

DEPARTMENT OF DEFENCE
Annual Report

“Together we move South Africa forward”



2014/15



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF DEFENCE

Annual Report

01 April 2014 to 31 March 2015

“Together we move South Africa forward”



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

Vision

Effective defence for a democratic South Africa

Mission

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

The above will be provided through the proper management, provision, preparedness and employment of defence capabilities which are in line with the domestic and global needs of South Africa

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

Annual Report Enquiries:

Head of Communication:
Mr S. Dlamini

Tel: +27 12 355 6365
Fax: +27 12 355 0118
E-mail: siphiwe.dlamini@dod.mil.za

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Department:
Defence
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF DEFENCE
ANNUAL REPORT FY2014/15**

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

Dear Minister

THE DEPARTMENT OF DEFENCE ANNUAL REPORT FOR THE FY2014/15

I have the honour of submitting the Department of Defence Annual Report for the reporting period 01 April 2014 to 31 March 2015.

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



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STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year which ended on 31 March 2015.

Yours faithfully

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



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



This Annual Report is dedicated to the memory of Lieutenant General (Lt Gen) Bongani Mbatha, one of our senior commanders, who died on 05 May 2015. Lt Gen Mbatha was appointed as the Chief of Logistics in April 2014 and managed this portfolio with distinction. At the time of his death, he was working closely together with his team to ensure that all the requirements of the auditing process were met and he contributed immensely to this annual report.

The challenges of organizing and capacitating our Defence Force are first and foremost informed by this analysis of our geo-political and security situation. While these situations are not always static, South Africa also has a responsibility to inform itself correctly about what the real drivers of insecurity are and whether those may require interventions other than military effort.

Our Defence Force has a critical role to play as we, together with our regional and other partners, seek to secure peace and stability without which economic development is not possible. The Defence Review 2014 was approved by Cabinet on 19 March 2014 and tabled in Parliament for approval on 3 July 2014. The policy document was adopted by the Joint Standing Committee on Defence on 30 April 2015 and finally approved by the National Assembly on 07 June 2015.

A Defence Review Overarching Implementation Framework, aligned with the National Planning, Budgeting and Reporting Cycle, has been approved. An oversight body, the Defence Review Implementation Project Team (DRIPT) consisting of both the Defence Secretariat and the Military Command, was established to ensure departmental integration during planning and implementation. Two permanent planning streams, one on policy matters, led by the Defence Secretariat, and the other on force development planning, led by the Military Command, will drive the planning and implementation process of the Defence Review.

The Defence Secretariat planning team will institutionalize the new defence direction by developing the following:

- A funding model to enable the resourced implementation of the Defence Review 2014.
- A defence accountability concept to ensure civil control of defence without compromising the command and control of the South African National Defence Force (SANDF).

- A delegation regime supportive of military command and control.
- A system to expedite defence capital acquisition.
- A Defence Industry and Technology Strategy.

The Military Command planning team has begun work that seeks to incorporate the new defence policy into a Military Strategic Direction Framework. The work includes:

- The development of a new Military Strategy that will spell out how military resources will be utilized to achieve the policy objectives of the Defence Review 2014.
- The development of an appropriate force design and force structure to provide a clear account of capabilities required to achieve policy objectives.
- The development of a plan to systematically restructure the SANDF throughout the Medium-Term Strategic Framework (MTSF) period, as may be allowed by the current resource baseline, with particular emphasis on the command and staff system and the establishment of combat formations.
- A plan to rightsize the SANDF's personnel component.
- The renewal of the education, training and development system of the SANDF.

Over the Medium-Term Expenditure Framework (MTEF) period, a Force Development Plan will be developed concurrently with the arrest of the decline of the SANDF – Milestone 1. The Force Development Plan will have a long-term trajectory to rebalance and capacitate the Defence Force to effectively and efficiently execute its Constitutional mandate. The implementation of all 4 Milestones must in the end produce an agile, balanced and technologically advanced Defence Force able to meet its current commitments and future obligations.

Much progress has been made in many areas of our work, such as the development of a Sensor Strategy and Plan; the ongoing disposal of redundant equipment; the establishment of a Joint Operations Centre at the Department of Defence Works Formation and the completion of the Military Discipline Bill. Furthermore, the ongoing execution of 'Operation Thusano' directed at the maintenance and repair of our military equipment, especially operational vehicles, with the assistance of technical personnel from the Cuban Defence Force, continues with success. A critical finding of the Defence Review is the mismatch between resources allocated to the Defence Force and its commitments at home and on the African continent. Despite this constraint, the SANDF continues to execute tasks assigned to it with dedication and a high level of professionalism. A total of 2213 members are currently deployed in the Democratic Republic of Congo and the Darfur Region of Sudan as part of United Nations and African Union mandated missions.

In the Democratic Republic of the Congo (DRC), the SANDF is deployed as part of MONUSCO, with elements forming the Force Intervention Brigade together with defence forces from Malawi and Tanzania. The Force Intervention Brigade (FIB) was established to deal with the M23 and all negative forces. The FIB neutralised the M23 successfully, but there are still other negative forces operating in that area. Demands for the services of the military are ever increasing.

At home the Defence Force continues to deploy 13 subunits for border safeguarding duties. These 13 subunits must be expanded to 22 to execute the full border-safeguarding requirement. But due to budgetary constraints, we have not met this expanded requirement. It is our intention to expand this by an extra two subunits in this financial year.

In the last financial year, 20 refurbished operational ambulances were delivered for use by soldiers deployed on the borders. During operations, soldiers confiscated an assortment of contraband and intercepted unocumented foreign nationals. The defence force transported the mortal remains of 84 South Africans who perished in Lagos, Nigeria after the collapse of a church building. The defence force, together with other

Agencies, assisted in the complicated task of identifying, preparing and transporting the mortal remains of the deceased, and returning them to their loved ones.

The SA Navy continues to deploy its assets to combat piracy in the Mozambican Channel. This deployment is part of the Southern African Development Community (SADC) Maritime Strategy. The continuous presence of SA Navy platforms ensured the safety of merchant vessels to and from South Africa. Building the SA Navy remains a priority with a view to protect our maritime economy in order to advance our development objectives.

South Africa has been in the forefront of the establishment of the African Capacity for Immediate Response to Crises (ACIRC) to deal with security challenges on the Continent. Volunteering nations have started with preparations to build this capacity. During 2014, the SANDF prepared its pledged force to reach an interim operational capacity by 30 September 2015, and a full operational capacity by 30 November of the same year.

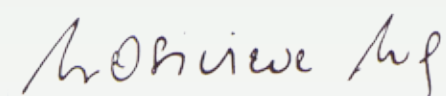
The DOD, as the Chair of the Justice, Crime Prevention and Security (JCPS) Cluster, is committed to working with sister departments to achieve the objectives of Outcome 3 of the MTSF 2014-2019, *"All People in South Africa are and Feel Safe"*. The DOD will effectively safeguard South Africa's borders; contribute to the development of the Cybersecurity Strategy and Implementation Plan; and ensure that matters of corruption are reduced. The revitalization and transformation of the Reserves remain a priority, particularly because, out of a total of approximately 22 600 Reserves, approximately 14 600 were called up and mostly deployed in border-safeguarding operations.

A Memorandum of Understanding (MOU) with the Department of Public Works (DPW) on the transfer of immovable asset life-cycle management functions in respect of Defence Endowment Properties from the DPW to the DOD has been signed. This arrangement will enable the DOD to properly manage its own property portfolio to the benefit of our members who live and work there.

A Ministerial Medical Task Team was established in March 2014 to investigate a number of factors which were impacting negatively on the military health system. Its recommendations have since been translated into implementation plans in terms of human resources, infrastructure and health care.

We undertook to ensure that the Department works in a cost-effective manner to optimally use the resources allocated to it. We have now enhanced the capacity of the Internal Audit function to ensure compliance with departmental norms and standards.

We present the report as contained herein.



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

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



The Department of Defence (DOD) Annual Report for FY2014/15 presents the DOD's performance over two Administrations: the final year of the 2009 – 2014 Medium-Term Strategic Framework (MTSF) and the first year of the 2014 – 2019 MTSF. It also marks 20 years of existence of the South African National Defence Force (SANDF) since the integration process took place in 1994. Over the past 20 years the country successfully built a united Defence Force. The DOD, during the second decade after democracy, continued to defend and protect the Republic of South Africa (RSA), its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of military forces.

Interaction with Cabinet continued through the Forum of Directors-General and Cabinet clusters. The DOD was actively involved in the Justice, Crime Prevention and Security Cluster (JCPS), International Cooperation, Trade and Security Cluster (ICTS) and Governance and Administration Cluster (G&A) by providing performance information on the implementation of Government's Programme of Action. The DOD provided a secretariat service to the ICTS Cluster during the previous Administration, and after the transition to the new Administration during September 2014, to the JCPS Cluster.

Defence played a leading role in the area of defence diplomacy and was involved in the processing and signing of Defence Cooperation Agreements and Memoranda of Understanding with various bilateral and multilateral partners. It furthermore ensured that operational commitments were authorised by Cabinet and the President as required by the Constitution, National legislation and the Handbook on the Executive Acts of the President.

The DOD continually strived to enhance its internal controls and to be more effective and efficient in the application of management practices. The DOD maintained principles of best practice: this is evident in the degree to which the DOD achieved only a 0.03% underspending of its allocated departmental budget during the year under review. This was achieved through appropriate budget control measures in the DOD. A Chief Compliance Officer (CCO) was appointed and assumed Office on 01 November 2014. The CCO will assist the Accounting Officer to ensure optimised mandate achievement by means of adherence to the regulatory framework.

The DOD implemented various initiatives in line with the Minister's directive and in pursuit of improved corporate governance, to reverse the FY2013/14 audit qualification on Intangible Capital Assets. An Intangible

Capital Assets Policy was promulgated and the Asset Management Operational Centre is expanded to include Intangible Capital Assets. In addition, the Internal Audit Division was established on the Defence Secretariat's structure in order to provide assurance on the effectiveness of the DOD's internal controls. The DOD Audit Committee's contribution made in terms of their oversight function is recognised and appreciated.

In support of the National Conventional Arms Control Committee, the Department ensured the provision of an effective administration and secretariat capability. The application of this capability realised the regular licensing of conventional arms transfers as well as the accountability thereof.

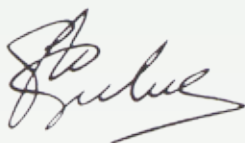
In the area of armament acquisition, acquisition improvement principles are currently being incorporated into the Defence Acquisition Policy (DAP1000). As an interim measure, to supplement DAP1000, an Expedited Armament Acquisition Process was implemented to ensure the timely equipping of SANDF forces deployed within and outside the borders of South Africa.

The newly appointed ARMSCOR Board of Directors assumed Office on 01 May 2014. The ARMSCOR Board has since finalised a turnaround strategy to improve processes within ARMSCOR. This turnaround strategy is currently in the consultation phase before submission to the Minister for approval. The Minister has appointed a new Chief Executive Officer who also assumed Office on 01 May 2015.

The Defence Review 2014 was approved by Cabinet on 19 March 2014, adopted by the Joint Standing Committee on Defence on 30 April 2015 and approved by both Houses of Parliament during June 2015. Two permanent planning streams, one on policy matters, led by the Defence Secretariat, and the other on force development planning, led by the Military Command, will drive the planning and implementation process of the Defence Review. Progress with the implementation will be reported on in the next Annual Report.

I wish to convey my sincere appreciation to the Minister of Defence and Military Veterans, the Honourable Ms N.N. Mapisa-Nqakula, MP, the Chief of the SANDF, General S.Z. Shoke and all the Chiefs of Services and Divisions for their leadership, dedication and commitment to the country, and more specifically, to the DOD. I also want to thank each and every soldier deployed internally and externally and every other DOD employee who served South Africa and the DOD with loyalty and dedication. Lastly, I need to pay tribute to the enormous contribution made by the late Chief of Logistics, Lieutenant General Bongani Mbatha, who passed away on 05 May 2015.

It is my privilege to present the DOD Annual Report for FY2014/15.



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

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



The operating environment (the continent in particular) is becoming increasingly complex whilst the security situation is unpredictable. Primarily, our Constitution demands a strong South African National Defence Force (SANDF) to defend and protect South Africa and to safeguard her interests against any threat at any given time. The SANDF is one organization that realizes these developments (and constitutional expectations) and is therefore always ready to successfully overcome such complexities as and when ordered to do so by Government.

The past Financial Year has been persistently unstable from the east, west, north and Southern African Development Community (SADC) part of the continent. The SANDF has always been ready to support initiatives of Government for bringing peace and stability to the continent, a vision of our foreign policy. Most of all, the SANDF has always been ready to Support the People of South Africa.

In the Financial Year under review, the achievements of the SANDF have been significant and include, amongst others, peace missions, military assistance to other countries, humanitarian assistance, disaster relief and border safeguarding.

Notwithstanding resource pressures, the SANDF has continued to be the beacon of hope whenever deployed inside and outside the Republic of South Africa's (RSA) borders. The enduring peace-support operations in the Democratic Republic of The Congo (DRC) and Sudan mandated by the United Nations (UN) and the African Union (AU) continued with more than 2 100 members deployed on a continuous basis. There was also an SANDF presence in the east coast up to the Mozambique Channel to curb piracy and related maritime crime, an operation aimed at supporting the Maritime Security Strategy. The SANDF has also given Military Assistance to SADC countries in Naval Cooperation and Guidance for Shipping through the SA Navy. To date, the SANDF has trained 9 000 DRC recruits and soldiers, many of whom have already been deployed and successfully fought against militia groupings in the eastern part of the DRC.

The Financial Year 2014/15 has seen the Nation grieving the loss of South Africans in the most unfortunate incident, namely that of the collapse of a building in Lagos, Nigeria. The SANDF, in conjunction with other arms of government, was called by the Presidency to assist through our Military Health establishment and the Air

Force. The SANDF actively participated and ensured that the remains of our fellow citizens are brought home to be laid to rest.

The collateral utility of our capabilities has, over the years, been useful to saving lives in such missions as humanitarian assistance operations. During the year under review, the SANDF's capabilities were utilized to render humanitarian assistance to the Mozambican government during the floods in the Zambezi Province. Force structure elements of the SA Army, Air Force and Military Health services were involved in this operation.

With the footprint of a number of subunits in the borderline, it has always been the assertion of the Military Command Council that such footprint (of subunits) is by far not enough to safeguard our borders. For this reason the SANDF will generate forces over time to reduce and eliminate the porosity of our borders.

The SANDF noted the successful overhaul of its submarine, SAS MANTHANTISI, with pride. The overhaul was the first of its kind done in South Africa utilizing the local Dockyard infrastructure in Simon's Town.



(S.Z. SHOKE)

CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE: GENERAL

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

A	AAD	African Aerospace and Defence Exhibition
	ACIRC	African Capacity for Immediate Response to Crises
	AENE	Adjusted Estimates of National Expenditure
	AFB	Air Force Base
	AFIS	Automated Fingerprint Identification System
	AGSA	Auditor-General Of South Africa
	ARMSCOR	Armaments Corporation of South Africa Ltd
	APP	Annual Performance Plan
	ATNS	Air Traffic And Navigation Services
	AU	African Union
	AMG	Aero Manpower Group
	ARV	Antiretroviral
B	BCOCC	Border Control Operational Coordinating Committee
	BRICS	Brazil, Russia, India, China and South Africa
C	CAS	Crime Administration System
	CBR	Chemical, Biological and Radiological
	CCS	Consolidated Control System
	CCO	Chief Compliance Officer
	CDLS	Chief Defence Legal Services
	CDR	Chief Defence Reserves
	CEO	Chief Executive Officer
	CFO	Chief Financial Officer
	CHA	Concurrent Health Assessments
	CHATSEC	Combating of HIV and Aids Through Spiritual and Ethical Conduct
	CI	Counter Intelligence
	C J OPS	Chief Joint Operations
	C LOG	Chief Logistics
	C LOG OPS	Chief Logistics Operational Centre
	CMA	Court of Military Appeals
	CMIS	Command and Management Information Systems
	COLA	Cost of Living Adjustments
	COD	Council on Defence
	COTS	Commercial Off-The-Shelf
	CPX	Command Post Exercise
	C SANDF	Chief of the South African National Defence Force
	CSIR	Council for Scientific and Industrial Research
	CTC	Combat Training Centre
D	DA	Defence Attache

DACAF	Directorate Anticorruption and Antifraud
DAP 1000	Defence Acquisition Policy
DCC	Defence Corporate Communication
DEA	Department of Environmental Affairs
DEFCOM	Defence Committee
DFR	Defence Foreign Relations
DFSC	Defence Force Service Commission
DHA	Department of Home Affairs
DI	Defence Intelligence
DIA	Defence International Affairs
DICI	Defence Information and Communication Infrastructure
DISC	Defence Intelligence Standing Committee
DLSD	Defence Legal Services Division
DMV	Department of Military Veterans
DRIPT	Defence Review Implementation Project Team
DOD	Department of Defence
DODI	Department of Defence Instruction
DOD ISME	DOD Integrated Strategic Management Enabler
D OPS LS	Directorate Operational Law Support
DPLC	Defence Provincial Liaison Council
DPME	Department Planning, Monitoring and Evaluation
DPM&E	Department Performance Monitoring and Evaluation
DPSP	Defence Policy, Strategy And Planning Division
DPW	Department of Public Works
DRB	Defence Reserve Board
DRC	Democratic Republic of the Congo
DRDLR	Departmental Rural Development and Land Reform
DRIPT	Defence Review Implementation Project Team
DSD	Department of Social Development
DSC	Department Staff Council
DR-TB	Drug Resistant-Tb
DW FMN	Defence Works Formation
E	
EA	Executive Authority
EAAP	Expenditure Armaments Acquisition Process
ENSP	Executive National Security Programme
ENE	Estimates of National Expenditure
ERP	Enterprise Resource Planning
ETD	Education, Training and Development
EU	European Union
EX	Exercise
F	
FARDC	Forces Armées De La République Démocratique Du Congo
FIB	Force Intervention Brigade

	FLO	Foreign Learning Opportunities
	FMD	Financial Management Division
	FMN	Formation
	FMS	Financial Management System
	FSE	Force Structure Elements
	FY	Financial Year
G	G&A	Governance and Administration
	GCIS	Government Communication and Information System
	GITO	Government Information Technology Officer
	GMA	General Military Assistance
	GPAA	Government Pensions Administration Agency
	GRC	Governance, Risk and Compliance
H	HCP	Health Care Professionals
	HCT	HIV & Aids Counselling and Testing
	HR	Human Resources
	HQ	Headquarters
I	IA	Intangible Asset
	IAD	Internal Audit Division
	IBSA	India, Brazil and South Africa
	ICA	Intangible Capital Assets
	ICS	Improvements on Conditions of Service
	ICT	Information Communication Technology
	ICTS	International Cooperation, Trade and Security
	IDES	International Defence Enterprise System
	IFMS	Integrated Financial Management System
	IP	Intellectual Property
	ISDSC	Interstate Defence and Security Committee
	IT	Information Technology
	IT FMS	Information Technology Financial Management System
J	JCPS	Justice, Crime Prevention and Security
	JFE	Joint Force Employment
	JIM	Joint International and Multinational
	JIOC	Joint Interim Operations Centre
	JPCDS	Joint Permanent Commission on Defence And Security
K	KSK	Komando Spezialkräfte
	KAP	Knowledge, Attitude and Practice
L	LEGSATO	Legal Satellite Office
	LOA	Letter Of Assist
M	MAAC	Military Attaché and Advisory Core

	MDSMA	Military Discipline Supplementary Act
	MEM	Mobility Exit Mechanism
	MLAC	Ministerial Legal Audit Committee
	MOD & MV	Minister of Defence and Military Veterans
	MOU	Memorandum of Understanding
	MPAT	Monitoring Performance Assessment Tool
	MPD	Military Police Division
	MPSP	Military Policy, Strategy and Planning Office
	MSDS	Military Skills Development System
	MTEF	Medium-Term Expenditure Framework
	MTSF	Medium-Term Strategic Framework
N	NARYSEC	National Rural Youth Service Corps
	NCACC	National Conventional Arms Control Committee
	NCAGS	National Naval Control And Guidance For Shipping
	NCO	Non-Commissioned Officers
	NDPW	National Department of Public Works
	NICOC	National Intelligence Coordinating Committee
	NT	National Treasury
	NYS	National Youth Service
	NYSP	National Youth Service Programme
	NYSP	New York State Partnership Programme
O	OCA	Operation Clean Audit
	OECP	Operational Emergency Care Practitioners
	OP	Operation
	OSD	Occupation Specific Dispensation
	ORTIA	OR Tambo International Airport
P	PFMA	Public Finance Management Act
	PIMS	Performance Information Management System
	PMG	Provost-Marshal General
	PMM	Procurement Management Module
	POA	Programme of Action
	PSAP	Public Service Act Personnel
	PSO	Peace Support Operations
	PWC	PricewaterhouseCoopers
R	RAB	Religious Advisory Boards
	REG	Regular
	RES	Reserve
	RFC	Reserve Force Council
	RFP	Request for Proposal
	RSA	Republic of South Africa

S	SA	South Africa
	SAAF	South African Air Force
	SADC	Southern African Development Community
	SADI	South African Defence Institute
	SAHRA	South African Heritage Resources Agency
	SAI BN	South African Infantry Battalion
	SAMHS	South African Military Health Service
	SAMRO	South African Music Rights Organisation
	SAN	South African Navy
	SANAE	South African National Antarctic Expedition
	SANDC	South African National Defence College
	SANDF	South African National Defence Force
	SAPS	South African Police Service
	SASSETA	Safety and Security Sector Education and Training Authority
	SAQA	South African Qualifications Authority
	SCM	Supply Chain Management
	SCOPA	Standing Committee on Public Accounts
	SDA	Special Defence Account
	SDSP	Security and Defence Studies Programme
	SEC DEF	Secretary for Defence
	SETA	Sector Training Authority
	SG	Surgeon General
	SITA	State Information Technology Agency
	SLA	Service Level Agreement
	SMS	Senior Management Service
	SONA	State-of-the-Nation Address
	SOFA	Status of Forces Agreements
	SPF	Strategic Planning Framework
	SP	Strategic Plan
	SU	Stellenbosch University
T	TMR	Tactical Mobile Radars
U	UN	United Nations
	URTP	University Reserve Training Programme
	USA	United States of America
W	WAN	Wide Area Network
Y	YLDP	Young Leadership Development Programme

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TERMINOLOGY

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

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



PART 1 - THE MINISTRY

CHAPTER 1 INFORMATION ON THE MINISTRY

Institutions Reporting to the Executive Authority

The DOD has a legislative oversight function in respect of public entities and organs of State that are accountable to the Executive Authority (EA) and categorised within Schedules 2 and 3 of the Public Finance Management Act (PFMA) (Act No. 1 of 1999). The summary of the mandate, outputs, and annual budget for public entities and organs of state is provided in Tables 1.1 and 1.2.

Public Entities Reporting to the Executive Authority

The following public entities report to the Executive Authority:

- ARMSCOR.
- Castle Control Board.

Table 1.1: Public Entities Reporting to the Executive Authority

Name	Legislative Mandate	Outputs
ARMSCOR	The ARMSCOR mandate is derived from the ARMSCOR Act (Act No. 51 of 2003), which requires ARMSCOR to adhere to accepted corporate governance principles, best business practices and generally accepted accounting practices within a framework of established norms and standards that reflects fairness, equity, transparency, economy, efficiency, accountability and lawfulness.	To manage technology projects, the following themes underpin the current focus: <ul style="list-style-type: none"> • Funding and growth. • People/capabilities. • Organisational effectiveness and efficiencies. • Stakeholder relationships.
Castle Control Board	The Castle Control Board as a public entity, under the Public Finance Management Act, (Act No. 1 of 1999), Section 1, has the mandate to manage and govern the Castle of Good Hope on behalf of the Minister of Defence and Military Veterans (MOD&MV).	<ul style="list-style-type: none"> • Compliance with Regulatory Framework. • Maintenance, preservation, interpretation and showcasing of the history of the Castle of Good Hope. • Preserved and protected military and cultural heritage site. • Optimised tourism potential of the Castle of Good Hope. • Optimised accessibility to the Castle of Good Hope by the public. • Increased public profile and positive perception across all sectors of the community.

Organs of State¹ Reporting to the Executive Authority

The following organs of State report to the Executive Authority:

- Department of Military Veterans.
- Defence Force Service Commission (DFSC).
- Office of the Military Ombud.
- Reserve Force Council.

¹ For purposes of this document, organs of state are defined as any other State functionary or institutions, other than public entities that exercise a power or perform a function into the Constitution, or exercise a public power or perform a public function into any legislation.

Table 1.2: Organs of State Reporting to the Executive Authority

Name	Legislative Mandate	Outputs
Department of Military Veterans (DMV)	The Military Veterans Act, (Act No. 18 of 2011) provides the mandate and seeks to provide national policy and standards on socio-economic support, including benefits and entitlements, to military veterans and their dependants.	The outputs are as follows: <ul style="list-style-type: none"> • DMV Direction. • Military Veteran Socio-economic Support Services. • Military Veteran Empowerment and Stakeholder Relations. • Provision of Sound Policy and Administration.
Defence Force Service Commission (DFSC)	The DFSC was established in terms of Section 62A of the Defence Amendment Act (Act No. 22 of 2010).	<ul style="list-style-type: none"> • To investigate, advise and make recommendations on a unique service dispensation outside the ambit of the Public Sector, including the regulatory framework and advice on remuneration and conditions of service of members of the SANDF.
Reserve Force Council (RFC)	In terms of Section 48(4) of the Defence Act, (Act No. 42) of 2002, the RFC is a consultative and advisory body representing the Reserve Force in order to promote and maintain that Force as an integral part of the Defence Force and must be consulted on any legislation, policy or administrative measures affecting the Reserve Force.	The RFC's output includes: <ul style="list-style-type: none"> • Provision of advice for the Minister. • Consultation/policy/legal advice to identified stakeholders. • Develop and maintain the Reserve Force Service System. • Promote Reserve Force support structures. • Communication, marketing, and promotion of the Reserves and the Reserve Service System. • Proposal of projects. • Establishment of an Honorary Colonels' Club. • Establishment and maintenance of both multi- and bilateral links with international Reserve Officers' Associations. • Identifying and advancing international opportunities for young Reserve Force leaders, both officers and non-commissioned officers (NCOs).
Office of the Military Ombud ²	The mandate of the Office of the Military Ombud, which is derived from the Military Ombud Act, (Act No. 4 of 2012), is to investigate complaints lodged in writing by: <ul style="list-style-type: none"> • A member regarding his or her conditions of service. • A former member regarding his or her conditions of service. • A member of the public regarding the official conduct of a member of the Defence Force. • A person acting on behalf of a member. 	To investigate complaints lodged in writing by: <ul style="list-style-type: none"> • A member regarding his or her conditions of service. • A former member regarding his or her service conditions. • A member of the public regarding the official conduct of a member of the Defence Force. • A member acting on behalf of a member of the Defence Force.

Bills Submitted to the Legislature and Finalised During the Reporting Period

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

Ministerial Visits Abroad for the FY2014/15

The Minister engaged in a number of defence-related diplomatic activities. International visits by the Minister are shown in Table 1.3.

² It is the intention that in the FY2015/16 the Office of the Military Ombud may become a Public Entity

Table 1.3: International Visits by the Minister of Defence in the FY2014/15

Date	Country	Purpose
22–28 June 2014	Equatorial Guinea	To attend the 23 rd Ordinary Summit of the AU.
1–2 July 2014	Angola	2 nd IGLR/SADC Ministerial Meeting.
13–14 July 2014	France	To attend the Bastille Day Parade.
14–18 July 2014	UK	To attend the Farnborough Airshow.
16–19 August 2014	Zimbabwe	34 th Summit of SADC Heads of States and Government.
19–27 September 2014	United States of America	To attend the 69 th Session of the UN General Assembly.
9–10 October 2014	Chad	Bilateral Cooperation on Defence matters.
18–22 October 2014	Angola	(20 October 2014). 3 rd ICGLR/SADC Summit. (22 October 2014). Tripartite Mechanism between the Republic of South Africa, the Republic of Angola and the Democratic Republic of Congo.
26 January to 1 February 2015	Ethiopia	To attend the 24 th Ordinary AU Summit.
21–24 February 2015	United Arab Emirates	International Defence Exhibition (IDEX).
9–13 March 2015	United States of America	Women's Conference organized by the UN.
14–19 March 2015	Cuba	To discuss matters of bilateral defence cooperation.

Appearances before the Parliamentary Committees

The Minister appeared before the Portfolio Committee on Defence and Military Veterans (PCD&MV) on one occasion and appeared before the Joint Standing Committee on Defence on one occasion during the reporting period.

The Department of Defence (DOD) appeared on ten occasions before the PCD&MV, during the reporting period.

Parliamentary Questions

The Minister replied to one Parliamentary question for written reply and three Parliamentary questions for oral reply from the National Council of Provinces; while she replied to 157 Parliamentary questions for written reply and 24 Parliamentary questions for oral reply from the National Assembly during the period under review.

Council on Defence

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

MOD&MV Priorities for FY2014/15

The Minister provides strategic direction to the Department and sets out priorities to be pursued by the Department over a given period. The execution of these strategic priorities enhances the effective realisation of the Defence mandate, while contributing to the national priorities of Government. Ongoing monitoring and evaluation of performance against these strategic priorities will test the extent to which the Defence function has been able to “do things differently and achieve more with less”. On the one hand, these Defence priorities

seek to implement the State of the Nation Address (SONA) pronouncements applicable to the DOD during the period under review, while on the other hand, they place a focus on important sustained Defence agenda matters. The Minister's strategic priorities for the FY2014/15 were as follows:

Enhancement of the SANDF's Landward Defence Capabilities

The SA Army's primary objective is to prepare, provide and support landward defence capabilities for the defence and protection of the RSA, its territorial integrity and the people of the country. This was achieved through the SA Army's execution of the Medium-Term Strategic Framework (MTSF) outcomes of the SANDF and by supporting the achievement of the priorities of the Minister.

The procurement of operational ambulances for utilisation by the South African Military Health Service (SAMHS) in border safeguarding operations enhanced the landward defence capability. Twenty ambulances were procured and delivered. The remainder of the ambulance fleet will be delivered in FY2015/16.

Modernisation of the Landward System has remained stagnant, pending the finalisation and implementing of the Defence Review, which will inform the required future landward defence capabilities of the SANDF during force development (Milestone 2 to 5).

Maritime Security Strategy

The focus of the SA Navy continued to remain on the preparation of naval forces for operations in support of the Maritime Security Strategy. The conducting of Op COPPER, which is the naval operation that involves patrols in the Mozambique Channel for the prevention of any piracy-related activities, remains a priority. During the period under review, SAS SPIOENKOP was deployed on this operation from 01 April 2014 to 11 May 2014. The three offshore patrol vessels, SAS MAKHANDA, SAS ISAAC DYOBHA and the SAS GALESHEWE, took over these duties on a rotational basis to ensure a naval presence in this theatre, as part of the SADC and South African Maritime Security Strategy. The continuous presence of the SA Navy platforms ensured the safety of merchant vessels plying their trade to and from South Africa (SA).

The long awaited refit of an SA Navy Frigate (SAS AMATOLA) is in its final stages of completion in Durban. In addition, one of the SA Navy submarines, SAS MANTHANTISI, was overhauled successfully in the Simon's Town dockyard and is currently operational. Of significance is that this was the first time that a Type 209 submarine refit was completed on the African continent.

Job Creation

The DOD has supported this priority by providing more opportunities to entry-level personnel by strengthening the internship intake. The development and implementation of the National Youth Policy will serve as a mechanism to provide youth with the initial discipline and equip them with the skills necessary for employment so that they can be absorbed into various institutions.

National Youth Service (NYS)

The NYS programme is an initiative by Government that supports the development of the youth of SA. Collateral capabilities of the DOD are utilised to render training on basic life skills in support of the Department of Rural Development and Land Reform (DRDLR) and the Department of Social Development (DSD) as ordered by the Minister. During the period under review, 2 008 NYS participants graduated successfully.

Restructuring and Support of the Defence Industry

The DOD supported the SA Defence Industry by means of visits to targeted foreign countries, specifically the BRICS (Brazil, Russia, India, China and South Africa) countries, with the view to developing business opportunities in support of the objective to build economic and social infrastructure.

Revitalisation of the Reserves

As a priority area, the Reserves are transformed and revitalised so that they are able to fulfil their support role of reinforcing the SAArmy, SAAir Force, SA Navy and the SAMHS during internal exercises and peace support missions conducted by the DOD. During the year under review, the SANDF called up approximately 14 600 of the approximately 22 600 active Reserves available, for an average period of 183 days each and they were mostly used in borderline safeguarding to complement the Regulars. The utilisation of Reserves is addressed and supported extensively in the Defence Review 2014, as well as in the C SANDF's Strategic Intent.

MOD&MV Strategic Focus Areas for FY2014/15

Performance against the strategic focus areas of the Minister for the FY2014/15 is reported as follows:

Military Skills Development System (MSDS)

The MSDS is a service system that supports the DOD's Human Resources (HR) Renewal Strategy and the feeder system to ensure the SANDF's rejuvenation. It must be noted, however, that the SANDF has reached a capacity ceiling in terms of being able to afford, train, manage and accommodate the annual MSDS intakes. Because of reduced funding allocated to the MSDS, the ability of the SANDF to ensure a rejuvenated, prepared and employed capability is compromised for both internal and external SANDF operations. This affects the Regulars and the Reserves who jointly experience a shortage of young and fit deployable soldiers. This situation will not be resolved until the size of the annual SANDF intakes can be increased materially. During the period under review, 3 889 young and fit MSDS members were appointed.

Transformation in the DOD (SANDF)

The representation of women in the DOD continues to be addressed in departmental policies and manifests in the following:

- Recruitment at entry level to be increased to 50%.
- Representation of women to be increased at all levels of command.
- The number of women Defence attachés to be increased.
- Gender and leadership seminars to be conducted across the gender divide.
- Gender perspectives and dynamics to be incorporated with all military development courses.

Reconfiguration of Force Number Allocation

The current configuration of force numbers does not enhance the required force integration and cohesion. To address this, the DOD is investigating an information technology (IT) system that will bring about a totally reconfigured set of force numbers. A new-generation Information Technology Financial Management System (IT FMS) for all Government departments, which includes the DOD, is in the process of being developed. Tangible progress will depend largely on the pace at which Government develops the IT system.

DOD Audit

The DOD continues to strengthen its institutional arrangements and internal control mechanisms of accounting for the utilisation of resources at its disposal, which *inter alia* include human resources, finance, matériel, and information systems. The DOD has further enhanced the internal audit function, which operated for the period under review along with the Operation Clean Audit project managed by the Chief Financial Officer (CFO). The DOD received an audit qualification on its intangible capital assets (ICAs), which has since been addressed comprehensively by senior management. A nodal point was established to manage this function and included all stakeholders in the defence portfolio. Further, complex issues regarding ICAs are discussed and resolved at the bi-weekly Audit Management Team meetings chaired by the Chief Audit Executive.

Corruption and Fraud

The DOD has a nodal point managing all issues of corruption and fraud ranging from awareness training to structured receipt of cases through the 'whistle-blowing' and other channels. The Military Police are the competent entity in the DOD that investigates the reported cases and the military courts prosecute with a view to securing a conviction in those cases that are not referred to a civilian court. Of the 60 reported cases of fraud (56) and corruption (4), 20 cases were investigated, of which 16 cases were prosecuted successfully. By its actions, the DOD intends to demonstrate zero tolerance on fraud and corruption and a commitment to eliminate all forms of this in the DOD.

Youth Development Programme

The DOD is in the process of structuring its youth development programmes, as decided at the February 2013 Cabinet Lekgotla. It is envisaged that these programmes will eventually be consolidated with the activities of the NYS and regulated by one policy regime.

PART 2 - STRATEGIC DIRECTION

CHAPTER 2 STRATEGIC DIRECTION AND DEFENCE OUTCOMES

Introduction

The Department of Defence (DOD) Annual Report for the FY2014/15 is presented herewith. The Annual Report details how the DOD has achieved the defence strategic objectives of meeting ordered commitments, providing capabilities, ensuring sound administration and management of the DOD.

In the period under review, the DOD made significant progress in many areas against priorities set. The South African National Defence Force (SANDF) troops were deployed outside the country in various peace missions, and internally on several missions in support of the people of South Africa as well as other Government departments. Notwithstanding the constrained budget allocation, the DOD committed itself to executing its mandate.

Constitutional and Legislative Mandate

The DOD derives its mandate primarily from Section 200(2) of the Constitution, 1996 (Act No. 108 of 1996). This mandate is given substance by the Defence Act, 2002 (Act No. 42 of 2002), the White Paper on Defence (1996), the Defence Review (1998) and delegated legislation. The DOD comprises the Defence Secretariat, which is established in terms of Section 204 of the Defence Act, and the SANDF established in terms of Section 200(2) of the Constitution.

Vision

“Effective defence for a democratic South Africa”.

Mission

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

Shared Value System

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

Individual Values

- Patriotism.
- Loyalty.
- Human dignity.
- Professionalism.

- Integrity.
- Leadership.
- Accountability.

Organisational Values

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

- Service standards. Service standards are based on clear direction and strong leadership. Our priority is, and shall always be, to maximise our defence capability and our contribution to peace and security. We shall maintain high standards of excellence and professionalism in everything we do.
- Excellence. We shall build on what we do well and actively foster a climate of success. We shall invest in our people and encourage innovation. We shall provide the right incentives and recognise individual and team contributions.
- Ethics. We shall adopt and encourage reasonable working practices. We shall not be deflected by the demands of vested interests. We shall foster fairness and trustworthiness in all we do. We shall not ignore difficult issues.
- Openness and transparency. We shall ensure clear communication and better understanding. We shall ensure that our messages are understood. We shall listen to clients' concerns and make sure we understand what they are saying to us. We shall aim to create a climate of trust and transparency in our decision-making.
- Consultation rooted in effective and efficient partnership and collaboration. We shall encourage and improve links with other Government departments and other relevant organs of State. We will strengthen partnerships with industry, allies and the community at large. We shall promote collaboration in the DOD, harmonise activities and systems and, where sensible, share knowledge.
- People. We shall uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.
- Teamwork. In the DOD, we are one team and embrace one purpose. We shall debate issues fully, whilst rigorously representing our individual responsibilities. Our overriding aim, however, is to reach conclusions that are best for the entire Department and then to act on them.
- Accountability. We shall create a learning organisation in which all employees seek and share knowledge and information, whilst committing themselves to personal growth. We shall lead by example and influence others to follow these principles. We shall be sensible to the demands we make on people and recognise the unique commitments they make.
- Discipline. We shall consistently strive towards upholding a high level of discipline. Individually and collectively, we shall rebuild the profile and image of the Defence establishment as the best-disciplined profession.

Medium-Term Strategic Framework

Because of the general elections held during May 2014, the year under review straddles two electoral periods, namely the 2009 to 2014 MTSF and 2014 to 2019 MTSF. The DOD, in pursuing its legislative mandate, has successfully contributed to the high-level governmental drivers over this transitional period.

The 2009 to 2014 electoral mandate focused on the following priorities:

- Halve poverty and unemployment by 2014.
- Ensure a more equitable distribution of the benefits of economic growth, and reduce inequality.
- Improve the national health profile and skills base and ensure universal access to basic services.
- Improve the safety of citizens by reducing incidents of crime and corruption.
- Build a nation free of all forms of racism, sexism, tribalism, and xenophobia.

The 2014 to 2019 electoral mandate focuses on the following priorities:

- Radical economic transformation, rapid economic growth and job creation.
- Rural development, land and agrarian reform and food security.
- Ensuring access to adequate human settlements and quality basic services.
- Improving the quality of and expanding access to education and training.
- Ensuring quality health care and social security for all citizens.
- Fighting corruption and crime.
- Contributing to a better Africa and a better world.
- Social cohesion and nation building.

