6 041 389	6 040 564
Other	4 202 672	(62 301)	4 140 371	4 133 917	6 454	(0.16)	3 780 646	3 773 169
Capital	55 026	-	55 026	53 210	1 816	(3.30)	71 767	71 767
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	55 026	-	55 026	53 210	1 816	(3.30)	71 767	71 767
Total	18 844 734	-	18 844 734	18 835 801	8 933	(0.05)	16 052 950	16 044 649

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	6 579 735	62 301	6 642 036	6 642 036	-	0.00	6 159 148	6 159 149
Administrative	627 800	(15 008)	612 792	612 792	-	0.00	496 016	496 016
Inventories	1 056 900	(80 667)	976 233	976 233	-	0.00	885 747	885 744
Equipment	326 088	77 421	403 509	397 055	6 454	(1.60)	348 080	340 605
Land and buildings	5 882	1 690	7 572	7 572	-	0.00	5 185	5 186
Professional and special services	2 230 178	(62 556)	2 167 622	2 165 806	1 816	(0.08)	2 093 507	2 093 507
Transfer payments	8 007 301	-	8 007 301	8 006 638	663	(0.01)	6 041 389	6 040 564
Miscellaneous	10 850	(9 387)	1 463	1 463	-	0.00	4 828	4 828
Special functions: authorised losses	-	26 206	26 206	26 206	-	0.00	19 050	19 050
Total	18 844 734	-	18 844 734	18 835 801	8 933	(0.05)	16 052 950	16 044 649

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 1 - ADMINISTRATION
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Minister								
Current	685	-	685	685	-	0.00	646	646
1.2 Deputy Minister								
Current	557	-	557	557	-	0.00	525	525
1.3 Political Direction								
Current	21 737	(10 075)	11 662	11 662	-	0.00	8 089	9 260
1.4 Departmental Direction								
Current	5 121	(841)	4 280	4 280	-	0.00	3 281	3 281
1.5 Policy and Planning								
Current	39 858	(350)	39 508	39 508	-	0.00	34 905	34 905
1.6 Financial Services								
Current	146 826	(7 357)	139 469	139 469	-	0.00	126 940	124 800
1.7 HR Support Services								
Current	191 271	28 459	219 730	219 730	-	0.00	193 623	193 623
1.8 Legal Services								
Current	59 613	(5 004)	54 609	54 609	-	0.00	47 245	47 245
1.9 Inspection Services								
Current	21 202	(1 777)	19 425	19 425	-	0.00	16 808	16 808
1.10 Acquisition Services								
Current	23 610	2 551	26 161	26 161	-	0.00	38 305	38 305
1.11 Corporate Communications								
Current	18 687	(2 872)	15 815	15 815	-	0.00	14 678	14 678
1.12 SANDF Command and Control								
Current	7 222	(1 567)	5 655	5 655	-	0.00	5 937	5 937
1.13 Religious Services								
Current	3 328	(351)	2 977	2 977	-	0.00	3 010	3 010
1.14 Part Time Component								
Current	6 359	600	6 959	6 959	-	0.00	6 381	6 381
1.15 Defence Foreign Liason								
Current	39 344	6 129	45 473	45 473	-	0.00	32 377	32 377
1.16 Income								
Current	-	(391)	(391)	(391)	-	0.00	-	-
Total	585 420	7 154	592 574	592 574	-	0.00	532 750	531 781

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 1 - ADMINISTRATION
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	585 420	7 154	592 574	592 574	-	0.00	532 750	531 781
Personnel	443 030	12 002	455 032	455 032	-	0.00	411 746	411 746
Transfer payments	-	-	-	-	-	0.00	-	-
Other	142 390	(4 848)	137 542	137 542	-	0.00	121 004	120 035
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	585 420	7 154	592 574	592 574	-	0.00	532 750	531 781

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	443 030	12 002	455 032	455 032	-	0.00	411 746	411 746
Administrative	61 158	10 911	72 069	72 069	-	0.00	50 241	50 241
Inventories	29 223	(15 539)	13 684	13 684	-	0.00	10 836	10 836
Equipment	16 837	14 440	31 277	31 277	-	0.00	24 805	23 836
Land and buildings	703	3 005	3 708	3 708	-	0.00	419	419
Professional and special services	34 119	(17 333)	16 786	16 786	-	0.00	34 460	34 460
Transfer payments	-	-	-	-	-	0.00	-	-
Miscellaneous	350	(332)	18	18	-	0.00	243	243
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	585 420	7 154	592 574	592 574	-	0.00	532 750	531 781

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
2.1 Strategic Direction								
Current	183 216	(41)	183 175	183 175	-	0.00	204 449	204 449
2.2 Infantry Capability								
Current	1 545 003	(145 596)	1 399 407	1 399 407	-	0.00	1 510 065	1 504 426
2.3 Armour Capability								
Current	108 044	3 705	111 749	111 749	-	0.00	97 454	97 454
2.4 Artillery Capability								
Current	94 953	(2 472)	92 481	92 481	-	0.00	80 524	80 524
2.5 Anti-aircraft Capability								
Current	68 359	2 046	70 405	70 405	-	0.00	59 298	59 298
2.6 Engineering Capability								
Current	147 618	25 819	173 437	173 437	-	0.00	157 975	157 975
2.7 Operational Intelligence								
Current	53 025	(3 150)	49 875	49 875	-	0.00	45 143	45 143
2.8 Command and Control Capability								
Current	33 009	1 650	34 659	34 659	-	0.00	37 662	37 662
2.9 Support Capability								
Current	1 113 153	93 798	1 206 951	1 206 951	-	0.00	980 871	980 871
2.10 General Training Capability								
Current	139 409	(29 854)	109 555	109 555	-	0.00	113 263	113 263
2.11 Defence Commitments								
Current	57 750	11 223	68 973	68 973	-	0.00	59 297	59 297
2.12 Communications Capability								
Current	-	60	60	60	-	0.00	27	27
2.13 Infrastructure								
Current	-	9 847	9 847	9 847	-	0.00	68 876	68 876
2.14 VIP Protection and Ceremonial								
Current	-	-	-	-	-	0.00	6 787	6 787
2.15 Internal Services								
Current	-	(4 767)	(4 767)	(4 767)	-	0.00	-	-
2.16 Income								
Current	-	(925)	(925)	(925)	-	0.00	-	-
Total	3 543 539	(38 657)	3 504 882	3 504 882	-	0.00	3 421 691	3 416 052

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	3 543 539	(38 657)	3 504 882	3 504 882	-	0.00	3 421 691	3 416 052
Personnel	2 521 593	(14 287)	2 507 306	2 507 306	-	0.00	2 442 376	2 442 376
Transfer payments	-	-	-	-	-	0.00	-	-
Other	1 021 946	(24 370)	997 576	997 576	-	0.00	979 315	973 676
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	3 543 539	(38 657)	3 504 882	3 504 882	-	0.00	3 421 691	3 416 052

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	2 521 593	(14 287)	2 507 306	2 507 306	-	0.00	2 442 376	2 442 376
Administrative	113 961	19 689	133 650	133 650	-	0.00	136 010	136 010
Inventories	387 828	(57 715)	330 113	330 113	-	0.00	337 995	338 995
Equipment	68 188	5 737	73 925	73 925	-	0.00	107 135	101 496
Land and buildings	71	48	119	119	-	0.00	1 666	1 666
Professional and special services	451 898	7 277	459 175	459 175	-	0.00	396 305	395 305
Transfer payments	-	-	-	-	-	0.00	-	-
Miscellaneous	-	594	594	594	-	0.00	204	204
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	3 543 539	(38 657)	3 504 882	3 504 882	-	0.00	3 421 691	3 416 052

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 3 - AIR DEFENCE
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
3.1 Strategic Direction								
Current	4 574	(1 649)	2 925	2 925	-	0.00	34 260	34 260
3.2 Operational Direction								
Current	54 237	12 389	66 626	66 626	-	0.00	345 058	344 988
3.3 Helicopter Capability								
Current	222 788	17 870	240 658	240 658	-	0.00	215 549	215 549
3.4 Transport and Maritime Capability								
Current	166 038	5 845	171 883	171 883	-	0.00	149 270	149 270
3.5 Air Combat and Reconnaissance								
Current	237 436	(4 731)	232 705	232 705	-	0.00	197 010	197 010
3.6 Operational Support and Intelligence Capability								
Current	105 655	(7 363)	98 292	98 292	-	0.00	88 840	88 840
3.7 Command and Control Intelligence								
Current	128 291	2 393	130 684	130 684	-	0.00	136 260	136 260
3.8 Base Support Capability								
Current	453 188	48 247	501 435	501 435	-	0.00	391 832	391 832
3.9 Command Post								
Current	22 870	6 792	29 662	29 662	-	0.00	15 247	15 247
3.10 Training Capability								
Current	230 232	(31 353)	198 879	198 879	-	0.00	205 773	205 773
3.11 Technical Support Services								
Current	415 129	18 920	434 049	434 049	-	0.00	204 484	204 484
3.12 Internal Services								
Current	-	(47 408)	(47 408)	(47 408)	-	0.00	(28 856)	(28 856)
3.13 Income								
Current	-	(13 440)	(13 440)	(13 440)	-	0.00	(8 628)	(8 628)
Total	2 040 438	6 512	2 046 950	2 046 950	-	0.00	1 946 099	1 946 029

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 3 - AIR DEFENCE
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	2 040 438	6 512	2 046 950	2 046 950	-	0.0	1 946 099	1 946 029
Personnel	988 673	32 413	1 021 086	1 021 086	-	0.0	908 451	908 451
Transfer payments	-	-	-	-	-	0.0	-	-
Other	1 051 765	(25 901)	1 025 864	1 025 864	-	0.0	1 037 648	1 037 578
Capital	-	-	-	-	-	0.0	-	-
Transfer payments	-	-	-	-	-	0.0	-	-
Acquisition of capital assets	-	-	-	-	-	0.0	-	-
Total	2 040 438	6 512	2 046 950	2 046 950	-	0.0	1 946 099	1 946 029

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	988 673	32 413	1 021 086	1 021 086	-	0.00	908 451	908 451
Administrative	75 941	9 141	85 082	85 082	-	0.00	84 272	84 271
Inventories	219 256	(9 779)	209 477	209 477	-	0.00	175 169	175 169
Equipment	54 876	(15 556)	39 320	39 320	-	0.00	41 694	41 624
Land and buildings	-	-	-	-	-	0.00	-	-
Professional and special services	701 692	(9 883)	691 809	691 809	-	0.00	736 483	736 483
Transfer payments	-	-	-	-	-	0.00	-	-
Miscellaneous	-	176	176	176	-	0.00	30	31
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	2 040 438	6 512	2 046 950	2 046 950	-	0.00	1 946 099	1 946 029