This MTSF is Government's strategic plan for the electoral term, which reflects the commitments made in the election manifesto of the governing party. The DOD, through the pursuance of its legislative mandate supported the selected MTSF outcomes as reflected in the performance delivery agreement between the President and the Minister. The Programme of Action (POA), which is based on the MTSF outcomes, contains detailed actions for measuring progress. These are reported within the cluster system, where the DOD is actively involved.

Each of the MTSF outcomes is linked to a set of outputs and activities aimed at facilitating the achievement of the specific outcome.

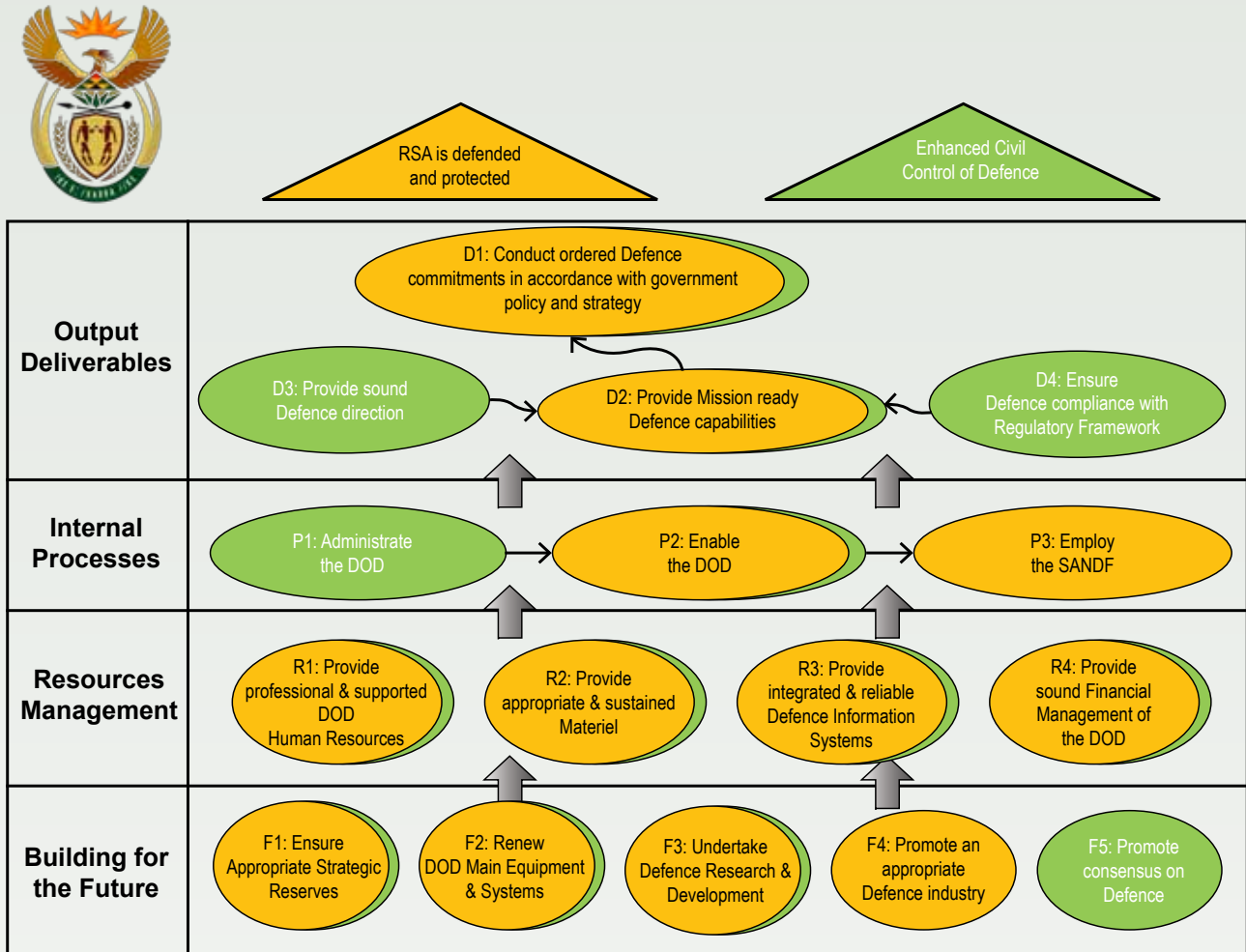
The MTSF outcomes to which Defence will contribute, by virtue of its legislative mandate and inherent capabilities are as follows:

- Outcome 3: "All people in South Africa are and feel safe".
- Outcome 11: "Creating a better South Africa and contributing to a better and safer Africa in a better World".

Outcomes-Based Planning DOD Logic Model (DOD Strategy Map)

The DOD Strategy Map (see Figure 2.1) is a mechanism for translating the defence mandate into output deliverables, which are underpinned by performance Indicators and targets.

Figure 2.1: DOD Strategic Planning Frameworks (Strategy Map)¹



Defence Outcomes

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

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

Defence Outputs

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

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

¹ The “green” strategy map elements represent the Def Sec responsibilities and the “light brown” the responsibilities of the SANDF.

Defence Activities

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

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

Defence Inputs

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

Building for the Future (Rejuvenation)

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

Overview of Service Delivery and Organisational Environment

DOD Selected Performance Indicators

Table 2.1 provides DOD performance against the selected performance indicators as contained in the Estimates of National Expenditure 2014 (ENE) Defence Vote 22 and SANDF APP FY2014/15.

Table 2.1: DOD Selected Performance Indicators for the FY2014/15

Accountability/ Reporting responsibility	Performance Indicator	Performance		
		Projection FY2014/15	Actual Achievement FY2014/15	Reasons for Over-/ Underachievements
Defence Intelligence (Defence Foreign Relations)	Total number of defence attaché offices	41	43	<u>Overachieved</u> . Ministerial authority was granted for the opening of three additional offices (Ghana, Senegal and South Sudan), which was two more than was projected.
Administration (HR Support Services)	Number of Military Skills Development members in the system per year	4 272	3 889	<u>Underachieved</u> . The Services recruited fewer members for the year under review because of a reduction in the NT budget allocation.

Accountability/ Reporting responsibility	Performance Indicator	Performance		
		Projection FY2014/15	Actual Achievement FY2014/15	Reasons for Over-/ Underachievements
Administration (Human Resources Support Services)	Number of Reserve Force person days ²	1 883 683	2 695 742	<u>Overachieved</u> . Owing to an unplanned increase in operational tempo e.g. Op CORONA and Op FLIKKER.
Force Employment	Compliance with Southern African Development Community (SADC) standby force agreements and South African pledge	100% ³	79%	<u>Underachieved</u> . Not all capabilities pledged could be provided.
Force Employment Landward Defence Defence Intelligence	Percentage compliance with number of ordered commitments (external operations ⁴)	100% (5)	140% (7)	<u>Overachieved</u> . Two additional operations were conducted over and above, namely Op CHARIOT METAAL and Op LOAPI.
Force Employment	Percentage compliance with number of ordered commitments (internal operations ⁵)	100% (4)	100% (4)	Achieved
Force Employment	Number of joint, inter-departmental and multinational military exercises conducted per year	9	5	<u>Underachieved</u> . Reasons provided in the footnote ⁶ .
Force Employment	Number of landward subunits deployed on border safeguarding	13	13	Achieved
Air Defence	Number of force employment hours flown per year	6 985 ⁷	5 026.39	<u>Underachieved</u> . Force Employment hours are an annual target of how many hours are flown for the year. Fewer force Employment tasks than predicted.
Maritime Defence	Number of hours at sea per year ⁸	12 000 ⁹	8 951.53	<u>Underachieved</u> . The hours underutilised were due to unavailability of vessels that were delayed in maintenance cycles.

² The indicator is to be updated to read "Number of reserve force person days" for the FY2015/16.

³ Hundred percent (100%) means full compliance subject to or commensurate with resource allocation.

⁴ External operations include peace support operations and general military assistance (GMA) operations.

⁵ Internal operations include border safeguarding and operations in support of other government departments.

⁶ Underachievement. The Joint Operations Division did not achieve its target of 9 exercises to be executed in the FY2014/15 with the following four (4) exercises not executed: Ex BELL BUOY, Ex TRANSOCEANIC and Ex FAIRWAY BUOY. This Naval Cooperation and Guidance for Shipping (NCAGS) exercise was undercapacitated with personnel due to their commitment to establish an NCAGS capability in SADC countries. This resulted in the SA Navy not executing Ex SHARED ACCORD. This exercise was renamed to Ex SOUTHERN ACCORD. These exercises were not executed due to capacity problems and time frame to obtain ministerial authority.

⁷ 1 285 hours will be flown for VIP operations and 5 700 hours for joint force employment requirements subject to resource allocation.

⁸ The number of hours at sea per year includes force preparation and force employment both in the RSA maritime zones as well as in international waters.

⁹ The figure 12 000 is based on the historical performance of the Maritime Defence Programme.

SANDF Contribution to Ministerial Priorities

SANDF Strategic Outcomes and Outputs

The SANDF's Strategic Outcome as derived from the SANDF mandate is to defend and protect the RSA. The SANDF's strategic outputs related to its strategic outcomes are as follows:

- Mission-ready defence capabilities.
- Ordered defence commitments in accordance with Government Policy and Strategy
- Sound defence direction.
- Compliance with the Regulatory Framework.

Table 2.2 reflects the measures and targets related to the MOD&MV priorities relevant to the SANDF as indicated in the Strategic Situational Analysis.

Table 2.2: SANDF Contribution to MOD&MV Priorities

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
Maritime Security					
Percentage compliance with number of ordered commitments ¹⁰ (external maritime)	D1_I10	100% (1)	100% (1)	<u>Achieved</u> . Conducted anti-piracy operations in support of the Mozambique Government.	Force Employment
National Youth Service					
Percentage compliance with DOD formal training targets (National Youth Service (NYS))	P2_I06	100% (2 000)	100.4% (2 008)	<u>Overachieved</u> . The Department of Rural Development and Land Reform (DRDLR) recruited 8 additional NYS trainees.	Administration (HR Support Services)
Revitalisation of Reserves					
Number of Reserve Force person days	R1_I1C	1 883 683	2 695 742	<u>Overachieved</u> . The re-deployment training for Op CORONA, strengthened guards at HR Div and appointments to Op FLIKKER contributed to the overachievement.	Administration (HR Support Services)

¹⁰ These operations will be of a joint nature and are dependent on the maritime security situation at the time.

Table 2.3 provides the achievement in the preparation of mission-ready capabilities in accordance with the SANDF APP FY2014/15.

Table 2.3: Prepare Mission-ready Capabilities

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
Output 1: Prepare forces as stipulated in the Joint Force Employment Requirement					
Percentage compliance with joint force employment requirements	D2_I01	<i>Information classified</i> ¹¹			Force Employment
Activity 1.1: Ensure combat-ready defence capabilities					
Broader DOD health/fitness status Information classified	P2_I04	<i>Information classified</i>			Military Health Support
Trend of deployable status on concurrent health assessments (CHAs)	P2_I05	<i>Information classified</i>			
Percentage of approved Capital Works Plan projects completed as scheduled per year	R2_I01	70% (17) ¹²	20.6% (5)	<u>Underachieved</u> . The continued slow progress by the NDPW negatively influenced the annual achievement.	Joint Logistics Services
Percentage compliance with DOD refurbishment programme annual schedule	R2_I01	70% (60)	35% (30)	<u>Underachieved</u> . The slow progress by the NDPW negatively influenced the annual achievement.	
Progress with the establishment of the works capability per year	R2_I13	70%	60%	<u>Underachieved</u> . The slow progress on the devolvement of Immovable Asset Management functions on DOD Endowment Property from the NDPW.	
Activity 1.2: Ensure materiel to satisfy the requirements of the SANDF					
Percentage adherence to DOD governance promulgation schedule (Overarching Logistic Strategy)	D3_I01	Not Approved ¹³	Not Approved	Not Approved	Joint Logistics Services
Activity 1.3: Ensure required level of strategic reserves					
Level of strategic reserves (ammunition)	F1_I01	<i>Information classified</i>			Joint Logistics Services

¹¹ Classified information has not been published for the consumption of the public but managed through the appropriate oversight institutions. This classified information was duly audited or made available for audit.

¹² The projection was an error on the FY2014/15 APP and it is adjusted on the APP 2015/16.

¹³ The projection was an error on the FY2014/15 APP and it is adjusted on the APP 2015/16.

Table 2.4 indicates the achievement of executing ordered commitments in accordance with the SANDF APP FY2014/15.

Table 2.4: Execute Ordered Commitments

Performance Indicator	Indicator Number	Projection	Actual Achievement	Reasons for Under- or Overachievement	Accountability
		FY2014/15	FY2014/15		
Output 2.1: Border Safeguarding					
Number of landward subunits deployed on border safeguarding	D1_I02	13	13	Achieved	Force Employment
Output 2.2: Regional Security					
Percentage compliance to agreed force levels as per signed memorandum of understanding (MOU)/letter of assistance (LOA)					
Percentage compliance with force levels for external operations	D1_I01A	99%	98%	<u>Underachieved</u> . Not all posts available in the Mission Area were staffed.	Force Employment
Percentage compliance with serviceability of equipment for external operations	D1_I01B	<i>Information classified</i>			Force Employment
Percentage of the value of reimbursement by the United Nations (UN)/African Union (AU) recognised	D1_I01C	80%	78%	<u>Underachieved</u> . This is due to low serviceability of vehicles in the mission areas.	Force Employment
Percentage compliance with self-sustainment of personnel	D1_I01D	100%	79%	<u>Underachieved</u> . The SANDF is not complying in full with the MOU, but is in the process of procuring equipment (night-sight equipment) to honour the agreement.	Force Employment
Activity 1: Employ the SANDF					
Percentage compliance with number of ordered commitments (internal operations ¹⁴)	D1_I10	100% (4)	100% (4)	Achieved	Force Employment Landward Defence Defence Intelligence
Percentage compliance with number of ordered commitments (external operations ¹⁵)	D1_I10	100% (5)	140% (7)	<u>Overachieved</u> . Two additional operations were conducted over and above, namely Op CHARIOT METAAL and Op LOAPI	

¹⁴ One operation is funded partially.

¹⁵ One operation is not funded.

Table 2.5 reflects the achievement of providing defence and strategic direction in accordance with the SANDF APP FY2014/15.

Table 2.5: Provide Defence and Strategic Direction

Performance Indicator	Indicator Number	Target Projections	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
Activity 1: Administer the DOD (Direction)					
Number of defence attaché offices	P3_I03	41	43	Overachieved. Ministerial authority was received for the opening of three (3) additional offices (Ghana, Senegal and South Sudan), although it was projected that only one office would be opened.	Defence Intelligence (Defence Foreign Relations)
Number of positions filled against allocated quota for international institutions	D3_I02	36	18	Underachieved. South Africa does not have fixed posts for secondments and must compete with the rest of the world for posts at international institutions (European Union [EU], AU, UN).	

Table 2.6 reflects the achievement of the compliance with the regulatory framework in accordance with the SANDF APP FY2014/15.

Table 2.6: Compliance with the Regulatory Framework

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
Activity 1: Administer the DOD (control)					
Percentage reduction of military court cases outstanding (backlog)	P1_I04A	60%	83%	Overachieved. Defence Legal Services made an effort to finalise outstanding cases by calling up Reserve military legal practitioners to render assistance.	Administration (Legal Services)
Percentage of military court cases finalised (in-year)	P1_I05B	40%	33%	Underachieved. Cases are ongoing. The unavailability of witnesses in various court cases makes it challenging to finalise them within the prescribed period.	

Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
Percentage litigation attended to in the best interest of the DOD (settlement and wins)	P1_I07	50% (31)	20.96% (13)	Underachieved. Cases are ongoing. The unavailability of witnesses in various court cases makes it challenging to finalise them within the prescribed period.	
Number of disciplinary cases in the DOD finalised within 90 days (military cases)	P1_I05	400	1 265	Overachieved. The officers commanding are more committed to assist LEGSATO in finalising disciplinary cases.	

SANDF Activities, Performance Indicators and Targets as derived from the Government Strategic Outcomes

The SANDF is involved in the following MTSF outcomes:

- Outcome 2: A long and healthy life for all South Africans. The SANDF contributes to this outcome by means of the Military Health Support Programme, which provides health services for all SANDF members and their dependants, as well as to the Department of Health when required.
- Outcome 3: All people in South Africa are and feel safe. The SANDF contributes to this outcome by conducting border safeguarding operations, cooperating with the South African Police Service (SAPS) during safety and security operations, conducting search and rescue operations, providing humanitarian aid during natural disasters and supporting other government departments when required to do so. Peace support and general military assistance operations conducted in support of Outcome 11 also contribute to the achievement of this outcome.
- Outcome 5: A skilled and capable workforce to support an inclusive growth path. The SANDF contributes to this outcome by means of various training programmes. Training was provided in support of the National Youth System and Military Skills Development System.
- Outcome 11: Create a better South Africa and contribute to a better and safer Africa in a better world. The DOD is the coordinating department for Outcome 11. The SANDF contributes to this outcome by ensuring that the RSA is defended and protected, and by conducting peace support operations and providing humanitarian and disaster aid where and when required to do so.

Table 2.7 reflects the achievement of the strategic outputs and annual targets for MTSF Outcome 2 in accordance with the SANDF APP FY2014/15.

Table 2.7: Strategic Outputs and Annual Targets for MTSF Outcome 2

MTSF Outcome 2 - A Long and Healthy Life for All South Africans					
Performance Indicator	Indicator Number	Estimated Performance	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
DOD Outcome: The RSA is defended and protected					
SANDF Output: Mission-ready defence capabilities					
Broader SANDF health/fitness status	P2_I04	<i>Information classified</i>			Military Health Support
SANDF Output: Ordered defence commitments					
Trend of deployable status on concurrent health assessments (CHAs)	P2_I05	<i>Information classified</i>			Military Health Support
Percentage compliance with number of ordered commitments (internal operations)	D1_I10	100% (4)	100% (4)	Achieved	Force Employment

Table 2.8 reflects the achievement of the strategic outputs and annual targets for MTSF Outcome 3 in accordance with the SANDF APP FY2014/15.

Table 2.8: Strategic Outputs and Annual Targets for MTSF Outcome 3

MTSF Outcome 3 - All People in South Africa are and feel Safe					
Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
DOD Outcome: RSA is defended and protected					
SANDF Output: Mission-ready defence capabilities					
Percentage compliance with the joint force employment requirement	D2_I01	<i>Information classified</i>			Force Employment
SANDF Output: Ordered defence commitments					
Percentage compliance with number of ordered commitments (internal operations)	D1_I10	100% (4)	100% (4)	Achieved	Force Employment
SANDF Output: Compliance with the Regulatory Framework					
Percentage reduction of incidents of corruption and fraud reported for detection	D4_I05	10% (21)	14,23% (30)	Overachieved. Owing to increase in reporting and successful awareness education.	Administration (Inspection Service)

MTSF Outcome 3 - All People in South Africa are and feel Safe					
Performance Indicator	Indicator Number	Projections	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
Percentage of cases of corruption and fraud investigated	D4_I06	100% (80)	112.5% (90)	<u>Overachieved</u> . Ten more cases were reported to the Military Police Division (MPD). The MPD is reliant on the number of cases reported by DACAF and other stakeholders, and therefore does not have control over the number of cases reported for investigation.	Military Police
Percentage of cases of corruption and fraud prosecuted	D4_I07	40% (70)	13.4% (23)	<u>Underachieved</u> . Cases are ongoing, and the unavailability of witnesses in various court cases makes it challenging to finalise them within the prescribed period.	Legal Services

Table 2.9 reflects the achievement of the strategic outputs and annual targets for MTSF Outcome 5 in accordance with the SANDF APP FY2014/15.

Table 2.9: Strategic Outputs and Annual Targets for MTSF Outcome 5

MTSF Outcome 5 - Skilled and Capable Workforce to Support an Inclusive Growth Path					
Performance Indicator	Indicator Number	Estimated Performance	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
DOD Outcome: RSA is defended and protected					
SANDF Output: Military direction					
Percentage compliance with DOD training targets (non-combat professional military development)	P2_I06	100% (1 970)	165% (3 254)	<u>Overachieved</u> . Additional training requirements received led to the presentation of additional learning programmes that were not planned for initially.	Administration (Human Resources Support Service)
Percentage compliance with DOD training targets (re-skilling)	P2_I06	67% (8)	592% (71)	<u>Overachieved</u> . The target was based on the average projections over the past three years. The actual achievement for FY2014/15 was more than expected due to additional candidates received for re-skilling.	

MTSF Outcome 5 - Skilled and Capable Workforce to Support an Inclusive Growth Path					
Performance Indicator	Indicator Number	Estimated Performance	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
Percentage compliance with DOD training targets (National Youth Service)	P2_I06	100% (2 000)	100.4% (2 008)	<u>Overachieved</u> . Actual achievement is dependent on the number of participants that are provided by the Department of Rural Development and Land Reform (DRDLR).	Administration (Human Resources Support Service)

Table 2.10 reflects the achievement of the strategic outputs and annual targets for MTSF Outcome 11 in accordance with the SANDF APP FY2014/15.

Table 2.10: Strategic Outputs and Annual Targets for MTSF Outcome 11

MTSF Outcome 11 - Create a Better South Africa and Contribute to a Better and Safer Africa and a Better World					
Performance Indicator	Indicator Number	Estimated Performance	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
DOD Outcome: RSA is defended and protected					
SANDF Output: Defence direction					
Percentage adherence to DOD governance promulgation schedule (SANDF force design status)	D3_I01	100% Reviewed	100% Reviewed	100% Achieved	Administration (MPSP0)
Percentage adherence to DOD governance promulgation schedule (SANDF force structure status)	D3_I01	100% Reviewed	100% Reviewed	100% Achieved	
Percentage compliance with the joint force employment requirements	D2_I01	<i>Information classified</i>			Force Employment
Number of defence attaché offices	P3_I03	41	43	<u>Overachieved</u> . Ministerial authority was received for the opening of three (3) additional offices (Ghana, Senegal and South Sudan), although it was projected that only one office would be opened.	Defence Intelligence (Defence Foreign Relations)
Number of positions filled against allocated quota for international institutions	D3_I02	36	18	<u>Underachieved</u> . South Africa does not have fixed posts for secondments and must compete with the rest of the world for posts at international institutions (EU, AU, UN).	

MTSF Outcome 11 - Create a Better South Africa and Contribute to a Better and Safer Africa and a Better World					
Performance Indicator	Indicator Number	Estimated Performance	Actual Achievement	Reasons for Over-/Underachievements	Accountability
		FY2014/15	FY2014/15		
SANDF Output: Ordered defence commitments					
Percentage compliance with force levels for external operations	D1_I01A	99%	98%	Underachieved. Not all posts available in the mission area were staffed.	Force Employment
Percentage compliance with serviceability of equipment for external operations	D1_I01B	<i>Information classified</i>			
Percentage of the value of reimbursement by the UN/AU recognised	D1_I01C	80%	78%	Underachieved. This is due to low serviceability of vehicles in the mission areas.	
Percentage compliance with self-sustainment of personnel	D1_I01D	100%	79%	Underachieved. The SANDF is not complying in full with the MOU, but is in the process of procuring equipment (night-sight equipment) to honour the agreement.	
SANDF Output: Mission-ready defence capabilities					
Level of morale in the DOD (SANDF)	R1_I03	Positive	Positive	Achieved	Administration (Inspection Services)

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 3 THE DEFENCE VOTE

Aim of the Vote

To “Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. Provide for military veterans’ benefits.”¹

Main Programmes

The Defence programmes are indicated in Table 3.1 below.

Table 3.1: Defence Budget Programme Structure

Programme	Purpose
Programme 1: Administration	Policy development, management, and administration of the DOD.
Programme 2: Force Employment	Provide and employ defence capabilities, including an operational capability, to conduct all operations, including joint, interdepartmental and multinational military exercises, successfully.
Programme 3: Landward Defence	Provide prepared and supported landward defence capabilities to defend and protect SA.
Programme 4: Air Defence	Provide prepared and supported air defence capabilities for the defence and protection of SA
Programme 5: Maritime Defence	Provide prepared and supported maritime defence capabilities for the defence and protection of SA.
Programme 6: Military Health Support	Provide prepared and supported health capabilities and services for the defence and protection of SA.
Programme 7: Defence Intelligence	Provide a defence intelligence and counter-intelligence capability.
Programme 8: General Support	Provide general support capabilities and services to the DOD.

Defence Vote 22

Details of the final DOD Medium-Term Expenditure Framework (MTEF) Allocation are reflected in the Defence Vote for the FY2014/15, as indicated in Table 3.2 and Table 3.3 on the next page.

¹ As per the “Estimates of National Expenditure 2014”.

Table 3.2: Department of Defence and Military Veterans voted funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over-/Underexpenditure R'000
42 831 234	42 856 879	42 842 381	14,498
Administering DOD	Department of Defence and Military Veterans		
Executive Authority	Minister of Defence and Military Veterans - Ms N.N. Mapisa-Nqakula		
Accounting Officer	Secretary for Defence (Sec Def) – Dr S.M. Gulube		

Table 3.3: Defence Vote 22

Defence Vote	2014/15	2015/16	2016/17
	R'000	R'000	R'000
Defence Vote per Main Programme			
Administration	4 866 527	5 187 898	5 478 175
Force Employment	3 436 958	3 656 347	3 855 371
Landward Defence	13 854 866	14 852 637	15 640 174
Air Defence	7 166 896	7 428 773	7 209 651
Maritime Defence	3 678 505	3 754 780	4 927 479
Military Health Support	3 849 063	4 059 363	4 325 131
Defence Intelligence	792 112	828 787	874 789
General Support	5 186 307	5 532 679	5 869 689
Total Expenditure Estimates	42 831 234	45 301 264	48 180 459
Defence Vote per Economic Classification			
Current Payments	34 471 133	36 510 188	39 137 087
Transfers and Subsidies	7 838 162	8 234 576	8 555 059
Payment for Capital Assets	521 939	556 500	488 313
Total Expenditure Estimates	42 831 234	45 301 264	48 180 459

Additional Funds Received

The additional funding and budget reductions approved by Cabinet are indicated in Table 3.4 below.

Table 3.4: Additional Funding Received by the DOD

Additional Funding Received	2014/15	2015/16	2016/17
	R'000	R'000	R'000
Improvement in Condition of Services	193 919	392 514	446 443
SA Air Force Operations	341 851	387 241	554 500
Military Health Services	100 000	100 000	100 000

Additional Funding Received	2014/15	2015/16	2016/17
	R'000	R'000	R'000
Special Defence Account	-400 000	-600 000	-800 000
Goods and Services	-100 000	-100 000	-100 000
Total Additional Funding Received	135 770	179 755	200 943

Departmental Revenue, Expenditure and Other Specific Aspects

Departmental Revenue

The DOD continued to enhance its revenue management system to the extent that detailed and meaningful management information is provided on a monthly basis to top-level budget holders. Supporting policies and the revenue management internal control systems were developed, including focused training initiatives. The deviation in the financial transactions in assets and liabilities was a result of a reduction in exchange rate profits and penalties imposed on contracts. The increase in revenue collected on transfers received was because of an increase in reimbursement from the United Nations (UN). The sources of revenue are indicated in Table 3.5 below.

Table 3.5: Sources of Revenue

Departmental Receipts	2014/15			2013/14		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax receipts	0	0	0	0	0	0
Sale of goods and services other than capital assets	319 061	289 632	-29 429	320 067	352 681	32 614
Transfers received	174 508	542 149	367 641	171 098	418 008	246 910
Fines, penalties and forfeits	3 851	1 733	-2 118	3 776	1 225	-2 551
Interest, dividends and rent on land	2 635	3 558	923	2 583	2 877	294
Sale of capital assets	56 125	42 507	-13 618	55 025	24 904	-30 121
Financial transactions in assets and liabilities	258 728	44 213	-214 515	246 381	53 780	-192 601
Total	814 908	923 792	108 884	798 930	853 475	54 545

Conditional Grants and Earmarked Funds

No conditional grants were provided for. Funds earmarked in the Defence allocations for FY2014/15 are reflected in Table 3.6.

Table 3.6: Earmarked Funds

Earmarked Amounts	2014/15	2015/16	2016/17
	R'000	R'000	R'000
Devolution of Funds from Public Works	2 244 741	2 361 972	2 487 156
<i>of which:</i>			
Accommodation Charges	1 157 109	1 224 309	1 289 197
Leases	253 227	264 875	278 913
Municipal Charges	834 405	872 788	919 046
Border Safeguarding	617 198	945 589	995 705
Maritime Security Strategy	490 000	490 000	490 000
Military Veterans	504 160	606 841	641 071
Total	3 856 099	4 404 402	4 613 932

Transfer Payments for the FY2014/15

Transfer Payments

The DOD provided transfer payments to the following institutions, as indicated in Table 3.7 below, during the course of FY2014/15:

- The Armaments Corporation of South Africa Ltd (ARMSCOR) to subsidise them in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence materiel, related products and services. Audited financial statements for FY2013/14 were submitted according to payment conditions.
- The Safety and Security Sector Education and Training Authority (SASSETA), which acts as the Sector Educational Training Authority (SETA) for Defence, to subsidise their administrative expenditure in terms of the Skills Development Act, (Act No. 97 of 1998). Audited financial statements for FY2013/14 were submitted according to payment conditions.
- The Reserve Force Council (RFC), to subsidise them in their mission to obtain and secure community and private sector support for the Reserves and to maintain a sound relationship and communication between the Reserves, the Minister and the SANDF. Audited financial statements for FY2013/14 were submitted according to payment conditions.
- The St John's Ambulance Brigade, to provide accreditation for training of Defence members and make their members and equipment available to be called up by the SA Military Health Service (SAMHS) during times of national disaster and emergency. Audited financial statements for FY2013/14 were submitted according to payment conditions.
- The Special Defence Account (SDA), to acquire, procure and develop armament and technology. Audited financial statements for FY2013/14 form part of the financial statements of the DOD.
- To Defence members that are being separated from the DOD through the Mobility Exit Mechanism (MEM) in terms of the employment and social benefits due to them.

- To the Department of Military Veterans, to provide national policy and standards on socioeconomic support to military veterans and to their dependents, including benefits and entitlements. Payments are made according to amount voted.
- To the SABC and other licensing authorities, such as South African Music Rights Organisation (SAMRO), for a permit to view television programs and to listen to the radio or “music licences”.
- To municipalities to cover the cost of payments made in terms of the law that requires all vehicles to be licensed annually.

Table 3.7: Transfer Payments

Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2014/15 R'000	Annual Expenditure 2014/15 R'000
SDA	To acquire, procure and develop armament and technology.	Under control of the Accounting Officer of the DOD.	5 618 794	5 618 794
ARMSCOR	To subsidise ARMSCOR in their mission to meet the acquisition, maintenance and disposal needs of the Department of Defence and other clients in terms of defence materiel, related products, and services.	ARMSCOR is a Schedule 2 Public Entity managed by a Board of Directors appointed by the MOD&MV. ARMSCOR annually submits a business plan and estimate of expenditure to the DOD for approval. Upon approval, the required funds are included in the Departmental Vote. Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	1 096 252	1 096 252
SASSETA	To subsidise the administrative expenditure of the SASSETA, which acts as the SETA for Defence in terms of the Skills Development Act, (Act No. 97 of 1998).	Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	22 603	21 001
RFC	To subsidise the RFC 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 MOD&MV and the SANDF.	The Council annually submits a business plan and estimate of expenditure to the DOD before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	7 140	7 140
DOD of Military Veterans	To provide national policy and standards on socioeconomic support to military veterans and their dependants, including benefits and entitlements.	As approved by the NT and Accounting Officer of the DOD.	504 160	504 160
St John's Ambulance Brigade	To provide accreditation for training of Defence members and make their members and equipment available to be called up by the SAMHS during times of national disaster and emergency.	Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	800	769

Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2014/15 R'000	Annual Expenditure 2014/15 R'000
Households - Employer Social Benefits	To cover the cost of employment benefits due to Defence members being separated from the DOD through the Mobility Exit Mechanism for uniform members and the Employer-initiated Severance package for non-uniform members.	As approved by the MOD&MV.	87 532	87 532
SABC	To provide for the annual payment made to the SABC and other licensing authorities (SAMRO) for television and radio licences.	As approved by the responsible budget holder.	311	311
Municipalities	To provide for the payment made to municipalities to ensure that all vehicles are licensed annually.	As approved by the responsible budget holder.	54	54
Claims against the DOD	To cover the cost of legitimate claims instituted against the DOD by institutions or individuals.	As approved by the Accounting Officer.	62 967	62 967
Acts of Grace	To cover the cost of payments made to the families of soldiers who died during foreign deployments.	As approved by the Accounting Officer.	1 200	1 200
Total			7 401 813	7 400 180

Departmental Expenditure for the FY2014/15

The primary aim of the Departmental expenditure is to explore how actual expenditure differed from planned expenditure and how this may have affected departmental service delivery. The overview of expenditure per programme for the reporting period is indicated in Table 3.8 below.

Table 3.8: DOD Expenditure for the FY2014/15

Programme	2013/2014			2014/2015			
	Final Appropriation		Actual Expenditure	(Over-)/ Underexpenditure	Final Appropriation	Actual Expenditure	Over-/ Underexpenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Administration	4 510 985	4 510 985		4 660 587	4 658 985		1 602
Force Employment	3 521 798	3 346 655	175 143	3 631 441	3 631 441		
Landward Defence	13 599 123	13 599 123		14 061 981	14 049 116		12 865
Air Defence	6 031 523	6 031 523		6 913 523	6 913 523		
Maritime Defence	3 252 562	3 226 378	26 184	3 802 369	3 802 369		
Military Health Support	3 742 939	3 733 603		4 053 144	4 053 113		31

Programme	2013/2014			2014/2015			
	Final Appropriation		Actual Expenditure	(Over-)/ Underexpenditure	Final Appropriation	Actual Expenditure	Over-/ Underexpenditure
	R'000	R'000	R'000	R'000	R'000	R'000	
Defence Intelligence	774 683	774 683	9 336	819 775	819 775		
General Support	5 224 571	5 224 571		4 914 059	4 914 059		
Total	40 658 184	40 447 521	210 663	42 856 879	42 842 381	14 498	

Reasons for Over-/Underexpenditure

The underspending of Rm14,498 consists of the following:

- Administration Programme. Within transfers to Departmental agencies and accounts for the transfer payment to the SASSETA (Rm1,602) being less than anticipated.
- Landward Defence Programme. Within Goods and Services (Rm12,865) due to the incapacity of industry to meet Defence requirements.
- Military Health Support Programme. Within transfers to non-profit organisations due to the transfer payment claim by the St John's Ambulance Brigade (Rm0,031) being less than anticipated.

Overview of the Service Delivery Environment for the FY2014/15

Additions to Main Appropriation

The Defence Vote was increased with Rm25,645 to Rbn42,857 through the Adjustments Vote for Self-financing Expenditure. Rm25,645 in revenue generated from selling equipment and spares procured through the Special Defence Account has been surrendered to the National Revenue Fund. It will be used for defence activities, as follows:

- Programme 3: Landward Defence: Rm15,929.
- Programme 4: Air Defence: Rm9,716.

Virements/Shifts within the Vote

Reasons for Additions to or Virements between Main Appropriation Allocation

Virements addressed after the Adjusted Estimates of National Expenditure (AENE)

National Treasury (NT) approved:

- Rm503,0 increase in Compensation of Employees to partially offset the carry-through effect of the Improvements on Conditions of Service for which the DOD did not receive the full amount calculated on its vote from uncommitted funds surrendered within the SDA.
- Rm26,6 increase in Compensation of Employees as part of the final virement to align the expenditure with available funds from savings within Households: Social Benefits (Rm22,048) as well as Goods and Services (Rm4,528).

- Rm64,170 was reallocated to increase the following transfer payments:
 - Transfers and Subsidies to Public Corporations and Private Enterprises (Claims against the State). Increase in Transfers and Subsidies: Public Corporations and Private Entities (Other Transfers) with Rm17,893 to account for the outstanding settlement of the Denel AMG (Aero Manpower Group) contract retrenchment cost (Rm16,610) and unforeseen claims against the State (Rm1,283).
 - Transfers to Households (Other Transfers: Claims against the State). Increase in Transfers and Subsidies: Households (Other Transfers) with Rm46,277 to account for unforeseen claims against the State.
 - Rm0,290 was reallocated to increase the transfer payments to non-profit institutions: Reserve Force Council with Rm0,290 from savings within the Defence Reserves Direction subprogramme.

The Accounting Officer approved the following:

- Rm85,654 was reallocated from the General Support Programme (Joint Logistic Services) to the Administration Programme (Property Management) for the payment of municipality services and leases.
- The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of authorised losses, Compensation of Employees as well as Goods and Services to balance the expenditure for the 2014/15 financial year.

Roll-overs

None.

Capital Investment, Maintenance and Asset Management Plan

Capital Investments

Details of building projects that were undertaken during FY2014/15 are reflected in Table 3.9 below.

Table 3.9: Building Projects Currently in Progress for FY2014/15

Location	Project Description	Progress Status	Expected Completion Date
Pretoria	1 Military Hospital: Upgrade and refurbishment of 1st floor (Phase 1).	Design stage.	Expected to be completed in April 2016.
Langebaan	4 SF Regt: Site clearance for the construction of 20 married quarter houses.	Pre-design planning.	Expected to be completed in January 2016.
Simon's Town	Naval Base Simon's Town: Construction of a Maritime Warfare Simulation Centre: Site clearance.	Pre-design planning.	Expected to be completed in December 2016.
Pretoria	1 Military Hospital: Fire safety and security deficiencies upgrade to comply with requirement of Thaba Tshwane Fire Brigade.	Project completed.	Completed.
Pretoria	Air Defence Artillery Group: ADA Fmn: Dequar Road: Barrier-free project for people with disabilities: Building H3.	Project under construction.	Expected to be completed in August 2015.
Pretoria	Northern Military Police HQ: Security Projects: Palisade fence with electric wire on perimeter & upgrading of security stores.	First delivery stage.	Expected to be completed in December 2015.

Location	Project Description	Progress Status	Expected Completion Date
Pretoria	Military Police Office: Security projects: perimeter fence & security gates.	First delivery stage.	Expected to be completed in December 2015.
Hoedspruit	AFB Hoedspruit: Upgrading and renovation of facilities.	Project completed.	Completed.
Ellisras	Lephalale SAMHS Training Area: New air conditioning and air flow system.	Final delivery.	Expected to be completed in May 2015.
Middelburg	4 SAI Bn: Construction of new Sickbay.	Design stage.	Expected to be completed in Aug 17.
Ermelo	Camden ASB: Upgrading of kitchen equipment.	Design stage.	Expected to be completed in October 2015.
Durban	SA Navy: Refurbishment of main kitchen.	Design stage.	Expected to be completed in February 2016.
Cape Town	AFB Ysterplaat: Repair and renovations for VIP air crew and pilot facilities.	Project under construction.	Expected to be completed in October 2015.
Langebaan	4 SF Regt: Salamander Boat Park: Replacement of breakwater.	Design stage.	Expected to be completed in August 2016.
Cape Town	Cape Town Military Base: Construction of a new high level security fence with main entrance canopy, guard house equipped with biometrics: perimeter lighting: early warning system.	Design stage.	Expected to be completed in January 2017.
Saldanha	Saldanha Military Base: Construction of Sickbay facility.	Design stage.	Expected to be completed in December 2016.
Cape Town	AFB Ysterplaat: Investigation on bulk fuel spillage.	Design stage.	Expected to be completed in July 2016.
Bloemfontein	3 Military Hospital: Phase 3: Construction of new hospital.	Final delivery.	Completed after final delivery is finalised (January 2016).
Bloemfontein	3 Military Hospital: Upgrading of existing hospital and ground works.	First delivery stage.	Expected to be completed in October 2015.
Bloemfontein	3 Military Hospital: Upgrading and extensions to hosp: Consultant payments only.	Design stage.	Expected to be completed in January 2016.
Maluti	Maluti Military Base: Upgrading of water reticulation system.	Tender stage.	Expected to be completed in December 2015.
Eerste Rivier	9 SAI Bn: Upgrading of kitchen equipment.	Funds approved.	Expected to be completed in February 2016.
Louis Trichardt	523 Signal Sqn: Upgrading of kitchen.	Design stage.	Expected to be completed in October 2016.
Pretoria	1 Military Hospital: Upgrading of uninterrupted power supply	Project under construction.	Expected to be completed in March 2015.
Pretoria	AFB Waterkloof: Major refurbishment project	5B - Project under construction.	Expected to be completed in April 2017.
Kimberley	Diskobolos Military Base: Resurfacing and tarring of road to Sickbay	4 - Design stage.	Expected to be completed in March 2016.

Plans to Close Down or Downgrade Current Facilities. The Logistics Division had no plans to downgrade or close down any facilities indicated on the Immovable Asset Register of the DOD.

Current Maintenance Backlog. Overall, the DOD facilities are generally in a fair state, as indicated in the status report, namely 1% good, 38% acceptable, 55% fair, 4% poor, and 2% very poor. A policy framework for the devolvement of functions on the Defence Endowment Property Portfolio has been compiled from a Memorandum of Agreement (MOA) for the devolvement of endowment property functions, between the DOD and the National Department of Public Works (NDPW). This has been submitted to the Minister of Public Works for final approval.

Developments Relating to the above that are Expected to Affect the DOD's Current Expenditure

- Once the immovable asset management functions on the defence endowment property portfolio have been devolved, an increased level of expenditure can be expected.
- Funding allocated for the maintenance programmes are not fully utilised by the NDPW. (High-level engagement with the NDPW needs to be undertaken to ensure an increased level of expenditure of maintenance [refurbishment] funds.)

Maintenance

The Actual Maintenance Expenditure. An amount of Rm263,645 out of a total allocation of Rm782,311 was spent.

Maintenance Backlog. The NDPW managed to spend only 34,43% allocated by the DOD for maintenance, thereby greatly contributing towards the increase in the backlog.

Asset Management

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

Asset Register. The Immovable Asset Register was verified by the DOD during the year under review.

State of Capital Stock. Overall, the DOD facilities are in a fair state, which has an effect on the DOD's service delivery mandate (1% good, 38% acceptable, 55% fair, 4% poor, and 2% very poor).

Major Maintenance Projects undertaken during FY2014/15. Major maintenance projects that were undertaken during FY2014/15 are reflected in Table 3.10 below.

Table 3.10: Major Maintenance Projects undertaken during FY2014/15

Location	Project Description	Progress Status
Pretoria	1 Mil Hosp RAMP: Repair and maintenance of mechanical and electrical infrastructure.	Final delivery.
Bloemfontein	1 Para: Major refurbishment of facilities and civil services.	Design stage.
Bloemfontein	1 SAI Bn: Major refurbishment of facilities and civil services.	Design stage.
Bloemfontein	1 SSB: Major refurbishment of facilities and civil services.	Tender recommendation stage.
Mmabatho	10 SAI Bn: Repair and 36-month maintenance of civil building structural and WET.	Project under construction.
Mthatha	14 SAI Bn: Replacement of kitchen equipment.	Project under construction.
Bethlehem	2 Field Engr Regt: Major refurbishment of facilities and civil services.	Tender recommendation stage.

Location	Project Description	Progress Status
Cape Town	2 Mil Hosp RAMP: Multidiscipline design and construction.	Design stage.
Cape Town	2 Mil Hosp RAMP: Repair and maintenance of electrical infrastructure.	Project completed.
Cape Town	2 Mil Hosp: Refurbishment and additions to hosp.	Project under construction.
Johannesburg	21 SAI Bn: Repair and 36-month maintenance of civil building structural and WET.	Project under construction.
Middelburg	4 SAI Bn RAMP: Multidiscipline design and construction	Design stage.
Middelburg	4 SAI Bn: Special RAMP: Repair and maintenance to civil infrastructure.	Project under construction.
Bloemfontein	44 Para Bde: Major refurbishment of facilities and civil services.	Funds approved.
Grahamstown	6 SAI Bn: Repair and 36-month maintenance for civil buildings, structural WET services infrastructure	Design stage.
Upington	8 SAI Bn: Major refurbishment of facilities and civil services.	Project under construction.
Eerste Rivier	9 SAI Bn: Sickbay upgrading of buildings 1, 9, 10, 11, 12, 20, 22, 39 and 84.	First delivery stage.
Pretoria	A-Mess: Upgrading of remainder of facilities	4 - Design stage
Bredasdorp	AFB Overberg: Refurbishment of sewer plant.	Design stage.
Hoedspruit	Repair of flood damage to AFB Hoedspruit.	First delivery stage.
Pretoria	B-Mess refurbishment.	Design stage.
Cape Town	Castle: Repair and maintenance Phase 2.	Tender stage.
Pretoria	Defence College refurbishment.	Design stage.
Kimberley	Kimberley Military Base: Renovations of transport area.	First delivery stage.
Saldanha	Mil Acad: Repair and renovations.	Tender stage.
Bloemfontein	Mob Centre: Upgrade of electrical power supply and electrical infrastructure: Replacement of transformer.	Project under construction.
Kroonstad	School of Engineers: Major refurbishment of facilities and civil services.	Design stage.
Simon's Town	Naval Base: Repair and 36-month maintenance for civil buildings structural and WET services.	First delivery stage.
Postmasburg	SA Army Combat Training Centre: Major refurbishment of facilities and civil services.	Project under construction.
Pretoria	Pretoria: Refurbishment of A-Mess.	Design stage.

Facilities Closed Down or Downgraded during the Period. None.

Projects Carried Forward. Details of projects carried forward to FY2014/15 from the previous reporting year are reflected in Table 3.11 below.

Table 3.11: Projects Carried Forward from FY2013/14 to FY2014/15

Location	Project Description	Progress Status
Langebaan	4 SF Regt: Site clearance for the construction of 20 married quarter houses.	Pre-design planning.
Pretoria	SAMHS Training Centre: SAMHS Training Formation: Construction of new requirement and repair and renovation to Admin Building.	Pre-design planning.
Pretoria	AFB Waterkloof: Construction of new fire station and air traffic control tower (upgrading of runway).	Pre-design planning.

Part 3 - Programme Performance

Location	Project Description	Progress Status
Mafikeng	Bahikeng Border Post: Safeguarding of Base: Request for site clearance.	Pre-design planning.
Messina	Madimbo Border Post: Safeguarding of Base: Request for site clearance.	Pre-design planning.
Nelspruit	Sand River Border Post: Safeguarding of Base: Mpumalanga request for site clearance.	Pre-design planning.
Swartwater	Swartwater Border Post Safeguarding of Base: Limpopo request for site clearance.	Pre-design planning.
Pont Drift	Pont Drift Border Post: Safeguarding of Base: Limpopo request for site clearance.	Pre-design planning.
Simon's Town	Naval Base Simon's Town: Construction of a Maritime Warfare Simulation Centre: Site clearance.	Pre-design planning.
Wepener	Corona Coy Base Piet Retief Farm: Composite Company Base Facility: Site clearance.	Pre-design planning.
Port Elizabeth	ASB EC: Cape Recife Shooting Range: Erection of security fence: Site clearance.	Pre-design planning.
Pretoria	PS School: Facilities for disabled people.	Final delivery.
Pretoria	Air Defence Artillery Group: ADA Fmn: Dequar Road: Barrier-free project for people with disabilities: Building H3.	Project under construction.
Pretoria	Northern Military Police HQ: Security Projects: Palisade fence with electric wire on perimeter & upgrading of security stores.	First delivery stage.
Pretoria	Military Police Office: Security projects: Perimeter fence & security gates.	First delivery stage.
Pretoria	AFB Waterkloof: Paving of parking area at northern entrance/VIP entrance.	Design stage.
Pretoria	Pretoria Defence Complex: JSB Garrison: National Ceremonial Guard Mess: Upgrading of kitchen equipment.	Design stage.
Port Elizabeth	Area Military Health Unit: Construction of Sickbay and medical staff housing.	Design stage.
Phalaborwa	5 SF Regt: Construction of a new ammunition store.	Final delivery.
Hoedspruit	AFB Hoedspruit: Demolishing of 50 Rondawels.	Quotation services.
Hoedspruit	AFB Hoedspruit: Upgrading and renovation of facilities.	Final delivery.
Ellisras	Lephale SAMHS Training Area: New air conditioning and air flow system.	Final delivery.
Phalaborwa	5 SF Regt: Repair and renovation of aquatic training facility.	Design stage.
Louis Trichard	523 Signal Sqn: Upgrading of kitchen equipment.	Design stage.
Dunnotar	35 Engr Sup Regt: Upgrading security system at Cash Office.	Design stage.
Ladysmith	MP Office Ladysmith: Security projects: Security gates at APM office, CSC, Archive and Exhibit Store.	First delivery stage.
Durban	SA Navy: Refurbishment of main kitchen.	Design stage.
Umhloti	SA Army Signal Fmn: Upgrading of kitchen equipment.	Planning Instruction issued.
Cape Town	Cape Town Military Base: Construction of a new high-level security fence with main entrance canopy, guard house equipped with biometrics: Perimeter lighting: early warning system.	Design stage.
Saldanha	SAS Saldanha Military Base: Construction of Sickbay facility.	Design stage.
Cape Town	AFB Ysterplaat: Investigation of bulk fuel spillage.	Design stage.
Simon's Town	Simon's Town East End Yard: Upgrading of water distribution system.	Design stage.
Bloemfontein	3 Military Hospital: Phase 3: Construction of new hospital.	Final delivery.
Bloemfontein	3 Military Hospital: Upgrading of existing hospital and ground works.	First delivery stage.
Bloemfontein	3 Military Hospital: Upgrading and extensions to hosp: Consultant payments only.	Design stage.

Location	Project Description	Progress Status
Bloemfontein	ASB Bloemfontein: Building 560: Construction of pathways to classrooms and parking area. Construction of ramps to classrooms and ablutions.	Final delivery.
Bloemfontein	1 SA Tank Regiment: Upgrading of kitchen equipment.	Design stage.
Kimberley	Kimberley: Diskobolos Military Base: Resurfacing and tarring of road to Sickbay.	Design stage.
Durban	RWU KZN: Lords Grounds: Erection of eco buildings for accommodation and offices.	Tender stage.

New Projects to Commence. Details of projects that were planned to commence during FY2014/15 are reflected in Table 3.12 below.

Table 3.12: Projects to roll over from FY2014/15 to FY2015/16 (still to commence)

Location (Province)	Project Description
Pretoria	Pta Military Base Rooiwal: SA Army Support Formation: Construction of fence: Site clearance.
Pretoria	Pretoria Military Base: MOD Pretoria: Tech Base: SA Army Support Formation: Construction of security fence.
Boekenhoutskloof	Boekenhoutskloof: Mil Base: SA Army Support Formation: Site clearance for the construction of a security fence.
Pretoria	Military Base Tek Base: Construction of a new high-level security fence with main entrance canopy, Guard House equipped with biometrics: Perimeter lighting: Early warning system.
Goodwood	Wingfield Naval Stores Depot: Replace security fence with new clear view invisible wall.
Goodwood	SAS Wingfield: Replace security fence with palisade fence.
Simon's Town	SA Navy Signal School: Replace security fence with palisade fence.
Simon's Town	SA Navy: Glencern Sports Complex: Replace security fence with palisade fence.
Jan Kempdorp	93 Ammo Depot: Construction of a security wall around facility: Site clearance.
Langebaan	4 SF Regt: Salamander Complex (Donkergat): Replace security fence with new concrete palisade fence: Site clearance.
Langebaan	4 SF Regt HQ: Replace security fence with galvanised palisade fence: Site clearance.
Langebaan	4 SF Regt: Dog Kennels (Donkergat): Replace security fence with new concrete palisade fence: Site clearance.
Pretoria	SF HQ: Swartkop Park: Replacement of inner security perimeter fence: Site clearance.
Langebaan	4 SF Regt: Mahonia (Donkergat): Replace security fence with new concrete palisade fence: Site clearance.
Langebaan	4 SF Regt: Donkergat Training Commando: Placement of park home: Site clearance.
Centurion	AFB Waterkloof: Revision of Development Plan for Air Force Base One in 2002.
Pretoria	SAMHS Training Centre: SAMHS Training Formation: Construction of new requirement and repair and renovation to Admin Building.
Pretoria	AFB Waterkloof: Construction of new fire station and air traffic control tower (upgrading of runway).
Mafikeng	Mahikeng Border Post: Safeguarding of base: Request for site clearance.
Musina	Madimbo Border Post: Safeguarding of base: Request for site clearance.
Nelspruit	Sandrivier Border Post: Safeguarding of base: Mpumalanga request for site clearance.
Swartwater	Swartwater Border Post: Safeguarding of base: Limpopo request for site clearance.
Pont Drift	Pont Drift Border Post: Safeguarding of base: Limpopo request for site clearance.

Part 3 - Programme Performance

Location (Province)	Project Description
Wepener	Corona Coy Base Piet Retief Farm: Composite company base facility: Site clearance.
Port Elizabeth	ASB EC: Cape Recife shooting range: Erection of security fence: Site clearance.
Simon's Town	SA Navy Signal School: Construction of a new high level security fence with main entrance canopy, Guard House equipped with biometrics: Perimeter lighting: Early warning system.
Cape Town	Wynberg Military Base: AMHU WC: E68.
Johannesburg	Military Base Johannesburg: SA Army Support Fmn: Construction of a security fence: Site clearance.
Pretoria	AFB Waterkloof: Paving of parking area at northern entrance/VIP entrance.
Pretoria	Pretoria Defence Complex: JSB Garrison: National Ceremonial Guard Mess: Upgrading of kitchen equipment.
Pretoria	Pretoria Defence Complex: JSB Garrison: B Mess: Upgrading of kitchen equipment.
Pretoria	Pretoria Defence Complex: SA Army Engr Fmn: Upgrading of kitchen equipment.
Pretoria	Pretoria Defence Complex: JSB Garrison: Gerbera Officers' Mess: Upgrading of kitchen equipment.
Pretoria	Pretoria Defence Complex: 2 Signal Regt Boekenhoutskloof: Upgrading of kitchen equipment.
Pretoria	Pretoria: 1 Signal Regiment Rooiwal: Upgrading of kitchen.
Pretoria	JSB Garrison Officers Mess: Upgrading of kitchen equipment.
Pretoria	SA Army College: Upgrading of kitchen equipment.
Grahamstown	6 SAI Bn: Equipping of boreholes.
Port Elizabeth	Area Military Health Unit: Construction of Sickbay and medical staff housing.
Port Elizabeth	Area Support Base PE: Upgrading of kitchen equipment.
Hoedspruit	Demolishing of Kampong at Drakensig Compound.
Hoedspruit	AFB Hoedspruit: Demolishing of 50 rondawels.
Phalaborwa	5 SF Regt: Repair and Renovation of Aquatic Training Facility.
Phalaborwa	524 Signal Sqn: Upgrading of kitchen equipment.
Polokwane	ASB Polokwane: Junior Rank Kitchen Karee and Uitkoms Base: Upgrading of kitchen equipment.
Polokwane	15 SAI Bn: Upgrading of kitchen equipment.
Phalaborwa	7 SAI Bn: Upgrading of kitchen equipment.
Thabazimbi	Rooibokkraal Border Post Op CORONA: Safeguarding of base: Site clearance.
Dunnotar	35 Engr Sup Regt: Upgrading security system at Cash Office.
Heidelberg	SA Army Gymnasium: Upgrading of kitchen equipment.
Johannesburg	ASB Johannesburg: Upgrading of kitchen equipment.
Johannesburg	46 Bde HQ: Upgrading of kitchen equipment.
Durban	SA Navy: Upgrading of critical accommodation facilities.
Umhloti	SA Army Signal Fmn: Upgrading of kitchen equipment.
Durban	ASB KZN: Upgrading of kitchen equipment.
Ladysmith	5 SAI Bn: Upgrading of kitchen equipment.
Cape Town	ASB WC NCO's Mess: Upgrading of kitchen equipment.

Location (Province)	Project Description
Cape Town	ASB WC Off Mess: Upgrading of kitchen equipment.
Cape Town	Castle: Upgrading of kitchen equipment.
Oudtshoorn	Infantry School: Upgrading of kitchen equipment.
Bloemfontein	1 SA Tank Regiment: Upgrading of kitchen equipment.
Bloemfontein	Mob Centre: Upgrading of kitchen equipment.
Alexander Bay	Alexander Bay: SA Army Signal Formation: Upgrading of kitchen equipment.
Potchefstroom	Potchefstroom: Shamrock Mess: Upgrading of kitchen equipment.
Potchefstroom	Potchefstroom: ASB: Constand Viljoen Mess: Upgrading of kitchen equipment.
Durban	RWU KZN: Lords Grounds: Erection of eco buildings for accommodation and offices.
Oudtshoorn	Infantry School: Upgrading of kitchen equipment.

Tendering Processes. None.

DOD Long-Term Infrastructure and Capital Plan

Table 3.13 below provides feedback in respect of the DOD Long-term Infrastructure and Capital Plan for FY2014/15.

Table 3.13: DOD Long-term Infrastructure and Capital Plan for FY2014/15

Project Name	Service Delivery Outputs	Current Project stage	Total Project cost	Audited outcome		Adjusted Appropriation	Medium-term expenditure estimate	
				2010/11	2011/12		2013/14	2014/15
R million								
Departmental infrastructure								
Capital								
Pretoria: Air Force Base Waterkloof Major Refurbishment	Ripping up existing unserviceable runway, excavation and ground works for new runway, construction of new runway and tar macadam placed, and installation of runway lighting.	Construction	653.7	180	294.4	159.6	10.5	9.2
Pretoria: Air Force Base Waterkloof: Revision of integrated development for base done in 2002	Ripping up existing unserviceable runway, excavation and ground works for new runway; construction of new runway and tar macadam placed; and installation of runway lighting.	Pre-design stage	0.0	-	-	-	-	0.0

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost			Appropriation		
R million				2010/11	2011/12	2012/13	2013/14	2014/15
Upgrading of medical health facilities	Construction of examination rooms, operating theatres, administration sections, wards, and mechanical systems like gas, oxygen, water, and fire detection and prevention.	Various	455.9	43.5	31.3	237.1	139.5	4.5
Construction of boat park	Construction of store facilities for boats, mechanical workshops to repair boats, administration section to do planning and rest areas for personnel	Completed	75.9	30.5	38.4	7	0	0.0
Construction of training facilities	Construction of facilities for functional training, like offensive building penetration or defensive building protection, artisan training, like electrical, electronic and construction, and vehicle driving skills.	Various	228.7	7.5	3.2	217.9	0	0.1
Upgrading of infrastructure for disabled members	Upgrading of offices, workshops and pathways by constructing ramps, installation of water closets, hand wash basins, and enlarging toilet cubicles	Various	6.7	0.2	3.2	0.5	0.4	2.4
Upgrading of kitchens	Upgrading kitchens, and preparation of floors, walls and ceilings to accommodate the new equipment.	Various	12.6	0	7.2	0.8	0	4.6
Construction of security	Installation of security fences, gates, burglar bars, lights and monitor systems.	Various	24.3	0	9.8	0	12.3	2.2
Construction of ammunition storage facility	Construction of buildings to comply with legislation on the storage of ordinance.	Completed	14.1	8.3	1.1	4.7	0	0.0

Part 3 - Programme Performance

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost			Appropriation		
R million				2010/11	2011/12	2012/13	2013/14	2014/15
Construction of living accommodation	Construction of single and married houses and flats for military personnel.	Various	41.8	0	0	2.2	35.6	4.0
Construction of office accommodation	Construction of new office accommodation, comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Various	0.9	0	0.3	0.6	0	0.0
Fences and Gates	Construction of fences and gates.	Various	0.5	-	-	-	0.3	0.2
Workshops and Stores	Construction of workshops and stores, comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery and site works.	Various	2.5	-	-	-	0.4	2.1
Electricity and Generators	Installation of electricity and generators.	Various	1.7	-	-	-	0.2	1.5
Construction of Fire Station and Control Tower (AFB Waterkloof)	Construction of fire control structures.	Pre-design stage	0.0	-	-	-	-	0.0
Relocation of AFB Durban to King Shaka Airport	Reallocation of Airports.	Pre-design stage	0.0	-	-	-	-	0.0
Resurfacing: Tarring and Paving	Tarring and paving.	Various	0.0	-	-	-	-	0.0
Fuel Pumps	Installation of fuel pumps.	Various	0.1	-	-	-	-	0.1
Upgrade of operational bases	Upgrade of operational bases.	Various	0.0	-	-	-	-	0.0
Other Payments	Other.	Various	27.4	-	-	-	-	27.4

Part 3 - Programme Performance

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost	2010/11	2011/12	Appropriation	2013/14	2014/15
R million								
Refurbishment								
1 Mil Hosp Ramp: Repair and Maint of Mechanical and Electrical Infrastructure	Refurbishment comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Final delivery	165.0	140.7	–	12	–	12.3
AFB Waterkloof		Identification	15.1	12.7	–	2.4	–	–
35 Eng Supp Regt		Final delivery	15.4	11.9	3.5	–	–	–
35 Eng Supp Regt Ramp: Repair and Maint of Building Works: Civil Infrastructure Mechanical and Electrical Infrastructure, Building, Wet Services and Fencing		Project completed	0.0	–	–	–	–	–
35 Eng Regt Special Ramp: Repair and Maint of Building Structural Works		Project completed	0.0	–	–	–	–	–
2 Military Hospital: RAMP: Multidiscipline design and construction		Design stage	341.9	46.6	78.6	73.8	142.8	0.1
2 Military Hospital: Refurbishment and additions to hospital		Planning Instruction issued	104.6	–	–	–	–	104.6
2 Military Hospital: Refurbishment		Design stage	0.0	–	–	–	–	–
2 Mil Hosp Ramp: Repair and Maint Electrical Infrastructure		Project completed	1.1	–	–	–	–	1.1
2 Military Hospital: Refurbishment		Design stage	0.0	–	–	–	–	–
4 SA Infantry Battalion		Design stage	86.4	26.1	44	13.4	2.9	0.0

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost	2010/11	2011/12	Appropriation	2013/14	2014/15
R million				2010/11	2011/12	2012/13	2013/14	2014/15
Naval Dockyard Simon's Town	Refurbishment comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Tender	289.6	54.5	131.4	89.7	13.8	0.2
21 SA Infantry Battalion		Project Under Construction	360.3	76.6	183.9	57.7	33.8	8.3
10 SA Infantry Battalion		Project Under Construction	210.4	41.1	98.6	21.6	33.1	16.0
A-mess Thaba Tshwane		Design stage	64.1	13.9	44.4	0.6	3.2	2.0
1 SA Infantry Battalion		Design stage	3.7	-	-	0.05	3.3	0.4
4 Artillery Regiment		Design stage	0.0	-	-	0.007	-	-
4 SAI Ramp: Repair and Maint of Mechanical and Electrical Infrastructure		Project completed	0.0	-	-	-	-	-
4 SAI Ramp: Repair and Maint of Building Works: Civil Infrastructure Mechanical and Electrical Infrastructure, Building, Wet Services and Fencing		Project completed	0.0	-	-	-	-	-
4 SAI Special Ramp: Mpu: Repair and Maint to Building Structural Works		Final delivery	0.0	-	-	-	-	-
4 SAI: Special Ramp: Repair and Maint to Civil Infrastructure		Project Under Construction	0.0	-	-	-	-	0.0
4 SF Regt: Renovations of Oosterklip Duplex Units		Design stage	0.0	-	-	-	-	-
6 SA Infantry Battalion		Design stage	4.6	-	-	-	1.4	3.2
8 SA Infantry Battalion		Project Under Construction	107.7	-	-	-	85.8	21.3
8 SA Infantry Battalion: Refurbishment	Project Under Construction	0.0	-	-	-	-	-	

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost			Appropriation		
R million				2010/11	2011/12	2012/13	2013/14	2014/15
School of Artillery	Refurbishment comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Design stage	0.0	-	-	-	-	
1 Parachute Battalion		Design stage	1.6	-	-	-	-	1.6
10 Anti-Aircraft and Air Defence Artillery School		Design	0.0	-	-	-	-	-
44 Parachute Regiment		Funds approved	3.7	-	-	-	-	3.1
School of Engineers		Design stage	1.2	-	-	-	1	0.2
2 Field Engineering Regiment		Tender recommendation stage	7.1	-	-	0.001	0.5	5.5
South African Army Combat Training Centre (including 16 Maintenance Unit)		Project Under Construction	187.3	38.4	85.1	0.6	57.7	5.5
1 Special Service Battalion		Tender recommendation stage	11.6	-	-	-	0.9	10.7
7 SA Infantry Battalion		Identification	0.0	-	-	-	-	-
South African Army office, Dequar Road		Service is inactive	0.0	-	-	-	-	-
South African Air Force Blenny Complex		Design stage	20.1	-	-	20.1	-	-
Boekenhoutkloof communication facility		Identification	0.0	-	-	-	-	-
Rooiwal communication facility		Identification	0.0	-	-	-	-	-
SAS Saldanha: Building 142 at Sick Bay		Identification	0.0	-	-	-	-	0.0
Military Veterinary Institute		Identification	0.0	-	-	-	-	-
3 SA Infantry Battalion	Identification	0.0	-	-	-	-	-	
121 SA Infantry Battalion	Identification	0.0	-	-	-	-	-	

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost	2010/11	2011/12	Appropriation	2013/14	2014/15
R million								
1 Tactical Intelligence Regiment	Refurbishment comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Identification	0.0	-	-	-	-	-
Air Force Base Bloemspruit		Identification	0.0	-	-	-	-	-
9 SA Infantry Battalion		First delivery stage	4.1	-	-	-	-	4.1
Military Police School		Identification	0.0	-	-	-	-	-
Military Base Mussina		Identification	0.0	-	-	-	-	-
Fort Ikapi (Scorpio)		Identification	0.0	-	-	-	-	-
Refurbishment of the Official Residence of C SANDF		Project Completed	0.2	-	-	0.2	-	-
Payment of a SAMHS Project wrt the building of a Medical Health Base in Salvo Kop (Pretoria)		Project Completed	4.0	-	-	4	-	-
Military Academy: Repair and Renovations		Project Under Construction	5.1	-	-	-	3	2.1
B Mess		Design stage	2.5	-	-	-	0.8	1.7
AFB Overberg		Tender stage	0.5	-	-	-	0.2	0.3
Bloemspruit AFB: Major Refurbishment of Facilities and Civil Services		Design stage	0.0	-	-	-	-	-
Castle: Repair and maintenance Phase 2		Tender stage	4.4	-	-	-	1.6	1.3
Kimberley Transport Park		First delivery stage	1.5	-	-	-	1.1	0.4
AFB Waterkloof Single Quarters		Final delivery	0.7	-	-	-	0.7	-
AFB Hoedspruit Infrastructure (Flood damage)	Project Under Construction	12.3	-	-	-	1.9	10.4	
AFB Waterkloof Refurbishment (SAMHS)	Design stage	0.3	-	-	-	0.3	-	

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost	2010/11	2011/12	Appropriation 2012/13	2013/14	2014/15
R million								
14 SA Infantry Battalion: Replacement of Kitchen Equipment	Refurbishment comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Project Under Construction	2.4	-	-	-	0.8	1.6
Mob Centre: Upgrade of Electrical Power Supply and Electrical Infrastructure: Replacement of Transformer		Project Under Construction	22.7	-	-	-	-	22.7
SAAF Refurbishment (Several)		Design stage	1.5	-	-	-	1.5	-
Naval Base: Job Masego - Building 872: Repairs to Roof.		Project Under Construction	0.0	-	-	-	-	-
Naval College: Repair and Renovations		Design stage	0.0	-	-	-	-	-
1 Mil Hosp Ramp: Multi Discipline Design and Construction		Design stage	0.0	-	-	-	-	-
1 Mil Hosp Ramp: Repair and Maint of Building Works: Civil Infrastructure Mechanical and Electrical Infrastructure		Final delivery	0.0	-	-	-	-	-
1 Mil Hosp: Appointment of A Management Firm to Manage All 1 Mil Hosp Projects		Design stopped	0.0	-	-	-	-	-
2 SAI: Supply and Installation of Kitchen Equipment and Replacement of Ceiling and Roof of Kitchen		Tender stage	0.0	-	-	-	-	-

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost	2010/11	2011/12	Appropriation	2013/14	2014/15
R million								
School of Armour: Major Refurbishment of Training Facilities: Buildings No 1030 and 1045 and Lecture Rooms (Replace Main Auditorium)	Refurbishment comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Design stage	0.0	-	-	-	-	-
Refurbishment of Sandhurst Building		Design stage	0.0	-	-	-	-	-
SAMHS School for Health Training Satellite: Major Refurbishment of Office/Training Accommodation, Road Infrastructure and Class Rooms		Design stage	0.0	-	-	-	-	-
Durban Naval Base: Refurbishment Phase 2		Design stage	0.0	-	-	-	-	-
SAMHS: Institute for Maritime Medicine: Upgrading and Refurbishment of Building 70		Design stage	0.0	-	-	-	-	-
SA Army Headquarters: Upgrade and Renovation		Design stage	0.0	-	-	-	-	-
JSB Garrison: Refurbishment of Finance Offices		Design stage	0.0	-	-	-	-	-
Refurbishment of Swartkop Park		Design stage	0.0	-	-	-	-	-
Waterkloof AFB: Special Ramp: Repair and Maint of Elec Infrastructure		Final delivery	0.0	-	-	-	-	-

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost			Appropriation		
R million				2010/11	2011/12	2012/13	2013/14	2014/15
Waterkloof AFB: Special Ramp: Repair and Maint of Elec Infrastructure	Refurbishment comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery, and site works.	Final delivery	0.0	-	-	-	-	-
AFB Waterkloof: Refurbishment of Hostels (Single Quarters)		Design stage	0.0	-	-	-	-	-
Naval Base Job Mesego Mess Replacement of Kitchen Equipment		Tender stage	0.0	-	-	-	-	-
Defence College: Refurbishment		Design stage	0.1	-	-	-	-	0.1
SAAF - Payment of Capital Projects of the SAAF	Not DW Fmn Projects	-	5.3	-	-	-	-	5.3
SAAF - Payment of Capital Projects of the SAAF	Not DW Fmn Projects	-	3.1	-	-	-	-	3.1
SF HQ - Payment of Decentralised Projects	Not DW Fmn Projects	-	0.4	-	-	-	-	0.4
SAMHS Decentralised Projects	Not DW Fmn Projects	-	5.8	-	-	-	-	5.8
SA Navy Decentralised Projects	Not DW Fmn Projects	-	0.8	-	-	-	-	0.8
SA Army Decentralised Projects	Not DW Fmn Projects	-	0.7	-	-	-	-	0.7
SA Army Decentralised Projects	Not DW Fmn Projects	-	2.2	-	-	-	-	2.2
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.1	-	-	-	-	0.1
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.3	-	-	-	-	0.3

Part 3 - Programme Performance

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost			Appropriation		
R million				2010/11	2011/12	2012/13	2013/14	2014/15
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.4	-	-	-	-	0.4
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.3	-	-	-	-	0.3
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.5	-	-	-	-	0.5
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.6	-	-	-	-	0.6
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.0	-	-	-	-	0.0
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.1	-	-	-	-	0.1
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.2	-	-	-	-	0.2
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.1	-	-	-	-	0.1
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.2	-	-	-	-	0.2
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.3	-	-	-	-	0.3
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.1	-	-	-	-	0.1
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.2	-	-	-	-	0.2
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.0	-	-	-	-	0.0
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.0	-	-	-	-	0.0
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.0	-	-	-	-	0.0

Part 3 - Programme Performance

Project Name	Service Delivery	Current	Total	Audited outcome		Adjusted	Medium-term expenditure estimate	
	Outputs	Project stage	Project cost			Appropriation		
R million				2010/11	2011/12	2012/13	2013/14	2014/15
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.2	-	-	-	-	0.2
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.0	-	-	-	-	0.0
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.1	-	-	-	-	0.1
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.0	-	-	-	-	0.0
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.1	-	-	-	-	0.1
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.1	-	-	-	-	0.1
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.3	-	-	-	-	0.3
Finance Division Decentralised Projects	Not DW Fmn Projects	-	0.2	-	-	-	-	0.2
Total			3 630.8	732.5	1 058.4	926.6	591.3	322.0

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 4 PROGRAMME 1: ADMINISTRATION

Introduction

The Administration programme is charged with the overall management of the Department and discharges the responsibilities of the Accounting Officer, pursuant to the Minister's policy direction, as well as the development of departmental norms and standards in the respective areas of responsibility. The Administration programme provides services in the form of Ministerial direction emanating from the office of the Minister of Defence and Military Veterans (MOD&MV) as well as departmental direction from the offices of the Secretary for Defence (Sec Def) and the Chief of the SA National Defence Force (C SANDF).

The following subprogrammes form part of the Administration Programme:

- Ministerial Direction
- Departmental Direction
- Internal Audit Services
- Government Information Technology Officer (GITO)
- Policy and Planning (Defence Policy, Strategy and Planning)
- Financial Services
- Acquisition Services (Defence Matériel and Defence Supply Chain Integration)
- Defence International Affairs
- Human Resource Support Services¹
- Legal Services²

In addition, the following subprogrammes of the Defence Administration Programme fall within the responsibilities of the C SANDF:

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

¹ Shared Staff

² Shared Staff

Purpose

Develop policy, and provide management and administration for the DOD; and provide for military veterans' benefits through the Department of Military Veterans.

Outputs

The main outputs of the Administration Programme are Ministerial Direction, Departmental Direction, Defence Policy Advice, Strategic Direction, Corporate Planning, and Reporting.

Subprogramme: Ministerial Direction

Purpose

The Ministerial Direction Subprogramme provides political direction for the DOD to ensure the democratic defence of SA by meeting the required Defence commitments and providing appropriate defence capabilities.

Overview

In the year under review, the Minister, as the executive authority for the Department, continued to uphold and fulfil the DOD's mandate, as outlined in the Constitution, 1996.

The Minister provided political direction to the DOD and ensured the preparation of defence capabilities to be utilised in meeting the ordered commitments. These ordered commitments contributed to peace, security, and stability in SA and the Southern African region. The Minister played a pivotal role in ensuring that all missions were undertaken under the legally required political authorisation, were in pursuit of Government objectives, and were fully accounted for. The Minister further played an active role in the Defence diplomacy arena at both bilateral as well as multilateral areas.

A permanent National Defence Force Service Commission was legally established and appointed and is currently fully operational to ensure that the service conditions of the SANDF are always taken care of.

The office of the Military Ombud was established during 2012 and renders an independent, impartial, and expeditious investigation and resolution process for complaints in respect of conditions of service for members and former members of the SANDF. It also investigates complaints by members of the public regarding the official conduct of a member of the SANDF.

The DOD participated actively in the Arms Procurement Commission (Seriti Commission) investigation into the Strategic Defence Package, constituted by the President, to look into the 1990 acquisition process. To that end, the DOD presented evidence before the Commission to demonstrate the veracity of the processes undertaken by the DOD in the acquisition of the Strategic Defence Package.

In an attempt to retain and improve the SANDF's medical health capability, the Minister appointed a Ministerial Task Team during March 2014. Thirteen areas of investigation were identified. These included, amongst others, the staffing levels, reasons for resignations, state of medical equipment in military hospitals, and the poor state of medical facilities. The audits of the members who qualify to receive commuted overtime were completed and, with few exceptions, the amounts due were paid out to members. The Department of Public Works (DPW) executed upgrades at 1 Military Hospital, and further upgrades will be completed using external contractors.

The Minister constituted the Defence Review Committee and mandated it to look critically at SA's Defence Policy. Subsequently, Cabinet presented and approved the Defence Review on 19 March 2014 and tabled it in Parliament on 03 July 2014. The Defence Review 2014 was adopted by both houses of Parliament in June 2015. Since then, the Defence Review Overarching Implementation Framework has been approved which constitutes the basis for the Defence Review Implementation Plan.

During the last week of March 2014, the Minister announced the appointment of the new Chairperson and Deputy Chairperson of the ARMSCOR Board of Directors. The Board of Directors assumed office as from 01 May 2014. The ARMSCOR Board of Directors has since finalised a turn-around strategy to improve processes within ARMSCOR. This turn-around strategy is currently in the consultation phase before submission to the Minister for approval. The Minister appointed a new CEO who assumed Office on 01 May 2015.

(For more information on the Ministry, see "PART 1 – THE MINISTRY – Information on the Ministry")

Output Details

Table 4.1 below provides details of the Ministerial Direction Subprogramme outputs, performance indicators and targets as specified in the Def Sec Annual Performance Plan (APP) for FY2014/15.

Table 4.1: Ministerial Direction Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/ Underachievement
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents. (DOD APP tabled in Parliament).	Tabled by February 2015	Tabled in line with the Parliamentary Programme on 11 March 2015	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (DOD Annual Report tabled in Parliament).	Tabled in line with national prescripts	Tabled in line with national prescripts (DOD Annual Report for FY2013/14 was tabled in Parliament on 30 September 2014)	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (ARMSCOR APP tabled in Parliament).	Tabled by February 2015	Tabled in line with the Parliamentary Programme on 11 March 2015	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (ARMSCOR Annual Report tabled in Parliament).	Tabled in line with national prescripts	Tabled in line with national prescripts	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (Castle Control Board APP tabled in Parliament).	Tabled by February 2015	Tabled in line with the Parliamentary Programme on 11 March 2015	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents. (Castle Control Board Annual Report tabled in Parliament).	Tabled in line with national prescripts	Tabled in line with national prescripts	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (Military Ombud APP tabled in Parliament).	Tabled by February 2015	Tabled in line with the Parliamentary Programme on 11 March 2015	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (Military Ombud Annual Report tabled in Parliament).	Tabled in line with national prescripts	Tabled as part of the DOD Annual Report in line with national prescripts	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (Military Ombud APP to the Executive Authority).	Tabled by February 2015	Tabled in line with the Parliamentary Programme on 11 March 2015	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (Military Ombud Annual Report to the Executive Authority).	Tabled in line with national prescripts	Tabled as part of the DOD Annual Report in line with national prescripts	Achieved
	Percentage of written complaints finalised.	50%	43%	<u>Underachieved.</u> 279 Written Military Ombud complaints were rolled over from the previous financial year due to capacity constraints and new appointments. (Backlog rolled over 279, in-year received 156, in-year finalised 314)

Subprogramme: Departmental Direction (Office of the Secretary for Defence)

Purpose

The Departmental Direction (Office of the Secretary for Defence) Subprogramme provides departmental direction for the DOD to ensure the effective, efficient, and proper conducting of Defence activities in accordance with legislation and policy.

Overview

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

The DOD was actively involved in government clusters, namely the Justice, Crime Prevention and Security Cluster (JCPS), International Cooperation, Trade and Security Cluster (ICTS), and Governance and Administration Cluster (G&A). In collaboration with other organs of State, the DOD contributed substantially towards the achievement of national crosscutting priorities and issues. The Department also provided a complete Secretariat service for the ICTS Cluster during the 2009 to 2014 electoral period and after the transition to the new electoral period 2014 to 2019, to the JCPS Cluster and related subcommittees.

The Sec Def played a leading role in the area of Defence diplomacy. The DOD was involved in the processing and signing of Defence cooperation agreements/memoranda of understanding (MOU) with several bilateral and multilateral partners. The DOD was also involved in the co-ordination and successful convening of Defence international engagements such as the binational commissions, Joint Permanent Commission on Defence and Security (JPCDS), Defence committees and SADC fora such as the Inter-State Defence and Security Committee (ISDSC) with various countries, such as UAE, Vietnam, Brazil, Angola, China, DRC, Tanzania, USA, Canada, EU FRG, Belgium, France, Spain, Burundi, Botswana, Seychelles and India.

In support of the National Conventional Arms Control Committee (NCACC), the Sec Def ensured the continual provision of an effective secretariat and inspectorate capability.

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

During the FY2013/14 audit process, the DOD was qualified on intangible capital assets. The DOD implemented various initiatives in order to reverse the asset qualification and achieve an unqualified audit report. The Department promulgated an Intangible Capital Assets policy and expanded the Asset Management Operational Centre to include intangible capital assets. This centre is currently engaged with the identification and recording of all the intangible capital assets.