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 4 - MARITIME DEFENCE
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
4.1 Maritime Direction								
Current	353 535	5 589	359 124	359 124	-	0.00	7 247	7 247
4.2 Maritime Combat Capability								
Current	101 490	(6 729)	94 761	94 761	-	0.00	7 418	7 418
4.3 Maritime Logistic Support Capability								
Current	165 577	(6 875)	158 702	158 702	-	0.00	11 534	11 534
4.4 Maritime Training Capability								
Current	131 176	(44 713)	86 463	86 463	-	0.00	10 208	10 208
4.5 Base Support Capability								
Current	211 693	37 908	249 601	249 601	-	0.00	16 393	16 393
4.6 Maritime Reserve Capability								
Current	14 035	1 260	15 295	15 295	-	0.00	621	621
4.7 Strategic Direction								
Current	-	5 511	5 511	5 511	-	0.00	118 731	118 731
4.8 Maritime Combat Capability								
Current	-	107	107	107	-	0.00	143 668	143 668
4.9 Maritime Logistic Support Capability								
Current	-	421	421	421	-	0.00	248 485	248 485
4.10 Base Support								
Current	-	16	16	16	-	0.00	206 089	206 089
4.11 Maritime Reserve Capability								
Current	-	147	147	147	-	0.00	119 387	119 387
4.12 Maritime Reserve Capability								
Current	-	-	-	-	-	0.00	10 264	10 264
4.13 Quality Assurance								
Current	-	-	-	-	-	0.00	2 884	2 884
4.14 Maritime Communications Capability								
Current	-	-	-	-	-	0.00	244	244
4.15 Internal Services								
Current	-	(56)	(56)	(56)	-	0.00	-	-
4.16 Income								
Current	-	(244)	(244)	(244)	-	0.00	(831)	(831)
Total	977 506	(7 658)	969 848	969 848	-	0.00	902 342	902 342

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 4 - MARITIME DEFENCE
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	977 506	(7 658)	969 848	969 848	-	0.00	902 342	902 342
Personnel	620 430	(47)	620 383	620 383	-	0.00	621 240	621 240
Transfer payments	-	-	-	-	-	0.00	-	-
Other	357 076	(7 611)	349 465	349 465	-	0.00	281 102	281 102
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	977 506	(7 658)	969 848	969 848	-	0.00	902 342	902 342

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	620 430	(47)	620 383	620 383	-	0.00	621 240	621 240
Administrative	46 714	2 341	49 055	49 055	-	0.00	34 563	34 563
Inventories	108 203	7 028	115 231	115 231	-	0.00	98 369	98 369
Equipment	48 407	(2 213)	46 194	46 194	-	0.00	35 666	35 666
Land and buildings	-	8	8	8	-	0.00	-	-
Professional and special services	153 752	(14 797)	138 955	138 955	-	0.00	112 279	112 279
Transfer payments	-	-	-	-	-	0.00	-	-
Miscellaneous	-	22	22	22	-	0.00	225	225
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	977 506	(7 658)	969 848	969 848	-	0.00	902 342	902 342

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 5 - MILITARY HEALTH SUPPORT
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
5.1 Strategic Direction								
Current	124 816	(30 647)	94 169	94 169	-	0.00	84 331	84 331
5.2 Military Health Support								
Current	44 788	637	45 425	45 425	-	0.00	27 841	27 841
5.3 Area Military Health Support								
Current	402 635	18 140	420 775	420 775	-	0.00	353 592	353 592
5.4 Specialist Health Support								
Current	474 603	6 660	481 263	481 263	-	0.00	464 417	464 417
5.5 Product Support Capability								
Current	31 785	37 221	69 006	69 006	-	0.00	44 292	44 292
5.6 Base Support Capability								
Current	6 559	24 047	30 606	30 606	-	0.00	13 410	13 410
5.7 Military Health Training								
Current	73 949	4 079	78 028	78 028	-	0.00	58 047	58 047
5.8 Internal Services								
Current	-	(349)	(349)	(349)	-	0.00	-	-
5.9 Income								
Current	-	(5 649)	(5 649)	(5 649)	-	0.00	(9 111)	(9 111)
Total	1 159 135	54 139	1 213 274	1 213 274	-	0.00	1 036 819	1 036 819

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 5 - MILITARY HEALTH SUPPORT
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	1 159 135	54 139	1 213 274	1 213 274	-	0.00	1 036 819	1 036 819
Personnel	762 364	12 216	774 580	774 580	-	0.00	688 512	688 512
Transfer payments	-	-	-	-	-	0.00	-	-
Other	396 771	41 923	438 694	438 694	-	0.00	348 307	348 307
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	1 159 135	54 139	1 213 274	1 213 274	-	0.00	1 036 819	1 036 819

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	762 364	12 216	774 580	774 580	-	0.00	688 512	688 512
Administrative	40 770	1 564	42 334	42 334	-	0.00	28 280	28 280
Inventories	194 293	4 259	198 552	198 552	-	0.00	182 664	182 664
Equipment	54 222	15 962	70 184	70 184	-	0.00	38 267	38 267
Land and buildings	1 300	(1 300)	-	-	-	0.00	-	-
Professional and special services	106 186	21 348	127 534	127 534	-	0.00	98 261	98 261
Transfer Payments	-	-	-	-	-	0.00	-	-
Miscellaneous	-	90	90	90	-	0.00	835	835
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	1 159 135	54 139	1 213 274	1 213 274	-	0.00	1 036 819	1 036 819

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 6 - DEFENCE INTELLIGENCE
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
6.1 Strategic Direction								
Current	112 549	(12 128)	100 421	100 421	-	0.00	107 122	106 531
6.2 Defence Intelligence Services								
Current	12 583	(2 474)	10 109	10 109	-	0.00	8 818	8 818
6.3 Defence Counter Intelligence Services								
Current	4 620	(1 028)	3 592	3 592	-	0.00	4 655	4 655
6.4 Foreign Military Relations								
Current	1 858	(718)	1 140	1 140	-	0.00	3 883	3 883
6.5 Defence Intelligence Support Services								
Current	8 705	7 044	15 749	15 749	-	0.00	14 042	14 042
6.6 Defence Intelligence Training								
Current	2 547	(804)	1 743	1 743	-	0.00	1 311	1 311
6.7 Income								
Current	-	(23)	(23)	(23)	-	0.00	(655)	(655)
Total	142 862	(10 131)	132 731	132 731	-	0.00	139 176	138 585

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 6 - DEFENCE INTELLIGENCE
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	142 862	(10 131)	132 731	132 731	-	0.00	139 176	138 585
Personnel	109 862	(5 488)	104 374	104 374	-	0.00	104 530	104 531
Transfer payments	-	-	-	-	-	0.00	-	-
Other	33 000	(4 643)	28 357	28 357	-	0.00	34 646	34 054
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	142 862	(10 131)	132 731	132 731	-	0.00	139 176	138 585

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	109 862	(5 488)	104 374	104 374	-	0.00	104 530	104 531
Administrative	10 008	(2 096)	7 912	7 912	-	0.00	11 581	11 583
Inventories	4 490	(742)	3 748	3 748	-	0.00	3 749	3 749
Equipment	6 389	(1 096)	5 293	5 293	-	0.00	6 631	6 036
Land and buildings	-	-	-	-	-	0.00	-	-
Professional and special services	12 113	(710)	11 403	11 403	-	0.00	12 676	12 676
Transfer payments	-	-	-	-	-	0.00	-	-
Miscellaneous	-	1	1	1	-	0.00	9	10
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	142 862	(10 131)	132 731	132 731	-	0.00	139 176	138 585

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 7 - JOINT SUPPORT
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
7.1 Joint Support Management								
Current	111 012	27 045	138 057	138 057	-	0.00	115 904	115 904
7.2 Joint Logistic Services								
Current	288 116	21 081	309 197	309 197	-	0.00	243 081	243 081
Capital	55 026	-	55 026	53 210	1 816	(3.30)	71 767	71 767
7.3 Command and Management Information Services								
Current	768 399	26 779	795 178	795 178	-	0.00	769 404	769 404
7.4 Military Policing								
Current	202 353	(12 035)	190 318	190 318	-	0.00	186 268	186 156
7.5 Service Corps								
Current	46 918	(659)	46 259	46 259	-	0.00	45 786	45 786
7.6 Acquisition Services								
Current	22 628	(768)	21 860	21 860	-	0.00	3 547	3 547
7.7 Joint Training								
Current	159 741	(4 998)	154 743	154 660	83	(0.05)	153 253	153 253
7.8 Assistance								
Current	4 290	-	4 290	3 710	580	(13.52)	2 322	2 322
7.9 Departmental Support								
Current	314 948	(64 501)	250 447	250 447	-	0.00	236 060	235 235
7.10 British Military Advisory and Training								
Current	11 853	1 523	13 376	13 376	-	0.00	6 725	6 725
7.11 Internal Services								
Current	-	(1 323)	(1 323)	(1 323)	-	0.00	-	-
7.12 Income								
Current	-	(48)	(148)	(148)	-	0.00	-	-
Total	1 985 284	(8 004)	1 977 280	1 974 801	2 479	(0.13)	1 834 117	1 833 180

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 7 - JOINT SUPPORT
for the year ended 31 MARCH 2003 (continued)**

Economic classification	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	1 930 258	(8 004)	1 922 254	1 921 591	663	(0.30)	1 762 350	1 761 413
Personnel	907 713	33 654	941 367	941 367	-	0.00	811 754	811 754
Transfer payments	221 069	-	221 069	220 406	663	(0.30)	211 314	210 489
Other	801 476	(41 658)	759 818	759 818	-	0.00	739 282	739 170
Capital	55 026	-	55 026	53 210	1 816	(3.30)	71 767	71 767
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	55 026	-	55 026	53 210	1 816	(3.30)	71 767	71 767
Total	1 985 284	(8 004)	1 977 280	1 974 801	2 479	(0.13)	1 834 117	1 833 180

Standard items classification	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	907 713	33 654	941 367	941 367	-	0.00	811 754	811 754
Administrative	101 047	(10 711)	90 336	90 336	-	0.00	102 144	102 144
Inventories	52 909	133	53 042	53 042	-	0.00	47 721	47 721
Equipment	52 026	9 682	61 708	61 708	-	0.00	46 641	46 527
Land and buildings	3 808	(72)	3 736	3 736	-	0.00	3 101	3 101
Professional and special services	636 212	(30 751)	605 461	603 645	1 816	(0.30)	609 034	609 035
Transfer payments	221 069	-	221 069	220 406	663	(0.30)	211 314	210 490
Miscellaneous	10 500	(9 939)	561	561	-	0.00	2 408	2 408
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	1 985 284	(8 004)	1 977 280	1 974 801	2 479	(0.13)	1 834 117	1 833 180

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
8.1 Command and Control								
Current	112 199	(2 653)	109 546	109 546	-	0.00	98 539	98 538
8.2 Special Operations								
Current	116 115	(755)	115 360	115 360	-	0.00	99 238	99 144
8.3 Ordered Operations								
UN Peace Mission in the DRC								
Current	50 919	(12 207)	38 712	38 712	-	0.00	45 686	45 686
Protection Support Detachment in Burundi								
Current	330 275	(61 886)	268 389	261 935	6 454	(2.40)	118 170	118 170
World Summit on Sustainable Development								
Current	14 810	(5 386)	9 424	9 424	-	0.00	-	-
Destruction of Small Arms and Ammunition								
Current	-	-	-	-	-	0.00	342	342
8.4 Internal Services								
Current	-	53 903	53 903	53 903	-	0.00	28 856	28 856
8.5 Income								
Current	-	(577)	(577)	(577)	-	0.00	-	-
Total	624 318	(29 561)	594 757	588 303	6 454	(1.09)	390 831	390 736

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL
for the year ended 31 MARCH 2003 (continued)**

<i>Economic classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Current	624 318	(29 561)	594 757	588 303	6 454	(1.09)	390 831	390 736
Personnel	226 070	(8 162)	217 908	217 908	-	0.00	170 541	170 541
Transfer payments	-	-	-	-	-	0.00	-	-
Other	398 248	(21 399)	376 849	370 395	6 454	(1.71)	220 290	220 195
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	624 318	(29 561)	594 757	588 303	6 454	(1.09)	390 831	390 736

<i>Standard items classification</i>	2002/03						2001/02	
	<i>Adjusted Appropriation</i>	<i>Virement</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>	<i>Savings/ Underspend (Excess)</i>	<i>Expenditure as % of revised allocation</i>	<i>Revised Allocation</i>	<i>Actual Expenditure</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>		<i>R'000</i>	<i>R'000</i>
Personnel	226 070	(8 162)	217 908	217 908	-	0.00	170 541	170 541
Administrative	178 201	(45 847)	132 354	132 354	-	0.00	48 927	48 927
Inventories	60 698	(8 311)	52 387	52 387	-	0.00	29 109	29 109
Equipment	25 143	50 466	75 609	69 155	6 454	(8.54)	47 242	47 147
Land and buildings	-	-	-	-	-	0.00	-	-
Professional and special services	134 206	(17 707)	116 499	116 499	-	0.00	95 007	95 007
Transfer payments	-	-	-	-	-	0.00	-	-
Miscellaneous	-	-	-	-	-	0.00	5	5
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	624 318	(29 561)	594 757	588 303	6 454	(1.09)	390 831	390 736

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 9 - SPECIAL DEFENCE ACCOUNT
for the year ended 31 MARCH 2003**

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
9.1 Procurement Services								
Current	1 071 407	-	1 071 407	1 071 407	-	0.00	1 394 338	1 394 338
9.2 Strategic Defence Procurement								
Current	6 475 900	-	6 475 900	6 475 900	-	0.00	4 223 384	4 223 384
9.3 Operating								
Current	189 313	-	189 313	189 313	-	0.00	172 299	172 299
9.4 Intelligence Related								
Current	49 612	-	49 612	49 612	-	0.00	40 054	40 054
Total	7 786 232	-	7 786 232	7 786 232	-	0.00	5 830 075	5 830 075

Economic classification	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	7 786 232	-	7 786 232	7 786 232	-	0.00	5 830 075	5 830 075
Personnel	-	-	-	-	-	0.00	-	-
Transfer payments	7 786 232	-	7 786 232	7 786 232	-	0.00	5 830 075	5 830 075
Other	-	-	-	-	-	0.00	-	-
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	7 786 232	-	7 786 232	7 786 232	-	0.00	5 830 075	5 830 075

**DEPARTMENT OF DEFENCE
VOTE 21**

**DETAIL PER PROGRAMME 9 - SPECIAL DEFENCE ACCOUNT
for the year ended 31 MARCH 2003 (continued)**

Standard items classification	2002/03						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	-	-	-	-	-	0.00	-	-
Administrative	-	-	-	-	-	0.00	-	-
Inventories	-	-	-	-	-	0.00	-	-
Equipment	-	-	-	-	-	0.00	-	-
Land and buildings	-	-	-	-	-	0.00	-	-
Professional and special services	-	-	-	-	-	0.00	-	-
Transfer payments	7 786 232	-	7 786 232	7 786 232	-	0.00	5 830 075	5 830 075
Miscellaneous	-	-	-	-	-	0.00	-	-
Special functions: authorised losses	-	-	-	-	-	0.00	-	-
Total	7 786 232	-	7 786 232	7 786 232	-	0.00	5 830 075	5 830 075

DEPARTMENT OF DEFENCE
VOTE 21

DETAIL PER PROGRAMME 10 - SPECIAL FUNCTIONS: AUTHORISED LOSSES
for the year ended 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
10.1 Authorised losses								
Current	-	26 206	26 206	26 206	-	0.00	19 050	19 050
Total	-	26 206	26 206	26 206	-	0.00	19 050	19 050

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	-	26 206	26 206	26 206	-	0.00	19 050	19 050
Personnel	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Other	-	26 206	26 206	26 206	-	0.00	19 050	19 050
Capital	-	-	-	-	-	0.00	-	-
Transfer payments	-	-	-	-	-	0.00	-	-
Acquisition of capital assets	-	-	-	-	-	0.00	-	-
Total	-	26 206	26 206	26 206	-	0.00	19 050	19 050

Standard items classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	-	-	-	-	-	0.0	-	-
Administrative	-	-	-	-	-	0.0	-	-
Inventories	-	-	-	-	-	0.0	-	-
Equipment	-	-	-	-	-	0.0	-	-
Land and buildings	-	-	-	-	-	0.0	-	-
Professional and special services	-	-	-	-	-	0.0	-	-
Transfer payments	-	-	-	-	-	0.0	-	-
Miscellaneous	-	-	-	-	-	0.0	-	-
Special functions: authorised losses	-	26 206	26 206	26 206	-	0.0	19 050	19 050
Total	-	26 206	26 206	26 206	-	0.0	19 050	19 050

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 MARCH 2003**

- | | | |
|--|---|---|
| <p>1. Detail of current and capital transfers as per Appropriation Act (after virement):</p> <p>Detail of these transactions can be viewed in note 9 (Transfer payments) to the annual financial statements.</p> | <p>3. Detail of specific functions (authorised losses)</p> <p>Detail of these transactions per programme can be viewed in note 11.5 (Details of special functions) to the annual financial statements.</p> | <p>statements.</p> <p>budget. The current budget does not make provision for a roll-over.</p> |
| <p>2. Detail of specifically and exclusively appropriated amounts voted (after virement):</p> <p>Detail of these transactions can be viewed in note 1 (Charge to National Revenue Fund) to the annual financial</p> | <p>4. Explanation of material variances from amount voted (after virement):</p> <p>4.1 Joint Support: The funds are required to cover the first commitments on the Defence</p> | <p>4.2 Command and Control: The funds are required to cover the first commitments on the Defence budget. The current budget does not make provision for a rolled-over.</p> <p>4.3 Equipment: The funds are required to cover the first commitments on the Defence budget. The current budget does not make provision for a roll-over.</p> |
| <p>5. Reconciliation of Appropriation Statement to Income Statement:</p> | | |

	2002/03	2001/02
	R'000	R'000
Total expenditure per Income Statement	18 835 801	16 048 218
Plus: Investments acquired and capitalised during current financial year	-	-
Less: Expenditure from other revenue	-	-
Less: Local and foreign aid assistance (including RDP funds)	-	3 569
Actual expenses per Appropriation Statement	<u>18 835 801</u>	<u>16 044 649</u>

**DEPARTMENT OF DEFENCE
VOTE 21**

**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
for the year ended 31 MARCH 2003**

REVENUE	Note	2002/03 R'000	2001/02 R'000
Voted funds			
Charge to National Revenue Fund	1	18 844 734	16 052 950
Non voted funds			
Other revenue to be surrendered to the Revenue Fund	2	352 277	130 170
Local and foreign aid assistance (including RDP funds)		-	3 569
TOTAL REVENUE		19 197 011	16 183 120
EXPENDITURE			
Current			
Personnel	4	6 642 036	6 159 149
Administrative		612 792	496 016
Inventories	5.1	976 233	885 744
Machinery and equipment	6	397 055	340 605
Land and buildings	7	7 572	5 186
Professional and special services	8.1	2 112 597	2 021 740
Transfer payments	9	8 006 638	6 040 564
Miscellaneous	10	1 463	4 828
Special functions: authorised losses	11	26 206	19 050
Local and foreign aid assistance (including RDP funds)		-	3 569
Total current expenditure		18 782 592	15 976 451
Capital			
Professional and special services	8.2	53 209	71 767
Total capital expenditure		53 209	71 767
TOTAL EXPENDITURE		18 835 801	16 048 218
NET SURPLUS		361 210	134 902
Add back unauthorised and fruitless and wasteful expenditure disallowed	12	2 099	1 906
NET SURPLUS FOR THE YEAR	13	363 309	136 808

DEPARTMENT OF DEFENCE
VOTE 21

**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
ASSETS			
Current assets		699 614	726 821
Unauthorised, and fruitless and wasteful expenditure	12.1, 12.3	456 002	453 904
Cash and cash equivalents	14	30 539	37 201
Receivables	15	211 633	235 464
Loans	16	1 440	252
Non-current assets		25 177	12 842
Receivables	17	13 775	-
Loans	16	11 402	12 842
TOTAL ASSETS		724 791	739 663
LIABILITIES			
Current liabilities		640 557	644 889
Voted funds to be surrendered	18	11 032	10 207
Revenue funds to be surrendered	19	196 244	7 849
Bank overdraft	20	416 628	603 167
Advances received	21.1	397	1 002
Payables	21.2	16 256	22 664
TOTAL LIABILITIES		640 557	644 889
NET ASSETS/LIABILITIES		84 234	94 774
EQUITY			
Recoverable revenue		84 234	94 774
TOTAL EQUITY		84 234	94 774

*DEPARTMENT OF DEFENCE
VOTE 21*

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
Recoverable revenue			
Opening balance		94 774	66 137
Transfer to Revenue Fund		(17 896)	(9 173)
Debts written off	11.4	(7 984)	37 810
Debts raised		15 340	-
Closing balance		84 234	94 774

*DEPARTMENT OF DEFENCE
VOTE 21*

**CASH FLOW STATEMENT
for the year ended 31 MARCH 2003**

	Note	2002/03 R'000	2001/02 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	23	243 152	208 575
Cash utilised to decrease working capital	24	(9 595)	(4 669)
Voted funds and revenue funds surrendered	25	(174 089)	(181 374)
Net cash flow available from operating activities		59 468	22 532
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on professional and special services		120 157	(71 767)
Proceeds from sale of equipment		(53 209)	(71 767)
		173 366	-
Net cash flows from operating and investing activities		179 625	(49 235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		252	1 351
Net increase/(decrease) in cash and cash equivalents		179 877	(47 884)
Cash and cash equivalents at beginning of period		(565 966)	(518 082)
Cash and cash equivalents at end of period		(386 089)	(565 966)