Output Details

Table 4.2 below provides details of the Departmental Direction Subprogramme outputs, performance indicators and targets as specified in the Def Sec APP for FY2014/15.

Table 4.2: Departmental Direction Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide professional & supported Def Sec Human Resources	Level of DOD Morale	Positive	Neutral	Underachieved. Factors contributing negatively to this were career management, Log

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide professional & supported Def Sec Human Resources				& HR Support, poor maintenance of DOD facilities, communication and factors in the psycho-environment.
Promote consensus on Defence	Status of Public Opinion of the DOD.	77%	72%	<u>Underachieved</u> . External communication strategies regarding the effectiveness of the SANDF were inadequate.
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents. (DOD Annual Report to the Executive Authority).	Tabled in line with national prescripts	Tabled in line with national prescripts (DOD Annual Report for FY2013/14 was tabled in Parliament on 30 September 2014)	Achieved
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents. (DOD APP to the Executive Authority).	Tabled by February 2015	Tabled in line with the Parliamentary Programme on 11 March 2015	Achieved
Provide comprehensive direction to the DOD	Established DOD strategic research capability status.	Policy Research Unit Concept document approved.	Document not compiled or approved.	<u>Not achieved</u> . Due to capacity constraints. Project rescheduled for FY2015/16.

Subprogramme: Internal Audit Services

Purpose

The Internal Audit Services Subprogramme provides internal audit services to the DOD, to improve compliance and enable the Department to achieve a clean audit.

Overview

The Internal Audit Division (IAD) provided internal audit services to the DOD to enable the Department to achieve an improved audit outcome. This division endeavoured to ensure improvement in the state of the DOD's internal controls, governance, and compliance.

Effort was directed towards the recruiting of members and staffing of vacant posts, ensuring the implementation of recommendations of the Auditor-General of South Africa (AGSA) and facilitation of change management processes to strengthen internal controls and governance.

Output Details

Table 4.3 on the next page provides details of the Internal Audit Services Subprogramme outputs, performance indicators and targets as specified in the Def Sec APP for FY2014/15.

Table 4.3: Internal Audit Services Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure Defence in compliance with Regulatory Framework	Office of the Internal Audit Division status.	Office partly functional.	Office partly functional.	Achieved

Subprogramme: Government Information Technology Officer (GITO)

Purpose

The Government Information Technology Officer (GITO) Subprogramme provides departmental direction for the DOD to ensure the effective, efficient and proper conduct of Defence information and communication system activities in accordance with legislation and policy.

Overview

The GITO has achieved all the planned outputs as captured in the Def Sec APP for FY2014/15. The GITO ensured that in the execution of the outputs, the division remained in line with the MTSF, government priorities, national policy and related prescripts for information and communication systems.

The programme-based approach for managing the DOD Information and Communication Systems Strategy has been finalised. This document lays the foundation for reviewing the DOD Information Strategy that was promulgated in 2010. It is planned to promulgate the reviewed DOD Information Strategy by March 2016.

Defence information and communication systems interoperability standards are constantly reviewed and developed to ensure alignment with Government prescripts, international best practices and integrated departmental information and communication technology systems in support of effective and efficient decision-making.

The Information and Communication Systems Policy Development Plan ensures that the information and communication system policies of the DOD are aligned with national legislation.

The implementation and enabling of the Directorate Promotion of Access to Information structure during FY2015/16 will enable the Department to address all information requests in accordance with the Promotion of Access to Information Act, (No. 2 of 2000), efficiently and effectively.

Output Details

Table 4.4 below provides details of the GITO Subprogramme outputs, performance indicators and targets as specified in the Def Sec APP for FY2014/15.

Table 4.4: GITO Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide sound Defence direction	Percentage adherence to DOD governance	Monitor and review	Monitor and review	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide sound Defence direction	promulgation schedule. (DOD Information Strategy status).			
	Percentage adherence to DOD governance promulgation schedule. (Information and Communication Systems Policy Development Plan status).	Monitor and review	Monitor and review	Achieved

Subprogramme: Policy and Planning (Defence Policy, Strategy and Planning)

Purpose

The Policy and Planning (Defence Policy, Strategy and Planning) Subprogramme advises on national security policy matters and coordinates the strategic direction process by developing, formulating, monitoring, and adapting Defence policy, strategy, and plans in accordance with national policy to enable the effective, efficient and proper conduct of Defence activities.

Overview

The Defence Policy, Strategy and Planning Division (DPSP) achieved its planned performance targets for the period under review, in spite of capacity constraints.

The Division achieved all core outputs as captured in the Def Sec APP for FY2014/15. The Division also ensured that in the execution of its outputs, it remained in line with the MTSF, government priorities, national policy, and related prescripts.

As a policy and strategy capability for the DOD, the Division facilitated the tabling of the Cabinet-approved Defence Review 2014. The Division subsequently played a central role in developing the approved Implementation Framework for the Defence Review 2014.

The Division also assisted the Minister by providing inputs and developing a resource document for the Defence Budget Vote Speech that took place on 23 July 2014.

A change of responsibility in terms of coordination of MTSF Outcomes took place in September 2014. The Minister was appointed as Chairperson of the JCPS Cluster responsible for Outcome 3, while the Minister of Telecommunications and Postal Services was appointed as Chair of the ICTS Cluster responsible for Outcome 11. Thus, the DOD now has the responsibility for Secretariat services for the JCPS Cluster and related subcommittees.

Through the Strategic Planning Framework (SPF), which is based on National Treasury (NT) regulations and framework for developing the strategic plan (SP) and APP, the Department developed the DOD planning instruments, which included the DOD SP (2015 to 2020) and the DOD APP for FY2015/16. The Division assisted in developing the planning instruments for the public entities (ARMSCOR and Castle Control Board)

and the organ of State (Military Ombud). These planning instruments were tabled in Parliament according to statutory requirements.

The Departmental Performance Information Improvement Plan was finalised during the reporting period, providing a roadmap that will address departmental interventions in the realisation of improved performance information in the DOD.

The DOD Annual Report FY2013/14 was approved and tabled in Parliament by the Minister in line with the statutory requirements on the submission of performance reports. The Division also ensured that DOD Quarterly Performance Reports for FY2014/15 were compiled and approved by the Accounting Officer and submitted to the Executive Authority, Department Planning, Monitoring and Evaluation (DPME) in the Presidency, NT and AGSA in line with statutory requirements.

The Management Performance Assessment Tool (MPAT) seeks to move departments beyond compliance with regulatory frameworks in order to be effective and efficient in its application of management practices by working smartly, being innovative, and continuously improving and sharing good practice. The Department uses these MPAT results to improve its management practices and internal controls.

The Draft DOD Strategic Direction Framework was finalised and is now part of the Defence Review Implementation Project Team (DRIPT) activities. The Division continues to provide key personnel to assist the DRIPT in the rollout of the implementation plan, which will be aligned with the MTSF 2014 to 2019.

Effective risk management is key to the achievement of predetermined departmental outputs. The DOD has managed to establish and maintain a system of risk management that is consistent with statutory provisions, ie the Public Finance Management Act, Treasury Regulations and the Public Sector Risk Management Framework. Risk Management continues to be conducted in accordance with an approved DOD Risk Management Framework.

Output Details

Table 4.5 below provides details of the Policy and Planning Subprogramme outputs, performance indicators and targets as specified in the Def Sec APP for FY2014/15.

Table 4.5: Policy and Planning Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents.	100%	100%	Achieved
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule	100%	100%	Achieved
Provide comprehensive direction to the DOD	DOD Enterprise Risk Management (ERM) maturity level	Level 5	Level 4	<u>Underachieved</u> . Lack of evidence indicating that risk management forms part of all management meetings and are included in management's performance agreements.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide comprehensive direction to the DOD	DOD Management Performance Assessment Tool (MPAT) assessment level.	Level 2.5	Level 2.1	Underachieved. Lack of evidence/supporting documentation as well as inconsistencies in moderation by DPME in the Presidency.

Subprogramme: Financial Services

Purpose

The Financial Services Subprogramme provides a cost-effective financial management service for the Minister, the Sec Def and the C SANDF within the evolving regulatory framework, by means of a professional, representative, civilian, financial management corps and an appropriate financial management system.

Overview

The Chief Financial Officer is the head of the Financial Management Division (FMD) and, in terms of the Public Finance Management Act (PFMA), (Act No. 1 of 1999), is directly responsible to assist the Accounting Officer to carry out his financial management responsibilities in areas from budget preparation to financial reporting and the development and maintenance of internal control policies and procedures.

The Division played a pivotal role in ensuring that the DOD upheld the principles of best practices of financial management. The Division ensured an environment in which the prescribed deliverables in the utilisation of resources were aligned with the principles in the PFMA of efficiency, effectiveness, and economy. The Division ensured that all prescribed reporting deliverables were achieved. All financial reports as prescribed by the NT were submitted on time, such as the Estimate of National Revenue and Expenditure inputs, annual and interim financial statements and internal financial management information, namely roll-over reports, drawings on the national revenue fund requests, 30-day payments, early warning reports on expenditure and cash flow etc.

The absence of an integrated Financial Management System (FMS), together with a lack of appropriate technical support for the out-dated FMS, remains a threat to sound financial management. This complicates and limits the scope of credible, accurate and timely management information for reporting and decision-making. The Division continues to refine departmental financial processes, systems and policies with the view to ensure alignment with the Public Finance Management Regulatory Framework to improve service delivery. It played an integral role in implementing financial reforms within expenditure control and accounting practices as directed by the accounting officer with the assistance of appropriately skilled finance staff.

During the year under review, the Division provided budget management advice and support in giving effect to both government priorities and departmental initiatives through appropriate budget adjustments. Through appropriate budget control measures, a major role was played in achieving a 99.97% expenditure of the allocated departmental budget.

The continued engagements and meetings with the AGSA as well as the regular intervention of Operation Clean Audit (OCA) Committee contributed towards producing positive annual audit outcomes for the DOD. The monthly OCA meetings assisted with creating a smooth auditing process with the expectation of receiving no audit qualifications in this period of reporting.

Output Details

Table 4.6 below provides details of the Financial Services Subprogramme outputs, performance indicators and targets specified in the Def Sec APP for FY2014/15.

Table 4.6: Financial Services Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure Defence in compliance with Regulatory Framework	Number of audit findings ³	0	1	Underachieved ⁴
	Percentage compliance with submission dates of DOD statutory documents. (Compliance with DOD financial management products).	100% (Estimate of National Expenditure Chapter submitted in line with national prescripts)	100%	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (Compliance with DOD financial management products).	100% (Estimate of National Expenditure Chapter submitted in line with national prescripts)	100%	Achieved
	Percentage compliance with submission dates of DOD statutory documents. (Compliance with DOD financial management products).	100% (Compliance with all legislative financial reporting)	100%	Achieved
Ensure Sound Financial Management of the DOD	Percentage payments in accordance with invoices received.	100% (Payment of all invoices received per quarter)	73% (Payment of invoices received from suppliers within 30 days)	<u>Underachieved</u> DOD uses several parallel logistic information systems that do not integrate with FMS, making it difficult to track invoices from receipt to payment. Payments are withheld where discrepancies exist between delivery notes and invoices.

³ Number of audit findings relates to "Audit Qualifications".

⁴ GDA = Unqualified and SDA = Qualified.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/ Underachievement
Ensure Sound Financial Management of the DOD				<p>Logistical receipt vouchers are not generated timely.</p> <p>Delays are caused by suppliers not registering on the DOD database or making their banking information visible.</p> <p>A substantial portion of invoices (45%) of all invoices are for medical services delivered in various geographical locations spread all over the country.</p>

Subprogramme: Acquisition Services (Defence Matériel and Defence Supply Chain Integration)

Purpose

The Acquisition Services (Defence Matériel and Defence Supply Chain Integration) Subprogramme optimally directs and manages acquisition of DOD specified matériel and technology requirements by means of competent personnel within the allocated budget and in accordance with policies and prescripts. Based on the SANDF priorities, combined with the prevalent industrial capability as well as the particular status of individual projects, update and renewal projects were scheduled within the limits of the MTEF allocation agreed upon for weapon systems and technology development.

The Division also provides a nodal point of reporting to the AGSA on matters concerning the management of Defence Intangible Capital Assets (ICA). This critical component of defence knowledge management includes the management of defence-related intellectual property in collaboration with ARMSCOR.

The Matériel Governance, Risk and Compliance structure (previously reported on under Defence Supply Chain Integration Division) migrated to the Defence Matériel Division with effect from 01 July 2014. The purpose of this entity is to conduct governance on Defence Matériel in accordance with Government policy and strategies. Therefore, the performance against plan related to Defence Matériel Governance, Risk and Compliance will be reported on under the Acquisition Services Subprogramme.

Overview

The different Acquisition Management and Technology Development portfolios ensured that all projects were authorised for their particular phase, and all expenditure took place according to approved business plans and within the bounds of the financial allocations awarded to each project. Compared to previous reporting periods, a marked improvement in the approval of project milestone documents was experienced and can be ascribed to managerial intervention that resulted in an improved approval process. The result has been improved cash flow and fewer rollovers within the approved governance framework.

The Acquisition of Armaments Policy (DAP1000) is being reviewed and will encapsulate acquisition improvement principles. As an interim measure, an Expedited Armaments Acquisition Process (EAAP) has

been implemented jointly by Def Mat Div and ARMSCOR and will run concurrently with DAP1000. This process would aid in timely equipping SANDF forces deployed within and outside the RSA borders.

The DODI (Edition 1) on Intangible Capital Assets was approved on 14 April 2014 by the Sec Def and on 31 July 2014 by C SANDF. This promulgated DODI is currently under review to become the DODI on Intangible Asset (IA) management, which will encapsulate the management of all DOD IA and not only ICA. An intervention programme has been initiated through the existing PricewaterhouseCoopers (PWC) contract to assist the DOD with key issues within the IA portfolio ie the completeness, correctness and accuracy of the data on the central IA Register. The Register is now in place and is being managed with the assistance of the Chief Logistics Operational Centre (C Log Ops).

A Supply Chain Governance Framework is being developed and will provide a policy framework for all policies related to the Defence supply chain.

The Policy on the Utilisation and Regulation of Consultants in the Department of Defence (Pol & Plan/00046/2001) was approved during August 2014 and is being implemented.

A draft MOU was developed and will be implemented in the new year between the DOD and CSIR. The intent of this MOU is to foster strategic cooperation and streamline interaction, whilst providing joint strategic planning of technology and services to the National Security Sector at large.

Acquisition projects relating to the Strategic Defence Packages are in the final stages of completion and are preparing for final project closure.

During the year under review, the following highlights related to acquisition and technology development were achieved:

- The acquisition of the two tugs for the SA Navy is currently in the building phase and is 27% completed, which will address the shortcomings in the Naval Harbour Services Simon's Town and replace the two existing tugs, De Neys (52 years old) and De Mist (40 years old). The planned completion date for the first tug⁵ is June 2015 and early in 2016 for the second tug. The building is ahead of schedule.
- A successful maritime border experiment was conducted in Saldanha from 03 to 07 November 2014, with over 80 participants from industry and research institutes participating. The aim of the experiment was to test Maritime Command and Control concepts and to evaluate the integration of various sensors into the command and control network. Other departments who are stakeholders in maritime security also participated in the exercise. It was an experiment with the largest number of participants from industry and research institutes held in the SANDF to date. Valuable insights were gained that can improve the command and control effort between Government departments.

Output Details

Table 4.7 on the next page provides details of the Acquisition Services Subprogramme outputs, performance indicators and targets as specified in the Def Sec APP for FY2014/15.

⁵ The tug was received on 09 July 2015 in Simon's Town.

Table 4.7: Acquisition Services Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Defence Matériel				
Acquire DOD Main Equipment & Doctrine	Percentage armament acquisition commitments approved.	≥75% by 31 March of each year	97,14%	Achieved
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule. (Defence Intangible Capital Assets Management Policy status).	Monitoring of the Defence ICA Function (policy, structure and organisation)	Structure & Organisation in place. The approved policy is under review.	Achieved
Undertake Defence Research & Development	Percentage Technology development commitments approved	85% to 100% by 31 March of each year	99,94%	Achieved
Defence Supply Chain Integration				
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule. (Strategy on Defence Industry status).	Strategy Approved	This target is not attainable	Not Achieved. Strategy was on hold pending the national elections and subsequent appointment of the new Deputy Minister of Defence & Military Veterans. This indicator will fall under auspices of the National Defence Industry Council (NDIC) chaired by the MOD&MV.

Subprogramme: Defence International Affairs

Purpose

The Defence International Affairs Subprogramme formulates and provides policy advice on the determination and conducting of Defence international affairs and the attendant Defence diplomatic engagements, and ensures that such a policy accords with the evolving and emerging foreign policy of the country.

The Defence International Affairs (DIA) Division is mandated to provide policy products and strategic direction relating to establishing bilateral and multilateral relations. Advice and support were provided on the formulation of international legal instruments in accordance with the international legal framework and Government's foreign policy priorities.

Overview

The Division was successful in achieving all its stated targets against its performance measures and outputs for FY2014/15 contributing to the achievement of DOD Outcome 1: Element – Promotion of Peace, Stability and Security in the RSA, region, continent and the world; Element – Enhancement and maintenance of comprehensive defence capabilities as well as DOD Outcome 2: Element – Formulation of Defence Policy and Strategy.

The Division provided products in the form of drafted, negotiated, facilitated, and concluded bilateral and multilateral agreements with SA's foreign partners and international organisations.

To ensure that the DOD's conducting of international affairs accords with emerging Government policy, the Division also coordinated several departmental meetings to prepare adequately for the successful convening of bilateral engagements with foreign partners.

The Division also coordinated and supported SA's Foreign Policy through participation in meetings and activities led by the Department of International Relations and Cooperation.

The Division achieved its intended functional objectives, as it was actively involved and instrumental in co-ordinating and providing policy direction on the following spheres of work:

- Advice to the Minister through the Sec Def, C SANDF, and the DOD on key defence international affairs policy matters and international engagements.
- African Union (AU).
- Southern African Development Community (SADC).
- United Nations (UN).
- Ensuring that the DOD meets its diplomatic obligations by servicing existing defence co-operation agreements.

The Division facilitated the processing and signing of various defence cooperation agreements and MOUs.

The Division led the coordination and successful convening of international defence engagements such as bilateral and multilateral engagements with the United Arab Emirates, Vietnam, Brazil, Algeria, Germany, Spain, Belgium, France, China the European Union and IBSA.

The Division is undergoing progressive structural and development growth as critical enablers for successfully fulfilling its departmental mandate. Capacitating the Division in terms of competent human resources, logistical self-sufficiency as well as sufficient office space remain an ongoing managerial impediment necessitating senior management's focussed intervention in the Division's pursuit of excellence in service delivery.

Output Details

Table 4.8 below provides details of the Defence International Affairs Subprogramme outputs, performance indicators and targets specified in the Def Sec APP for FY2014/15.

Table 4.8: Defence International Affairs Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure Defence in compliance with Regulatory Framework	Percentage deployments including training exercises, where applicable, supported with appropriate legal instruments.	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule. (Policy products in pursuit of Defence Diplomacy).	Continuous updating of five policy products and position papers to ensure relevance and quality Policy approved	100%	Achieved
	Percentage adherence to DOD governance promulgation schedule. (DOD Foreign Relations Policy status).	Policy approved	In progress, to be completed by end of 2015	Underachieved. Policy extended to include "ubuntu beyond international borders" as prescribed by the DOD Policy Board.

Subprogramme: Human Resource Support Services

Purpose

The HR Support Services Subprogramme provides full human resource support services to the DOD.

Overview

Ceremonial Activities. The Human Resource Division (HR) successfully participated in ceremonial aspects of the DOD at short notice. The President of the Republic of South Africa deemed it appropriate to grant official recognition to officers, warrant officers and other ranks who served in various appointments and roles that included the direct medical attention provided and the performance of the ceremonies and various other forms of support required for the memorial service, lying in state and state funeral of the former President, Mr Nelson Mandela. The Mandela Medal was awarded to members of the South African National Defence Force who have met the requirements in this regard. The initial parade, named the Mandela Medal Parade, was held at Air Force Base Waterkloof on 07 December 2014, and 66 Mandela Gold Medals and 21 Mandela Gold Medallions were presented at this parade. The second occasion where 17 Mandela Gold Medals were presented was at the Armed Forces Day 2015 in Potchefstroom on 21 February 2015.

National Youth Service Programme (NYSP). The DOD, as a service provider to other government departments for the Youth Leadership Development and Character-building module, trained 2 008 National Youth Service participants and was involved in the Department of Social Development Youth Camp in which 856 youths participated.

Security and Defence Studies Programme (SDSP). The SA Defence Review 2014 recommended that the SANDF present the Executive National Security Programme (ENSP) at Masters Degree Level. It was decided in principle for the new master's degree programme to be presented at the SA National Defence College (SANDC), in cooperation with the SA Military Academy and Stellenbosch University. Because the new one-year programme replaced the ENSP of six months, it was decided to change the name to Security and Defence Studies Programme (SDSP). The SDSP follows a two-tier approach, whereby learners who enter the programme with an honours degree or postgraduate diploma can register for the MPhil in Security Studies at Stellenbosch University (South African Qualifications Authority [SAQA] Level 9). Learners without an honours degree or post-graduate diploma can register for the Certificate in Defence Studies at Stellenbosch University (SAQA Level 6). SDSP 01/15 started on 12 January 2015 with thirty-seven students, of whom thirty-six are from the DOD and one is from ARMSCOR.

Compliance with Submission Dates of DOD Statutory Documents for Senior Management Service (SMS) Members. The coordination process by Services and Divisions delayed the timely submission of performance agreements and financial disclosures of SMS members within the DOD. With the target achievement for FY2014/15 set for 100% by the end of the second quarter for both SMS performance agreements and SMS financial disclosures, the performance in this regard was under achieved as only 89% was submitted. As an intervention to mitigate the situation, the HR Division established a dedicated office to deal with SMS Administration.

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

During the period under review, the Division had many achievements and in some instances overachieved on planned targets. However, several challenges were experienced. Investigations are already underway to find solutions to challenges experienced to address areas of underperformance. The implementation of the new SDSP, which replaced the ENSP, in January 2015, can be regarded as one of the highlights for the HR Division during the period under review.

Output Details

Table 4.9 below provides details of the Human Resource Support Services Subprogramme outputs, performance indicators and targets specified in the Def Sec APP for FY2014/15.

Table 4.9: Human Resource Support Services Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule. (National Youth Service Policy status).	Policy development	Policy development discontinued.	<u>Underachieved.</u> Roles and responsibilities and outputs required into MOU with other National Departments to be confirmed. DOD to continue to support this programme.
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule. (Human Resource Development Strategy status).	Approved strategy	The HRD Strategy and Annual Implementation Plan were submitted for approval.	<u>Underachieved.</u> A decision was taken to review the HRD Strategy to address the Defence Review 2014 milestones and national legislation on skills development and HR Indaba resolutions.
Provide sound Defence direction	Number of NYS programme participants trained per year.	100% 2 000	100.4% 2 008	<u>Overachieved.</u> Actual achievement is dependent on the number of participants that are provided by the Department of Rural Development and Land Reform (DRDLR).

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Provide comprehensive direction to the DOD	Number of disciplinary cases in the DOD finalised within 90 days (PSAP).	39	39	Achieved.
	Percentage collective grievances and disputes resolved.	85%	78% (21 of 27)	Underachieved. The nature and complexity of some grievances received required more time for finalisation; thus, fewer grievances could be finalised as planned.
	Number of MSDS members in the system per year.	4 272	3 889	Underachieved. Services recruited smaller intakes for 2015.
	Number of reserves force person-days.	1 883 683	2 695 742	Overachieved. Services utilised more Reserve Force members due to operations.
Provide professional & supported Def Sec Human Resources	Percentage compliance with planned staffing of funded posts.	100% (77 606)	101% (78 015)	Overachieved. There was a requirement to translate more MSDS members to the CSS.
Ensure effective DOD human resource support services	Percentage compliance with DOD training targets. (Number of PSAP attending training programmes).	100% (2 587)	88.3% (2 284)	Underachieved. Lack of individual career development plan and shortage of HRD capacity compromised communication and career advisory efforts.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents. (SMS performance agreements).	100%	87%	<u>Underachieved</u> . The coordination process by Services and Divisions delays the timely submission of performance agreements.
	Percentage compliance with submission dates of DOD statutory documents. (SMS financial disclosures).	100%	89%	<u>Underachieved</u> . The coordination process by Services and Divisions delays the timely submission of SMS financial disclosures.
	Percentage compliance with DOD training targets (re-skilling).	67% (8)	592% (71)	<u>Overachieved</u> . The target was based on the average projections over the past three years. The actual achievement for FY2014/15 was more than expected due to additional candidates received for re-skilling.
	Percentage compliance with DOD training targets (non-combat professional military development).	100% (1 970)	165% (3 254)	<u>Overachieved</u> . Additional training requirements received, led to additional learning programmes being presented, that were not planned for initially.

Subprogramme: Legal Services

Purpose

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

Overview

During the reporting period, the Defence Legal Services Division (DLSD) made significant progress. The administration of military justice was facilitated as follows: Military Defence Counsel complied with all 994 requests for assistance that were received during the reporting year. Military Judicial Reviews received 3 053 new cases and attended to 2 451 cases. Of the 156 Court of Military Appeals (CMA) cases that were received, 131 were scheduled and 105 were reviewed. Military prosecutions accounted for 300 *nolle prosequi* decisions, the conducting of 686 preliminary investigations, the attending to 630 Boards of Inquiry and the processing of 1 129 military police dockets. Directorate Military Judges complied with plans and procedures in respect of military judges, presiding officers and assessors within the provisions of current legislation. The average hours spent by military judges in military courts were 619.5 hours for FY2014/15.

The Division complied 100% with the C SANDF requirements wrt operational legal advice and support for all internal and external operations and exercises. It effectively rendered legal support in the form of operational

advice and support to the DOD and the SANDF with regard to legal advice and opinions, the drafting of international instruments, ie status of forces agreements (SOFAs) and memoranda of understanding (MOUs), Presidential employment papers, inter-departmental cooperation agreements and negotiation support. DLSD attended to four strategic operational planning sessions, four Parliamentary enquiries, three external and three internal operations, 22 Operational Law training sessions and 76 lecture opportunities. Negotiation support iro cooperation with international, regional and sub-regional organisations (eg the United Nations, the African Union and the Southern African Development Community, as well as foreign armed forces, eg India and Brazil [Ex IBSAMAR and Ex ATLASUR]) was rendered successfully.

The DLSD attended and finalised 31 civil cases lodged against the DOD during the reporting period. Of the 31 cases, nine cases were settled favourably, 16 cases were ruled in favour of the DOD and six cases were ruled not in favour of the DOD. This constitutes an achievement in performance of 80.6% compliance against the set target, which in turn translates to 51.6% of litigation cases ruled in favour of the DOD and 29% of cases that were settled favourably out of court. Evidential challenges caused mainly by uncooperative and unavailable witnesses account for constraints in the leading of evidence and therefore impaired the speedy and effective finalisation of litigation of cases affecting the DOD. The DLSD continues to work in partnership with the office of the State Attorney and other organs of State to provide optimal litigation outcomes for the DOD.

The Military Disciplinary Bill was introduced to the members of the Parliamentary Steering Committee on Defence. The Defence Force Service Commission Regulations were approved by the Minister for promulgation on 28 October 2014 and were duly promulgated and gazetted. The Detention Barracks Regulations were referred to the Military Police Council for scrutiny and concurrence.

The DLSD provided legal support to the Arms Procurement Commission of Inquiry (Seriti Commission) by facilitating the taking of statements and preparing SANDF witnesses to testify at the inquiry.

Defence Legal Services Support was fully rendered and facilitated to all service points. The DLSD spent 98.44% of its allocated budget. The unspent portion relates to funds for posts that were not staffed, ie Chief Defence Legal Services (CDLS) and three litigation posts. The DLSD presented five formal law courses, comprising two Law of Armed Conflict (LOAC) and three military law courses to members of the SANDF. Comprehensive education, training and development support was also provided on Military Law, LOAC and Operational Law at unit and Legal Satellite Office (Legsato) level.

All military courts were fully digitalised wrt the recording of court cases. All planned upgrades to military court facilities and buildings were completed in accordance with the targets set in the APP. The newly established Directorate Operational Law Support (D Op LS) and the Op Legal Satellite offices (Op LEGSATO) were staffed fully and accommodated. Suitable candidates were recruited to address shortages of Military Defence Counsels at each of the Legsatos. The DLSD currently has 37 vacant unfunded posts on its structure with a funding requirement of Rm14. Funding iro these posts must be attended to urgently to staff posts to enhance service delivery requirements and ensure that litigation support to the DOD is increased. In addition, the DLSD has various other vacant funded posts, ie the (CDLS) post, two CDLS support staff posts and three Defence Legal Advice and Litigation posts, which are in the process of being staffed.

The application of effective management principles have contributed towards the DLSD achieving its strategic objectives as listed in the DLSD's APP for FY2014/15. Notwithstanding this achievement, DLSD personnel will focus on staffing all its vacant funded posts by the end of the current financial year. It is foreseen that, once fully staffed, the DLSD will be able to comply more comprehensively and efficiently with all its service delivery

imperatives. Further structural expansion of the DLSD is inevitable and envisaged in conjunction with the conducting of an organisational work study investigation.

Output Details

Table 4.10 below provides details of the Defence Legal Services Subprogramme outputs, performance indicator and target as specified in Def Sec APP for FY2014/15.

Table 4.10: Defence Legal Services Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure effective Defence legal services	Percentage litigation attended to in the best interest of the DOD (settlements and wins).	50%	80,6% (25/31)	<u>Overachieved</u> . Top management must continue applying Departmental policies and procedures ensuring litigation successes.
Ensure Defence in compliance with Regulatory Framework	The degree to which DLSD plans and procedures in respect of military judges, presiding officers and assessors comply with the provisions of the Defence Act (Act No. 42 of 2002) and the Military Discipline Supplementary Measures Act (MDSMA) (Act No.16 of 1999).	100%	100%	Achieved
	The degree to which Military Defence Counsel sectoral policy with regard to military counsel and procedures comply with the Defence Act, Act 42 of 2002 and the MDSMA (Act No.16 of 1999) and instructions.	100%	100%	Achieved
	The degree to which Military Judicial Review policy and procedures comply with the Defence Act, Act No. 42 of 2002 and the MDSMA, (Act No.16 of 1999)	100%	102.1%	<u>Overachieved</u> . The long working hours at various Legatos and liaison with several directorates seem to contribute significantly to this achievement.
	The degree to which military prosecution services are provided to the SANDF	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Ensure Defence in compliance with Regulatory Framework	Percentage (%) compliance with C SANDF requirements wrt operational legal advice and support for all external and internal operations.	100%	100%	Achieved
	The degree to which legal advice services and capability are provided to the DOD.	100%	100%	Achieved
	The degree to which operations and force preparations legal advice, policy and procedures comply with DOD legislation and instructions.	100%	100%	Achieved
	The timeliness and quality with which HR, policy, MOU and legislative legal advice comply with DOD legislation, policy prescripts and instructions.	100%	100%	Achieved
	The degree to which facilitated litigation results in optimum outcome for the DOD expressed as a percentage of achievement. Expressed ito the total litigation received and attended to.	100%	100%	Achieved
	The degree to which an education, training and development (ETD) service (legal training) is provided to the DOD and the DLSD.	100%	100%	Achieved
	The degree to which adequate internal systems, ie log, fin, HR, planning and support services, are provided to DLSD.	100%	100%	Achieved

Subprogramme: SANDF Command and Control

Purpose

The SANDF Command and Control Subprogramme provides command and control for the SANDF.

Overview

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

Output Details

Table 4.11 below provides details of the SANDF Command and Control Subprogramme outputs, performance indicator and target as specified in SANDF APP for FY2014/15.

Table 4.11: SANDF Command and Control Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Military policy adviser to the Minister of Defence (MOD)	Timeliness, relevance and quality of military policy advice to the Minister	Military policy advice provided as and when required	Military policy advice was provided	Achieved
Command and control of the SANDF	Provision of strategic direction on operational readiness according to SANDF force employment requirements	Readiness maintained in accordance with force employment guidelines	Readiness was maintained in accordance with force employment guidelines	Achieved
Ordered commitments	Level of success of ordered commitments	Successful conducting of ordered commitments	Ordered commitments were conducted successfully	Achieved
Monitoring standards of military professionalism	Providing ceremonial functions for the offices of the Minister and the President	Successful conducting of commitments	Ordered commitments were successfully conducted	Achieved

Subprogramme: Corporate Staff Office

Purpose

The Corporate Staff Office Subprogramme provides a corporate staff capability and service.

Overview

The support to C SANDF continued through strategic advice provided in preparation for the Council on Defence (COD), and attendance of the Justice, Crime Prevention and Security Cluster as well as the International Cooperation, Trade and Security Cluster meetings.

The Acting Chief of Corporate Staff provided strategic direction and coordinated the SANDF's participation in bilateral and multilateral defence diplomacy activities. Of significance was the attendance of the United Nations Special Committee on Peacekeeping Operations (C34) workshop to review peacekeeping operations and to make recommendations to address challenges experienced in peacekeeping operations.

Cabinet approved the Government MTSF document and delivery agreements in terms of Outcome 3 and 11, on which the SANDF reports. The Military Policy, Strategy and Planning Office provided support in the AGSA audit process to ensure no material findings with regard to performance information.

Output Details

Table 4.12 below provides details of the Corporate Staff Office Subprogramme outputs, performance indicators and targets as specified in the SANDF APP for FY2014/15.

Table 4.12: Corporate Staff Office Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Corporate Staff Capability for C SANDF	Timeliness, relevance and quality of strategic advice to the C SANDF	Strategic advice provided as and when required	Strategic advice was provided	Achieved
	Timeliness, relevance and quality of direction provided to the divisions and offices in the Corporate Staff Division	Direction provided as and when required	Direction was provided	Achieved
	Timeliness, relevance and quality of staff coordination of the supporting divisions as delegated by C SANDF	Staff coordination provided as and when required	Staff coordination was provided	Achieved
	Providing ceremonial functions for the offices of the Minister and the President	Successful conducting of commitments	Ordered commitments were successfully conducted	Achieved

Subprogramme: Inspection Services (Inspector-General)

Purpose

The Inspection Services Subprogramme ensures the validity and veracity of management information of the DOD.

Overview

The Defence Inspectorate Division as a multi-functionary division conducts performance and compliance audits/inspections, closing-down audits, anti-corruption and anti-fraud awareness training, special investigations and perception surveys. It supports the DOD in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

The Defence Inspectorate Division has achieved most of the objectives for the year under review, notwithstanding the challenges experienced, such as the insufficient Resource Section structure, loss of auditors, requests for training of inspectors from the SADC countries and *ad hoc* special investigation requests.

- **Training.** The Defence Inspectorate Division was involved in training of the military inspectors of the Angolan, Namibian and Lesotho Armed Forces as per DEFCOM Instruction. Members in the DOD were educated on corruption and fraud activities. During the awareness training road shows, 10 322 members attended these sessions during the year under review.

- **Fraud and Corruption Function.** The Defence Inspectorate Division functions as the DOD Anti-corruption and Anti-fraud Nodal Point, with the main focus to attend to DOD corruption- and fraud-related cases. This particular forum is mandated to act as members of the DOD Corruption and Fraud Risk Committee. Fifty-three incidents were reported via the Whistle-blow Hotline, of which 30 cases were detected and investigated for corruption and/or fraud to date. These statistics do not include investigations referred to Services and Divisions for further actions or forensic audits conducted by other entities.
- **Closing Down Audit Capability.** The closing down audit capability, Project MOUNTING, has made excellent progress in addressing the closing down of units and managed to audit 49 force structure elements (FSEs), 19 of which were deactivated. The project achieved its mandate and reached the end of the second term by 31 March 2015.
- **Perception Surveys.** Directorate Effect Analysis undertook longitudinal and cross-sectional qualitative and quantitative perception research projects in communication, management psychology, and sociology. During these qualitative focus group interviews, the attitude and opinions of the respondents are written down verbatim and are reported in such a way that the original opinions are expressed. The results of the surveys are a presentation of the perceptions of the survey participants/respondents. Some perceptions are based on bias, rumours and misrepresentations, yet the survey participants experienced them as real and they therefore had an influence on their behaviour.
- **Quantitative Survey.** During the year under review, a quantitative perception survey was conducted on the level of morale in the DOD and the inputs analysed to determine the positive and/or negative trends that influence the morale of members of the DOD. Nineteen factors were addressed, and the interim results indicate that the level of morale has improved slightly since the previous survey, although certain focus areas remain a matter of concern.
- **Qualitative Surveys.** The qualitative perception surveys that were conducted at 46 units indicated positive trends towards the capturing of leave, military transport between home and workplace, opportunities to attend short courses, participation in sport, opportunities to study at State expense, good internal working conditions and support from HR personnel. The negative trends as perceived were in the environments of logistic support, career management, personnel administration, physical environment (poor conditions of military accommodation/facilities) and communication.

Output Details

Table 4.13 below provides details of the Inspection Services Subprogramme outputs, performance indicators and targets as specified in the SANDF APP for FY2014/15.

Table 4.13: Inspector Services Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Performance audit/inspections	Number of completed performance audit/inspection reports as per annual performance audit schedule	20	21	Achieved
Regulatory audits	Number of completed compliance audit/inspection reports as per the annual compliance audit schedule	50	38	Underachieved. The Directorate is understaffed due to transfers and unfunded posts. One regional office in Gauteng was closed until new staffing would take place.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Anti-fraud and anti-corruption services	Number of members sensitised on the reporting of fraud and corruption in the DOD through an awareness campaign	10 000	10 322	Overachieved. More members than planned attended the awareness sessions in the 1st quarter.
Closing down audits	Number of closing down audits conducted as per the closing down audit requests	16	49	Overachieved. Due to successful follow-up audits and the condonement process that was refined to speed up the deactivation of FSE/unit codes (19 FSE/unit codes).
Perception survey	Number of perception survey reports finalised according to the annual perception survey schedule	31	46	Overachieved. The target outcome was neutral up until the end of the reporting period.

Subprogramme: Communication Services

Purpose

The Communication Services Subprogramme provides defence communication policy, strategy and plans in accordance with DOD and national (Government Communication and Information System [GCIS]) policy, and a centralised corporate communication capability, services and products in order to enable effective, efficient, interactive, two-way communication between the DOD and its stakeholders.

Overview

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

Liaison with the media ensured that several DOD events were covered to highlight the capabilities of the SANDF and portray the DOD as an organisation that is a disciplined force and worthy of being the pride of the nation. These events included the Armed Forces Day Parade, Freedom Day Parade and the Mandela Medal Parades, as well as the National Heritage Day Parade.

Coverage of multinational and other exercises, including Ex RED LION, Ex YOUNG EAGLE and Ex SEBOKA at the SA Army Combat Training Centre, further promoted the image of the DOD. Other media coverage events included Chief of Joint Operations (CJ Ops) media briefings, as well as media breakfasts to inform stakeholders about the state of the SANDF.

The SANDF participated in the Rand Show, the Pietermaritzburg Royal Show, the KZN Military Tattoo and the Mitchell's Plain Festival. The focus of these actions included depicting the role of the SANDF in peacekeeping, border control, social responsibility, training, and recruitment, and the role of women in uniform.

Output Details

Table 4.14 on the next page provides details of the Corporate Communication Services Subprogramme outputs, performance indicators and targets as specified in the SANDF APP for FY2014/15.

Table 4.14: Corporate Communication Service Output Details for FY2014/15

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

Subprogramme: Defence Foreign Relations

Purpose

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

Overview

During the year under review, DFR was involved in various combined exercises. The successful completion of Ex ATLASUR X took place in Brazil from 15 August to 23 September 2014. The primary aim of this multinational exercise was to maintain and promote maritime cooperation between South Africa, Argentina, Brazil, and Uruguay. Furthermore, the SANDF participated in SADC electoral observer missions (SEOMs) in Botswana, Lesotho, Madagascar, Mozambique, Namibia, and Zambia.