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

1. Charge to National Revenue Fund

1.1 Included in the above are funds specifically and exclusively appropriated for National Departments (Voted funds):

Programmes	Total Appropriation 2002/03 R'000	Actual R'000	Variance over/(under)	Total Appropriation 2001/02 R'000
Administration	585 420	585 420	-	542 571
Landward Defence	3 543 539	3 543 539	-	3 483 344
Air Defence	2 040 438	2 040 438	-	1 945 823
Maritime Defence	977 506	977 506	-	929 468
Military Health Support	1 159 135	1 159 135	-	1 095 152
Defence Intelligence	142 862	142 862	-	151 175
Joint Support	1 985 284	1 985 284	-	1 668 823
Command and Control	624 318	624 318	-	406 519
Special Defence Account	7 786 232	7 786 232	-	5 830 075
TOTAL	18 844 734	18 844 734	-	16 052 950

1.2 A roll-over claim for Rm8,270 has been submitted to the National Treasury.

2. Other revenue to be surrendered to revenue fund

Description	2002/03 R'000	2001/02 R'000
Proceeds from sale of equipment	173 366	-
Rendering of services	552	-
Interest received	1 309	709
Recovery of housing rent	80 997	79 058
Recovery of loans	252	668
Money prescribed by law	1 350	1 245
Money not prescribed by law	9 175	10 167
Life insurance commission	28 378	14 905
Miscellaneous income	36 734	12 225
Other	20 164	7 624
	352 277	126 601
Material items		
Special Defence Account revenue	160 775	
Debt recoveries	17 896	

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

2.1 Gifts, donations and sponsorships received in kind excluding RDP funds by the department

Nature of gift, donation and sponsorship	Received from	2002/03 R'000	2001/02 R'000
Turbo 4 Helmet, Turbo 4 battery/charger	Stryker	58	-
Various gifts for R1 000,00 or less	Various institutions	16	2
Laptop	Elly Lily	15	-
Computer pentium	Nurses Home Fund	6	-
Fax machine	Col Van den Berg	3	-
Samsung fax machine	Nurses Home Fund	2	-
Grundig VCR	Dr Tregoning	2	-
T-shirts	J TRG Formation	2	-
File organiser executive	Telemed Med Scheme	1	-
Electrical vehicle for patient transportation	Internal Medicine	-	85
Multi-track system	Smith & Nephew	-	25
Lounge suite	Foreign Affairs	-	10
Basin	Orthomed	-	5
20 Blood analysers	Rouche Diagnostics	-	4
2 Fax machines	Patient/Pharmacia	-	3
Satellite dish	BERCO Cleaning Service	-	3
Blinds	Launderdale	-	2
		105	139

3. Assistance received in kind

(value not included in the income statement)

Local aid assistance (including RDP funds)

Description	Received from		
CX Delta machine	Beckman Coulter	-	500
Subsistence and travel	Denel	-	84
Subsistence and travel	Arm Scor	-	115
		-	699

Foreign aid assistance

Description	Received from		
AIDS awareness promotion	Government of the United States of America	4 653	400
Training assistance	Government of the United States of America	-	146
Air tickets and travel costs	British Aero Space Systems	-	82
Training assistance	Government of the French Republic	-	17
Training assistance	Government of the Federal Republic of Germany	-	12
		4 653	657

Total Local and foreign aid assistance received in kind	4 653	1 356
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**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

4. Personnel

Current expenditure	2002/03 R'000	2001/02 R'000
Basic salary costs	4 906 700	4 557 068
Pension contributions	694 754	643 828
Medical aid contributions	47 041	43 627
Other salary related costs	993 541	914 626
	<u>6 642 036</u>	<u>6 159 149</u>
 Average number of employees	 75 621	 77 366

5. Inventories

5.1 Current expenditure

Inventories purchased during the year	976 233	885 744
Categories		
Fuels, lubricants and waxes	236 938	
Subsistence	173 757	
Medical and laboratory equipment	163 938	
Clothing and textiles	118 450	
Maintenance	67 942	
Weaponry	65 738	
Office supplies	53 507	
Construction	35 056	
Hygiene	18 549	
Computer and communication	16 121	
Miscellaneous	14 625	
Gardening and chemicals	9 314	
Agricultural supplies	2 020	
Household furniture	238	
Animals and animal food	40	
	<u>976 233</u>	

Material items

Subsistence	Rations for human consumption	80 884
Clothing and textiles	Footwear for Landward Defence	30 849
Miscellaneous	Miscellaneous for Operation Fibre	22 929
Fuel, lubricants, oils and waxes	Marine fuel for vessels	21 839
Clothing and textiles	Clothing for SA Army for special purposes	20 630
Fuel, lubricants, oils and waxes	Aviation fuel for SA Airforce	20 524
Medical and laboratory equipment	Medical pharmaceutical supplies	18 474

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

	Costing method used	2002/03 R'000	2001/02 R'000
Inventories on hand at year end (The amount disclosed is only an estimate, as the amount could not be determined accurately)	Current purchase price	6 615 063	

Note: Major categories and material items cannot be provided

6. Machinery and equipment

	Note		
Current (Rentals, maintenance and sundry net of Cash Discounts)	6.1	397 055	340 605

6.1 Current machinery and equipment analysed as follows:

Computer equipment	78 777	62 435
Furniture and office equipment	20 706	18 793
Other machinery and equipment	191 860	163 041
Specialist military assets	17 794	15 488
Transport	87 918	80 848
	397 055	340 605

7. Land and buildings

Current expenditure (Net of Cash Discounts)	7 572	5 186
Rental		

8. Professional and special services

8.1 Current expenditure

Maintenance and repair	615 903	516 118
Computer services	501 449	490 478
Other	374 799	369 992
Modifications of military aircraft	233 315	258 333
Contractors	228 820	249 559
Medical services	105 539	93 101
Auditors' remuneration	28 829	22 813
Research and development	18 970	16 723
Consultants and advisory services	3 778	4 599
Commissions and committees	1 195	24
	2 112 597	2 021 740

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

8.2 Capital expenditure

	2002/03 R'000	2001/02 R'000
Capital expenditure on buildings	53 209	71 767
	<u>53 209</u>	<u>71 767</u>
Total Professional and special services	<u>2 165 806</u>	<u>2 093 507</u>

9. Transfer payments

	Note	2002/03 R'000	2001/02 R'000
Transfers to public entities and institutions (current)	Annexure 1	<u>8 006 638</u>	<u>6 040 564</u>

10. Miscellaneous

Current expenditure

	Note	2002/03 R'000	2001/02 R'000
Stabilisation fund	10.1	87	590
Remissions, refunds and payments made as an act of grace		1 350	868
Other		26	3 370
		<u>1 463</u>	<u>4 828</u>

10.1 Remissions, refunds and payments made as an act of grace

Nature of remissions, refunds and payments

Payments as an act of grace	544	110
Contractual liability due to Employer Initiated Packages granted	493	396
Contractual liability due to Voluntary Severance Packages granted	281	139
Service rendered by a member	17	36
Contractual liability due to the death of members	6	187
Contractual liability due to circumstances beyond members' control	6	-
Medical reasons	3	-
	<u>1 350</u>	<u>868</u>

Material items

Financial relief	350
Payment as an act of grace	100
Contractual liability Employer Initiated Package granted (4 cases)	314

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

10.2 Gifts, donations and sponsorships made in kind (items expensed in previous periods -Total value not included above)

Nature of gifts, donations and sponsorships	2002/03 R'000	2001/02 R'000
Harbour patrol boats	554	-
78 items (2001/2002 2 616 items) with residual value less than R500,00 per item	11	106
Executive Morabaraba chess game	2	-
Espresso set with Big Five	1	-
SANDF glass shield	1	-
Shangaan warrior	1	-
Framed traditional weapon	1	-
Framed ebony elephant	1	-
A5 Buffalo folder	1	-
Rifle for museum display	-	1
2 desk organisers	-	1
10 old-technology computers	-	1
	573	109

11. Special functions: authorised losses

	Note		
Material losses through criminal conduct	11.1	1 656	9
Other material losses written off	11.2	16 566	17 564
Debts written off	11.4	7 984	1 477
		26 206	19 050

11.1 Material losses through criminal conduct

Nature of losses			
Fraud on Warrant Vouchers		911	-
Theft of State funds		364	-
Counterfeit Dollars		186	-
Theft of Warrant Vouchers		180	-
Armed robbery		13	-
Subsistence and travel fraud		2	-
Theft of cash at 1 Engineers Regiment		-	8
Theft of cash at Group 15		-	1
		1 656	9

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

Material items	2002/03 R'000	2001/02 R'000
Warrant Voucher fraud	613	
Warrant Voucher fraud	264	
Counterfeit Dollars at Air Force base	186	
Theft of State funds	184	
Theft of five Warrant Vouchers	180	
Theft of State funds	96	
Theft of State funds	64	
Warrant Voucher fraud	26	

11.2 Other material losses written off in income statement in current period

Nature of losses

Sundry losses (91 cases)	7 037	4 334
Legal fees	4 717	5 156
Motor vehicle accidents	2 862	2 337
Legal representation	1 860	3 786
Interest paid	64	571
Other	26	11
Foreign exchange losses	-	1 369
	16 566	17 564

Material items

Sundry losses	Injury due to shooting incident	3 250
Legal representation	One person	1 790
Sundry losses	Loss of income	995
Sundry losses	Loss of support through operational activities	471
Sundry losses	Loss of income due to bush fire	454
Sundry losses	Settlement: Irregular rental agreement	194

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

11.3 Other material losses of items expensed in previous periods

Nature of losses		Current expenditure R'000	2002/03 R'000	2001/02 R'000
Military aircraft damages and losses	7 cases	112 106	112 106	-
Military vehicles damages and losses	1591 cases	14 461	14 461	15 190
Theft of assets	155 cases	743	743	-
Damage to firearms	6 cases	252	252	-
Theft of military vehicle	1 case	237	237	75
Loss of firearm accessory	1 case	103	103	-
Theft of firearm	1 case	73	73	-
Loss of assets	46 cases	71	71	-
Damage to buildings and equipment	41 cases	59	59	-
Miscellaneous	11 cases	16	16	360
Loss of State funds	1 case	4	4	-
Loss of firearm	1 case	1	1	41
Damage to boat system	1 case	-	-	3 013
Stock discrepancies for ammunition	1 case	-	-	2 101
Theft of repeater system	1 case	-	-	54
Loss of computer equipment	1 case	-	-	39
		128 126	128 126	20 873

Material items

Military aircraft damages and losses	Loss of Cheetah C military aircraft	106 222
Military aircraft damages and losses	Loss of Impala Mk II military aircraft	3 758
Military aircraft damages and losses	Loss of Spitfire aircraft	1 221

11.4 Debts written off

Nature of debts written off

Motor vehicle accidents	506 cases	2 972	126
Salary related	983 cases	1 864	202
State guarantees	110 cases	1 142	25
Contractual liabilities	126 cases	629	25
Treatment of private patients	189 cases	485	145
Loss of State property	20 cases	193	-
Estates	41 cases	168	-
Miscellaneous	23 cases	139	10
Loss of State funds	28 cases	130	387
Other	9 cases	59	-
Aviation fuel	9 cases	49	-
Suppliers overpaid	9 cases	48	30

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

		2002/03 R'000	2001/02 R'000
Deposits	17 cases	44	-
Damage to State property	1 case	14	-
Interest	2 cases	12	14
Medical costs	8 cases	12	-
Debts raised concerning fruitless and wasteful expenditure	5 cases	10	456
Dishonoured cheque	1 case	4	-
Civil claim	2 cases	3	-
Legal cost	5 cases	2	-
Telephone account	1 case	2	-
Subsistence and travel	52 cases	1	3
Loss of pistol	1 case	1	-
VIP refreshments	3 cases	1	1
Housing subsidy	1 case	-	36
Loss of stamps	1 case	-	17
		7 984	1 477

Material items

Treatment of private patients	190
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11.5 Details of special functions (theft and losses)

Per programme

Administration	5 532	6 526
Landward Defence	13 954	7 044
Air Defence	1 724	454
Maritime Defence	433	431
Military Health Support	4 326	4 080
Defence Intelligence	67	196
Joint Support	96	319
Command and Control	74	-
	26 206	19 050

DEPARTMENT OF DEFENCE
VOTE 21

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

12. Unauthorised and fruitless and wasteful expenditure

	Note	2002/03 R'000	2001/02 R'000
Unauthorised expenditure	12.2	2 099	1 465
Fruitless and wasteful expenditure	12.4	-	441
		<u>2 099</u>	<u>1 906</u>

12.1 Reconciliation of unauthorised expenditure balance

Opening balance	453 273	451 808
Unauthorised expenditure current year	2 099	1 465
Closing balance	<u>455 372</u>	<u>453 273</u>

12.2 Unauthorised expenditure

Incident	Disciplinary steps taken/criminal proceedings		
No authority for using state money to finance the military museums	Legislation is currently under review to include military museums to be funded from State funds	2 099	1 465

12.3 Reconciliation of fruitless and wasteful expenditure

	2002/03 R	2001/02 R
Opening balance	630 388	189 600
Fruitless and wasteful current year	-	440 788
Transfer to Income Statement - authorised losses	-	-
Transfer to receivables for recovery	(285)	-
Closing balance	<u>630 103</u>	<u>630 388</u>

12.4 Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings		
Interest payable due to late payment of account	Liability not yet determined	-	103
Penalties payable due to late payment of account	Liability not yet determined	-	386
Breach of contract	Liability not yet determined	-	425 000
Procurement of tyres	Liability not yet determined	-	15 014
Costs incurred for flight rebooking	Liability determined. Money to be recovered from member responsible in the 2002/2003 financial year	-	285
			<u>440 788</u>

**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

13. Analysis of surplus

	2002/03 R'000	2001/02 R'000
Voted funds to be surrendered to the Revenue Fund	11 032	10 207
Non voted funds		
Other revenue to be surrendered to the Revenue Fund	352 277	126 601
Total	363 309	136 808

14. Cash and cash equivalents

Cash with commercial banks	19 047	22 155
Cash in transit	658	4 066
Cash on hand	10 834	10 980
	30 539	37 201

15. Receivables - current

	Note		
Amounts owing by other departments		96 239	96 255
Staff debtors	15.3	23 843	38 129
Other debtors	15.4	64 507	80 418
Advances	15.5	27 044	20 662
		211 633	235 464

15.1 Amount of R10 567 394 (2002: R9 278 452) included above may not be recoverable, but has not been written off in the Income Statement.

15.2 Age analysis - receivables current and non-current

Less than one year	57 275	89 669
One to two years	23 826	12 818
More than two years	144 307	132 977
	225 408	235 464

One to two years

Material items

Assistance to the Republic of Mozambique during the February/March 2000 flood (Operation Lichi)	2 812	
Assistance to the Kingdom of Lesotho (Operation Maluti)	646	
Medical evacuation by SAS Outeniqua from Marion Island (Operation Regent)	869	
Fire fighting assistance to the Department of Water Affairs and Forestry in Western Cape	275	
Contractual liabilities due by ex-member (contractual obligation - studies)	273	

*DEPARTMENT OF DEFENCE
VOTE 21*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

More than two years	2002/03	2001/02
	R'000	R'000
Material items		
Military assistance to the Kingdom of Lesotho during 1998 to 2000 (Operation Boleas)	54 938	
Cataloguing service for National Treasury	13 514	
Logistic support during election to the Republic of Mozambique (Operation Lynx)	7 473	
Assistance to the Kingdom of Lesotho (Operation Maluti)	5 697	
Service to the Department of Public Works	1 628	

15.3 Staff debtors

Salary related	12 381	7 304
Students	3 963	16 938
Motor vehicle accidents	3 285	7 558
Deposits	2 339	2 839
State guarantees	861	1 766
Damage to State property	650	1 359
Loss of State money	362	350
Estates	2	-
Fruitless and wasteful expenditure	-	14
Sundry losses	-	1
	23 843	38 129

Material item

Student	Contractual obligation with regards to studies	389
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**DEPARTMENT OF DEFENCE
VOTE 21**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

15.4 Other debtors

	2002/03 R'000	2001/02 R'000
Contractual liabilities	21 111	16 136
Miscellaneous	10 997	12 388
Salary related	10 489	10 927
Motor vehicle accidents	9 301	11 146
Housing loan guarantees	4 113	4 696
Suppliers	3 127	6 853
Private patients	2 184	2 756
Aviation services	1 127	4 934
Estates	820	1 181
Provincial governments and institutions	518	4 170
Loss of State money	474	-
Dockyard	132	-
Sales per tender	49	-
Humanitarian aid	34	316
Medical claims	18	-
Fruitless and wasteful expenditure	13	-
Loss of State property	-	4 915
	64 507	80 418

Material items

Miscellaneous	Service to the Department of Public Works	1 628
Miscellaneous	Part (40%) of civil claim against the Department payable by a third party	932

15.5 Advances

Nature of prepayments/advances

Subsistence and travel	25 811	19 633
Other	1 233	1 029
	27 044	20 662

Material item

Foreign subsistence and travel	282
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*DEPARTMENT OF DEFENCE
VOTE 21*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

16. Loans

Granted to	Purpose	2002/03 R'000	2001/02 R'000
SA Forces Institute (SAFI)	Interest free loan to SAFI. Payments have been rescheduled to commence on 1 April 2003	12 842	12 842
Employees	Subsidised Motor Vehicle Scheme	-	252
		12 842	13 094
Less amount repayable within 12 months included under current assets		1 440	252
		11 402	12 842

16.1 This represents a loan to the South African Forces Institute (SAFI) for the purpose of finance bridging. This loan is unsecured. The interest rate is fixed at 0% per annum and is repayable by March 2007 in annual instalments of 2003/04: Rm1,440 (2004/05: Rm3,600; 2005/06: Rm3,600; 2006/07: Rm4,202) as from April 2003 to March 2007.

17. Receivables - non-current

Description

Students	7 126
Motor vehicle accidents	4 266
State guarantees	945
Salary related	760
Loss of State money	596
Damage to State property	78
Estates	4
	13 775

Material items

Loss of State money/property	Warrant Voucher fraud	261
Contractual liabilities	Ex-member (contractual obligation - studies)	221
Student	Contractual obligation with regard to studies	212
Student	Contractual obligation with regard to studies	207
Contractual liabilities	Ex-member (contractual obligation - studies)	186
Student	Contractual obligation with regard to studies	183
Student	Contractual obligation with regard to studies	181
Student	Contractual obligation with regard to studies	181
Student	Contractual obligation with regard to studies	179
Student	Contractual obligation with regard to studies	166

DEPARTMENT OF DEFENCE
VOTE 21

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

18. Voted funds to be surrendered

	2002/03 R'000	2001/02 R'000
Opening balance	10 207	9 947
Transfer from Income Statement	11 032	10 207
Paid during the year	(10 207)	(9 947)
Closing balance	<u>11 032</u>	<u>10 207</u>

19. Revenue funds to be surrendered

Opening balance	7 849	52 675
Transfer from Income Statement for revenue to be surrendered	352 277	126 601
Paid during the year	(163 882)	(171 427)
Closing balance	<u>196 244</u>	<u>7 849</u>

20. Bank overdraft

Paymaster-General Account	<u>416 628</u>	<u>603 167</u>
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21. Payables - current

Description	Note		
Amounts owing to other departments		-	15 628
Advances received	21.1	397	1 002
Other payables	21.2	16 256	22 664
		<u>16 653</u>	<u>39 294</u>

21.1 Advances received

Deposits received to use Naval facilities	<u>397</u>	<u>1 002</u>
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21.2 Other payables

Other	6 336	7 941
Housing loan guarantees	6 052	4 279
Unclaimed salaries	3 868	4 557
Salary tax	-	5 887
	<u>16 256</u>	<u>22 664</u>

DEPARTMENT OF DEFENCE
VOTE 21

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

22. Amounts owing to controlled entities

	Note	2002/03 R'000	2001/02 R'000
Total amounts owing to controlled entities	Annexure 2B	-	6 182

23. Net cash flow generated by operating activities

Net surplus as per Income Statement		363 309	136 808
Adjusted for items separately disclosed			
Proceeds from sale of equipment		(173 366)	-
Capital expenditure on professional and special services	8.2	53 209	71 767
Net cash flow generated by operating activities		<u>243 152</u>	<u>208 575</u>

24. Cash utilised to decrease working capital

Decrease/(increase) in receivables - current		21 733	(773)
Increase in receivables - non-current		(13 775)	-
Decrease in payables		(6 408)	(33 534)
(Decrease)/increase in other current liabilities		(11 145)	29 638
		<u>(9 595)</u>	<u>(4 669)</u>

25. Voted funds and Revenue funds surrendered

Voted funds surrendered		10 207	9 947
Revenue funds surrendered		163 882	171 427
		<u>174 089</u>	<u>181 374</u>

**DEPARTMENT OF DEFENCE
VOTE 21**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

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 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

26. Contingent liabilities

Liable to	Nature	Note	2002/03 R'000	2001/02 R'000
Claims	Legal		1 965 541	2 096 752
Housing loan guarantees	Employees	Annexure 3	114 442	122 484
Leave	Employees		1 366 056	1 025 965
Contract amendments	Modification and replacement of equipment		1 327	-
Motor vehicle guarantees	Employees	Annexure 3	536	989
			<u>3 447 902</u>	<u>3 246 190</u>