A bilateral exercise between South Africa and Germany, Ex GOOD HOPE, was executed in Simon's Town from 02 to 07 March 2015. This exercise promoted the maritime cooperation between these two countries.

Thirty-five foreign learning opportunities (FLOs) were attended by foreign learners in the RSA, while the SANDF utilised 15 Joint Staff Course slots and 46 service-specific foreign learning opportunities.

Output Details

Table 4.15 on the next page provides details of the DFR Subprogramme outputs, performance indicators and targets as specified in the SANDF APP for FY2014/15.

Table 4.15: Defence Foreign Relations Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Strategic direction (including Foreign Relations advice and maintenance of bilateral relations)	Number of planned staff visits to DA offices to provide direction and monitor compliance	10	3	<u>Underachieved</u> . Authority was granted for only three visits.
	Percentage (%) expenditure of budget	100%	30%	<u>Underachieved</u> . Because of unforeseen international engagements, such as involvement in Lesotho and Nigeria during the tragedy, not all planned visits took place.
	Number of statutory multilateral meetings to enhance the Africa Agenda	7	18	<u>Overachieved</u> . Activities on the African continent are expanding annually.
Representation by DAs abroad	Number of DAs and NCOs to change over	9	9	Achieved
	Number of DA missions	41	43	<u>Overachieved</u> . Ministerial authority was received for the opening of three (3) additional offices (Ghana, Senegal, and South Sudan), although it was projected that only one office would be opened.
	Number of DA courses presented	1	1	Achieved
	Number of DAs trained	20	20	Achieved
Defence diplomacy services (consular, protocol & MAAC)	Number of events for the MAAC:	1	1	<u>Underachieved</u> . Authority was granted for only this reduced number of visits.
	Major tours;	6	5	
	Short Mil & SADI visits;	4	1	
	MAAC ladies visits			
	Degree to which all DOD members receive a full, satisfactory consular service	80%	80%	Achieved
Degree to which all approved official transits through the DOD VIP Lounge at ORTIA are satisfied with the service received (ring-fenced funds)	90%	90%	Achieved	

Subprogramme: Religious Services

Purpose

The Religious Services Subprogramme provides a chaplaincy service that cares for all DOD members and their dependants and promotes spiritual growth, social support, and ethical conduct.

Overview

During the year under review, interdepartmental ties between the DOD and the Department of Environmental Affairs (DEA) continued. Ministry and support were provided during the research missions to the South African National Antarctic Expedition (SANAE) bases, namely Gough and Marion Islands, and Antarctica. These voyages were supported by the Religious Service in such a way that each of them had a chaplain to support the expedition, the members taking over and the group returning home. Chaplains remain coupled to the respective teams for ministry until they return from their voyage. They support the deployed members as well as their families at home.

Covenantal relationships with the religious advisory boards (RABs) were strengthened. Meetings were conducted with the RABs of all recognised religions in the DOD, such as Christianity, Islam and Hinduism, and interaction is continuing with African traditional religions. A special *ad hoc* work session was conducted with the Muslim Judicial Council to assist with the MOU on chaplaincy. Policy proposals and planned State and church agreements are in the process of consultation, negotiation and eventually implementation.

During the year under review, the Chaplain General supported other government institutions. He was tasked to participate in the inauguration of the President, and participated in and conducted the high-profile funerals and repatriation of the mortal remains of political figures who passed away in exile (Russia). Positive interaction continued to take place between the Chaplain Service and religions like African traditional religions, which were not previously represented in the DOD. The interaction also took place with other State departments as requested to assist in ministry.

Contribution was made to the Government's Moral and Regeneration Programme by means of the running of specific ethical programmes in all DOD units. This was done bmo the prescribed monthly ethical themes chaplains were to address during their chaplain's periods. The Combating of HIV and AIDS through Spiritual and Ethical Conduct (CHATSEC) programme trained 2 352 MSDS candidates. Training also included the instruction of facilitators. However, no chaplains were trained as trainers during this reporting year. Apart from this, training was also extended to 532 National Youth Service members.

On the international front, the Chaplain Service was invited to the international chaplains' gatherings. The Chaplain General personally attended the International Military Chief of Chaplains Conference in Amsterdam, Holland, where he presented a paper on Pluralism and the Chaplaincy in Religion.

Output Details

Table 4.16 on the next page provides details of the Religious Services Subprogramme outputs, performance indicators and targets as specified in the SANDF APP for FY2014/15.

Table 4.16: Religious Services Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Strategic Planning and Direction				
Religious policy	Number of Cpln Gen Staff Council meetings where religious policy matters are discussed.	11	11	Achieved
	Number of religious policy presentations at the four Services and Cpln Gen annual conference	5	5	Achieved
Provide strategic support and advice to SADC chaplain services	Number of training opportunities made available to SADC chaplains	2	2	Achieved
Religious Ministry Direction				
Provide strategic guidance on spiritual, ethical and social support to the DOD	Number of strategic spiritual, ethical and moral guidelines for Services and Divisions issued	1	1	Achieved
	Number of Cpln Gen Staff Council meetings where ministry guidance is offered	11	11	Achieved
	Number of Cpln Gen annual conferences where ministry guidance is offered	1	1	Achieved
Staffing				
Provide chaplains to the DOD	% of chaplains posts staffed	93%	90%	Underachieved. The turnaround time in the vetting process.
Provide specialised training to chaplains	Number of training opportunities presented	23	23	Achieved
Covenantal relationship with stakeholders such as religious bodies				
To ensure a sound covenantal relationship and good communication with religious organisations to which chaplains belong	Number of visits to religious advisory boards	5	5	Achieved
	Number of annual reports compiled for the following religious advisory boards: Christians, Islam and Hindu	3	3	Achieved
	Number of presentations to the Christian Advisory Board	3	3	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
To ensure a sound covenantal relationship and good communication with religious organisations to which chaplains belong	Number of presentations to the Muslim and Hindu advisory boards	2	2	Achieved
	Number of meetings with prospective religious advisory boards	3	2	Underachieved. One meeting was postponed during April 2014.

Subprogramme: Military Policy, Strategy and Planning office

Purpose

The Military Policy, Strategy and Planning Office (MPSPPO) Subprogramme provides advice on national security policy matters and coordinates the strategic direction process by developing, formulating, monitoring and adapting defence policy, strategy and plans in accordance with national policy to enable the effective, efficient and proper conducting of defence activities.

Overview

The MPSPPO played a significant role in the development and tabling of the SANDF APP for FY2015/16 in Parliament. The office complied and submitted the SANDF quarterly and annual reports for FY2014/15 in accordance with National legislation and prescripts.

The Environmental Analysis was completed, approved by the Plenary Defence Staff Council, and presented to the J Ops Joint Force Employment Requirements Work Session to inform the planning processes.

Cabinet approved the Government Medium-term Strategic Framework document and delivery agreements in terms of Outcome 3 and 11, on which the SANDF reports. The MPSPPO provided support in the AGSA audit process to help ensure an unqualified audit with regard to performance information.

Progress was made with the implementation plan of the Defence Review 2014 milestones, which will be monitored through the Defence Review Implementation Project Team. C SANDF's Strategic Intent and Support Options, and the revision of the Military Strategy will support the implementation of the Defence Review Plan and guide the future role of the SANDF in peace support missions on the continent.

Output Details

Table 4.17 below provides details of the MPSPPO Subprogramme outputs, performance indicators, and targets as specified in the SANDF APP for FY2014/15.

Table 4.17: Military Policy, Strategy and Planning Office Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Directing the MPSPPO	The degree to which direction is provided to the directorates and offices in the MPSPPO that ensure C SANDF expectations are met	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/ Underachievement
Directing the MPSPPO	The degree to which the strategic advice on Military Strategy and strategic planning meets the requirements of C SANDF and the SANDF in general	100%	100%	Achieved
Managing the strategic planning, control and programming process of the SANDF	Degree to which SANDF strategic planning and reporting objectives are met according to C SANDF directives	SANDF plans and reports submitted timely	SANDF plans and reports were submitted timely	Achieved
Providing a military strategising capability and service for the C SANDF	The degree of alignment of the Military Strategy with the National Security Strategy imperatives and the successful implementation thereof	Reviewed, fully aligned and approved Military Strategy	The Military Strategy was reviewed and fully aligned	Achieved
Providing a secretarial service for the command bodies	The degree of accuracy of the minutes	Accuracy of the minutes fully accepted	The minutes were accepted as accurate	Achieved
	Maintenance of a credible decision register	Availability of approved decision register in accordance with approved minutes	Approved decision register in accordance with approved minutes was available	Achieved

Subprogramme: Defence Reserves Direction

Purpose

The Defence Reserves Direction Subprogramme directs the development and maintenance of the Reserve Force system, provides specialist advice on Reserve Force matters and promotes/markets the reserves and the volunteer reserve system.

Overview

The Defence Reserves Division conducted its monitoring role through the Defence Reserve Board to ensure the implementation of the Reserve Strategy by the Services and Divisions. The total strength of the reserves at the end of the financial year under review was 22 576, of which a total of 14 613 were called up during the year. A total of 2 695 742 person days were served by the Reserves, with an average call-up duration per person of 183 days. The external deployment of Reserve Force members in peace support operations continued, and reserves were employed successfully up to battalion strength in border safeguarding duties.

Marketing of the Defence Reserve. The 10th Cape Town Military Tattoo was presented successfully at the Castle of Good Hope, with 94.14% of seats filled. The Tattoo received media coverage every day in Die Burger, Cape Times, The Times and The Voice. An interview by Espresso on SABC 3 was broadcast twice. Radio interviews were conducted by all Cape Town radio stations. A television interview was conducted by the Turkish National News Broadcasting Agency.

Chief Defence Reserves attended the 98th commemoration of the Battle of Delville Wood in Somme, France in his capacity as a member of the Delville Wood Trust. On an annual basis, members of the Defence Reserves Division participate in all the activities regarding wreath-laying ceremonies, commemorations, and memorial services.

Defence Reserves Symposium. Members of the Defence Reserves Division, as well as Services and Divisions, participated in the SANDF Reserve Force Symposium held in Midrand at the UNISA (SBL) campus. The symposium was held from 11 to 13 September 2014. Countries represented included Norway, the United Kingdom, the United States of America, Tanzania, and Zimbabwe. The main purpose or aim of the symposium was to ascertain ways and means of obtaining employer support for the Reserve Force system. This support will ensure that Reserve Force members are not discriminated against and/or disadvantaged by employers when honouring a call-up.

Defence Reserves Empowerment. The University Reserve Training Programme (URTP) is the biggest challenge for Director Army Reserves in addressing the ageing of the current Reserve Force members and providing a sufficient number of junior leaders in terms of both officers and non-commissioned officers. One of the processes to address the leadership challenge was via the URTP, which has been rolled out to most provinces. The roll-out in KwaZulu-Natal was completed with the final selection of 80 candidates. However, concerns were raised about the URTP, and Chief of the SA Army decided that the system had to be adjusted in a way that it would comply with the current requirements of the SA Army. Therefore, training of these members recruited in KwaZulu-Natal will be completed at a later stage.

Output Details

Table 4.18 below provides details of the Defence Reserve Direction Subprogramme outputs, performance indicators, and targets as specified in the SANDF APP for FY2014/15.

Table 4.18: Defence Reserves Direction Output Details for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Policy, Strategy and Plan				
Strategic direction to the development and maintenance of the Reserve Force system	Percentage (%) reserves called up compared to requirements	100%	100%	Achieved
	Percentage (%) increase of utilisation of active reserves	60%	93%	<u>Overachieved.</u> Due to the number of deployed Reserve Force members on the borders. A higher number called up in order to produce 14 613 called up in the year.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Strategic direction to the development and maintenance of the Reserve Force system	Number of active reserves (as reflected in SANDF APP 2014)	14 668	22 576	<u>Overachieved</u> . The external deployments of Reserve Force members in peace support operations continued and reserves were also successfully employed up to battalion strength in border safeguarding duties.
	Percentage (%) expenditure of the budget	100%	96%	<u>Underachieved</u> . Contractual obligations for hired equipment that is paid via FAs.
Planning and reporting	Percentage (%) compliance with APP guidelines (submission of plans and reports)	100%	100%	Achieved
To market and promote the Reserve System to all stakeholders				
Marketing and promoting the Reserve Force system to the DOD and all the stakeholders	The number of Defence Provincial Liaison Council (DPLC) structures to be established by the end of the year	9	8	<u>Underachieved</u> . One DPLC in one of the smaller provinces is still in the process of being established.
	Number of SHIELD events being facilitated for Services	29	29	Achieved
To manage and sustain the Defence Reserve Offices				
Staff support capability to C Def Res wrt HR, Log, CMIS and financial administration	The degree (%) to which departmental prescripts iro support environment is achieved	100%	100%	Achieved
To render Administrative Support to the SANDF's participation in the UN National Guard Partnership programme and in the CIOR Military Skills and Writing Competitions				
Administrative services wrt the coordination of military skills competitions and the young Reserve officers writing team	Number of Reserve teams that participate in the skills competitions	2	2	Achieved
Advice to the DOD on the New York State Partnership Programme (NYSPP) iro exchange/ training/other opportunities offered by the New York National Guard	Number of courses utilised in NYSPP	5	3	<u>Underachieved</u> . Only three members were accommodated as determined by the invitation to attend the NYSPP annual WOs and Senior NCOs Conference in New York.
	Number of NYSPP participant members accommodated on SANDF courses	2	3	<u>Overachieved</u> . Three members participated in the Chief of the SA Army Combat Rifle Shooting competition.

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 5 PROGRAMME 2: FORCE EMPLOYMENT

Purpose

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

Objectives and Measures

Ensure successful joint force employment by:

- providing and employing a special operations capability in accordance with national requirements;
- ensuring full participation in the number of peace missions as instructed by the President;
- conducting 25 JIM military force preparation exercises between FY2014/15 to FY2016/17 (excluding Special Forces exercises), and
- conducting four operations per year protecting the territorial integrity and sovereignty of South Africa, supporting other government departments and complying with international obligations on an ongoing basis.

Overview

The Force Employment Programme ensured the safeguarding of the RSA through the pursuance of the national developmental goals and objectives of Government. The required SANDF cooperation was provided through support to RSA government departments in pursuance of national security objectives and political initiatives.

The South African National Defence Force (SANDF) contributed to stability and security on the continent by deploying military capabilities in a wide range of prominent and internationally recognised external peace-support operations. During these operations, a total of 2 213 members were deployed in two UN/AU mandated peace-support operations in the Democratic Republic of the Congo (DRC) and in the Sudan. The SANDF deployed in three general military assistance operations, which included support to the Mozambican Government to curb piracy in the Mozambique Channel, humanitarian assistance to the Mozambican Government in the Mocubu district, the Zambezi Province by providing flood relief support, and assistance with the repatriation of the mortal remains of SA victims as a result of the collapse of the church in Lagos, Nigeria.

The SANDF also provided safety- and security-related support in cooperation with the South African Police Service (SAPS), which included support during the national elections, the inauguration of the President of the RSA and the opening of Parliament. The SANDF provided VIP protection services to foreign government visitors and military dignitaries from Turkey, the United Arab Emirates, Saudi Arabia, the People's Republic of China, Zimbabwe, Japan, the United States of America (USA), Swaziland, the Russian Federation and Botswana. VIP protection was also provided during the Women's Day parade in Pretoria, the Battle of Bangui medal parades in Bloemfontein and Phalaborwa, the C SANDF Goodwill Parcel Gala Evening, the RSA/USA Midterm Review meeting, the RSA/Russian Federation Joint International Commission for Military Technical Cooperation, the Southern African Development Community (SADC) Ministerial and Chiefs of Defence Forces

Committee meetings, the African Union Commission Technical Workshop with SADC/RSA, and the SANDF's preparation for the AMANI AFRICA II {Field Training Exercise (FTX)}.

The SANDF also responded in "support to the people" in the domains of humanitarian assistance by providing helicopters to fight bush fires in the Free State Province in the Fouriesburg, Ficksburg and Clarens areas, and in the Western Cape at Noordhoek, Silvermine, Cape Point and Constantianek.

The SANDF continued to execute Borderline Safeguarding Operations by deploying 13 subunits to conduct operations along the borders in Limpopo, Mpumalanga, Kwa Zulu-Natal, the Free State, the Eastern Cape, the Northern Cape and North West Province. Operational successes included the confiscation of 45 weapons, 12 141 illegal foreigners apprehended, 517 criminals arrested, 139 stolen vehicles recovered, 17 112kg dagga confiscated, 1 129 livestock recovered, 14kg copper recovered, and contraband goods to the value of R45,289,408 confiscated.

Output Details

Table 5.1 below is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

Table 5.1: Force Employment Programme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Regional Security				
Peace-support operations	Percentage compliance with number of ordered commitments (external operations)	100% (3)	167% (5)	Overachieved. Two additional operations were conducted over and above, namely Op CHARIOT METAAL and Op LOAPI.
Support to the People				
Internal operations	Number of landward subunits deployed for border safeguarding	13	13	Achieved
	Percentage compliance with number of ordered commitments (internal operations) (safety and security)	100%	100%	Achieved
	Percentage compliance with number of ordered commitments (internal operations) (disaster aid and disaster relief)	100%	100%	Achieved
	Percentage compliance with number of ordered commitments (internal operations) (search and rescue)	100%	100%	Achieved

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/ Underachievement
Defence Capability Management				
Executed joint, interdepartmental and multinational military (JIM) exercises	The number of planned JIM exercises conducted per year	9	5	<u>Underachievement.</u> The SANDF did not achieve its target of 9 exercises to be conducted in the FY2014/15, with the following four (4) exercises not executed, namely (see Table 5.2): <ul style="list-style-type: none"> • Ex BELL BUOY • Ex TRANSOCEANIC • Ex FAIRWAY BUOY • Ex SHARED ACCORD

Joint, Interdepartmental and Multinational Exercises

Table 5.2 provides feedback on Force Employment Programme Joint, Interdepartmental and Multinational Exercises for FY2014/15.

Table 5.2: Joint, Interdepartmental and Multinational Exercises for FY2014/15

Exercise Name	Aim	Target	Actual Achievement	Reason(s) for Over-/ Underachievement
Interdepartmental Exercises				
Ex WAYSIDE	The maintenance of the provincial chemical, biological and radiological (CBR) response teams and interdepartmental cooperation for the management of CBR incidents.	2	2	Achieved
Multinational Exercises				
Ex TRANSOCEANIC	The primary aim is to exercise naval control and guidance of shipping (NCAGS) through the conduct of a Command Post Exercise (CPX).	1	0	<u>Underachieved.</u> This exercise is a Naval Control and Guidance for Shipping (NCAGS) exercise. NCAGS was undercapacitated with personnel due to its commitment to establish an NCAGS capability in SADC countries. This resulted in the SA Navy not conducting the exercise.

Exercise Name	Aim	Target	Actual Achievement	Reason(s) for Over-/Underachievement
Ex BELL BUOY	The primary aim is to exercise NCAGS through the conduct of a CPX.	1	0	<u>Underachieved</u> This exercise is a Naval Control and Guidance for Shipping (NCAGS) exercise. NCAGS was undercapacitated with personnel due to its commitment to establish an NCAGS capability in SADC countries. This resulted in the SA Navy not conducting the exercise.
Ex FAIRWAY BUOY	The primary aim is to exercise NCAGS through the conduct of a CPX within SADC context.	1	0	<u>Underachieved</u> This exercise is a Naval Control and Guidance for Shipping (NCAGS) exercise. NCAGS was undercapacitated with personnel due to its commitment to establish an NCAGS capability in SADC countries. This resulted in the SA Navy not conducting the exercise.
Ex ATLASUR	The primary aim of the exercise is to maintain and promote maritime cooperation between the SAN and South American countries (Argentina, Brazil and Uruguay).	1	1	Achieved
Ex IBSAMAR	The primary aim of the exercise is to maintain and promote maritime cooperation between the SAN and the navies of Brazil and India.	1	1	Achieved
Ex SHARED ACCORD: To conduct a limited intervention/ rendering of humanitarian relief exercise between the SANDF and the USA	RSA/USA Continuation 2014	1	0	<u>Underachieved.</u> Ex SHARED ACCORD was renamed to Ex SOUTHERN ACCORD. This exercise was not conducted due to capacity problems and limited time frame to obtain ministerial authority.
Ex GOOD HOPE IV	Biannual exercise between the German and South African Navies	1	1	Achieved

New Services/Outputs and/or Services/Outputs Scaled Up

Details of services/outputs scaled up and scaling of outputs are shown in Table 5.3.

Table 5.3: Force Employment Programme Services/Outputs Scaled Up for the FY2014/15

Subprogramme	Output (Quantity, Quality)	Reason for New Output/Service	Cost of New/Proposed Output/Activity
Support to the People	Border Safeguarding	Enhancement of capabilities within the current operation	Rm125



PART 3 - PROGRAMME PERFORMANCE

CHAPTER 6 PROGRAMME 3: LANDWARD DEFENCE

Purpose

The Landward Defence Programme provides prepared and supported landward defence capabilities for the defence and protection of South Africa.

Objectives and Measures

Defend and protect South Africa and its territory by:

- providing an infantry capability, including Chief of South African National Defence Force (C SANDF) Reaction Force, for external deployment as well as for internal safety and security, including border safeguarding;
- exercising a tank and armoured car capability and providing a squadron for internal deployment in each annual operational cycle per year;
- exercising a composite artillery capability and providing a battery for internal deployment in each annual operational cycle per year;
- exercising an air defence artillery capability and providing a battery for internal deployment in each annual operational cycle per year;
- providing a sustained composite engineer capability for external deployment as well as for internal safety and security and exercising a field engineer capability in each annual operational cycle per year, and
- providing a signal capability for external deployment, internal signal support and exercising a composite signal capability in each annual operational cycle per year.

Overview

During the period under review, the SA Army's primary objective was to prepare, provide and support the landward defence capabilities for the defence and protection of the Republic of South Africa (RSA), its territorial integrity and the people of the country. That was primarily achieved through the SA Army's execution of the Medium-Term Strategic Framework (MTSF) outcomes of the South African National Defence Force (SANDF) and supporting the achievement of the priorities of the Minister of Defence and Military Veterans (MOD&MV).

The SA Army's contributions to Outcome 11 (Creating a better South Africa and contributing to a better and safer Africa in a better world) were supported through its compliance with the Joint Force Employment (JFE) requirements to support the United Nations (UN) mission in the Democratic Republic of the Congo (DRC) and the African Union (AU)/UN hybrid mission in the Sudan. At the conclusion of the training mission (Mission THEBE) in the DRC on 08 March 2014, no further training of the *Forces armées de la République démocratique du Congo* (FARDC) materialised. The SA Army deployed only 12 x members (no instructors) to safeguard equipment in the mission area.

The SA Army's contribution to Outcome 3 (All people in South Africa are and feel safe) continued by providing 13 x subunits to Chief of Joint Operations (CJ Ops) for borderline safeguarding with an additional responsibility to act against rhino poaching in the Kruger National Park. SA Army Reserves were

called up in FY2014/15 to supplement the Regulars externally for peace-support operations (PSO) and internally for borderline safeguarding. Support to the SA Navy (equipment and 2 x soldiers) to combat piracy in the Mozambican channel was a continuous effort throughout the year. The SA Army's contribution to safety and security during the 2014 National Elections was invaluable.

The SA Army support to Outcome 5 (Skilled and capable workforce to support an inclusive growth path) manifested as follows:

- The SA Army Reserve units presented training to 494 Young Lions at various locations in South Africa throughout the period. The training was presented to the youth during the school holidays (05 to 10 days at a time) and the training content focused on adventure-type training, field craft, map-reading, survival skills, leadership, etc.
- The SA Army advocates the one-force concept with the intention of revitalising and rejuvenating the Reserves to enable them to fulfil their primary role of providing a surge capability for external and internal operations and also to supplement the Regular capability where shortfalls exist.
- The SA Army supported the National Youth Strategy by providing other government departments with training and/or training assistance. This manifested in the support to the Youth Leadership Development Programme (YLDP) of the Department of Rural Development and Land Reform (DRDLR). Two YLDPs were presented at 3 SA Infantry Battalion (3 SAI Bn) in Kimberley, and a total of 2 278 young people qualified. The SA Army also assisted with the presentation of the national youth camp on behalf of the Department of Social Development (DSD) over the period 04 to 12 December 2014. A total of 845 young people attended the course.

The core business of the SA Army remained focused on the preparation of landward defence capabilities. This objective was achieved through the presentation of common landward training (3 232 x learners competent) and corps training (16 611 x learners competent) of Regular and Reserve members in the SA Army throughout the period.

The force preparation concept of the SA Army made provision for force training, participation in multinational exercises and numerous corps-specific training exercises to ensure the combat readiness of landward defence capabilities and to provide course support to formal training at the Combat Training Centre (CTC). This manifested in Ex YOUNG EAGLE, a conventional exercise for an airborne brigade (minus) as part of C SANDF's reserve that was conducted during July and August 2014. The exercise was combined with the SA Air Force (SAAF) Ex WINTER SOLSTICE. Ex SEBOKA, a conventional exercise for a brigade (minus), was conducted over the period 01 to 26 September 2014 to verify the capabilities and readiness of the African Capacity for Immediate Response to Crises (ACIRC) force (battalion group force strength with a brigade headquarters minus).

A selected group of staff officers of the SA Army successfully completed the Command Post Exercise (CPX) in Tanzania as part of the ACIRC preparation to be ready for deployment as from June 2015. All the objectives of the Ex UTULIVU AFRICA 2014 CPX focused on operationalising the ACIRC Force Headquarters (HQ) and battle groups by means of the CPX. The exercise provided a valuable platform for clarifying the ACIRC concept.

Military Skills

- The SA Army participated in various military skills events, which included SA Army Reserve members (4 x men and 2 x women) participating in the SANDF Reserve Team in the Netherlands Armed Forces Federation of Reservists Shooting Competition held in the Netherlands over the period 09 to 15 October 2014. The SANDF Reserve Team competed against 11 other countries and obtained an overall third position.
- During the participation of a SA Army (Infantry) team in Ex TOUGHMAN in Botswana, the military skills of the participating units were evaluated to determine the level of proficiency in physical fitness, small arms firing and obstacle crossing skills over the period 04 to 08 August 2014. The SA Army team consisting of 32 x members (30 x men and 2 x women) achieved an overall 4th position in the competition.

Output Details

Table 6.1 below is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP FY2014/15.

Table 6.1: Landward Defence Programme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Landward Defence Capability	Percentage compliance with joint force employment requirements	<i>Information classified</i>		
General Training Capability (General Training for Regular and Reserve Members)	Percentage compliance with DOD training targets ¹	80% (3 466)	75% (3 232)	<u>Underachieved.</u> <ul style="list-style-type: none"> • 43 learners withdrawn. • 59 learners found not-yet-competent. • 2 learning programmes cancelled (relating to 25 learners).

Planned Exercises (Service Unique)

Table 6.2 provides feedback on Landward Defence Programme service-unique exercises that were planned for the FY2014/15.

Table 6.2: Landward Defence Programme Planned Exercises (Service Unique) for the FY 2014/15

Exercise: Name and Aim	Target	Actual Achievement
SA Army: Planned Exercises (Service Unique)		
Ex SEBOKA. Conventional exercise for conventional forces in compliance with C SANDF Reserve/RSA commitment to ACIRC	Nov 14	Ex commenced earlier than initially planned on 4 Sep 14 and was amended to verify capabilities and readiness of the ACIRC force.

¹ Performance indicator name change. Previously read as "Percentage compliance with DOD formal training targets (number of learners on planned courses)".

Exercise: Name and Aim	Target	Actual Achievement
Ex YOUNG EAGLE. Conventional exercise for one airborne brigade (minus) in compliance with CSANDF Reserves	Jul/Aug 14	Exercise YOUNG EAGLE was completed successfully over the period 28 Jul to 6 Aug 14. The exercise was conducted as a conventional ex in a joint and integrated venture in support of the SAAF Ex WINTER SOLSTICE.



PART 3 - PROGRAMME PERFORMANCE

CHAPTER 7 PROGRAMME 4: AIR DEFENCE

Purpose

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

Objectives and Measures

Defend and protect South Africa and its airspace by providing:

- helicopter capability and combat support capability;
- medium transport capability (including VIP squadron), maritime and transport capability, light transport and reserve squadrons;
- air combat capability, and
- a 24-hour air command and control capability.

Overview

During the period under review, the South African Air Force (SAAF) continued to achieve significant operational successes. A total of 5 026.39 Force Employment hours were flown for the year of which 4 276.59 were hours funded by Joint Operational Division. With a concerted effort, the SAAF managed to provide support to the Joint Force Employment Requirements and limited Force Preparation support to other Services and Divisions.

The SAAF performed well in its support to Op MISTRAL during the year and managed to generate a higher frequency of operational flying. This became specifically evident during sustainment flights to the DRC. Furthermore, the SAAF supported Op COPPER, Op CHARIOT, and Op CORONA. The SAAF also provided the necessary support to the Government's commitments in Lesotho. The SAAF, as part of its mandate, also has responsibility for undertaking missions in cooperation with the SA Police Service (SAPS) to enhance peace and stability. During the year, the engagement was successful in areas such as mutual cooperation and aviation safety. The SAAF also continued its cooperation with Air Traffic and Navigation Services (ATNS) and made considerable progress in various areas such as common airspace management, joint training, airspace tariff payment regulatory framework and infrastructure harmonisation.

The SAAF participated in a number of exercises and demonstrations. The SAAF participated in Ex WINTER SOLSTICE IV during August 2014 as well as Ex SEBOKA in support of the SA Army during September 2014. Both of these exercises served as preparation for the SAAF pledge to African Capacity for Immediate Response to Crises (ACIRC). The SAAF also performed a mass flypast at the Union Buildings during the Presidential Inauguration, which included a twenty-ship formation flypast representing the twenty years of freedom celebration. Flypasts and air shows were also conducted at the Africa Aerospace and Defence Exhibition (AAD) held at AFB Waterkloof over the period 17 to 21 September 2014 and the Armed Forces Day parade held in Potchefstroom on 21 February 2015. Two successful SAAF air power capability demonstrations were also given at Roodewal Bombing Range in May and September 2014.

Output Details

Table 7.1 below is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

Table 7.1: Air Defence Programme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Air Defence Capability	Percentage compliance with joint force employment requirements	<i>Information classified</i>		
Training Capability (General Education, Training and Development of SAAF Personnel)	Percentage compliance with DOD formal training targets ¹	80% (1 008)	72% (902)	<u>Underachieved</u> . Owing to the following: Recruitment targets changed <ul style="list-style-type: none"> • Course slots not being filled • Training provider not appointed • Learners not yet competent.

Planned Exercises (Service Unique)

Table 7.2 provides feedback on Air Defence unique exercises that were planned for FY2014/15.

Table 7.2: Air Defence Planned Exercises (Service Unique) for the FY2014/15

Exercise: Name and Aim	Target	Actual Achievement
Exercise WINTER SOLSTICE. To ensure the SA Air Force Combat Readiness.	To conduct a successful combat readiness exercise by achieving all stated objectives with the various Air Force Capabilities.	Output objectives were achieved in accordance with the required aim as described and evaluated during Winter Solstice 2014 utilising the PC 7, Oryx, Rooivalk, A109, C130, C208, Gripen and Hawk aircraft. The full range of Command and Control elements participated. 2 x Tactical Mobile Radars (TMR), 1 x Umlundi Radar, co-located control capabilities, domestic support equipment and comprehensive communications support were deployed. Ground support personnel, as well as Protection and Intelligence personnel, were also utilised to conduct the exercise.

¹ Performance indicator name change. Previously read as "Percentage compliance with DOD formal training targets (number of learners on planned courses)".

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 8 PROGRAMME 5: MARITIME DEFENCE

Purpose

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

Objectives and Measures

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

- a surface combat and patrol capability of frigates, combat support vessel¹, offshore patrol vessels and inshore patrol vessels in each annual operational cycle;
- a subsurface combat capability in each annual operational cycle;
- a mine warfare capability in each annual operational cycle to ensure safe access to South African harbours, and where mine clearance may be required²;
- a maritime reaction squadron capability comprising an operational boat division, an operational diving division and a naval reaction division, and
- a hydrographic survey capability to ensure safe navigation by charting areas and to meet international obligations.

Overview

During the period under review, the core focus of the SA Navy remained that of preparing the naval assets to defend and protect the Republic of South Africa (RSA). The SA Navy has successfully achieved most of the planned objectives, and some of them are listed as follows:

During the period under review, the SAS SPIOENKOP was deployed from 01 April 2014 to 11 May 2014 on the operation involving patrols within the Mozambique Channel for the prevention of any pirate activities in those waters. During the period under review, the SAS SPIOENKOP was deployed on this operation from 01 April 2014 to 11 May 2014. The three offshore patrol vessels, SAS MAKHANDA, SAS ISAAC DYOBHA, and the SAS GALESHEWE then took over these duties and rotated on a continuous basis to ensure a naval presence (as part of the SADC Maritime Strategy).

Ex ATLASUR. A multinational exercise between the South African, Brazilian, Argentinian and Uruguayan Navies. The SAS ISANDLWANA participated in this exercise over the period 15 August to 23 September 2014. The exercise exposed the SA Navy to planning and execution in a multinational setting.

Ex IBSAMAR IV. This was a multinational exercise that is held biannually between South Africa, Brazil and India. SAS SPIOENKOP, SAS MANTHATISI and SAS UMHLOTI participated in this exercise over the period 20 October to 07 November 2014. The exercise was, once again, a success and helped extend knowledge and interoperability between all participating maritime forces.

¹ With the support vessel completing her ½ life refit in the first quarter of the FY2014/15, the vessel was not available for the entire period.

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

Ex GOOD HOPE IV. This is a biannual exercise held between the German and South African Navies. The exercise was held over the period 02 to 27 March 2015 and included SAS SPIOENKOP, SAS MANTHATISI and elements from the Maritime Reaction Squadron.

International Hydrographic Day. The SA Navy supported the International Hydrographic Day that took place in Port Elizabeth. The SAS PROTEA was utilised as the host ship whilst the SAS ISANDLWANA increased the naval presence in Port Elizabeth over the period 20 to 23 June 2014. The main objectives of the Hydrographic Office in the SA Navy are the production of paper charts and nautical publications, issuing navigational warnings as well as the production of electronic navigational charts and maintaining tidal stations along the coast of SA.

Ex NYAMINYAMI. The South African naval delegation, led by Chief of the SA Navy and accompanied by Zimbabwe as observers, attended Ex NYAMINYAMI held in the northern part of the Kariba Dam. This exercise was a joint exercise between Zimbabwe, Zambia and Botswana. Although these countries are landlocked, they also face maritime security threats. The purpose of the exercise was to develop a common regional maritime concept to enhance interoperability and the security of inland water bodies. It was also designed to foster mutual cooperation within the subregion.

Output Details

Table 8.1 below is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

Table 8.1: Maritime Defence Programme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Maritime Defence Capability	Percentage compliance with joint force employment requirements	<i>Classified information</i>		
Training Capability (General Education, Training and Development of Navy Personnel)	Percentage compliance with DOD formal training targets ¹	80% (460)	103% (548)	<u>Overachieved</u> . 88 additional Reserves trained, and more learners were found competent than anticipated.

¹ Performance indicator name change. Previously read as "Percentage compliance with DOD formal training targets (number of learners on planned courses)".

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 9 PROGRAMME 6: MILITARY HEALTH SUPPORT

Purpose

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

Objectives and Measures

Provide prepared and supported health capabilities and services by means of:

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

Overview

The extent of the South African Military Health Service (SAMHS) health care capabilities was adequately demonstrated through the support rendered during external missions and border safeguarding operations. The SAMHS provided humanitarian and disaster aid during the recent Mozambique floods and the repatriation of the mortal remains of the South Africans who died in the Nigerian church disaster.

Health care practitioners attended international conferences, such as the Joint World Conference on Social Work, Education and Development; the 3rd International Congress on Soldiers' Physical Performance, the 56th Annual Congress of the International Military Testing Association and the 4th International Tuberculosis Conference, in order to capacitate members to provide health care support services, such as the roll-out of antiretroviral treatment.

The chemical, biological and radiological defence adviser attended the Experts' Meeting of State Parties to the Biological and Toxin Weapons Convention in Geneva, Switzerland. A delegation of the SAMHS attended the Organisation for the Prohibition of Chemical Weapons meeting in the Slovak Republic. A chemical, biological and radiological defence mobile laboratory was acquired to strengthen the chemical, biological and radiological defence capabilities of the SANDF.

The SAMHS was the chief executor for the 98th Commemoration of the Battle of Delville Wood in France attended by the Surgeon General and an SANDF delegation from 01 to 07 July 2014. A SAMHS delegation also paid a goodwill visit to the Angolan Armed Forces as the current chair of the SADC Troika from 17 to 23 October 2014. The aim of the visit was to strengthen relations between SADC countries.

The SAMHS participated in the Racing against Malaria II campaign involving South Africa, Zimbabwe, Zambia and Namibia from 13 to 28 April 2014. The interaction with the member states of the SADC promoted the vision of a community free of malaria by 2020. The SAMHS Malaria Rapid Reaction Team reviewed the Malaria Prevention Policy and made recommendations to align the policy with the RSA National Malaria Elimination Strategy.

Members of SAMHS were coopted as advisers to the Minister of Health with regard to the prevention and treatment of Ebola. The SAMHS has played a leading role through its collateral utility in the Ebola epidemic preparedness phase as a permanent member of the South African Multisectorial National Outbreak Response Team under leadership of the National Department of Health. Eighty members of the Southern African Development Community (SADC) were trained by the SAMHS in the management of Ebola. The initiative coincided with the roll-out of the SADC Health Service Ebola Action Plan.

The SAMHS promoted interdepartmental cooperation by presenting a clinical nursing science, health assessment, treatment and care course attended by 10 military nurses and 20 nurses from the Departments of Health and Correctional Services. The SAMHS participated in a joint exercise with the South African Police Services with regard to hostage negotiations. The SAMHS also participated in an emergency exercise with the Airports Company of South Africa.

Representatives of the Directorate Environmental Health played a significant role in providing inputs to the South African National Environmental Health Norms and Standards regarding the monitoring and enforcement of norms and standards on DOD premises. The newly developed doctrine in critical incident management was operationalised, and psychologists of the SAMHS were trained in the new doctrine.

Force preparation of the SAMHS took place through participation in and rendering real-time medical support during several exercises, i.e. Ex SEBOKA and the African Capacity for Immediate Response to Crises (ACIRC) exercise that took place from 01 to 27 September 2014. The SAMHS successfully conducted a mass casualty air evacuation exercise from De Aar to Bloemfontein to test the validity of the doctrine. The chemical, biological and radiological defence exercise, Ex WAYSIDE, was executed successfully.

Output Details

Table 9.1 is the report on the achievement of the outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

Table 9.1: Military Health Support Programme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Military Health Support Capability	Percentage compliance with joint force employment requirements	<i>Classified information</i>		
	Number of health care activities per year	2 140 550	2 312 381	<u>Overachieved</u> . More health activities were engaged in than anticipated.
	Percentage availability of medical stock	50%	54%	<u>Achieved</u> . The stock levels are higher than the annual target but have decreased from 67% in the FY2013/14 to 54% in the FY2014/15. The annual decrease in the stock levels can be ascribed to an insufficient budget allocation.
Training Capability (General Education, Training and Development of Personnel)	Percentage compliance with DOD formal training targets ¹	80% (648)	83% (678)	<u>Overachieved</u> . More courses were presented than anticipated.

¹ Performance indicator name change. Previously read as "Percentage compliance with DOD formal training targets (number of learners on planned courses)".

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 10 PROGRAMME 7: DEFENCE INTELLIGENCE

Purpose

The Defence Intelligence Programme provides a defence intelligence (DI) and counter-intelligence (CI) capability.

Objectives and Measures

The bulk of the outputs of Defence Intelligence are classified, but are audited by suitable and cleared staff of the Auditor-General of South Africa (AGSA).

Overview

Defence Intelligence provided intelligence products and intelligence briefings to various clients throughout the reporting period. The content of these efforts was enhanced by foreign intelligence exchange conferences with intelligence partners and the attendance of intelligence-related international shows, exhibitions, seminars and conferences.