27. Commitments

Current expenditure		2002/03	2001/02
Approved and contracted/ordered		503 989	1 508 290
Approved but not yet contracted		474 284	160 097
Total commitments		<u>978 273</u>	<u>1 668 387</u>

28. Accruals

28.1 Listed by standard item

Administrative	191	896
Inventories	3 345	22 002
Equipment	69	9 807
Professional and special services	2 417	2 063
	<u>6 022</u>	<u>34 768</u>

**DEPARTMENT OF DEFENCE
VOTE 21**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

28.2 Listed by programme level

	2002/03 R'000	2001/02 R'000
Administrative	1	1 115
Landward Defence	386	4 447
Air Defence	58	17 969
Maritime Defence	148	1 511
Military Health Support	5 362	6 852
Joint Support	-	507
Command and Control	67	2 367
	6 022	34 768

28.3 Amount of understatement could not be quantified.

29. Leases

29.1 Unable to provide information accurately.

30. Employee benefits

	Note	2002/03 R'000	2001/02 R'000
Thirteenth cheque		212 384	97 916
Performance bonus		85 228	49 800
Leave entitlement	30.1	4 056	-
		301 668	147 716

30.1 Leave entitlement disclosure for the first time.

31. Receivables for services delivered

Nature of services

Medical services	1 069
Aviation services	612
Services rendered to private institutions	283
Services rendered to private patients	211
Dockyard services	105
VIP catering services	20
	2 300

Material item

Veterinarian services delivered to the Department of Safety and Security. 169

Note: Amounts of R344 937,99 included in above may not be recoverable.

**DEPARTMENT OF DEFENCE
VOTE 21**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

32. Irregular expenditure

32.1 Reconciliation of irregular expenditure

	Note	2002/03 R'000	2001/02 R'000
Opening balance		-	-
Irregular expenditure - current year		858	1 557
Expenditure condoned		(770)	-
Expenditure not condoned	32.2	(88)	(1 557)
Expenditure awaiting condonement		-	-
Analysis			
Current		-	-
Prior years		-	-
		-	-

32.2 Not condoned expenditure

Incident	Disciplinary steps taken/ criminal proceedings		
Payments to members of the Civic Education Monitoring and Advisory Committee (CEMAC)	Investigation determined that no official could be held accountable	88	-
Irregular hiring of photocopiers. Contracts concluded after processing price quotations instead of tenders	Outcome of court case is awaited	-	1 557
		88	1 557

33. Key management personnel

33.1 Remuneration

Minister of Defence	774	728
Deputy Minister of Defence	572	535
Secretary for Defence (Accounting Officer)	769	722
Chief of the National Defence Force	772	715
Key management personnel of the Plenary Defence Staff Council	9 109	8 530
	11 996	11 230

33.1 Previous year figure was calculated incorrectly and consequently restated.

*DEPARTMENT OF DEFENCE
VOTE 21*

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

33.2 Other remuneration and compensation provided to key management

	2002/03 R'000	2001/02 R'000
Minister of Defence	30	25
Deputy Minister of Defence	15	41
Secretary for Defence (Accounting Officer)	50	35
Chief of the National Defence Force	45	41
Key management personnel of the Plenary Defence Staff Council	235	198
	<u>375</u>	<u>340</u>

34. Gifts, donations and sponsorships

Nature of gift, donation or sponsorship

34.1 Unable to provide.

35. Biological/cultivated assets

Biological/Cultivated assets on hand

Horses	657 horses	66
Dogs	379 dogs	9
		<u>75</u>

35.1 The amount disclosed is not a fair presentation of the value of the horses and dogs.

**DEPARTMENT OF DEFENCE
VOTE 21**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

ANNEXURE 1

**STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS BY NATIONAL DEPARTMENTS AS
AT 31 MARCH 2003**

NAME OF PUBLIC ENTITY/INSTITUTION	TRANSFER ALLOCATION				EXPENDITURE				
	Appropri- ation Act R'000	Adjust- ments Estimate R'000	Roll- Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Trans- ferred R'000	% of Available Trans- ferred	Capital R'000	Current R'000
Armaments Corporation of South Africa Ltd.	209 441	-	-	209 441	209 441	-	100	-	209 441
St Johns Ambulance Brigade	95	-	-	95	36	59	38	-	36
SA First-Aid League	95	-	-	95	-	95	-	-	-
Medical Fund	700	-	-	700	274	426	39	-	274
Reserve Force Council (Previously the Part Time Force Council)	1 938	-	-	1 938	1 938	-	100	-	1 938
Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA)	5 400	-	-	5 400	5 317	83	98	-	5 317
Province of the Northern Cape: Department of Housing and Local Government	-	3 400	-	3 400	3 400	-	100	-	3 400
Special Defence Account	7 625 457	160 775	-	7 786 232	7 786 232	-	100	-	7 786 232
	7 843 126	164 175	-	8 007 301	8 006 638	663		-	8 006 638

*DEPARTMENT OF DEFENCE
VOTE 21*

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003 (continued)**

ANNEXURE 1

**STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS BY NATIONAL DEPARTMENTS AS
AT 31 MARCH 2003**

- (1) Explain reasons for underspending, should this be less than 90 percent, what corrective steps were taken, mention early warning report on corrective steps as a result, and whether or not an application has been made for a roll over.

Public entity/Institution	Reason for underspending	Corrective steps
St Johns Ambulance Brigade	Budget provision was made according to the amount approved by the Accounting Officer. The institution did, however, not request the full amount, which they were entitled to.	The budget provision for the financial year 2003/04 has been decreased to R45 000 which is more in line with previous expenditure. No application for a roll-over has been made.
SA First-Aid League	Budget provision was made according to the amount approved by the Accounting Officer. The institution did, however, not request the full amount, which they were entitled to.	The budget provision for the financial year 2003/04 has been decreased to R35 000 which is more in line with previous expenditure. No application for a roll-over has been made.
Medical Fund	Budget provision was not adjusted in time according to the number of members remaining in the Fund.	The budget provision for the financial year 2003/04 has been decreased to R250 000 which is more in line with the number of members in the Fund and with previous expenditure. No application for a roll-over has been made.

*DEPARTMENT OF DEFENCE
VOTE 21*

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

ANNEXURE 2B

STATEMENT OF OTHER CONTROLLED ENTITIES AS AT 31 MARCH 2003

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type (state year end if not 31 March)	Amounts owing to R'000		Amounts owing by		Audit Report Status
				2002/03	2001/02	2002/03	2001/02	
Trading Account for Medical Stock	To purchase, distribute and stockpile strategic medical inventory in trading agreements with various National Departments	Exchequer and Audit Act, 1975 (Act No. 66 of 1975) Section 11a	Not listed	-	6 182	-	-	U
				-	6 182	-	-	

ANNEXURES TO THE ANNUAL
for the year ended

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNT OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT
31 MARCH 2003

Name of Public Entity	Nature of Public Entities business	Relevant Act	Entity's PFMA Schedule type	% Held	Number of shares held		Cost of investment R'000	
					2002/03	2001/02	2002/03	2001/02
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.	Castle Management Act, 1993 (Act No. 207 of 1993).	3	-	-	-	-	-
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 manages the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidy companies which directly support technology and acquisition strategies.	Armaments Development and Production Act, 1968 (Act No. 37 of 1968 as amended).	2	100	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence)	75 000 000 (Issued to the President of the Republic of South Africa and in custody at the Department of Defence)	75 000	75 000
							75 000	75 000

Note*: Figures not yet audited

DEFENCE
21

**FINANCIAL STATEMENTS
31 MARCH 2003**

Profit(Loss) for the year R'000		Are the losses guaran- teed	Amount of losses guaranteed R'000	Amount owing to Entity R'000		Amount owing by Entity R'000		AO Value of Invest- ment R'000	Audit Report Status U/Q/A/D
2002/03	2001/02			2002/03	2001/02	2002/03	2001/02		
664*	387	No	-	-	-	-	-	-	Q 2001/2002
30 995* (Group)	13 400 (Group)	No	-	-	-	1 188	1 619	75 000	U 2001/2002
<u>31 666</u>	<u>13 787</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>1 188</u>	<u>1 619</u>	<u>75 000</u>	

**DEPARTMENT OF DEFENCE
VOTE 21**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2003

DOMESTIC

Guaranteed Institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 1 April 2002	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest outstanding as at 31 March 2003	Closing balance 31 March 2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stannic	Motor vehicles	2 087	989	-	453	-	536	-
ABSA	Home loans	-	32 695	-	1 382	-	31 313	233
African Bank	Home loans	-	1 145	-	47	-	1 098	-
BOE Bank	Home loans	-	515	-	145	-	370	-
Business Partners	Home loans	-	6	-	-	-	6	-
Cape of Good Hope Bank	Home loans	-	147	-	21	-	126	-
Cash Bank	Home loans	-	2 064	55	24	-	2 095	-
Ciskei Peoples	Home loans	-	5	-	-	-	5	-
Development Bank								
Community Bank	Home loans	-	-	46	-	-	46	-
First National/First Rand Bank	Home loans	-	30 880	-	9 332	-	21 548	421
Free State Development Corporation	Home loans	-	49	323	-	-	372	-
Grahamstown Building Society	Home loans	-	79	-	-	-	79	-
Greenstart Home Loans	Home loans	-	188	718	-	-	906	-
Ithala Development Finance Corporation	Home loans	-	309	-	36	-	273	-
Khayaletu Home Loans	Home loans	-	27	-	-	-	27	-
Mamelodi Town Council	Home loans	-	14	-	14	-	-	-
Mpumalanga Building Society	Home loans	-	13	-	-	-	13	-
National Building Society	Home loans	-	6 583	-	3 079	-	3 504	179
Nedbank	Home loans	-	5 398	669	16	-	6 051	186
Perm/Peoples Bank	Home loans	-	17 955	3 186	-	-	21 141	29
Northern Province Development Corporation	Home loans	-	9	-	-	-	9	-
Old Mutual Bank	Home loans	-	11 326	675	28	-	11 973	-
SA Development Corporation Ltd	Home loans	-	18	-	-	-	18	-
SA Home Loans	Home loans	-	21	8	-	-	29	-
South Fin	Home loans	-	-	267	-	-	267	-
Standard Bank	Home loans	-	12 596	242	125	-	12 713	94
Transkei National Building Society	Home loans	-	12	-	12	-	-	-
Unibank	Home loans	-	46	-	46	-	-	-
Venda Building Society	Home loans	-	372	76	-	-	448	-
Venda National Development Corporation	Home loans	-	12	-	-	-	12	-
Total		2 087	123 473	6 265	14 760	-	114 978	1 142

**DEPARTMENT OF DEFENCE
VOTE 21**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
LAND AND BUILDINGS	Information cannot be provided, refer to Management Report.					
Land						
Dwellings						
Non-residential buildings						
Investment properties						
Other structures (Infrastructure assets)						
Mineral & similar non regenerative resources						
Capital work in progress						
Heritage assets						
MACHINERY AND EQUIPMENT	Information cannot be provided, refer to Management Report.					
Computer equipment						
Furniture and office equipment						
Other machinery and equipment						
Specialised military assets						
Transport assets						
<hr/> <hr/>						
PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
LAND AND BUILDINGS	Information cannot be provided, refer to Management Report.					
Land						
Dwellings						
Non-residential buildings						
Investment properties						
Other structures (Infrastructure assets)						
Mineral & similar non regenerative resources						
Capital work in progress						
Heritage assets						
MACHINERY AND EQUIPMENT	Information cannot be provided, refer to Management Report.					
Computer equipment						
Furniture and office equipment						
Other machinery and equipment						
Specialised military assets						
Transport assets						
<hr/> <hr/>						

*DEPARTMENT OF DEFENCE
VOTE 21*

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003**

ANNEXURE 5

INTANGIBLE ASSET MOVEMENT SCHEDULE (Not including inventories)

INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
Patents, Copyrights, brand names & trademarks						
Computer software						
Airport landing rights						
Import/export licences						
Fishing Quotas						
Utility rights						
Mineral extraction rights						
Capitalised development costs						

Information cannot be provided, refer to
Management Report.

INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
Patents, Copyrights, brand names & trademarks						
Computer software						
Airport landing rights						
Import/export licences						
Fishing Quotas						
Utility rights						
Mineral extraction rights						
Capitalised development costs						

Information cannot be provided, refer to
Management Report.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003



1. INTRODUCTION

The Special Defence Account (SDA) was instituted in terms of section 1 of the Defence Special Account Act, 1974 (Act No. 6 of 1974), to defray the expenditure and purchases incurred for special defence activities as approved from time to time by the Ministers of Finance and Defence. Income is derived mainly from interest received and proceeds from the sale of armament, in addition to the amount allocated annually from the vote.

The largest part of the SDA's expenditure, namely R6 150 901 000 (2001-02: R7 880 050 000), was incurred by Armscor, while the balance of R238 507 000 (2001-02: R84 979 000) was incurred and administered by the Department of Defence (DOD). The Chief Executive Officer of Armscor and the Secretary for Defence, respectively, are accountable.

2. AUDIT ASSIGNMENT

The financial statements as set out on pages 218 to 227, for the year ended 31 March 2003, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 5 of the Defence Special Account Act, 1974 (Act No. 6 of 1974). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the Accounting Officer. My responsibility is to express an opinion on these financial statements, based on the audit.

3. NATURE AND SCOPE

3.1 Audit of financial statements

The audit was conducted in

accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3.2 Level of audit assurance

Owing to the nature of certain transactions, the circumstances in which they are incurred and recorded, as well as the circumstances in which assets and services are procured and utilised within the sensitive projects, the level of audit assurance is lower than is normally the case with ordinary audits.

4. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the SDA

at 31 March 2003 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

5. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Matters affecting the financial statements

5.1.1 Bank account

For the year under review the SDA still did not have a bank account of its own, but shared one Paymaster-General Account with the General Defence Account. However, the DOD responded positively to the Standing Committee on Public Accounts (SCOPA), recommendation in this regard, and implemented a separate subledger account for the SDA on the Financial Management System as from 1 April 2003.

The balance in the bank account amounting to R1 011 600 000 (2001-02: R429 154 000) was therefore not readily determinable and it is calculated as a balancing figure on the balance sheet. This impacts on the control measures and verification procedures of the bank balances.

5.1.2 Growing concern

I draw attention to the financial statements which indicate that, although the SDA made a net profit of R1 460 138 000 during the year ended 31 March 2003, as at that date, the SDA's

total liabilities exceeded its total assets by R228 031 000. This was mainly due to the provisions made for the Strategic Defence Packages (SDP's) as reflected in note 6 to the financial statements: Creditors. The provisions will be funded from the 2003-04 voted funds as approved by Parliament on 21 February 2003.

5.1.3 Compliance programme

As reflected in note 6 to the financial statements, the balance in respect of the compliance programme amounting to R14 041 000 (2001-02: R14 041 000), has been recorded as creditors. The compliance programme was established in accordance with agreements between the government of the United States of America (USA) and the government of the Republic of South Africa (RSA), after fines had been awarded in favour of the USA as a result of legal actions instituted against Armscor, Kentron (Pty) Ltd and Fuchs Electronics (Pty) Ltd by the USA. The aforementioned entities were indicted by the USA as a result of acts arising from illegal use of USA technology and criminal and civil fines were imposed on them. In terms of these agreements the civil fines imposed would be made available to the RSA for the mentioned programme, which would be administered by the government of the RSA.

During the year under review a constitution was drafted to establish a fund known as "The Arms Control and Non-Proliferation Fund Committee" (the fund). The fund was to replace the com-

pliance programme and would consist of the unexpended portion of penalty fines paid to the USA (R14 041 000 as at 31 March 2003).

We raised various matters with the DOD pertaining to the draft constitution governing the fund. As this constitution was not finalised/approved at the time of writing this report, the aforementioned matters will be followed up during the 2003-04 financial year and, if necessary, I will report on it in due course.

5.1.4 Sensitive projects

The total expenditure of a sensitive nature, which totals R41 359 000 for 2002-03 (2001-02: R39 518 000), was subjected to an audit for the year under review.

The closing-down process of one of the projects, as reported in par. 5.1.5 on page 184 of my previous report, is not yet finalised. Owing to the complex technical nature of some of the items disposed off, the sensitivity of the projects and the associated security requirements, it was not possible to determine whether the amounts negotiated upon disposal of the items concerned were reasonable. The office is howev-

er, satisfied that, *prima facie*, proper management processes were in operation to manage, control and authorise the aforementioned disposals. This office will monitor the process and, if necessary, report on it in the 2003-04 financial year.

5.2 Matters not affecting the financial statements

5.2.1 Strategic Defence Procurement Packages

The Joint Investigation Report into the Strategic Defence Procurement Packages dated 14 November 2001 [RP 184/2001] was tabled in Parliament on 14 November 2001. The department has reacted positively to the re-commendations made by the Joint Investigation Team (JIT) and is in the process of taking corrective steps. The effect of the implementation of the JIT recommendations will be further followed up during the 2003-04 audit.

5.2.2 Commission paid during the sale of Puma helicopters

With reference to par. 5.2.2 on page 184 of my previous report, the Director of Public Prosecutions indicated that after careful consideration of the record of the enquiry held

by the Office of Serious Economic Offences and in terms of section 5(12) of Investigation of Serious Economic Offences Act, 1991 (Act No. 117 of 1991), as well as all other relevant information at his disposal, he has decided not to institute any criminal proceedings in this matter.

5.2.3 Purchasing of training aircraft

With reference to par. 5.2.3 on page 184 of my previous report, the Directorate of Special Operations Gauteng indicated that a report with the investigation team's final recommendations had been forwarded to the Director: Special Operations. A decision was however still being awaited.

6. APPRECIATION

The assistance rendered by the staff of the DOD and Armscor during the audit is sincerely appreciated.

Shaupet Fakie

S A FAKIE
Auditor-General

Pretoria
17 July 2003

SPECIAL DEFENCE ACCOUNT

BALANCE SHEET AS AT 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
ASSETS			
Current assets		1 626 066	467 239
Advances	2	18 071	13 386
Trade and other receivables	3	596 302	24 616
Cash and cash equivalents	4	1 011 600	429 154
Investment	5	93	83
Total assets		1 626 066	467 239
EQUITY AND LIABILITIES			
Equity			
Reserves		(228 031)	(1688 169)
Current liabilities			
Creditors	6	1 854 097	2 155 408
Total equity and liabilities		1 626 066	467 239

SPECIAL DEFENCE ACCOUNT

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
Revenue		7 849 546	5 864 471
Transfer from Vote 21		7 786 232	5 830 075
Other revenue	7	63 304	34 389
Interest received		10	7
Less: Expenditure	8	6 389 408	7 965 029
Net profit/(loss) for the period		1 460 138	(2 100 558)

SPECIAL DEFENCE ACCOUNT

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
		Accumulated income	Accumulated income
Balance at the beginning of period		(1 688 169)	412 389
Net profit/(loss) for the period		1 460 138	(2 100 558)
Balance at the end of period		(228 031)	(1 688 169)

SPECIAL DEFENCE ACCOUNT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
Cash flows from operating activities			
Net profit/(loss)		1 460 138	(2 100 558)
Adjustment for investment income		(10)	(7)
Operating profit/(loss) before working capital changes		<u>1 460 128</u>	<u>(2 100 565)</u>
Working capital changes		(877 682)	2 090 512
(Increase)/decrease in trade and other receivables		(571 686)	32 860
(Increase)/decrease in disallowances		-	1 796
Increase in advances		(4 685)	(3 933)
(Decrease)/increase in creditors		(301 311)	2 059 789
Cash generated from operations		<u>582 446</u>	<u>(10 053)</u>
Interest received		10	7
Net cash flow from operating activities		<u>582 456</u>	<u>(10 046)</u>
Cash flows from investing activities			
Investment		(10)	(7)
Net cash outflow from investing activities		<u>(10)</u>	<u>(7)</u>
Net increase/(decrease) in cash and cash equivalents		582 446	(10 053)
Cash and cash equivalents at beginning of the year		429 154	439 207
Cash and cash equivalents at end of the year	4	<u>1 011 600</u>	<u>429 154</u>

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1. Accounting policy

The Ministers of Defence and Finance approve an annual budget in accordance with the provisions of the Defence Special Account Act, 1974 (Act No. 6 of 1974), whereafter the budgeted amount is dealt with as a transfer payment from Vote 21 - Defence to the Special Defence Account. The actual expenditure is reflected in the financial statements.

The financial statements are prepared on the historical cost basis. The following are the principle accounting policies used by the Special Defence Account, which are consistent with those of the previous year.

1.1 Underlying assumption

The financial statements are prepared on the accrual basis.

1.2 Fixed assets

For purposes of the Special Defence Account, assets purchased are written off when they are paid for. The cost is brought to account as expenditure and the assets are included in the asset register of the Department.

1.3 Foreign exchange

Transactions in foreign currency are translated at the rates of exchange ruling at transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at balance sheet date.

1.4 Comparatives

Where necessary, comparatives' figures have been adjusted to conform with changes in presentation in the current year.

	2002/03 R'000	2001/02 R'000
2. Advances	18 071	13 386
National Defence Force Projects	11 154	4 821
Strategic Defence Packages S&T advances	3 662	8 565
Defence Material Disposal Project	3 255	-

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2003 (continued)

	2002/03 R'000	2001/02 R'000
3. Trade and other receivables	596 302	24 616
Trade debtors	565 336	3 857
Joint Operations	30 955	20 666
Suspense account	11	93

- 3.1 Included in Trade debtors is an amount of R544 309 464 owed by National Treasury for the unspent portion of the Strategic Defence Package foreign component.