Defence Intelligence participated in interdepartmental workgroups and supported structures, such as the National Intelligence Coordinating Committee (NICOC) and the Border Control Operational Coordinating Committee (BCOCC).

Members of Defence Intelligence were deployed to DOD external missions and participated in Exercises AMANI AFRICA II, IBSAMAR IV and GOOD HOPE. Intelligence inputs were also provided during the planning phase of the African Capacity for Immediate Response to Crises (ACIRC) and the planned forward mounting base.

A Service Level Agreement (SLA) between the DOD and the Department of Home Affairs (DHA) with regard to the linking of the Automated Fingerprint Identification System (AFIS) was signed by the Sec Def to enhance the DOD vetting process. The SLA, however, still awaits DHA signature.

Output Details

Table 10.1 below is the report on the achievement of outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

Table 10.1: Defence Intelligence Programme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Operations	Number of defence intelligence products	324	868	<u>Overachieved</u> . Increased reports emanated from increased conflict on the African continent.
	Number of vetting decisions taken in accordance with requirements	4 000	4 744	<u>Overachieved</u> . The streamlining of vetting processes, additional personnel and the acquisition of new equipment and software contributed to the overachievement.

PART 3 - PROGRAMME PERFORMANCE

CHAPTER 11 PROGRAMME 8: GENERAL SUPPORT

Purpose

The General Support Programme provides general support capabilities and services to the Department to enable the achievement of the Defence mandate. This programme is divided into the following subprogrammes, ie Joint Logistics Services, Command and Management Information Services, and the Military Police.

Objectives and Measures

Provide general support capabilities and services by means of the following:

- Joint logistics support capabilities and services
- Command and management information systems capabilities and services
- Military police capabilities and services

Subprogramme: Joint Logistic Services

Purpose

Joint Logistic Services is a subprogramme of the General Support Programme and it provides joint logistic capabilities and services to the Department.

Objectives and Measures

Provide joint logistic support capabilities and services by means of appropriate, ready and sustained matériel, facilities, movement and logistic services focusing on supply chain and life cycle management to enable the defence mandate by:

- providing new and replacing infrastructure assets through 16 projects totalling Rm109,427 in FY2014/15, Rm114,899 in FY2015/16 and Rm116,375 in FY2016/17;
- carrying out maintenance and repairs through 36 projects Rm830,919 in FY2014/15, 35 projects Rm859, 411 in FY2015/16 and 35 projects Rm1,642,859 in FY2016/17, and
- operationalising and capacitating the defence works capability, which will enable the Department of Defence (DOD) to assume selected custodian responsibilities from the National Department of Public Works (NDPW).

Overview

Strategic Direction. The DOD Overarching Logistics Strategy, including Logistic Division's Strategy, has been aligned with the regulatory requirements as contained in the Defence Review 2014.

Devolvement of Endowment Property Functions. The Memorandum of Understanding (MOU) for the Devolvement of Endowment Property Functions between the DOD and NDPW has been submitted to the Minister of Public Works for final approval. Once approved, the transfer of the immovable asset life cycle management functions in respect of the Defence Endowment Properties will take place between the NDPW and the DOD, and thereafter these functions will be executed by the Defence Works Formation (DW Fmn).

Joint Interim Operations Centre (JIOC). The JIOC has been established and has undertaken a pilot project at 1 Mil Hospital (1st Floor) as a phase of the devolvement of the endowment property function from NDPW to the DOD.

Tagging of Assets. The tagging of assets is an essential part of the asset management cycle within the DOD. The vast number of assets kept by the DOD are being tagged and linked to the asset register on a continuous basis to ensure future effective management and reporting on matériel in support of the Defence mandate.

Unqualified Audit Opinion. Ongoing meetings and workshops are taking place between the Logistics Division and the Services and Divisions in order to obtain an unqualified audit opinion for intangible capital assets and to ensure that this audit opinion is not reversed.

Training Initiatives. Governance training conferences, asset management contact sessions, e-learning and "Pocket of Knowledge" are training initiatives that have been instituted to contribute towards the establishment of an accredited asset management capability within the DOD.

Auctions. During the year under review, 10 auctions were held to dispose of obsolete, redundant and unserviceable equipment. The revenue is in the process of collection and is reflected in the FY2014/15 Annual Financial Statements.

Transport (Travel Services Contract). The contract of AB Logistics has been extended until 31 July 2015 on a month-to-month basis while the bids for the new contract are being evaluated.

Output Details

Table 11.1 below is the report on the achievement of outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

Table 11.1: Joint Logistics Services Subprogramme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Appropriate, Ready and Sustained Matériel				
Codification of items of supply	Percentage compliance with DOD codification requirements	80% (24 000)	123.78% (37 134)	Overachieved. More codification requirements were received than estimated.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Disposal of matériel	Percentage requests approved for disposal versus requests received	100%	87.75%	<u>Underachieved</u> . Three requests were returned to the SA Army due to the moratorium on the disposal of SAMIL vehicles. One request is awaiting South African Heritage Resources Agency (SAHRA) authorisation owing to possible heritage value.
Ammunition disposal	Percentage ammunition disposed versus the number of disposed tonnes planned	100% (1 000)	77% (770)	<u>Underachieved</u> . The processes wrt the disposal of ammunition changed during the reporting year. Demolition ranges are licensed according to international standards. In order to ensure the safe disposal of ammunition, the number of explosives are limited by the license resulting in fewer disposals as planned. The changed processes are being optimised.
Appropriate, Ready and Sustained Facilities				
Capital works	Percentage of expenditure in accordance with facilities plan	100%	53.37%	<u>Underachieved</u> . Although there was overexpenditure in the fourth quarter, slow progress throughout the year by NDPW influenced the annual achievement negatively.
Payment of office accommodation	Percentage of expenditure in accordance with facilities plan (payment of leases)	100%	125.07%	<u>Overachieved</u> . Unforeseen lease agreements have increased the scope of payment of leases, which have led to overexpenditure. Various leases, which were about to expire, were updated by NDPW. This led to higher lease tariffs, which resulted in overexpenditure.
Payment of office accommodation	Percentage of expenditure in accordance with facilities plan (municipal services)	100%	105.52%	<u>Overachieved</u> . Unforeseen lease agreements have increased the scope of Municipal Services and have led to overexpenditure.

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Payment of office accommodation	Percentage of expenditure in accordance with facilities plan (accommodation charges)	100%	67.56%	<u>Underachieved</u> . After a decision by the CFO and National Treasury, an amount of Rm375, 395 (32.22%) was surrendered from the initial accommodation charges allocation of Rm1, 157, 109. The Rm375, 395 will be utilised to support the staffing of the DW Fmn Structure.
Appropriate, Ready and Sustained Movement and Logistic Services				
Procurement service	Percentage procurement requests fully completed within 60 days	100% (8 000)	70.91% (7 100)	<u>Underachieved</u> . The vetting of suppliers impacts negatively on the turnaround times of the procurement process.

Subprogramme: Command and Management Information Systems

Purpose

Command and Management Information Systems (CMIS) is a subprogramme of the General Support Programme and it provides command and management information and related services to the Department.

Objectives and Measures

Provide the Department with key information and communication systems by:

- ensuring that the mainframe service, the wide area network (WAN) and the telecommunication backbone are available 98% of the time¹, and
- providing information and communication systems solutions in accordance with the Defence Enterprise Information Systems (DEIS) Master Plan.

Overview

During the year under review, the CMIS Division provided information communication technology (ICT) services as planned regardless of the dual challenges of infrastructure and personnel deficiencies.

The percentage compliance with the DOD ICT portfolios of the Defence Enterprise Information Systems Master Plan for the year was 99.96%. The DOD ICT Strategy has been reviewed during the FY2014/15 and will be presented to the command bodies for approval early in FY2015/16.

Output Details

Table 11.2 on the next page is the report on the achievement of outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

¹ The Defence Information and Communication Infrastructure (DICI) consists of the DOD mainframe service, the wide area network (WAN), the telecommunication backbone, and the distribution server computing.

Table 11.2: Command and Management Information System Subprogramme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/Underachievement
Integrated information and communication technology (ICT) solutions and enablers for the DOD	Percentage compliance with the DOD ICT portfolios of the Defence Enterprise Information System Master Plan	100%	99.96%	Achieved
Supported DOD ICT and joint command and control product system capability	Percentage availability of the Defence Information and Communication Infrastructure at all times ²	98%	95%	<u>Underachieved</u> . The underachievement is due to obsolescent server infrastructure exacerbated by the nationwide Eskom load shedding and resulting loss of Defence Information and Communication Infrastructure (DICI) due to power surges.

Subprogramme: Military Police

Purpose

The Military Police (MP) is a subprogramme of the General Support Programme and it provides a military policing capability to the Department.

Objectives and Measures

Provide a military policing capability to the Department by:

- increasing the number of criminal cases investigated and finalised per year;
- conducting 248 deliberate crime prevention operations per year;
- investigating 80 corruption and fraud cases per year;
- sustaining a provost company for operational deployments on an ongoing basis;
- sustaining four regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases, and
- sustaining two military correctional facilities for detention and rehabilitation.

Overview

The Military Police Division (MPD) managed to finalise 206 cases from the reported number of 1 669 new cases for the year and managed to finalise 1 261 cases from the backlog number of 4 516 cases.

Ninety Fraud and Corruption cases were reported and investigated during the period under review.

The MPD achieved only 230 deliberate crime prevention operations against the target of 248 deliberate crime prevention operations for the year. This is dependent on the jointly involvement of SAPS and traffic departments throughout the country in operations which range from roadblocks and checkpoints to targeted searches.

² Previous performance indicators under the output "Supported DOD ICT, and joint command and control product system capability" were consolidated in one performance indicator.

Output Details

Table 11.3 is the report on the achievement of outputs, performance indicators and targets as specified in the SANDF APP for the FY2014/15.

Table 11.3: Military Police Subprogramme Outputs, Performance Indicators and Annual Targets for FY2014/15

Output	Performance Indicator	Annual Target	Actual Target Achievement	Reason(s) for Over-/ Underachievement
Finalised criminal cases	Percentage reduction of criminal cases finalised (backlog)	20%	28%	<u>Overachieved</u> . The improvement in the finalisation of criminal cases from the backlog number of cases is as a result of compliance with the instruction issued by the C SANDF.
	Percentage criminal cases finalised (in-year)	10%	12%	<u>Overachieved</u> . The improvement in the finalisation of criminal cases as a result of compliance with the instruction issued by the C SANDF.
Crime prevention operations	Projected number of deliberate crime prevention operations	248	230	<u>Underachieved</u> . The involvement of the MPD in both external and internal operations had a direct impact on the number of crime prevention operations that could be conducted.
Investigation of corruption and fraud cases	Percentage of cases of corruption and fraud investigated	100% (80)	112.5% (90)	<u>Overachieved</u> . Ten (10) more cases were reported to the MPD. The MPD is reliant on the number of cases reported by DACAF and other stakeholders and does therefore not have control over the number of cases being reported for investigation.

PART 4 - ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

CHAPTER 12 ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

Overview

Following the approval of the Defence Review 2014 by Cabinet on 19 March 2014, the Department aligned the execution of its Human Resource Strategy and Human Resource (HR) Charter with the HR provisions contained in the Defence Review. An implementation framework was finalised to execute pertinent human resources objectives during Milestone One of the Defence Review, from 2015 to 2019. Execution will occur by means of a phased approach based on allocated resources over the above period.

In pursuance of Milestone One, the Department convened an HR Indaba from 20 to 23 October 2014. The purpose was to have a constructive discourse on the best strategies and practices to be employed to restore HR management at base and unit level. This was a contribution towards the corporate effort to arrest the decline in defence capabilities through immediate and directed interventions, being the primary focus of Milestone One. The Indaba involved 400 base and unit officers commanding and personnel officers. Several resolutions pertaining to HR issues, such as HR structures, decentralised HR acquisition, career management, and the empowerment of officers commanding and HR functionaries, were adopted for implementation.

In contribution towards the Minister of Defence and Military Veterans' strategic HR priorities and focus areas of job creation, the Military Skills Development System (MSDS) and youth development programmes, the Department recruited and appointed 2 047 young South Africans in the MSDS, of whom 803 or 39% were women. On completion of their training, they will primarily serve as a feeder source to rejuvenate the Regular Force. As at 31 March 2015, there were 3 931 MSDS members in various stages of training and utilisation. The Department entered into an agreement with the Department of Rural Development and Land Reform to train the National Rural Youth Service Corps (NARYSEC). During the review period, the Department trained 2 008 young NARYSEC participants, of whom 1 656 were trained by the South African Army at 3 South African Infantry Battalion, Kimberley, whilst 352 participants were trained by the South African Navy at SAS SALDANHA, Saldanha Bay.

In continuing the execution of the Ministerial priority to revitalise the Reserves, a total of 14 613 Reserve Force members were called up for training, utilisation, and internal and external deployment. A total number of 2 695 742 person days were utilised. The ongoing robust utilisation of Reserves compares favourably to the FY2013/14, when 14 668 Reserve Force members were utilised.

In terms of employment equity, the representation of Africans was 72.9%, Coloureds 12.5%, Indians 1.2% and Whites 13.4%. In terms of gender representation, the Department witnessed an increase in the number of female employees. The number increased from 22 504 in the FY2013/14 to 22 687. Female representation remained constant at 29%, compared to the FY2013/14. Of the total number of 2 633 new appointments effected during FY2014/15, 1 145 or 43.4% were, however, female. The number of employees with disabilities remained relatively constant at 439, compared to 440 in the FY2013/14.

The turnover rate reflected a slight increase in the number of employees whose service terminated and were transferred out of the Department, compared to the FY2013/14. A total of 3 331 exited and 2 633 were appointed and transferred into the Department, at a turnover rate of -0.89%. During the FY2013/14, a total of 3 280 exited and 3 261 were appointed and transferred into the Department at a turnover rate of -0.02%. In terms of critical occupations, 662 employees' services were terminated and were transferred out of the Department compared to 625 employees whose services were terminated and transferred out of the Department during the FY2013/14. Technical personnel (236) and health professionals (178) comprised the majority of critical occupation staff who exited.

In order to attract and retain personnel in critical occupations, the Department continued to review occupational specific dispensations and retention allowances, which are adjusted based on the available allocation. The implementation of the recommendations of the Ministerial Medical Task Team led to the auditing of records of health professionals in the South African Military Health Service (SAMHS) who are remunerated in terms of occupational specific dispensations. Rectifications and grade progressions were implemented for 706 health professionals while outstanding cases are in the process of being rectified. An allowance for Military University Educators was also developed for implementation with effect from the FY2015/16.

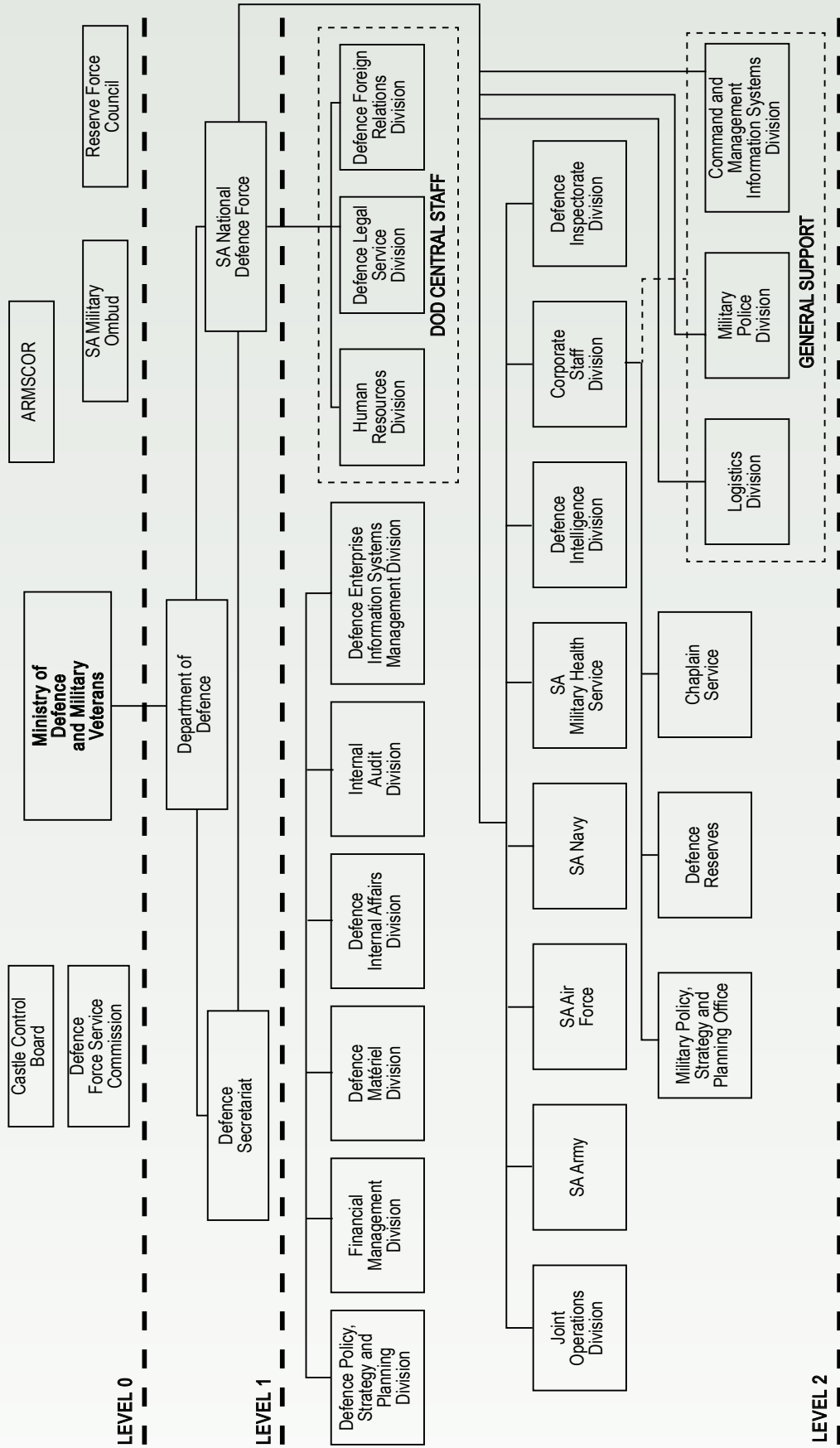
In order to strengthen the Departmental HR value chain, significant progress was made to decentralise the personnel acquisition function to the various Services, which will lead to future recruitment based on service-unique requirements within the FY2015/16.

The renewal of the Department's education, training and development system was characterised by the implementation of the first Security and Defence Studies Programme at the South African National Defence College on 12 January 2015, attended by 37 learners. The Programme replaced the Executive National Security Programme and is accredited at Master's Degree level, or South African Qualifications Authority (SAQA) Level 9. The curriculum of the Joint Senior Command and Staff Programme was also being reviewed to accredit this Programme at Honours Degree level, or SAQA Level 8. A new learning path for Officers was approved and implemented, whilst learning paths for Warrant Officers, Non-Commissioned Officers and Defence Civilians were in various stages of development. The above education, training and development initiatives contributed towards the enhancement of a culture of military professionalism.

The Department concluded the FY2014/15 with a broad spectrum of HR initiatives that will lead to enhanced planning, management, preparation and employment of its human resources to execute the Defence mission.

The current DOD Organisational Structure is presented in Figure 12.1.

Figure 12.1: Organisational Structure of the DOD for the FY2014/15



Macropersonnel Strength

Table 12.1: DOD Planned Average Strength for FY2014/15 and Actual Strength on 31 March 2015

Budget Holder	Planned	Actual
SA Army	39 332	40 215
SA Air Force	10 898	10 443
SA Navy	7 149	7 575
SA Military Health Service	7 931	8 145
Defence Legal Service Division	409	390
Defence Corporate Communication	65	53
Defence Reserves	29	27
Defence Foreign Relations Division	118	148
Corporate Staff Division	485	460
Military Policy, Strategy and Planning	30	29
Human Resource Division	1 427	1 455
Ministry of Defence	60	73
Chief of the SANDF Office	20	19
Defence Inspectorate Division	136	125
Chaplain General	17	18
Defence Policy, Strategy and Planning Division	106	91
Financial Management Division	921	832
Defence Secretariat	69	43
Defence International Affairs	22	17
Logistic Division	3 646	3 094
Command and Management Information System Division	146	140
Military Police Division	1 681	1 609
Defence Intelligence Division	822	884
Military Ombudsman	61	45
Internal Audit Division	35	32
Joint Operations Division	1 919	1 966
Defence Matériel Division	72	83
Total	77 606	78 011

Table 12.2: Complaints Mechanism

Complaints Mechanism	Actual achievements
SANDF Grievance System	<ul style="list-style-type: none"> • 22 Grievance Cases lodged • 14 Grievance Cases resolved

Expenditure

Table 12.3: Personnel Costs by Programme, FY2014/15

Programme	Total Expenditure	Personnel Expenditure	Training Expenditure	Professional and Special Services	Personnel cost as a percent of total expenditure	Average personnel cost per employee
Administration	4 658 984 536	1 535 000 355	38 537 121	21 498 282	33%	393 278
Landward Defence	14 049 115 788	9 795 640 733	49 128 591	27 585 448	70%	244 316
Air Defence	6 913 522 802	3 148 889 074	45 054 648	79 959 474	46%	302 688
Maritime Defence	3 802 369 230	1 968 659 470	11 052 868	18 792 913	52%	261 150
Military Health Support	4 053 113 496	2 865 473 125	41 077 079	405 196 110	71%	352 980
Defence Intelligence	819 755 155	327 807 243	1 619 995	106 667	40%	371 619
General Support	4 914 059 085	1 509 790 473	68 039 146	323 451 134	31%	313 508
Force Employment	3 631 440 938	1 854 548 154	2 294 571	20 720 691	51%	944 879
Total	42 842 361 030	23 005 808 627	256 804 019	897 310 720	54%	296 027

**Note: Personnel expenditure excludes payments to the value of R87 531 924, which were made to Household Social Benefits in respect of attrition.*

Table 12.4: Personnel Costs by Salary Bands, FY2014/15

Salary Bands	Personnel Expenditure	% of Total Personnel Cost	Average Personnel Cost per Employee
Senior Management	325 277 666	1%	1 106 387
Senior Professionals	225 765 083	1%	1 750 117
Highly Skilled Supervision	5 584 044 078	24%	565 072
Highly Skilled Production	7 851 913 200	34%	323 764
Skilled	8 456 503 907	37%	228 141
Lower Skilled	302 541 099	1%	123 184
Military Skills Development System	259 763 593	1%	66 081
Total	23 005 808 627	100%	294 905

Table 12.5: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme, FY2014/15

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Administration	1 039 493 226	68%	3 172 654	0.2%	24 098 864	1.6%	17 152 105	1.1%
Landward Defence	6 823 952 934	70%	70 954 965	0.7%	245 287 483	2.5%	47 064 694	0.5%
Air Defence	2 125 738 902	68%	11 496 997	0.4%	61 846 404	2.0%	21 795 024	0.7%
Maritime Defence	1 389 272 196	71%	30 884 908	1.6%	41 141 633	2.1%	14 845 464	0.8%
Military Health Support	1 921 910 253	67%	194 130 218	6.8%	39 464 987	1.4%	8 285 171	0.3%
Defence Intelligence	235 356 088	72%	717 455	0.2%	6 219 871	1.9%	892 930	0.3%
General Support	1 044 726 665	69%	9 231 282	0.6%	32 546 685	2.2%	6 164 912	0.4%
Force Employment	449 147 659	24%	1 583 857	0.1%	10 432 587	0.6%	2 117 006	0.1%
Total	15 029 597 923	65%	322 172 336	1.4%	461 038 514	2.0%	118 317 307	0.5%

Table 12.6: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Salary Bands, FY2014/15

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Senior Management	185 694 573	57%	0	0.0%	0	0.0%	0	0.0%
Senior Professionals	110 911 758	49%	43 052 166	19.1%	0	0.0%	0	0.0%
Highly Skilled Supervision	3 652 704 442	65%	109 014 475	2.0%	53 399 771	1.0%	4 315 223	0.1%
Highly Skilled Production	5 207 690 208	66%	67 349 481	0.9%	160 558 023	2.0%	33 530 379	0.4%
Skilled	5 483 216 105	65%	98 691 626	1.2%	228 855 218	2.7%	57 835 657	0.7%
Lower Skilled	187 344 278	62%	1 190 175	0.4%	18 225 502	6.0%	22 636 048	7.5%

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Military Skills Development System	202 036 560	78%	2 874 412	1.1%	0	0.0%	0	0.0%
Total	15 029 597 923	65%	322 172 336	1.4%	461 038 514	2.0%	118 317 307	0.5%

Employment and Vacancies

Table 12.7: Employment and Vacancies by Programme, 31 March 2015

Programme	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Defence Administration	4 883	3 940	19.31%	943
Landward Defence	44 223	40 215	9.06%	4 008
Air Defence	12 901	10 443	19.05%	2 458
Maritime Defence	7 211	7 575	-5.05%	-364
Military Health Service	9 922	8 145	17.91%	1 777
Defence Intelligence	1 125	884	21.42%	241
General Support	6 055	4 843	20.02%	1 212
Force Employment	2 430	1 966	19.09%	464
Total	88 750	78 011	12.10%	10 739

Table 12.8: Employment and Vacancies by Salary Bands, 31 March 2015

Salary Band	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior Management	295	294	0.34%	1
Senior Professionals	322	129	59.94%	193
Highly Skilled Supervision	12 025	9 882	17.82%	2 143
Highly Skilled Production	30 001	24 252	19.16%	5 749
Skilled	35 365	37 067	-4.81%	-1 702
Lower Skilled	10 742	2 456	77.14%	8 286
Military Skills Development System	0	3 931	0.00%	-3 931
Interns	0	0	0.00%	0
Total	88 750	78 011	12.10%	10 739

Table 12.9: Employment and Vacancies by Critical Occupation, 31 March 2015

Critical Occupation	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Air Space Control	537	515	4.10%	22
Aircrew	612	484	20.92%	128
Antiaircraft	970	1 007	-3.81%	-37
Artillery	1 289	1 432	-11.09%	-143
Combat Navy	662	628	5.14%	34
Engineers	179	114	36.31%	65
Medical Prof*	1 668	1 481	11.21%	187
Nursing	1 655	1 674	-1.15%	-19
Technical	8 567	7 084	17.31%	1 483
Total	16 139	14 419	10.66%	1 720

***Note:** Posts refer only to approved production posts captured on the post establishment. There are currently 486 MSDS members in training of whom 105 are in the Artillery Occupation resulting in a figure of 37 members additional to the establishment.

Job Evaluation

Table 12.10: Job Evaluation, 01 April 2014 to 31 March 2015

Salary Bands	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Senior Management	295	5	1.69%	0	0.00%	0	0.00%
Senior Professionals	322	0	0.00%	0	0.00%	0	0.00%
Highly Skilled Supervision	12 025	125	1.04%	2	1.60%	0	0.00%
Highly Skilled Production	30 001	156	0.52%	0	0.00%	0	0.00%
Skilled	35 365	77	0.22%	0	0.00%	2	2.60%
Lower Skilled	10 742	30	0.28%	0	0.00%	0	0.00%
Military Skills Development System	0	0	0.00%	0	0.00%	0	0.00%
Interns	0	0	0.00%	0	0.00%	0	0.00%
Total	88 750	393	0.44%	2	0.51%	2	0.51%

Table 12.11: Profile of Employees whose Salary Positions were Upgraded due to their Posts being Upgraded, 01 April 2014 to 31 March 2015

Beneficiaries	African	Asian	Coloured	White	Total
Female	16	0	0	3	19

Beneficiaries	African	Asian	Coloured	White	Total
Male	9	0	1	3	13
Total	25	0	1	6	32
Employees with a disability					0

Table 12.12: Employees whose Salary Level exceeded the Grade determined by Job Evaluation, 01 April 2014 to 31 March 2015 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Senior Management (C Def Mat and CFO)	2	15	16	Scarce Skills
Total number of employees whose salaries exceeded the level determined by job evaluation in FY2014/15				2
Percentage of total employment				0%

Table 12.13: Profile of employees whose Salary Level exceeded the Grade determined by Job Evaluation, 01 April 2014 to 31 March 2015 (in terms of PSR 1.V.C.3)

Profile of employees whose salary level exceeded the grade determined by job evaluation	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	2	0	0	0	2
Total	2	0	0	0	2
Employees with a disability					0

Employment Changes

Table 12.14: Annual Turnover Rates by Salary Band for the Period 01 April 2014 to 31 March 2015

Salary Bands	Number of Employees per Salary Band as at 01 April 2014	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Minister/Deputy/Advisers	13	2	4	-15.38%
Senior Management Service Band D	5	4	4	0.00%
Senior Management Service Band C	19	2	5	-15.79%
Senior Management Service Band B	61	2	8	-9.84%
Senior Management Service Band A	194	10	19	-4.64%
Senior professionals	104	4	7	-2.88%
Highly skilled supervision	9 714	177	571	-4.06%
Highly skilled production	24 375	116	927	-3.33%
Skilled	37 112	103	1 224	-3.02%
Lower skilled	2 593	166	154	0.46%
Military Skills Development System	4 516	2 047	407	36.32%

Salary Bands	Number of Employees per Salary Band as at 01 April 2014	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Interns	1	0	1	-100.00%
Total	78 707	2 633	3 331	-0.89%

Table 12.15: Annual Turnover Rates by Critical Occupation for the Period 01 April 2014 to 31 March 2015

Critical Occupation	Number of Employees per Occupation as at 01 April 2014	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	527	8	16	-1.52%
Aircrew	491	17	26	-1.83%
Antiaircraft	972	73	33	4.12%
Artillery	1 416	56	37	1.34%
Combat Navy	572	0	33	-5.77%
Engineers	123	6	14	-6.50%
Health Professionals	1 432	182	178	0.28%
Nursing	1 747	6	89	-4.75%
Technical	7 125	129	236	-1.50%
Total	14 405	477	662	-1.28%

***Note:** 282 MSDS members are included in the total appointment figure for all critical occupations.

Table 12.16: Reasons Why Staff Are Leaving the Department FY2014/15

Termination Type	Number	% of Total
Death	476	14.29%
Resignations	1 119	33.59%
Contract Expiry	581	17.44%
Transfers	60	1.80%
Dismissal – Ops Req	0	0.00%
Dismissal – Ill Health	41	1.23%
Dismissal – Misconduct	201	6.03%
Discharge – Incapacity	1	0.03%
Retirement	839	25.19%
MEM/EISP/VSP	13	0.39%
Total Number of Employees who left as a % of the Total Employment as at 31 March 2015	3 331	4.23%

Table 12.17: Promotions by Critical Occupation FY2014/15

Occupation	Employees as at 01 April 2014	Promotion to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Air Space Control	527	68	12.90%	337	63.95%
Aircrew	491	40	8.15%	292	59.47%
Antiaircraft	972	71	7.30%	696	71.60%
Artillery	1 416	64	4.52%	1 108	78.25%
Combat Navy	572	138	24.13%	386	67.48%
Engineers	123	19	15.45%	54	43.90%
Medical Professionals	1 432	204	14.25%	866	60.47%
Nursing	1 747	197	11.28%	632	36.18%
Technical	7 125	1 084	15.21%	4 443	62.36%
Total	14 405	1 885	13.09%	8 814	61.19%

Table 12.18: Promotions by Salary Band FY2014/15

Salary Band	Employees 01 April 2014	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Senior management	292	9	3.08%	199	68.15%
Senior professionals	104	51	49.04%	101	97.12%
Highly skilled supervision	9 714	1 236	12.72%	7 044	72.51%
Highly skilled production	24 375	2 491	10.22%	19 801	81.23%
Skilled	37 112	3 281	8.84%	25 574	68.91%
Lower skilled	2 593	0	0.00%	1 354	52.22%
Military Skills Development System	4 516	0	0.00%	0	0.00%
Interns	1	0	0.00%	0	0.00%
Total	78 707	7 068	8.98%	54 073	68.70%

Employment Equity

Table 12.19: Total Number of Employees in Each of the Following Occupational Categories as on 31 March 2015

Occupational Category (SASCO)	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, Snr Officials and Managers	1	0	0	0	1	0	0	0	2

Occupational Category (SASCO)	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionals	780	80	125	424	734	86	199	547	2 975
Technicians and Associate Professionals	3 334	67	417	1 077	1 765	54	314	517	7 545
Clerks	5 760	106	1 429	998	4 055	77	737	1 828	14 990
Service and Sales Workers	20 731	187	2 760	1 652	4 886	30	789	427	31 462
Crafts and Related Trades Workers	5 326	178	1 060	2 036	1 633	11	252	236	10 732
Plant and Machine Operators and Assemblers	237	2	63	18	8	0	1	1	330
Elementary Occupations	4 947	25	997	507	2 690	20	622	167	9 975
Total	41 116	645	6 851	6 712	15 772	278	2 914	3 723	78 011
Employees with disabilities	204	4	59	101	16	0	5	50	439

Table 12.20: Total Number of Employees in Each of the Following Occupational Bands as on 31 March 2015

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	19	1	0	2	6	0	0	1	29
Senior Management	166	14	14	100	53	8	8	31	394
Professionally qualified and experienced specialists and midmanagement	3 138	188	884	2 785	1 342	102	279	1 164	9 882
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11 193	268	2 841	2 795	4 014	99	894	2 148	24 252
Semiskilled and discretionary decision-making	23 704	133	2 704	909	7 922	42	1 341	312	37 067
Unskilled and defined decision-making	881	2	171	12	1 107	10	237	36	2 456
Military Skills Development System	2 015	39	237	109	1 328	17	155	31	3 931
Interns	0	0	0	0	0	0	0	0	0
Total	41 116	645	6 851	6 712	15 772	278	2 914	3 723	78 011

Table 12.21: Recruitment for the Period 01 April 2014 to 31 March 2015

Occupational Bands	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	1	0	0	1	5	0	0	1	8
Senior management	7	0	0	3	5	0	0	1	16
Professionally qualified and experienced specialists and midmanagement	25	8	3	25	49	17	5	45	177
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	37	1	7	3	37	2	11	18	116
Semiskilled and discretionary decision-making	44	0	3	0	47	1	6	2	103
Unskilled and defined decision-making	70	1	4	1	81	1	7	1	166
Military Skills Development System	1 028	30	113	73	710	13	61	19	2 047
Interns	0	0	0	0	0	0	0	0	0
Total	1 212	40	130	106	934	34	90	87	2 633
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 12.22: Promotions for the Period 01 April 2014 to 31 March 2015

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	3	0	0	0	0	0	0	0	3
Senior Management	15	6	0	15	10	2	1	8	57
Professionally qualified and experienced specialists and midmanagement	510	23	87	145	296	13	51	111	1 236
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1 397	10	207	111	489	8	89	180	2 491
Semiskilled and discretionary decision-making	1 722	38	287	141	874	8	165	46	3 281
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0
Total	3 647	77	581	412	1 669	31	306	345	7 068
Employees with disabilities	20	0	4	4	2	0	0	8	38

Table 12.23: Terminations for the Period 01 April 2014 to 31 March 2015

Occupational Band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	5	1	0	1	4	0	0	2	13
Senior Management	11	1	0	12	7	1	0	2	34
Professionally qualified and experienced specialists and midmanagement	184	12	36	156	77	15	23	68	571
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	421	10	104	118	115	6	29	124	927
Semiskilled and discretionary decision-making	760	4	155	36	197	0	54	18	1 224
Unskilled and defined decision-making	87	0	9	1	46	0	8	3	154
Military Skills Development System	146	9	45	43	110	6	37	11	407
Interns	1	0	0	0	0	0	0	0	1
Total	1 615	37	349	367	556	28	151	228	3 331
Employees with disabilities	12	0	0	5	0	0	0	2	19

Table 12.24: Disciplinary Action for the Period 01 April 2014 to 31 March 2015

Disciplinary action	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Correctional counselling	1	0	0	0	2	0	0	1	4
Verbal warnings	1	0	0	0	0	0	0	0	1
Written warnings	9	3	0	0	3	5	0	0	20
Final written warnings	11	9	0	0	3	3	0	2	28
Suspended without pay	0	2	0	0	2	1	0	1	6
Fine	0	0	0	0	0	0	0	0	0
Demotion	0	0	0	0	0	0	0	0	0
Dismissal	3	2	0	0	3	0	0	0	8
Not guilty	1	1	0	0	0	0	0	0	2
Case withdrawn	3	2	0	0	1	1	0	1	8
Total	29	19	0	0	14	10	0	5	77

Table 12.25: Skills Development for the Period 01 April 2014 to 31 March 2015

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	0	0	0	0	0	0	0	0	0

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionals	182	16	13	47	225	57	16	83	639
Technicians and Associate Professionals	1 910	229	17	334	983	134	11	98	3 716
Clerks	2 750	566	51	340	2 262	384	31	313	6 697
Service and Sales Workers	10 720	1 366	105	700	3 075	474	26	178	16 644
Crafts and Related Trades Workers	2 964	384	50	488	1 156	135	3	75	5 255
Plant and Machine Operators and Assemblers	30	8	3	2	2	0	0	0	45
Elementary Occupations	2 007	441	27	325	867	268	13	74	4 022
Total	20 563	3 010	266	2 236	8 570	1 452	100	821	37 018
Employees with Disabilities	57	14	1	16	4	2	0	5	99

Performance Rewards

Table 12.26: Performance Rewards by Race, Gender, and Disability, 01 April 2014 to 31 March 2015

Race	Gender	Beneficiary Profile			Cost	
		Number of Beneficiaries	Total Number of Employees in Group as at 01 April 2014	% of Total within Group	Total Cost (Rand)	Average cost per Employee (Rand)
African	Male	7 758	41 367	18.75%	60 071 552	7 743
	Female	3 184	15 359	20.73%	23 757 111	7 461
African Total		10 942	56 726	19.29%	83 828 662	7 661
Asian	Male	155	633	24.49%	1 627 184	10 498
	Female	72	269	26.77%	789 665	10 968
Asian Total		227	902	25.17%	2 416 850	10 647
Coloured	Male	1 672	7 058	23.69%	14 280 531	8 541
	Female	721	2 964	24.33%	5 387 566	7 472
Coloured Total		2 393	10 022	23.88%	19 668 097	8 219
White	Male	1 848	6 913	26.73%	20 833 840	11 274
	Female	1 112	3 852	28.87%	11 299 342	10 161
White Total		2 960	10 765	27.50%	32 133 182	10 856
Grand Total		16 522	78 415	21.07%	138 046 791	8 355
Employees with Disabilities		114	440	25.91%	1 026 664	9 006

Table 12.27: Performance Rewards by Salary Bands for Personnel below Senior Management Service, 01 April 2014 to 31 March 2015

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Senior Professionals	20	104	19.23%	285 141	14 257	0.16%
Highly Skilled Supervision	2 643	9 714	27.21%	36 354 791	13 755	0.66%
Highly Skilled Production	6 191	24 375	25.40%	55 076 969	8 896	0.70%
Skilled	7 269	37 112	19.59%	44 949 433	6 184	0.53%
Lower Skilled	399	2 593	15.39%	1 380 457	3 460	0.44%
Military Skills Development System	0	4 516	0.00%	0	0	0.00%
Interns	0	1	0.00%	0	0	0.00%
Total	16 522	78 415	21.07%	138 046 791	8 355	0.60%

Table 12.28: Performance Rewards by Critical Occupations, 01 April 2014 to 31 March 2015

Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total number of Employees as at 01 April 2014	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)
Air Space Control	124	522	23.75%	1 414 390	11 406
Aircrew	71	484	14.67%	910 748	12 827
Antiaircraft	193	970	19.90%	1 633 454	8 463
Artillery	317	1 413	22.43%	2 514 345	7 932
Combat Navy	99	562	17.62%	1 150 230	11 618
Engineers	13	118	11.02%	159 608	12 278
Medical Prof	224	1 423	15.74%	2 814 122	12 563
Nursing	282	1 745	16.16%	2 857 397	10 133
Technical	1 350	7 113	18.98%	13 671 122	10 127
Total	2 673	14 350	18.63%	27 125 416	10 148

Table 12.29: Performance-related Rewards (Cash Bonus), by Salary Band, for Senior Management Service FY2014/15

Salary Band	Beneficiary Profile			Cost		
	Number of Beneficiaries	Total number of Employees as at 01 April 2014	% of Total within Salary Band	Total Cost (Rand)	Average cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Management Service Band A	44	194	22.68%	1 594 027	36 228	0.48%
Senior Management Service Band B	16	61	26.23%	759 680	47 480	0.23%
Senior Management Service Band C	3	19	15.79%	172 584	57 528	0.05%
Senior Management Service Band D	2	5	40.00%	149 895	74 948	0.04%
Minister/Deputy/Advisers	0	13	0.00%	0	0	0.00%
Total	65	292	22.26%	2 676 185	41 172	0.80%

Foreign Workers

Table 12.30: Foreign Workers, 01 April 2014 to 31 March 2015, by Salary Band

Salary Band	01 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1–2)	0	0,00%	0	0,00%	0	0,00%
Skilled (Levels 3–5)	0	0,00%	0	0,00%	0	0,00%
Highly skilled production (Levels 6–8)	0	0,00%	0	0,00%	0	0,00%
Highly skilled supervision (Levels 9–12)	0	0,00%	0	0,00%	0	0,00%
Senior management (Levels 13–16)	0	0,00%	0	0,00%	0	0,00%
Total	0	0,00%	0	0,00%	0	0,00%

Table 12.31: Foreign Workers, 01 April 2014 to 31 March 2015, by Major Occupation

Major Occupation	01 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% change
	0	0,00%	0	0,00%	0	0,00%
Total	0	0,00%	0	0,00%	0	0,00%

Leave Utilisation

Table 12.32: Sick Leave, 01 January 2014 to 31 December 2014

Salary Band	Total Days	% days with Medical Certificates	Number of Employees taking Sick Leave	% of Total Employees taking Sick Leave	Average Days per Employee	Estimated Cost
Senior Management	1 013	72%	155	92%	7	2 432 874
Senior Professionals	325	83%	43	92%	8	1 156 049
Highly Skilled Supervision	40 433	70%	6 056	88%	7	56 337 234
Highly Skilled Production	115 764	67%	16 290	86%	7	94 135 128
Skilled	142 519	72%	19 945	94%	7	79 601 109
Lower Skilled	16 401	67%	1 910	89%	9	4 860 153
Military Skills Development System	341	100%	97	100%	4	104 699
Total	316 796	85%	44 496	57%	7	238 627 245

Table 12.33: Disability Leave (Temporary and Permanent), 01 January 2014 to 31 December 2014

Salary Band	Total Days Taken	% Days with Medical Certificates	Number of Employees taking Disability Leave	% of Total Employees taking Disability Leave	Average Days per Employee	Estimated Cost
Senior Management	126	100%	7	2%	18	287 307
Senior Professionals	107	100%	4	4%	27	424 879
Highly Skilled Supervision	10 935	100%	437	4%	25	15 418 977
Highly Skilled Production	29 452	100%	1 136	5%	26	24 903 948
Skilled	25 773	100%	1 053	3%	24	15 091 765
Lower skilled	317	100%	19	1%	17	93 553
Military Skills Development System	0	0%	0	0%	0	0
Total	66 710	100%	2 656	3%	25	56 220 428

Table 12.34: Annual Leave, 01 January 2014 to 31 December 2014

Salary Bands	Total Days Taken	Average per Employee
Senior Management	6 921	27
Senior Professionals	2 488	26
Highly Skilled Supervision	263 678	28
Highly Skilled Production	647 299	27
Skilled	844 709	24
Lower Skilled	50 530	21

Salary Bands	Total Days Taken	Average per Employee
Military Skills Development System	15 877	18
Interns	0	0
Total	1 831 502	26

Table 12.35: Capped Leave, 01 January 2014 to 31 December 2014

Salary Bands	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2014
Senior Management	63	7	89
Senior Professionals	3	3	42
Highly Skilled Supervision	2 722	5	38
Highly Skilled Production	4 303	4	21
Skilled	3 667	5	24
Lower skilled	4	1	21
Total	10 763	5	26

Table 12.36: Leave Payouts for the Period 01 April 2014 to 31 March 2015

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave Payout for FY2014/2015 due to non-utilisation of leave for previous cycle	855 334	39	21 932
Leave Payout for FY2014/2015 due to discounting of leave	87 821 221	5 370	16 354
Leave Payout for FY2014/2015 on termination of service	79 037 979	1 727	45 766
Total	167 714 534	7 136	23 503

HIV/AIDS and Health Promotion Programmes for FY2014/15

Table 12.37: Steps taken to Reduce the Risk of Occupational Exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases (if any)	Key Steps Taken to Reduce the Risk
Low risk: All members and employees	<ul style="list-style-type: none"> • HIV and AIDS-related prevention and health promotion programmes that include mass awareness, information and education programmes that address military-specific issues as well as the celebration of World AIDS Day and the linking of HIV prevention into other programmes like Women's Day and Youth Day celebrations in order to reduce vulnerability to HIV and TB infections. • Education on "Living Positively" for those HIV positive members. • Peer education, gender-based violence and CHATSEC programmes that address values, beliefs and morals based on behaviour-change communication. These programmes are also conducted with members of the National Youth Service Programme and the MSDS. • Availability of first aid kits and personal protective equipment, such as gloves and masks. • Condom distribution points for both males and females. • HIV prevention programmes and health promotion programmes before and after deployments. • Introduction of Voluntary Male Medical Circumcision as a prevention intervention. • HIV & AIDS Counselling and Testing Campaigns (HCT) that include screening for TB, diabetes and hypertension. • Comprehensive health assessments that include prevention and health promotion components. • Implementation of HIV & AIDS Workplace Programmes at military unit level. • Ensure training and capacity building of Healthcare Professionals (HCPs) in Basic and Advanced Management of HIV & AIDS and TB, Infection Control, Universal Precautions and Post-Exposure Prophylaxis, eg after needle-stick injuries. • Ensure a safe supply of blood and blood products. • Provision of Preventative and Promotive Alcohol and Substance Abuse Programmes by social work officers.
Medium risk: Members on deployment (internal to RSA) ie RSA border protection bases / posts and members on military courses	<ul style="list-style-type: none"> • All the above programmes and interventions apply. In addition: • HIV and AIDS lectures given during all military courses and other functional courses. • Trained Operational Emergency Care Practitioners (OECs) in HIV and AIDS and TB that deploy with other military personnel. • Mobile clinics were deployed to support borders with HIV prevention, education and health promotion and provide HCT and ARV treatment. There has been an increase in mobile clinics from 2 to 8 to be used in the Op CORONA environment for internal deployments/ border protection. • HIV & AIDS Prevention Lectures and Resilience Programmes presented by social work officers pre-deployment.
High risk: Members on deployment (external to RSA)	<ul style="list-style-type: none"> • All the programmes and interventions reflected for low- and medium-risk exposure. In addition: • Trained OECs and all HCPs that deploy with soldiers with HIV&AIDS and TB as well as the practice of universal precautions. • Specific HIV prevention programmes aimed at reducing high risk behaviour in the deployed regions.

Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases (if any)	Key Steps Taken to Reduce the Risk
High risk: Members on deployment (external to RSA)	<ul style="list-style-type: none"> • Specific health promotion programmes pre-deployment, during deployment and post-deployment. • Availability of Post-Exposure Prophylaxis Kits in the event of sexual assault. • Annual Comprehensive Health Assessments for rapid deployment forces.

Table 12.38: Details of Health Promotion and HIV and AIDS Programmes

Question	Yes	No	Details, if Yes
1. Has the Department designated a member of the SMS to implement the provision contained in Part VI e of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Brig Gen K.T. Ndaba Director HIV and AIDS Programme SA National Defence Force HIV&AIDS Programme Manager.
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		<p>The Director HIV&AIDS formulates strategy, policies, guidelines and plans aligned with National Policies and Strategies and appropriate legislation and is the champion of the HIV&AIDS Programme in partnership with Director Medicine responsible for TB Management.</p> <p>The Director HIV&AIDS gives advice to the Surgeon General who in turn advises the Chief of the South African National Defence Force and the MOD&MV. In this way the necessary capabilities and resources required by "The Comprehensive Plan for Care, Management and Treatment of HIV&AIDS in the Department of Defence and Military Veterans (DOD&MV)" is provided and budgeted for.</p> <p>Dedicated members manage the monitoring and evaluation of the Department of Defence HIV&AIDS Programme with data collated from the Health Informatics System, research and other relevant sources.</p> <p>HIV prevention and health promotion programmes are planned and implemented throughout the organisation by regional HIV&AIDS programme managers based in the nine provinces of SA.</p> <p>Health and Wellness Programmes, as part of the HIV&AIDS Workplace Programmes, are executed at unit level in the SA Army, SA Air Force, SA Navy and SAMHS through the Military Community Wellness Committees (MCWCs) in collaboration with social work officers. All Officers Commanding in the SA National Defence Force have responsibility for ensuring that wellness programmes and HIV&AIDS workplace programmes are conducted in their respective units in partnership with the SAMHS HCPs.</p> <p>Healthcare professionals at primary health care level provide HIV&AIDS prevention, health promotion, care, support and treatment programmes to all patients/clients throughout the organisation.</p> <p>The HIV&AIDS Programme of the DOD is funded through the health service delivery and operating budget of the SAMHS as requested via the MTEF. This is complemented with donor funding received from the US PEPFAR Programme via US DOD.</p>
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		The Defence has the constitutional duty to protect and defend the republic, its sovereignty, integrity, national interest and people against direct threats. In view of this, the MOD&MV has delegated the management of HIV/AIDS to the Surgeon General through the Chief of SANDF.

Question	Yes	No	Details, if Yes
<p>3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.</p>	<p>x</p>		<p>The Surgeon General has developed a comprehensive plan to manage the HIV&AIDS epidemic assisted by Director HIV&AIDS Programmes. The Military Health Support Programme is continuing to play a role in intensifying the campaign against communicable diseases and the treatment of patients through the Comprehensive Plan for Care, Management and Treatment of HIV&AIDS in the Department. The programmes include prevention of HIV and health promotion programmes as well as Employee Assistance Programmes.</p> <p>Progress has been made with the plan to maximise treatment to HIV positive members and their dependants. The number of ARV sites has increased and 92% of all planned sites are operational. The sites have increased from 6 to 56 sites from 2008 to 2014.</p> <p>The challenge is that the prevalence of HIV&AIDS is highest in the subSaharan region, where our troops deploy thus creating a risk to an already vulnerable population of soldiers due to their high risk behaviour. In view of this, the Surgeon General has to ensure that all the deploying troops have undergone comprehensive health assessment and that all HIV positive members are managed appropriately according to the policies and guidelines. Training has been provided to medical officers, nursing officers, pharmacists, psychologists, clinical associates, social work officers and pharmacy assistants. More than 56 000 DOD members were reached during promotion and prevention programmes, including the Knowledge, Attitude and Practice (KAP) Survey of 2014.</p> <p>The key elements of the HIV Prevention and Health Promotion Programme are the following:</p> <ul style="list-style-type: none"> • HIV Counselling and testing • Male and female condom provision • Peer education training • Gender-based violence training • Spiritual- and ethics-based prevention (CHATSEC) • HIV&AIDS workplace programmes (includes condom provision, behaviour modification programmes, peer education training, gender-based training, CHATSEC, mass awareness and Occupational Health and Safety) • Mass awareness campaigns • Management of occupational transmission, eg supply of personal protective equipment • Post-exposure prophylaxis • Prevention of vertical transmission previously known as mother-to-child transmission • Prevention of opportunistic infections • Utilisation of all awareness opportunities (eg National Health Days, Health Month, Health Walks, World AIDS Day, Youth Day, other commemoration days, etc) • Management of sexually transmitted infections • Health education, HIV and ARV training and development • Voluntary medical male circumcision (VMMC) • Prevention with positives • Prevention and treatment of alcohol and drug abuse • Comprehensive health assessments • Health programmes targeting women of child-bearing age • Development and provision of HIV-related Information and Educational Communication material • Involvement of non-governmental organisations to provide technical assistance • Involvement of Donor funding partners and development partners • Collaboration with the National Department of Health

Question	Yes	No	Details, if Yes
4. Has the Department set up (a) committee(s) as contemplated in Part VI.E.5(e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholders that they represent.	x		<ul style="list-style-type: none"> The Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the Department of Defence: 2012-2016 is coordinated through the Directorate HIV and AIDS Programme. The HIV&AIDS Advisory Committee allows for coordination within the SA National Defence Force through bilateral meetings between the SAMHS, the SA Army, the SA Navy and the SA Air Force. The Director HIV&AIDS Programme coordinates matters through the SAMHS HIV&AIDS Coordinating Committee. The committee consists of members representing MH formations and units that provide healthcare services.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		<ul style="list-style-type: none"> The Department took cognisance of the SA National Strategic Plan for HIV&AIDS, STIs and TB 2012 to 2016. There are numerous policies that address the issues of discrimination, including Human Resources Strategy documents. All HIV-infected uniformed members of the Department of Defence and Military Veterans are managed according to "The DOD Instruction on the Management of HIV&AIDS in the DOD" and "The Department of Defence Directive on the Health Classification and Deployability of SANDF members with HIV and AIDS". DOD Directive: Transformation Management in the DOD DOD Instruction: Policy on Transformation Management in the DOD Joint Defence Publication: Process and Procedures for Transformation Management in the Department of Defence.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	x		<ul style="list-style-type: none"> The department adheres to the principle of equity and equal opportunities in all practices. It values and manages diversity and in doing so, recognises that talent, ability and potential are inherently distributed across the population. It strives to eradicate all forms of unfair discrimination within the department. This is clearly depicted in the relevant DOD policies. <p><u>Policy Documents</u></p> <ul style="list-style-type: none"> No mandatory testing of PSAP officials. Voluntary HIV testing of any official in the DOD may form part of a comprehensive health assessment with informed consent and confidentiality as governed by the Medical Standards for the SANDF and as required by the Surgeon General in terms of Regulation 15 of the Defence Act. HIV testing may not be done without written informed consent and confidentiality. Pre- and posttest counselling procedures must form part of testing as well as referral to care and support clinics. Officials with HIV&AIDS may not be unfairly discriminated against in the allocation of employment benefits and should be treated like any other official with a comparable chronic disease with regard to access to benefits. Grievance procedures are confidential and will not result in the disclosure of a person's HIV status. Respecting the privacy and confidentiality of those living with HIV is pivotal to the DOD.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	x		<ul style="list-style-type: none"> Uniformed members of the Department of Defence are required to undergo voluntary HIV testing as part of Comprehensive Health Assessments and Concurrent Health Assessments prior to military recruitment and deployments. Members are also encouraged to be tested for HIV voluntarily through Provider-Initiated Counselling and Testing (PICT) at service delivery sites. In addition, the military participates in the National Department of Health's HCT Campaign.

Question	Yes	No	Details, if Yes
<p>8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health programme? If so, list these measures/indicators.</p>	x		<p>The DOD has an HIV&AIDS Monitoring and Evaluation Instruction, which takes national health indicators into account. Sources of data are the following:</p> <ul style="list-style-type: none"> • Monthly Mortality Analysis • KAP Surveys • Health Informatics System–Clinical Data Management • Project Feedback Forms submitted following the programmes, projects and interventions (all planned HIV prevention interventions are monitored). • Care and treatment indicators, which have been developed. • Information obtained from staff visits to the various units. • Indicators and reporting from the Performance against Plan.
<p>9. Does the Department have a dedicated unit or has it designated specific staff members to manage TB and drug-resistant TB? If so, indicate the number of employees who are involved in this task.</p>	x		<ul style="list-style-type: none"> • The Roles and Responsibilities of Healthcare Workers in the Management of TB and Drug-Resistant-TB (DR-TB) have been established. Legal action is taken for non-compliance. The approach to TB management, as with HIV&AIDS, is multidisciplinary as depicted in the examples below. • The nursing officers: <ul style="list-style-type: none"> – Maintain a close relationship with the patient; – Administer treatment to the patients; – Provide ongoing nursing care; – Complete the patient treatment card for treatment dosages given to the patient; – Provide counselling for HIV testing in TB co-infected patients; – Conduct HIV testing on patients who give their consent; – Provide educational talks to patients on a one-on-one basis or in group sessions; and – Plan awareness campaigns within the hospital/sickbays addressing different topics. • The doctor (medical officer) is responsible for: <ul style="list-style-type: none"> – assessing patients for co-morbidities, requesting baseline tests and diagnosing HIV&AIDS and TB; – initiating an MDR-TB treatment regimen for the patient; – clinical monitoring of patient’s treatment for adverse events; – managing adverse events promptly; – liaising with Specialised Drug-resistance Units for patient admission there; – reviewing treatment of patient and making any necessary adjustments; – presenting difficult or complicated patients to the Clinical Management Committee or Provincial Review Committee; – ensuring that follow-up smears and cultures are conducted and that results are available on time, and – reporting all adverse events to the Military Command Council. • The pharmacists in SAMHS facilities: <ul style="list-style-type: none"> – ensure availability of both second-line TB drugs and ancillary drugs; – monitor drug stock levels; – ensure correct storage of the drugs, and – dispense drugs for patients who have been discharged from the local clinic or hospital. • The SAMHS psychologist: <ul style="list-style-type: none"> – conducts initial assessment of patients with psychological problems; – conducts one-on-one or group therapy sessions for patients, and – refers patients who need expert opinion timeously.

Question	Yes	No	Details, if Yes
<p>9. Does the Department have a dedicated unit or has it designated specific staff members to manage TB and drug-resistant TB? If so, indicate the number of employees who are involved in this task.</p>	<p>x</p>		<ul style="list-style-type: none"> • The SAMHS psychiatrist: <ul style="list-style-type: none"> – conducts baseline evaluation of all patients with a history of mental illness or who are on treatment for mental illness; – monitors patients on psychiatric drugs or who have a history of mental illness regularly; – evaluates all patients who develop psychiatric symptoms as a result of treatment, and – manage patients who develop psychiatric symptoms whilst on DR-TB treatment. • The dietician: <ul style="list-style-type: none"> – conducts initial assessment of patients with co-morbidities, those who are malnourished and children; – prescribes the correct diet or nutritional supplements for patients who need a special diet or nutritional supplements; – monitors progress of patients started on a specific diet; – ensures that the hospital meals meet the nutritional requirements for patients with DR-TB; – reviews hospital menu at intervals; – reports to the hospital management on a regular basis, and – establishes a feedback system for patients on the meals provided in the hospital. • The social worker: <ul style="list-style-type: none"> – conducts initial assessment of patient and home environment; – assists patient and families with social support required whilst in and out of the hospital; – liaises with employers regarding employee benefits whilst in hospital; – refers patients or families with special needs to relevant service providers, and – provides ongoing counselling of patients. • The occupational therapist: <ul style="list-style-type: none"> – conducts initial assessment of patient's psychosocial status; – develops patients' insight into disease and behaviour through counselling and education; – provides life skills development programmes; – provides rehabilitation programmes for patients; – monitors patient progress; – facilitates support, stress management and behaviour modification groups, and – plans prevocational training programmes. • The SAMHS audiologist: <ul style="list-style-type: none"> – conducts baseline assessment for all patients prior to initiation of treatment; – advises treating doctor where a patient already has hearing impairment at baseline; – monitors patients monthly for hearing impairment at baseline, and – recommends management of patient with hearing impairment. • The physiotherapist: <ul style="list-style-type: none"> – conducts initial assessment of patients with co-morbidities and extensive lung disease; – develops treatment programmes for individual patients; – monitors patient progress, and. – assists patients with expectoration for monitoring culture conversion.

Question	Yes	No	Details, if Yes
9. Does the Department have a dedicated unit or has it designated specific staff members to manage TB and drug-resistant TB? If so, indicate the number of employees who are involved in this task.	x		<ul style="list-style-type: none"> • Military health hospitals: <ul style="list-style-type: none"> – assist with specialist diagnosis of DR-TB and initial management until patient is fit to be referred for decentralised treatment near Unit or home, and – procure Gene Expert Diagnosis capability for 1 and 2 Military Hospitals. • Remote military health sickbays and clinics: <ul style="list-style-type: none"> – monitor patients on TB treatment; – ensure treatment compliance; – continue psychosocial support; – trace treatment Interrupters and address reasons for interruption; – arrange transport for monthly follow-up visits on the dates indicated on a patient's treatment follow-up card, and – complete patient treatment follow-up card.

Labour relations

Table 12.39: Collective Agreements, 01 April 2014 to 31 March 2015

Total collective agreements	None
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Table 12.40: Misconduct and Disciplinary Hearings Finalised, 01 April 2014 to 31 March 2015

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	4	8%
Verbal warnings	1	2%
Written warnings	7	14%
Final written warnings	17	33%
Suspended without pay	5	10%
Fine	0	0%
Demotion	0	0%
Dismissal	8	16%
Not guilty	2	4%
Case withdrawn	8	14%
Total	52	100%

***Note:** 18 written warning disciplinary actions had been reported but only seven (7) were finalised during misconduct and disciplinary hearings (11 outstanding), and 31 final written warning actions had been reported but only 17 were finalised during misconduct and disciplinary hearings (14 outstanding). By adding the outstanding hearings to the hearings finalised in Table 12.40 it corresponds with the disciplinary actions reported in Table 12.24.

Table 12.41: Grievances lodged for the Period 01 April 2014 to 31 March 2015

Grievances	Number
Number of Grievances Resolved	171
Number of Grievances not Resolved	354
Total Number of Grievances Lodged	525

Table 12.42: Disputes lodged with Councils for the Period 01 April 2014 to 31 March 2015

Disputes	Number
Number of disputes upheld	0
Number of disputes dismissed	6
Total number of disputes lodged	27

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

Table 12.43: Strike Actions for the Period 01 April 2014 to 31 March 2015

Total number of person working days lost	0
Total cost of working days lost	0
Amount recovered as a result of no work no pay	0

Table 12.44: Precautionary Suspensions for the Period 01 April 2014 to 31 March 2015 – Military Personnel

Number of people suspended	30
Number of people whose suspensions exceeded 30 days	30
Average number of days suspended	365
Cost of suspensions	R4 857 684

Table 12.45: Precautionary Suspensions for the Period 01 April 2014 to 31 March 2015 – Public Service Act Personnel

Number of people suspended	19
Number of people whose suspensions exceeded 30 days	17
Average number of days suspended	157.3
Cost of suspensions	R2 434 324

Skills Development

Table 12.46: Training Needs Identified 01 April 2014 to 31 March 2015

Occupational Categories	Gender	Number of Employees as at 01 April 2014	Training Needs Identified at Start of Reporting Period			
			Leaverships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	1 587	0	400	35	435
	Male	1 432	0	300	120	420
Technicians and associate professionals	Female	2 586	0	1 250	120	1 370
	Male	4 834	0	2 600	80	2 680
Clerks	Female	6 589	0	3 300	120	3 420
	Male	8 392	0	4 000	150	4 150
Service and sales workers	Female	6 035	0	4 000	120	4 120
	Male	25 732	0	14 000	300	14 300
Crafts and related trades workers	Female	2 076	0	1 300	120	1 420
	Male	8 649	0	4 000	500	4 500
Plant and machine operators and assemblers	Female	12	0	8	5	13
	Male	348	0	120	80	200
Elementary occupations	Female	3 618	0	1 600	300	1 900
	Male	6 815	0	3 000	500	3 500
Subtotal	Female	22 504	0	11 858	820	12 678
	Male	56 203	0	28 020	1 730	29 750
Total		78 707	0	39 878	2 550	42 428

Table 12.47: Training Provided 01 April 2014 to 31 March 2015

Occupational Categories	Gender	Number of Employees as at 01 April 2014	Training Needs Identified at Start of Reporting Period			
			Leaverships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	1	0	0	0	0
	Male	1	0	0	0	0

Occupational Categories	Gender	Number of Employees as at 01 April 2014	Training Needs Identified at Start of Reporting Period			
			Leaverships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Professionals	Female	1 587	0	380	2	382
	Male	1 432	0	258	0	258
Technicians and associate professionals	Female	2 586	0	1 211	15	1 226
	Male	4 834	0	2 473	17	2 490
Clerks	Female	6 589	0	2 928	62	2 990
	Male	8 392	0	3 643	64	3 707
Service and sales workers	Female	6 035	0	3 729	24	3 753
	Male	25 732	0	12 751	135	12 886
Crafts and related trades workers	Female	2 076	0	1 289	80	1 369
	Male	8 649	0	3 396	490	3 886
Plant and machine operators and assemblers	Female	12	0	2	0	2
	Male	348	0	41	2	43
Elementary occupations	Female	3 618	0	1 208	14	1 222
	Male	6 815	0	2 685	119	2 804
Subtotal	Female	22 504	0	10 747	197	10 944
	Male	56 203	0	25 247	827	26 074
Total		78 707	0	35 994	1 024	37 018

Injury on Duty

Table 12.48: Injury on Duty, 01 April 2014 to 31 March 2015

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only ¹	284	91%
Temporary total disablement ²	16	5%
Permanent disablement ³	2	1%
Fatal ⁴	9	3%
Total	311	100%

Utilisation of Consultants

In accordance with National Treasury Notice No. 3 of 2014/15, dated March 2015, the table below addresses consultants only as Business and Advisory Services.

Table 12.49: Report on Consultant Appointments using Appropriated Funds for the FY2014/15

Service/Division	Total paid against Consultants on the FMS System	Nature of Service
Ministry	R1 516 001.84	• ARMSCOR Service Boards and Commissions (Medical task team)
Military Ombudsman	R12 561.40	• SAQA
Defence Policy, Strategy and Planning Division	R1 908 846.67	• Competency Tests • ARMSCOR Service • Boards and Commissions (Defence Review)
Financial Management Division	R5 444.27	• Translation Services
Human Resources Division	R84 851.50	• South African Board for People Practices
Defence Legal Services	R14 488.50	• South African Qualifications Authority
Chief Joint Operations	R414 777.00	• Operation Copper (Translation)
British Peace and Support Technical Team	R11 685 947.27	• British Military Advisory Technical Team Capitation Fees
SA Army	R6 698 516.94	• South African Bureau of Standards (Quality Assurance)
SA Air Force	R481 280.60	• South African Bureau of Standards (Radiation services, jet air fuel tests, DOSI Meter and quality assurance) • Boards and Commissions
SA Navy	R201 270.11	• South African Bureau of Standards (Clothing Quality Assurance) • SAQA

¹ Required Basic Medical Attention Only. This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.

² Temporary Total Disablement. This is the temporary alteration of an individual's physical or mental status that limits activity. Medical or surgical treatment may stabilise the condition and restore the health of an individual to normal within a defined period.

³ Permanent Disablement. This is the permanent alteration of an individual's capacity to meet personal social or occupational demands or statutory or regulatory requirements because of impairment. This status is often coupled to a loss of a limb or sense chronic pain disfigurement and other permanent physical or mental disorders.

⁴ Fatal. An injury, disease or condition causing or ending in organ or multiorgan failure and death.

Service/Division	Total paid against Consultants on the FMS System	Nature of Service
SAMHS	R652 360.05	• South African Bureau of Standards (DOSI Meter)
Logistics Division	R226 707 382.31	• Asset verification and • SAFI Feasibility Study
Command and Management Information Systems Division	R23 926 245.59	• ARMSCOR Services (Ku Band, HF Propagation and CNIS DLRSZ and symmetry)
Inspector-General DOD	R36 990.72	• South African Bureau of Standards (Annual ISO Fees)
Military Police Division	R4 900.00	• Polygraph Examinations
Total	R274 351 864.20	



APPENDIX A

DEFENCE DIPLOMACY

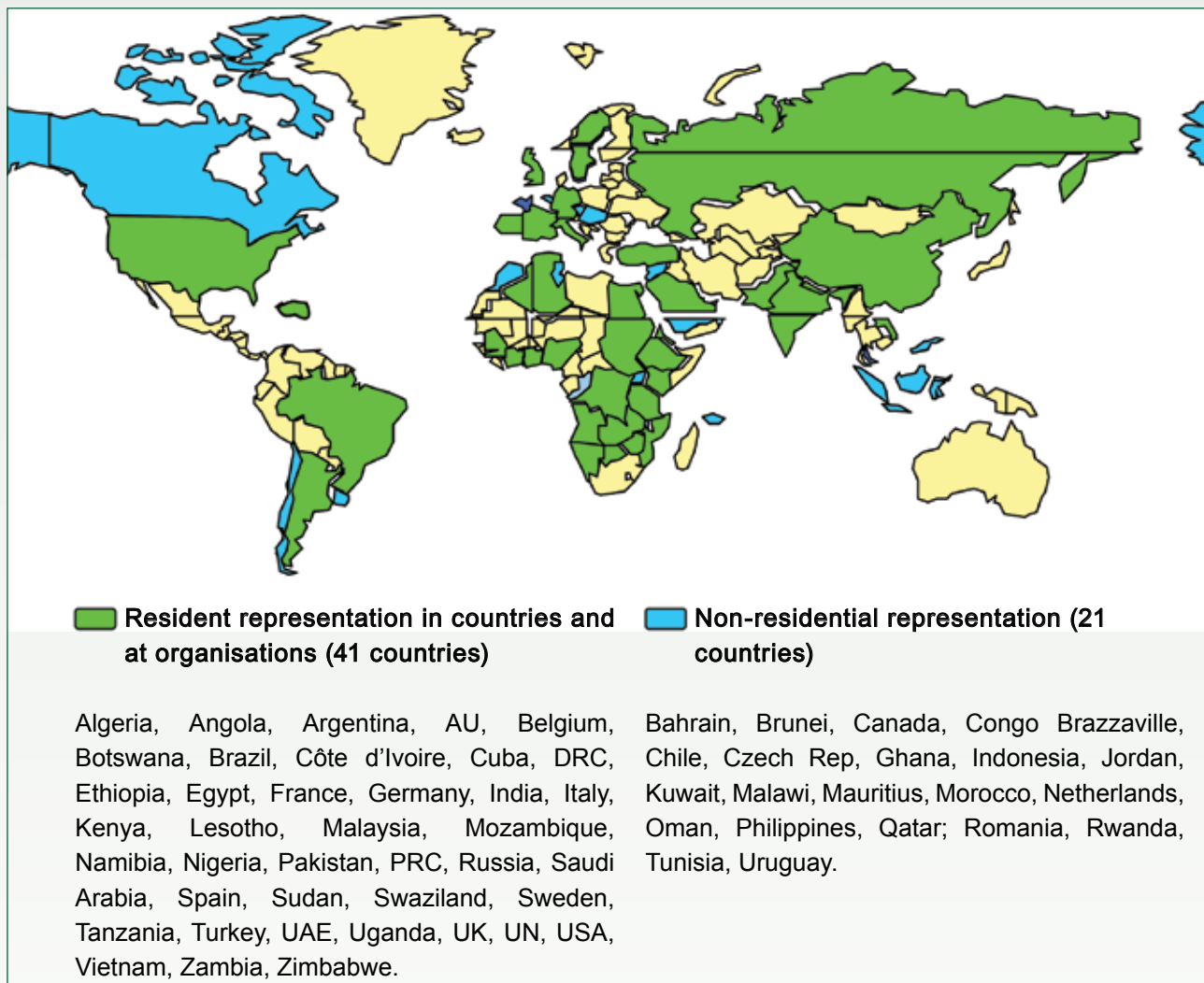
Introduction

Diplomacy actions by the South African National Defence Force (SANDF) varied between focussed efforts and indirect actions that had a defence diplomatic impact. Focussed efforts included defence representation abroad, and bilateral and multilateral meetings. This consisted of indirect participation in functional and developmental training with foreign defence forces, and attendance of conferences and seminars. The benefits of international military co-operation gave impetus to the defence diplomacy drive of the Department of Defence (DOD).

SANDF Defence Attachés Representation

Figure A-1 below indicates the representation of SANDF Defence Attachés internationally for the FY2014/15.

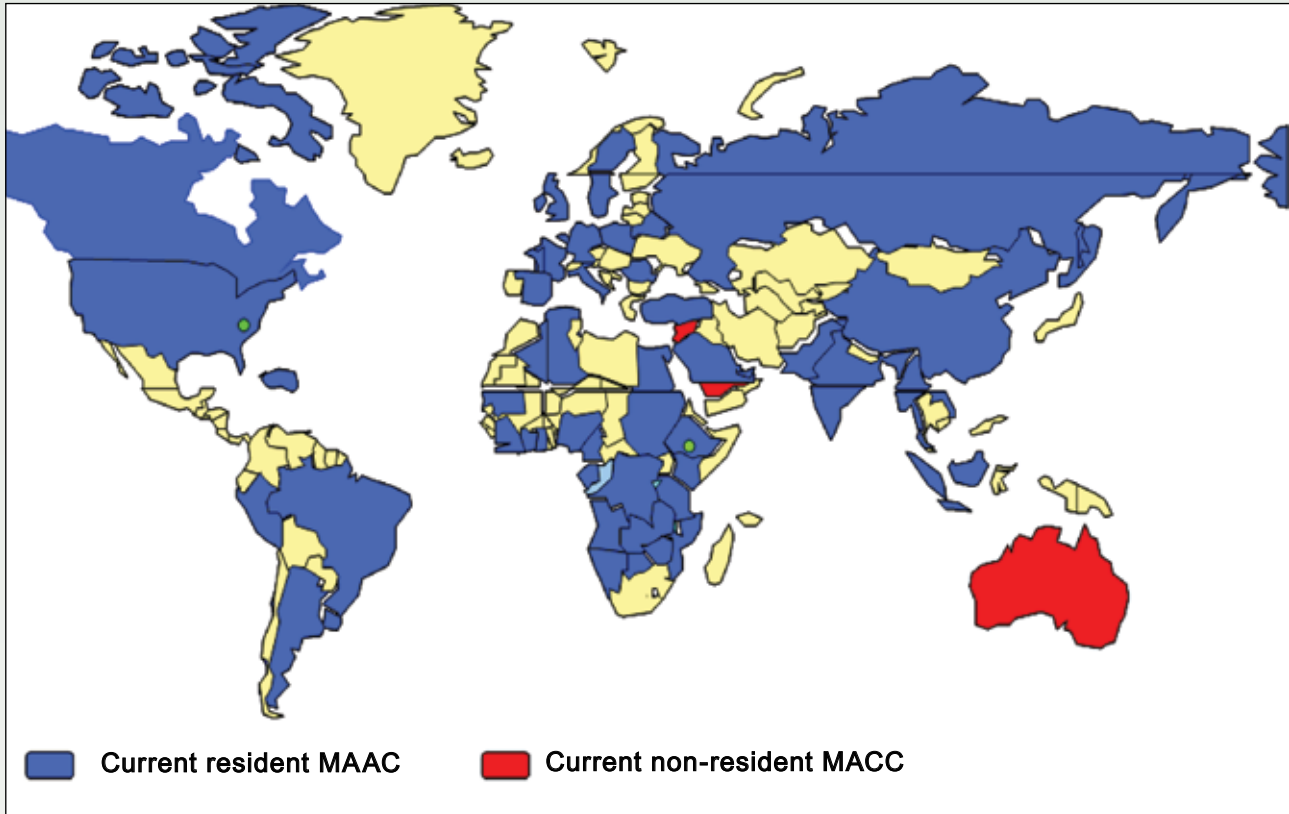
Figure A-1: Map indicating representation by SANDF Defence Attachés



Military Attaché and Advisor Corps (MAAC) Representation

Figure A-2 below indicates MAAC representation in South Africa for the FY2014/15.

Figure A-2: Map indicating MAAC representation in South Africa



MAAC currently in South Africa from the following countries (49): Algeria, Angola, Argentina, Belarus, Belgium, Botswana, Brazil, Burundi, Cameroon, Canada, China, Chad, Cote d Ivoire, Democratic Republic of Congo, Republic of Congo, Ethiopia, Egypt, Equatorial Guinea, France, Gabon, Germany, India, Indonesia, Italy, Japan, Kenya, Korea, Lesotho, Malawi, Malaysia, Mexico, Mozambique, Namibia, Netherlands, Nigeria, Peru, Pakistan, Portugal, Romania, Russian Federation, Rwanda, Saudi Arabia, Senegal, Spain, South Sudan, Sweden, Tanzania, Thailand, Turkey, Uganda, Ukraine, UK, USA, Uruguay, Vietnam, Zambia, Zimbabwe.

MAAC currently non-resident in South Africa from the following countries (3): Australia, Israel, Kuwait.

Bilateral and Multilateral Interaction

The Southern African Development Community (SADC) as a region, together with the African continent as a whole, remains the main focus of the DOD for bilateral and multilateral interaction. Table A-1 below indicates the meetings held within the framework of the SADC Inter-State defence and Security Committee (ISDSC) structures, and Table A-2 indicates DOD bilateral engagements.

Table A-1: SADC/ISDSC Structures Meetings for the FY2014/15

Meeting	Date	Destination
SADC Extraordinary Defence Subcommittee Meeting	03 to 08 Apr 14	Namibia
To maintain continuity within the Inter-State Defence Security Committee (ISDSC) Communications and Information Systems	13 to 17 Apr 14	Botswana
Racing Against Malaria 2 (RAM 2) Campaign from South Africa via Zimbabwe, Zambia, Namibia to Angolan-Namibian border	13 to 28 Apr 14	Zimbabwe, Zambia, Namibia to Angolan-Namibian border
Main Planning Conference in preparation for the SADC Special Forces Force Preparation Exercise LEGAE 2014	13 to 17 May 14	Angola
ISDSC Human Resource Work Group (HRWG)	19 to 23 May 14	Angola
SADC 22 nd Defence Sub Committee Meeting	08 to 14 Jun 14	Namibia
Head of States Meeting icw International Convention on Great Lakes Region	22 to 25 Jun 14	Equatorial Guinea
Ministerial Meeting icw International Convention on Great Lakes Region	28 Jun to 03 Jul 14	Angola
Final SADC Special Forces Force Preparation Planning Conference	28 Jun to 13 Jul 14	Angola
Attendance of the Southern African Regional Network (SARN) and Roll-back Meeting (RBM)	06 to 12 Jul 14	Zimbabwe
Attendance of the Extraordinary SADC Defence Sub Committee Meeting	20 to 25 Jul 14	Namibia
Attend SADC Summit	05 to 09 Aug 14	Botswana
Participation in the 15 th ISDSC Log Working Group and logistics staff talks with the Namibian Defence Force	10 to 15 Aug 14	Namibia
LEGAL Participation in SADC Heads of States and Government Summit	11 to 19 Aug 14	Zimbabwe
SADC TROIKA Chiefs of Defence Forces	30 Aug to 02 Sep 14	Mozambique, Lesotho and Zimbabwe
Organ of the Troika plus troop-contributing countries and DRC senior officials meeting on the voluntary disarmament of the Democratic Forces for the Liberation of Rwanda	07 to 09 Sep 14	Gaborone, Botswana
SADC Extraordinary DSC and DISC	08 to 12 Sep 14	South Africa
SADC Special Forces Force Prep Ex	09 to 13 Sep 14	Angola
SADC Operational Sub Sub Committee (OSSC)	15 to 19 Sep 14	Angola
SADC/International Conference on the Great Lakes Region Ministerial Meeting	20 Oct 2014	Luanda, Angola
Attend the Standing Maritime Committee (SMC) Planning Work Group	01 to 03 Oct 14	South Africa
SADC TROIKA Chiefs of Defence Forces	23 to 25 Nov 14	South Africa
Extraordinary SADC Defence Sub Committee	29 Nov 14	South Africa
SADC Operational Sub Sub Committee (OSSC)	01 to 05 Dec 14	South Africa
SADC Electoral Observers Mission	07 to 23 Jan 15	Zambia
Log Div attended the 9 th Session of the JPDCS RSA-/Zimbabwe	06 Mar 15	South Africa

Table A-2: DOD Bilateral Meetings for the FY2014/15

Meeting	Date	Destination
RSA/Congo Joint Commission for Cooperation on Defence	14 to 16 Apr 14	Republic of Congo
RSA/Brazil Defence Committee (Def Com)	02 to 04 Jun 14	RSA
RSA/UAE Inaugural Def Com	10 to 12 Jun 14	RSA
Bilateral meeting to honour MOU agreements	24 to 27 Jun 14	Vietnam
Vietnam Inaugural Meeting preceding Def Com	24 to 27 Jun 14	Vietnam
RSA/Japan Ministerial Bilateral	08 to 11 Jul 14	RSA
RSA/Algeria Def Com SAMHS	02 to 06 Sep 14	RSA
6 th meeting of the RSA/PRC Def Com	23 to 30 Aug 14	China
Participation in the ADC Minister of Justice/Attorney Meeting	03 to 09 Aug 14	DRC
RSA/ Algeria Def Com	03 to 05 Sep 14	TBC
Spain – South Africa Def Com Meeting	09 to 15 Nov 14	Spain
2 nd Session of the Botswana – South Africa Bi-National Commission	17 to 21 Nov 14	Botswana
South Africa – USA Mid-term Review	21 to 23 Oct 14	South Africa
France – South Africa Def Com Meeting	17 to 19 Nov 14	France
IBSA Meeting	17 to 19 Nov 14	Brazil
South Africa, Angola, DRC Trilateral meeting	21 to 23 Nov 14	South Africa
8 th South Africa – Germany Bi-National Commission	21 Nov 14	South Africa
Zimbabwe – South Africa Bilateral Meeting	02 to 08 Dec 14	Zimbabwe
24 th AU Summit	22 to 28 Jan 15	Ethiopia

The Africa Union. The 24th AU Summit was attended by the heads of states and governments of all African member states. The purpose of the summit was to take stock of the progress made with respect to Vision 2063.