4. Cash and cash equivalents

Paymaster-General Account	1 011 600	429 154
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5. Investment

Corporation for Public Deposits	93	83
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6. Creditors

	1 854 097	2 155 408
Compliance programme as per agreement between the USA and SA Governments	14 041	14 041
Opening balance at beginning of year	14 041	14 065
Expenditure for the year under review	-	(24)
Contract fines	4 150	2 723
Revenue payable to National Revenue Fund	202 111	160 775
Trade creditors	292 649	8 063
Provision for Strategic Defence Packages	1 341 146	1 969 806

- 6.1 Included in the provision of R1 341 145 773 for Strategic Defence Packages is EUR 97 656 914 and GBP 13 798 758 equaling R1 017 258 619. This amount relates to invoices and goods received prior to 31 March 2003 in respect of Strategic Defence Packages (ECA loans). The amount is contractually payable in the 2003/04 financial year and will be funded from the 2003/04 Vote and reserves. No forward cover was utilised.

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2003 (continued)

	2002/03 R'000	2001/02 R'000
7. Other revenue	63 304	34 389
Other revenue	265 415	195 164
Sales of strategic equipment for the Department	237 529	125 425
Marketing support	515	260
Contract recoveries	-	26
Sensitive projects	10 289	7 271
Foreign exchange profit foreign banks	-	3
Foreign exchange profit on sales	17 008	-
Foreign exchange profit Strategic Defence Packages	-	59 004
Sundry	74	3 175
Less: Payable to National Revenue Fund	(202 111)	(160 775)

8. Expenditure	6 389 408	7 965 029
Major projects	5 925 163	7 440 814
Other projects	229 762	289 704
Landward Defence	2 863	9 482
Air Defence	9 464	49 267
Maritime Defence	-	805
Command and Control	220	-
Technology	217 215	-
Other projects	-	230 150
Operating projects	187 138	194 140
Sensitive projects	41 359	39 518
Irrecoverable debt written off	2 083	1 088
Foreign exchange loss on foreign banks	189	-
Provision for write down of foreign banks	3 714	(235)

8.1 General expenditure such as auditor's remuneration is included in the General Defence Account.

8.2 Included in Major projects are foreign exchange profits/losses on foreign currency denominated projects. The net foreign exchange profits/losses on these project payments are calculated by using the order date as the transaction date. The net foreign exchange profits/losses for these specific payments amounts to R1 873 780 734. This net amount is applicable to more than one financial year.

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2003 (continued)

	2002/03 R'000	2001/02 R'000
9. Estimated future expenditure approved by Armscor	23 247 940	30 942 285
Strategic Defence Packages capital commitment	20 044 868	29 344 899
	3 203 072	1 597 386
Commitments in respect of contracts entered into	2 430 374	1 002 564
Approved, but contracts not yet entered into	772 698	594 822

9.1 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 R20 044 868 283 is a foreign component of EUR 601 791 854, USD 481 731 660, GBP 393 937 624 and SEK 4 699 212 191. No forward cover was utilised. Prior year comparatives restated to exclude General Defence Vote funds.

9.2 It is intended to finance expenditure from future voted funds and from working capital generated within the Special Defence Account.

**10. Post Balance Sheet Event
Revenue Payable to National Revenue Fund**

National Treasury has approved that the revenue surrendered, as disclosed in note 7, in the 2002/2003 financial year will be refunded in the 2003/2004 financial year.

LIST OF ABBREVIATIONS AND ACRONYMS

AA	Affirmative Action
ABET	Adult-Based Education and Training
AECC	Army Evaluation and Budgeting Committee
ACC	Army Command Cadre
ACTC	Army Combat Training Centre
AFB	Air Force Base
AFCP OPS	Air Force Command Post Operations
AIDS	Acquired Immune Deficiency Syndrome
AMHF	Area Military Health Formation
AMHU	Area Military Health Unit
AOT	Administrative Operational and Technical
APF	Army Planning Forum
APLA	Azanian People's Liberation Army
Art	Artillery
ASB	Accounting Standards Board
ASRL	Air Sea Rescue Launches
ASU	Air Service Unit
ATES	Artillery Target Engagement System
AWOL	Absent without Leave
BCARI	Barcode Assisted Receipts and Issues
BMATT	British Military Advisory and Training Team
Bn	Battalion
Bty	Battery
C Acq	Chief of Acquisition
C Log	Chief of Logistics
CALMIS	Computer Aided Logistic Management Information Systems
CAT	Centre for Advanced Training
CC	Command and Control
CCS	Chief of Corporate Staff
CDI	Chief of Defence Intelligence
CEAB	Civic Education Advisory Board
CFO	Chief Finance Officer
CFS	Central Flying School
CHIETA	Chemical Industries Education and Training Authority
CHRS	Chief of Human Resources Support
CI	Counter Intelligence
CIOMR	Confederatio Internallie des Officiers Medicaux des Reserves
CJ Ops	Chief of Joint Operations
CJ Sup	Chief of Joint Support
CJ Trg	Chief of Joint Training
CMC	Crisis Management Centre
CMI	Command and Management Information
COD	Council of Defence
COLET	College for Educational Technology
COTS	Commercial off-the-Shelf
CORE	Code of Remuneration
Coy	Company
CPP	Chief of Policy and Planning
CRUS	Combat Ready User System
CTC	Collection Task Committee

DAPD	Departmental Acquisition and Procurement Division
DDFR	Directorate Defence Foreign Relations
DDIP/DIP	Direct and Indirect Defence Industrial Participation
DEAT	Department of Environmental Affairs and Tourism
DEOMI	Defence Equal Opportunities Management Institute
DFA	Department of Foreign Affairs
DI	Defence Intelligence
DIDETA	Diplomacy, Intelligence, Defence and Trade Education and Training Authority
DIL	Directorate Intelligence Liaison
DIMS	Depot Information Management System
DIO	Deputy Information Officer
DISC	Defence Intelligence Standing Committee
DKB	SAS DRAKENSBERG
DOD	Department of Defence
DOE	Department of Education
DPBEC	Defence Programme and Budget Evaluation Committee
DPF	Defence Planning Forum
DPSA	Department of Public Service Administration
DPW	Department of Public Works
DRC	Democratic Republic of the Congo
DSC	Defence Staff Council
DSV	Diving Support Vessel
EEZ	Exclusive Economic Zone
EIP	Employer Initiated Packages
EIR	Employer Initiated Retrenchment
Engr	Engineer
EO	Equal Opportunities
ESACC	European South African Corvette Consortium
ESCOM	Electricity Supply Commission
ETD	Education, Training and Development
EU	European Union
EW	Electronic Warfare
EWCOF	Early Warning Centre for the Office of the President
FAS	Functional Application Support
FASC	Financial Accounting Service Centre
FD	Force Design
Fmn	Formation
FMS	Financial Management System
FSE	Force Structure Element
FY	Financial Year
GSB	General Support Base
HBP	Harbour Patrol Boat
HIV	Human Immunity Virus
HPB	Harbour Patrol Boats
HR	Human Resources
HRD	Human Resources Development
ICBL	International Campaign to Ban Landmines
ICMM	International Congress of Military Medicine
ICRC	International Commission of the Red Cross
ICSS	Information and Communication Systems Security
ICT	Information and Communication Technology
ILS	Integrated Logistic Support
IMET	International Military Exchange Training Programme
IMT	Institute of Maritime Technology
Inf	Infantry
IP	Industrial Participation
IRPS	International Relations Peace and Security

ISDSC	Inter-State Defence and Security Committee
IWG	Inter-Departmental Workgroup
JARIC	Joint Air Reconnaissance and Intelligence Centre
LIMS	Logistic Information Management Systems
LMS	Logistic Management Support
LWT	Light Workshops Troop
MA	Military Attaché/Advisor
MAB	Military Arbitration Board
Maint	Maintenance
MBC	Military Bargaining Council
MCM	Mine Countermeasures
MCMV	Mine Countermeasures Vessel
MDC	Military Disciplinary Code
Mech	Mechanised
MILOBS	Military Observers
MISS	Minimum Information Security Standards
MK	Umkhonto seSizwe
MLO	Military Liaison Officer
MME	Main Medical Equipment
Mot	Motorised
MOU	Memorandum of Understanding
MPA	Military Police Agency
MS	Military Strategy
MSA	Military Strategy Appreciation
MTEF	Medium Term Expenditure Framework
MTT	Mobile Training Team
NATO	North Atlantic Treaty Organisation
NEPAD	New Partnership for Africa's Development
NCO	Non-Commissioned Officer
NCS	National Codification System
NGO	Non-Government Organisations
NIA	National Intelligence Agency
NICOC	National Intelligence Co-ordinating Committee
nm	Nautical Mile
NOCPM	National Office for Coordination of Peace Missions
NST	Naval Staff Target
OAS	Order Administration System
OMC	Ordered Minimum Commitment
OPCI	Operational Counter Intelligence
OSBL	Operational Support Base Line
OSIS	Operational Support Information System
OTQ	SAS OUTENIQUA
PAIA	Promotion of Access to Information Act
Para	Parachute
Persol	Personeel Soldy Stelsel
PDSC	Plenary Defence Staff Council
PFMA	Public Finance Management Act of 1999
PI	Platoon
PPP	Public Private Partnership
PRC	People's Republic of China
PRO	SAS PROTEA
PSAP	Public Service Act Personnel
PSO	Peace Support Operations
PSR	Public Service Regulations
RAF	Royal Air Force
RDLV	Rapid Development Logistical Vehicles
Reg F	Regular Force

Regt	Regiment
Res F	Reserve Force
RFI	Requirements for Information
RJTF	Regional Joint Task Force
RSA	Republic of South Africa
SAAF	South African Air Force
SADC	Southern African Development Community
SAIHC	Southern Africa and Islands Hydrographic Commission
SAMHS	South African Military Health Service
SAN	South African Navy
SANDF	South African National Defence Force
SAPS	South African Police Service
SC	Strikecraft
SCOPA	Standing Committee on Public Accounts
SDP	Strategic Defence Package
SECDEF	Secretary of Defence
SITA	State Information Technology Agency
SM	Submarine
SMC	Standing Maritime Committee
Sp	Self-Propelled
Sqn	Squadron
STFEP	Short Term Force Employment Plan
Sup	Support
SWP	Standing Working Procedure
TBVC	Transkei, Bophuthatswana, Venda, Ciskei
Tp	Troop
UAV	Unmanned Aerial Vehicles
UK	United Kingdom
UN	United Nations
UNCLOS	United Nations Law of the Sea Convention
USA	United States of America
USAF	United States Air Force