Intergovernmental Meetings. Defence representatives attended intergovernmental multilateral and bilateral meetings. The Joint Permanent Commissions on Defence and Security (JPCDS) meeting with regard to border security took place in Zimbabwe. Binational commission meetings with Botswana took place to strengthen bilateral relations and honour agreements. The DOD also participated in a Defence Chiefs' Trilateral Meeting between RSA, Angola, and the DRC. The African Chiefs of Defence Staff and heads of safety and security services had a meeting in June 2014 regarding the Framework on Peace, Security and Cooperation. An international conference on the Great Lakes Region was attended in July 2014. Participation in these meetings enabled the DOD to support the foreign policy of the South African government.

Bilateral Defence Committee Meetings. During the FY2014/15, the RSA held bilateral Defence Committee meetings with the Congo, Brazil, UAE, PRC, Algeria, Spain and France.

Service-level Bilateral Meetings. The Sultanate of the Oman Royal Air Force visited the SAAF, Langebaan Flying School during May 2014 to honour MOU agreements. The SA Navy attended staff talks in Brazil in August 2014 to ensure the collaboration and consolidation of the existing ties between the two Navies for future co-operation. German Komando Spezialkräfte (KSK) members attended Special Forces selection board as observers in order to honour bilateral agreements between the respective special forces in November 2014.

A working visit comprising the German Army Logistics Delegation took place during November 2014, to reciprocate on the bilateral agreement between the two forces. A working visit by the German Armed Forces Medical Team took place in December 2014 to develop, validate and improve bilateral relations and cooperation in medical military matters. Members of the SA Navy attended an Expert Work Group Meeting in India to develop bilateral relations between the two navies and broader cooperation in maritime security in the Indian Ocean.

Foreign Visits

Foreign Visits to African Countries. Forty-eight visits were undertaken by members of the SANDF to African countries for reasons varying from high-level goodwill visits to planning and debriefing conferences/meetings for combined exercises, support to SA troops deployed in Africa, and intelligence exchanges. The DOD's bilateral cooperation activities have expanded over the past FY2014/15.

Visits to the DOD by African Countries. For reasons varying from benchmarking or comparative studies on training to human resource management or medical matters, intelligence exchange, sport or goodwill visits, the SANDF welcomed 23 delegations from Africa.

Foreign Visits by DOD to Countries from the Rest of the World. The nature of the visits to these countries included observers to military exercises, benchmarking of training, attendance of conferences as members of professional bodies, programmes on strategic issues or work groups and defence exhibitions. Ninety-six visits took place during the FY2014/15.

Visits to the SANDF by Countries from the Rest of the World. Twenty-seven visits to the SANDF took place ranging from reciprocal goodwill visits, discussions on designated functional topics, study visits by military training institutions, and the hosting of workgroups.

Foreign Military Training. Delegations from senior military training institutions of 15 countries with 35 students chose South Africa as their destination for study visits. South Africa visited 21 countries with a total number of 169 students.

Ships Visits. For the reporting period, various naval vessels visited South African ports en route around the Cape of Good Hope and paid informal visits to the SA Navy. Twenty-three ships were welcomed from various countries, namely the UK, India, Turkey, PRC, Brazil, France and Germany.

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

African and SADC Standby Forces. In the planning cycle of FY2014/15 various activities and exercises between South Africa and SADC standby forces took place. Ex BLUE ZAMBEZI was conducted between the air forces of SADC member states, which contributed towards state of readiness. Ex OXIDE was conducted with Mozambique and France in the Mozambican waters, focussing on anti-piracy operations. Ex CHATTER was conducted in Namibia by SADC Special Forces. This was a sea-borne operation focussing on coastline safety, search and rescue.

Specific Defence Diplomacy Actions

Military Operations. Operational cooperation forms a mainstay of military bilateral and multilateral cooperation between countries and enhances operational interoperability, whilst knowledge transfer takes place. Although military operations do not commence as a defence diplomacy action, the advantages of participation in multinational peace support operations lie in the enhancement of South Africa's commitment to providing capacity to these operations and the image of the South African soldier abroad. In continuation of multinational peace, support operations in which the SANDF participated includes the DRC and Sudan. An operation along the borders of South Africa, Lesotho, Swaziland, Botswana and Zimbabwe to curb illegal immigrants, stock theft, human traffic and illegal goods is ongoing. Support was given to the Mozambique Defence Force with counter-piracy operations.

Joint Interdepartmental and Multinational (JIM) Military Exercises. Although JIM military exercises are reported in detail under the Force Employment Programme, it does not have the intention to neglect the impact of these exercises on defence diplomacy. Ex TABLE TOP was conducted between Brazil, India and South Africa. A bilateral Exercise, Ex GOOD HOPE, between South Africa and Germany was executed in Simon's Town from 02 to 07 March 2015 to promote the maritime cooperation between these two countries. A combined Joint Africa Exercise, Ex CJAX, between RSA, Zambia, Malawi and Botswana was held in August 2014. Search and rescue as well as anti-piracy operations were conducted with the French Armed Forces stationed at the Reunion Island. Ex OXIDE is scheduled to be repeated during 2015.

Specialist Advisory Team to Kinshasa, DRC. Team BULISA, a specialist advisory team, is still assisting the DRC with their Military Strategy. C SANDF authorised the continuation of this team to oversee implementation of the respective strategies and plans.

Secondments to Multinational Organisations. Four members were seconded to the AU, one member to the SADC multinational structure, six members were seconded in Peace Support Operations, while four members were seconded as directing staff during the financial year under review. Currently, no SANDF members are seconded to the UN or EU.

APPENDIX B

FOREIGN AID ASSISTANCE TO THE DOD

Foreign aid assistance to the DOD and by the DOD was mostly in kind and took the form of providing air tickets and/or messing/accommodation and/or a daily stipend. Attendance of military courses is traditionally free. Therefore, the actual cost to the donor is not known and the Rand value is merely an estimate. No foreign aid was rendered or received for larger DOD projects/programmes during the past financial reporting period.

APPENDIX C

ANTI-CRIMINALITY IN THE DOD

Introduction

This report deals with progress made with the implementation of the DOD Anti-criminality Strategy in FY2014/15. In terms of the five strategic objectives derived from the DOD Anti-criminality Strategy, namely to:

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

Managing Anti-Criminality from Nodal Points and Ensure Involvement of All Role Players

The DOD nodal point for anti-criminality has been established. The post of the Senior Staff Officer Nodal Point on Anti-Criminality was staffed and is functioning. Five of the available six posts in the section were also staffed, and the members are active. Most Services/Divisions also officially appointed their members in their nodal points. This should now be rolled down to unit levels with nodal point co-ordinators giving feedback to the corporate level.

The current performance agreements already make sufficient provision for accountability regarding crime prevention / anti-criminality.

Commanders/Managers Accept Responsibility for the Management of Anti-criminality in their Areas of Responsibility

The majority of Services and Divisions reported that they had included the responsibility to manage criminality in the performance agreements, management directives, and/or duty sheets of their commanders and managers.

In most cases, anti-criminality is listed as a standing point on all the command and management forums. This issue is important to the Anti-criminality Strategy, as it makes everybody aware and serves to drive the implementation of the strategy.

The DOD Safeguarding Board meets monthly and was attended by the anti-criminality representatives of the nodal points of most of the Services and Divisions. A small number of Services and Divisions did not attend these meetings, but this was addressed by the Provost Marshal General (PMG) during anti-criminality presentations to all Service and Division Boards.

The PMG finalised his visits/anti-criminality presentation to all Service and Division councils to stress the importance of their support and the implementation of the anti-criminality strategy.

Policy Alignment

The work group drafting the departmental policy on anti-criminality finalised their work during this financial year. The policy was completed and approved by the DOD Safeguarding Board. The DOD Anti-criminality Policy must now be presented to the Policy Board for approval.

Anti-criminality is represented in the DOD Policy Board. All policies presented at the Policy Board are evaluated to ensure alignment with the DOD Anti-criminality Strategy.

Capacity to Manage Anti-criminality Successfully

Human Resources

Owing to a lack of adequate human resources, the majority of the appointed Service/Division Nodal Point members do this as an over-and-above task.

The Military Police HQ presented Crime Risk Survey workshops to Services and Divisions. The purpose of these workshops was to train Service and Division members to execute a crime risk survey at their own units.

The Military Police HQ (Protection and Policing) presented training on safety and security to the HR Training Command. The issues pertaining to the crime risk survey were also addressed.

Anti-criminality Conference

The Military Police Division held its fifth bi-annual anti-criminality conference at the CSIR Conference Centre in Pretoria on 7 and 8 August 2014. All anti-criminality stakeholders in the DOD and outsiders are invited to this biannual anti-criminality conference to share knowledge and information regarding trends and developments in the fight against crime.

The aim of the seminar is to share information, ways and means to limit and eventually eradicate sources of crime and criminal activity in the DOD.

The theme of the seminar was "Combating criminality is the responsibility of every member of the DOD".

Adequate Facilities/Infrastructure

Currently, all Services and Divisions report that most of their facilities in the DOD have the required security measures, and the safeguarding of facilities is in place.

Information Infrastructure

The availability, flow and integrity of crime-related information are still a problem. However, the DOD Nodal Point on Anti-criminality managed to interact successfully with SITA and CMIS on designing an information system that will integrate all the fragmented information already available in other systems in the DOD, eg PERSOL, the Crime Administration System (CAS), the Consolidated Control System (CCS), and the Loss Management System.

The aim of this new system will be to verify information against the various systems and to make business intelligence available to chiefs of Services and Divisions as well as commanders/managers on all levels. This

will enhance decision-making relating to crime due to the information being available, and it will enhance the integrity of the data. SITA is currently providing reports on a monthly basis, drawn from different systems available to the DOD, eg PERSOL, CAS and the Lost Control System.

In the development of this information system, all anti-criminality representatives of Services and Divisions were visited, including Level 4 structures as identified by the anti-criminality representative. The anti-criminality problem analysis was finalised and presented to the DOD Safeguarding Board. The user requirement study must now be finalised, and possible solutions must be investigated.

Currently, the MP Div and CMIS are negotiating with the SAPS to make the business Information on the CAS system available to the DOD.

Safeguarding and Protection of Assets

Most of the security and control systems concerning the safeguarding and protection of DOD assets are in place and managed by Service and Divisions.

The Military Police Division continues to perform a vital service in combating crime by continuously conducting highly visible policing to combat crime in the DOD.

However, the high levels of crime reported to the Military Police are still a matter of concern. The biggest problem areas are the following:

- Theft and burglary.
- Assault.
- Reckless and negligent driving.
- Malicious damage of property.
- Fraud.
- *Crimen injuria*.
- Intimidation / using threatening, insubordinate or insulting language.

The misuse of DOD uniforms, especially camouflaged uniform, is also a problem currently being addressed by the Safeguarding Board. Although Section 104(5) of the Defence Act (Act No. 42 of 2002) stipulates that it is an offence to misuse the prescribed uniform, no regulations defining the prescribed uniform are in place. A workgroup under leadership of Chief Log was established to address this problem. However, progress of this workgroup is currently slow.

Conclusion

Good progress was made during the year under review on the management of anti-criminality in the DOD. The anti-criminality programme in the DOD is well on its way to achieving the goals of the strategy on anti-criminality. As the management of crime is not solely a Military Police task, a greater effort must be made to ensure that every member of the DOD takes responsibility for preventing crime in his or her own environment.

APPENDIX D

ANTI-CORRUPTION AND FRAUD PREVENTION IN THE DOD

Introduction

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

Corruption and Fraud Cases Reported

Table D-1: New Cases Reported

Period FY 2014/15	No. of New Reported Cases of Corruption and Fraud
April 2014 to March 2015	90 Cases

Convictions of Corruption and Fraud related Cases for FY2014/15

Table D-2: Criminal Cases

Period FY 2014/15	No. of Corruption and Fraud Criminal Case Convictions
April 2014 to March 2015	None

Table D-3: Disciplinary Cases (PSAP)

Period FY 2014/15	No. of Disciplinary Corruption and Fraud-related Cases Finalised
April 2014 to March 2015	None

Corruption and Fraud Awareness Education for FY2014/15

Table D-4: Corruption and Fraud Awareness Education

Month during FY2014/15	Total Audience that Attended the Presentations
April 2014: Training took place in Limpopo and the Free State	A total of 10 322 attended the training

Available Policies

The following policies/directives pertaining to anti-corruption and fraud prevention are available:

- Department of Defence Instruction: Anti-corruption and Anti-fraud Strategy and Plan, DS/IG DOD/R501/16/B, which includes the policy on corruption and fraud as well as whistle blowing.
- Anti-corruption and Fraud Prevention Plan dated 02 February 2012, which covers the following:
 - The role of the Defence Inspectorate Division.
 - Responsibilities and activities of other role players in the DOD.
 - Responsibilities of Services and Divisions.
 - The Implementation Plan.

Corruption and Fraud Prevention Training for Other Defence Forces

Six members of the Angolan Defence Force (FAA) were trained on corruption and fraud prevention from September to November 2014. The training focused on corruption and fraud prevention to enable these members to establish their own capacity in the Angolan Defence Force.

Corruption and Fraud Prevention Risk Register

The Corruption and Fraud Risk Register was finalised for Level 2 of the department. Six risks have been identified, which forms the basis for the DOD Risk Register. Currently, the risk register is in process of being extended to Levels 3 and 4 to be finalised in FY2015/16.

The DACAF from IG DOD instituted a DOD Anti-corruption and Anti-fraud Nodal Point Forum. One of the main functions of the forum is to attend to DOD corruption and fraud-related cases. The members of this forum represent the resource chiefs of the Services and Divisions of the DOD. This particular forum was also mandated to act as members of the DOD Corruption and Fraud Risk Committee.

Corruption and Fraud Prevention Plan

The aim of the Anti-corruption and Fraud Prevention Plan is to establish a holistic and integrated approach to fighting corruption and fraud in the DOD. This requires a strategic mix of preventative and combative activities and a consolidation of the regulatory capabilities of the DOD.

APPENDIX E

DOD ENTERPRISE RISKS AND RISK RESPONSES (MITIGATION ACTIONS)

Table E.1 provides the actual achievement of the enterprise risks and risk responses (mitigation actions) for the year under review, in accordance with the DOD (Defence Secretariat) Annual Performance Plan for the FY2014/15.

Table E.1: DOD Enterprise Risk and Mitigation Actions for the FY2014/15

Serial No	Risk Description	Risk Response	Responsible Person	Progress and Interventions
1	Unreliable DOD performance information, inclusive of the DOD financial statements, due to the non-integration of IT systems and non-availability of source documents, resulting in ineffective reporting.	Enhance IT resource management systems to improve internal controls.	GITO	The DOD Information Strategy, supported by the DOD Information and Communication Technology Strategy, directs the effective and efficient distribution of quality and accurate information where and when it is required. Minor enhancements to improve the current IT systems were addressed by means of a Service Level Agreement between the DOD and State Information Technology Agency (SITA) as a measure to improve internal controls. No major enhancements to the current IT systems took place during this reporting period due to a moratorium placed by National Treasury because of the Government initiative towards an integrated financial management system.
		Establish the Performance Information Management System (PIMS) to ensure effective reporting.	Defence Policy, Strategy and Planning	The establishment of the PIMS, which forms part of the overarching Integrated Strategic Management Enabler, is still in process. Although progress has been made, it was hampered due to capacity constraints, regulatory challenges (such as new reforms within the Presidency regarding quarterly reports) and internal dependency of the Strategic Direction process. Monthly meetings are held between the DOD and SITA where feedback on the progress of the PIMS is discussed. The last meeting took place on 30 March 2015.
		Develop a DOD Performance Information Reporting (Monitoring and Evaluation) Policy.	Defence Policy, Strategy and Planning	Progress on the DOD Performance Information Reporting (Monitoring and Evaluation) Policy was hampered due to capacity constraints, the approval of the Defence Review Implementation Framework and the reforms within Department Performance Monitoring and Evaluation (DPM&E) in the Presidency with reference to Performance Monitoring and Evaluation and Management Performance Assessment Tool (MPAT). This further affected the promulgation of the intended policy with the target date of 31 March 2015, which was not achieved. During this reporting period, an intervention was made by the appointment of a Reserve member to assist the DOD with intensive research regarding best practices in monitoring and evaluation incorporating templates, formats and the evaluation function, as well as monitoring and implementation of action plans.

Serial No	Risk Description	Risk Response	Responsible Person	Progress and Interventions
1	Unreliable DOD performance information, inclusive of the DOD financial statements, due to the non-integration of IT systems and non-availability of source documents, resulting in ineffective reporting.			The interim Policy on Reporting of Performance Information against Plan that is currently in effect will be replaced formally by a detailed policy covering monitoring and evaluation. The promulgation of the formal policy has been extended to 31 March 2016.
		Empower staff with emphasis on financial management and performance reporting skills.	Chief Financial Officer	The interim financial statements on Intangible Capital Assets, cash management and transfer payments of the second quarter were audited by the DOD Internal Audit Division. Transfer of skills by the Internal Auditors to the members of the Financial Management Division took place to improve the accuracy, completeness and correctness of financial management information. A roles and responsibility meeting was held on 06 March 2015 in the DOD to provide guidance on the timelines and formats for submission of Annual Financial Statement information. One-on-one information sessions were conducted to provide guidance on the principles and concepts related to the Annual Financial Statements information required. Monthly Logistics and Financial Management coordinating meetings are taking place to monitor, compare and evaluate amounts reported on in the various systems. The last meeting took place on 12 February 2015 where substantial improvement was noted on the accuracy and reliability of financial statements of the DOD.
		Develop the DOD Integrated Strategic Management Enabler (ISME).	Defence Policy, Strategy and Planning	The development of the DOD ISME is progressing well. A task team with members from the DOD and SITA is driving the process. The aim is to proceed in phases to be able eventually to integrate all DOD enabler requirements. Monthly meetings were held, and the last meeting was held on 30 March 2015. Two elements of the first phase (Performance Indicator Management and Document Repository) will be implemented in May 2015.
		New generation of integrated IT systems.	GITO	The DOD was selected by National Treasury (NT) to be the Lead Site for the implementation of the Government Integrated Financial Management System's (IFMS) Supply Chain Management (SCM) Programme, in terms of the implementation of the Asset Register (AR) Module and Procurement Management Module (PMM). The related Project Charter and Plan was signed by the NT, DOD and SITA on 18 April 2011. NT terminated the DOD IFMS SCM Lead Site Implementation Project during 2013 and indicated that they would provide guidelines on the way forward with the DOD's involvement with regard to the Government IFMS Programme.

Serial No	Risk Description	Risk Response	Responsible Person	Progress and Interventions
1	Unreliable DOD performance information, inclusive of the DOD financial statements, due to the non-integration of IT systems and non-availability of source documents, resulting in ineffective reporting.			<p>To date, the DOD has not received any formal guidelines from NT regarding its involvement in the Government IFMS Programme. (NT in Nov 14 published a second Request for Proposal (RFP) for a Commercial Off-the-Shelf (COTS) Enterprise Resource Planning (ERP) Solution in support of the Government IFMS Programme. The first RFP in this regard was terminated during 2014.)</p> <p>In the absence of guidelines from NT on the renewal and integration of the DOD's Corporate Core Information Systems, the DOD in line with the Defence Review 2014 initiated the Integrated Defence Enterprise System (IDES) initiative that aims to provide the design for the envisaged secure and integrated IDES (Strategic Planning Management, Business Intelligence, Information Management, Human Resource Management, Logistic Management and Financial Management) and standardised information technology (IT) architecture and IT infrastructure to drive both Defence administration and Defence command and control.</p>
2	Loss of state assets and damage to reputation due to possible tender irregularities and other forms of corruption and fraud.	Develop policy on Supply Chain Management Governance, Risk and Compliance (GRC).	Supply Chain Integration (migrated with Chief Defence Matériel)	Decision was taken that a Matériel Governance Framework must be developed instead of a policy on Supply Chain Management, Governance, Risk and Compliance (GRC). The Matériel Governance Framework is currently in the developmental phase, and the promulgation of the Framework is planned for 31 March 2016.
		Revise policy on sales of goods and services (Supply Chain Management Instruction Note).		The revision of the DOD Policy on Procurement (sales of goods and services) was hampered by the delay in the finalisation of activities within the DOD internal function shift (Defence Matériel Division to Logistics Division). The promulgation of the policy was deferred to March 2017.
3	Limited operational legal advice and legal support provided to the SANDF during deployments, operations and exercises, and costly litigation resulting in ineffectiveness and losses.	Intensify the retention of scarce skills through refinement and implementation of an Occupation-specific Dispensation (OSD) for military legal practitioners, and ensure that the DLSD is fully capacitated with suitable expertise.	Chief Defence Legal Services	<p>Implementation of OSD was successfully executed based on qualification and experience of legally qualified military law practitioners employed within the DSLD.</p> <p>The DLSD staffed the Operations Law Structure with suitable candidates in different phases (phases 1 and 2) and members who accepted the posts are in the process of completing formal training courses (to be completed by 30 April 2015).</p>
		Utilise the Reserve Force component to supplement the current shortage of expertise.		Reserve Force (Res F) members are currently utilised in critical vacant posts to improve service delivery and to supplement the structural shortcomings including the DLA environment.

Serial No	Risk Description	Risk Response	Responsible Person	Progress and Interventions
3		Implement the recommendations of the Ministerial Legal Audit Committee (MLAC) on how to capacitate the DLSD to execute its mandate effectively (including transforming the military justice system).		<p>The Final Report of the Ministerial Legal Audit Committee (MLAC) has been released wherein, amongst others, it is recommended that DLA needs to be restructured, capacitated and funded due to the volume and complexity of the work handled by the environment. DLSD is awaiting further guidelines from the MOD&MV on this report.</p> <p>The DLSD is in the process of finalising the draft Military Discipline Bill that will transform military discipline in the SANDF, and is currently with the office of the State Law Advisor for approval.</p>
4	Ability to secure royalties and revenue from Defence Intellectual Property (IP) and to protect strategic intangible Defence assets (specifically, Defence IP may be compromised).	Integrated management of Intangible Capital Assets (ICA) of the DOD, which will result in a central Intellectual Property Register for the DOD.	Chief Defence Matériel	<p>The DOD Intangible Capital Assets Policy was promulgated on 31 July 2014 for implementation. The policy is currently under review. A draft of the revised policy was not distributed within the DOD for comments by 28 February 2015, as reported on in the previous quarter. This was due to the volume of the broader spectrum of intangible assets to be addressed in the policy, not limiting the policy to intangible capital assets. In the interim, a DOD supplementary instruction was developed to address the gaps in the existing Policy. The instruction is in the approval process and will be incorporated into the Policy under review. The promulgation of the revised Policy is planned for 31 March 2016.</p> <p>A DOD Intangible Assets Register has been developed and is continuously being populated to provide information for effective decision-making by management. PricewaterhouseCoopers (PWC) has concluded their contract on intangible assets with emphasis on accuracy, completeness and correctness of the DOD Intangible Assets Register.</p>
5	Inability to perform the internal audit function adequately due to inadequate resourcing and budget allocation.	Ensure the operational gap between the Deputy Director General (DDG): Internal Audit and the Directors as per current approved Internal Audit Division structure is closed, by developing and recommending intervention plans.	Chief Audit Executive	<p>Three contract posts were approved in the Internal Audit Division (IAD) to assist the DOD to review the approved IAD structure and provide an intervention plan with recommendations to the DOD. The due date for the plan is 31 March 2016. The staffing process for the three contract posts was finalised in this reporting period (two members to commence duty on 01 April 2015 and the third member to commence duty on 04 May 2015).</p> <p>The approved structure of the Internal Audit Division (IAD) was not funded from inception (April 2012). An HR plan was tabled to resource the IAD's approved structure. In this reporting period 45% of the approved structure is funded, and 30% of the approved structure was staffed. As an interim measure, 20% of the approved funded structure is filled by Reserve Force members to perform administrative functions. Another interim measure is to utilise interns for three years, and the approval of the request is in process.</p>

Serial No	Risk Description	Risk Response	Responsible Person	Progress and Interventions
5		Revision of the approved structure to be in line with the Internal Audit Division prescripts, standards and good governance in order to deliver on its mandate.		The primary function of the appointment of the three contract posts is to assist the DOD in the revision of the IAD's approved funded structure. The staffing process for the three contract posts was finalised in this reporting period (two members to commence duty on 01 April 2015 and the third member to commence duty on 04 May 2015).



PART 5 - FINANCIAL PERFORMANCE

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

REPORT OF THE AUDIT COMMITTEE for the year ended 31 March 2015

We are pleased to present our final report for the financial year ended 31 March 2015.

ESTABLISHMENT OF THE AUDIT COMMITTEE

The Audit Committee is established in terms of section 77 and its mandate derived in terms of Treasury Regulation 3.1 of the Public Finance Management Act, Act No. 1 of 1999 (PFMA) and the related National Treasury Regulations.

The Audit Committee is made up of independent non - executive members. The Department is finalising the recruitment of additional members in the areas of military (core business) and legal in order to ensure a balanced mixture of skills.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee met at least seven (7) times in the financial year to discuss matters pertaining to the Department as stipulated in the Audit Committee Charter and the Treasury Regulations. The committee also considered the Annual Financial Statements (AFS) and Annual Report submitted for audit and consisted of the members listed below:

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

AUDIT COMMITTEE RESPONSIBILITY

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

The Committee operated with an independent and objective stance and performed oversight as reflected in its agenda over the effectiveness of the following:

- internal audit function,
- coordination between internal and external audit and other assurance providers within the Department,
- internal controls, risks and governance on the operations of the Department, and
- quarterly financial and operational reports.

We also report that we have complied with our responsibilities in terms of Treasury Regulation 3.1 which requires us to direct and control the internal audit function, as the internal audit is in the process of being resourced as also reported by the Auditor-General of South Africa (AGSA) in their audit report.

THE EFFECTIVENESS OF INTERNAL CONTROL

Due to the inadequate capacity within the Internal Audit Division, the Committee has received and reviewed limited independent internal audit reports pertaining to the Department's General Defence Account (GDA) and Special Defence Account (SDA). Although there is visible improvement, this is still of great concern to the Committee as we were not able to get an adequate level of assurance that we expected in terms of the Treasury Regulations, had the Division been fully capacitated. There is however limited independent assurance to ensure that the system of internal control is working as intended.

To a great extent we are still relying on assurance given by management and the AGSA. We also reviewed the final management report and internal control drivers dashboard analysis presented by AGSA for GDA and SDA.

In particular, we were able to review all the quarterly reports as required by the Treasury Regulations including Financial Statements, quarterly performance reports, risk management assessments, Asset Management, Legal, 30 days payment of suppliers, compliance with the National Treasury austerity measures and Human Resources processes. The IT Governance and related IT controls were not part of the reviews done.

Management reported that an Operation Centre, established in the prior year by the Logistics Division to deal with all asset related weaknesses in order to produce a reliable and complete asset register, was functioning adequately. A firm of consultants has been hired to assist the Department to produce accurate tangible and intangible asset registers. Accordingly, together with management, this firm worked hard to ensure that the weaknesses identified are addressed and we are pleased that the AFS were not qualified in this regard which was indicative of the effectiveness of these efforts.

We are satisfied that the area of intangible assets has particularly improved, due to more coordination with ARMSCOR, comprehensive analysis of AGSA recommendations and follow-up on management implementation plans that enhanced internal controls in the management thereof.

We have noted the plans which management has put into place to address the identified weaknesses, and we will continue to closely monitor them. We are reasonably comfortable that these action plans were effective hence the reduction in the number of misstatements and adjustments made during the statutory audit and the improved audit opinion. However we believe that much still needs to be done in order for the Department to achieve a clean audit opinion.

INTERNAL AUDIT AND INTERNAL CONTROL

As we reported in the prior year, we are satisfied with the efforts made by the Department to establish an Internal Audit function, development of internal audit plans and effective facilitation of the Committee activities that ensured that the Audit Committee fulfills its responsibilities. In this regard the Division is in the process of being resourced and visible progress has been made. We are however not satisfied with the pace and progress made in resourcing the Internal Audit Division of the DOD. This specifically hampers the discharging of our responsibility, as the level of independent assurance is still low contrary to what is expected of an effective audit function. However, the outcome of the intervention made by the Minister of Defence in the 2013/14 financial year is visible and bearing some fruits. The first internal auditors joined the Division in July 2014 and is in its infant stage of operation.

We are however satisfied and particularly encouraged to see that the strong strategic, technical and professional foundation that was laid at the establishment of the Division for future co-operation, and creation of partnership with management and other assurance providers in dealing with the challenges relating to internal control, risk management and governance is bearing some fruit. In addition, to indicate its commitment to establish an effective Internal Audit, the Accounting Officer has ensured that the Division has a conducive working environment by providing adequate office space.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

We have received limited but quality audit reports which assisted the Audit Committee to discharge its responsibilities in terms of Treasury Regulations 3.1.10. As a result of change management processes facilitated by the Division since its inception, and the recent limited reports, the Department has experienced improved internal control environment and reduced Auditor-General of South Africa (AGSA) audit findings towards achieving a clean audit opinion. In addition, during the current period the Division facilitated and conducted a successful audit workshop that included all the key internal audit stakeholders and DOD Public Entities. Furthermore, the Internal Audit comprehensively analysed and followed-up on management reports and implementation of action plans intended to proactively clear the current and recurring internal control findings made by Internal Audit and AGSA. The Division continues to work closely with the Services and Divisions and through the Audit Management Team (AMT) to clear all accounting and auditing concerns raised in both the internal audit and external audit reports towards building strong good governance within the DOD.

The AGSA has also reported through their quarterly dashboards, the Final Management and Audit Report that there has been improvement in resourcing the Internal Audit function although not adequate and as a result has given it a low level of assurance.

We will continue and consistently make some interventions as well as monitor the process of resourcing of the Division. Internal Audit has also participated in the MPAT analysis facilitated by the Office of the Presidency by providing and conducting the necessary independent reviews as required.

We will ensure that the Internal Audit is adequately resourced and to work in close co-operation and partnership with them in fulfilling our oversight responsibilities.

THE QUALITY OF IN YEAR MANAGEMENT (IYM) AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

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

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

The Committee is satisfied with the quality of the quarterly reports. The Department has taken great strides to address the findings made in the previous years and this achievement is commended.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

We have reviewed the annual financial statements which were presented by Management to AGSA. The following specific functions were conducted: We reviewed the:

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

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

We are pleased that there has been an improvement in the timeous compilation and accuracy of financial statements as presented by misstatements identified during the audit. However there are concerns relating to the financial management as reflected in the audit report. The internal audit has already started giving us assurance in this area and we are convinced that the resourcing of the Division will go a long way to give comprehensive independent assurance on these areas before financial and performance reports are submitted for statutory audit and to further strengthen financial management controls.

AUDITOR-GENERAL OF SOUTH AFRICA

We have reviewed the AGSA's Final Management and Audit Report for both DOD General Defence Account (GDA) and Special Defence Account (SDA) and have noted the AGSA findings as well as management responses.

We concur with the audit opinion expressed by the AGSA. The Committee congratulates the Department for the unqualified audit opinion, which indicates a clear commitment and effort made towards achieving a clean audit opinion.

APPRECIATION

We wish to place on record our gratitude to the Minister and Deputy Minister for their leadership and guidance, Secretary for Defence, Chief of the South African National Defence Force, management and staff for their support during the year, as well as AGSA and Internal Audit for their consistent value-adding contributions.



V. NONDABULA
CHAIRPERSON OF THE AUDIT COMMITTEE
28 August 2015

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2015

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1. During the Minister of Defence and Military Veterans' Budget Vote in July 2014, it was indicated that the strategic intent of Defence for 2014 to 2019 would be to align the DOD's planning, budgeting and reporting processes to support the National Development Plan, New Growth Path and the Industrial Action Plan. In the light of the new policy direction (Defence Review 2014), new Ministerial Priorities have been included in the DOD's 2015 planning instruments.

2. Over the period under review, substantial progress has been made regarding current Ministerial Priorities according to the DOD's 2014 planning instruments. Progress made is indicated below:

- a. Enhancement of the SANDF's Landward Defence Capabilities. The following activities contributed towards the enhancement of the landward defence capability:
 - i. Modernisation of the landward system has remained stagnant, pending the finalisation of the Defence Review, which will inform the required future landward defence capabilities of the SANDF during force development phases, ie. Milestone 2, "Reorganise and rebalance the Defence Force as the foundation for future growth", Milestone 3, "Create the sustainable Defence Force that can meet ordered defence commitments", Milestone 4, "Enhance the Defence Force's capacity to respond to emerging threats" and Milestone 5, "Defend the Republic against an imminent or dire threat".
 - ii. The procurement of operational ambulances for utilisation by the SAMHS in border safeguarding operations (Op CORONA) contributed towards the enhancement of the landward defence capability. Twenty ambulances were procured and delivered during the period under review. The remaining thirty six ambulances of the fleet will be delivered during FY2015/16.
 - iii. The approval of the acquisition project HOEFYSTER (mechanised infantry vehicles) contributed towards the enhancement of landward capabilities. Two hundred and thirty-eight Badger vehicles will be acquired with final delivery planned for 2022.
- b. Maritime Security Strategy. Through its maritime defence capability, the SANDF continued to deploy its assets to combat piracy as part of the SADC and South African Maritime Security Strategy efforts. The long awaited refit of an SA Navy Frigate (SAS AMATOLA) is in its final stages in Durban. SA Navy submarine SAS MANTHANTISI was successfully overhauled in the Simon's Town dockyard and is currently operational. This is the first time that a Type 209 Submarine refit has been completed on the African continent.
- c. Job Creation. The DOD has supported this priority by providing more opportunities to entry-level personnel by strengthening the internship intake. The development and implementation of the National Youth Policy will serve as a mechanism to provide youth with the initial discipline and equip them with skills to be absorbed in institutions for employment opportunities.
- d. National Youth Service (NYS). Collateral capabilities of the DOD were utilised to render training on basic skills of life in support of the other state departments such as the Department of Rural Development and Land Reform and the Department of Social Development. During the period under review, 2008 National Youth Service participants graduated successfully.

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- e. Restructuring and Support of Defence Industry. The Department supported the SA defence industry by means of visiting foreign countries, specifically a number of African countries as well as Brazil, India and China, with the view of attracting business opportunities to support the objective to build economic and social infrastructure.
- f. Revitalisation of the Reserves. During the year under review, of the 22 600 active Reserves, 14 600 were called up and were used mostly in the border safeguarding function of the DOD on the borderline to complement the Regulars.

FUTURE PLANS OF THE DEPARTMENT

3. The following future plans of the Department are of importance:

- a. SA Defence Review 2014. It is required by the SA Defence Review 2014 that the DOD Extended Long-term Defence Development Plan consists of the military strategy, force design, force structure, capability strategy and acquisition plan to achieve the Defence Strategic Trajectory, inclusive of an aligned funding trajectory, integrated within the government and departmental planning, budgeting and reporting cycle. The SA Defence Review 2014 maps out five strategic planning baselines as firm foundations to direct the development of the Defence Strategic Trajectory for the restoration of South Africa's defence capability. These baselines locate five milestones within the Extended Long-Term Defence Development Plan that is aligned with the government Medium Term Strategic Framework (MTSF). In the FY2015/16, the Department will develop an implementation plan for the 2014 South African Defence Review, working towards the Defence Review's Milestone 1: "Immediate, directed interventions to Arrest the Decline in critical defence capabilities". Amongst others, this directed intervention will take place in the landward defence, air defence, maritime defence and military health support programmes.
- b. Defence Funding Model. The development of a Defence funding model for the implementation of the objectives of the Defence Review, aligned with the envisaged Extended Long-Term Defence Development Plan supported by various government institutions, reflecting on the imperatives of the NDP Vision 2030, will be pursued. The funding model for Defence should be based on the 40:30:30 expenditure principles: 40% of expenditure should relate to human resources, 30% to operating expenditure, and 30% to capital expenditure.
- c. Organisational Renewal. This priority relates to directing the renewal of the Defence organisation to achieve greater efficiency and effectiveness by means of the following subcomponents:
 - i. Repositioning of the Defence Secretariat/Establishing a Defence Accountability Concept. Repositioning the Defence Secretariat so that the Secretary for Defence, as the primary tool and resource for the MOD&MV, can exercise civil control. An accountability concept must be determined and implemented.
 - ii. Establishing a Delegation Regime. Establishing a delegation regime whereby powers and duties are delegated down the command line.
 - iii. Establishing an Organisational Structure Regime. Decentralising the organisational structuring system whereby the Minister of Defence and Military Veterans controls the macro structure and the Accounting Officer sets delegations for subordinate structures.
 - iv. Establishing an Integrated Defence Enterprise Information System. Establishing an integrated defence enterprise information system as the backbone *information* system to drive Defence administration and Defence command and control.

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- v. Revitalising the Defence Acquisition System. Revitalising the Defence acquisition *system* by ensuring greater efficiency, flexibility and responsiveness in the acquisition process.
 - vi. Restructuring the SANDEF. Restructuring of the Defence Force to ensure authority and integrity of the line of military command, amongst others.
 - vii. Decentralising the Procurement System. Decentralising the procurement system to the lowest possible level and support procurement from local SA producers.
 - viii. Disposing of Equipment and Ammunition. Redundant equipment and ammunition are identified for urgent and orderly disposal.
 - ix. Establishing a Facilities Master Plan. Establishing a Defence Facilities Master Plan to support the Defence Strategic Trajectory, including the consolidation of the Works Formation to maintain Defence facilities. The Defence Works Formation was established in FY2012/13 to attend to the maintenance of infrastructure and facilities. The necessary personnel are now being employed, and over the medium term, the focus will be on operationalising the unit. The maintenance of infrastructure and facilities was previously done by the NDPW with funds provided under the subprogramme Office Accommodation of the Administration programme. An amount of Rm951.8 over the FY2015/16 to FY2017/18 MTEF is reallocated from the Administration Programme to the General Support Programme to capacitate staff, operationalise the Defence Works Formation and to attend to identified military bases. The total cost of refurbishing military bases in the medium term is projected at Rbn1.4. Unserviceable infrastructure will be demolished in Thaba Tshwane (at a projected cost of Rm18.3) and at the Military Academy in Saldanha.
- d. Human Resources Renewal. This priority relates to directing the renewal of Defence human resource functions to ensure that the personnel profile is able to meet current and future Defence obligations. The following interventions will be carried out:
- i. Rightsizing the Personnel Component. Initiatives to curtail the continued increase in the HR expenditure of the DOD at the cost of operating requirements continue to be managed as a departmental priority. Consideration will be given to mechanisms that will lead to the rightsizing of the HR component and that are aligned with the SA Defence Review 2014.
 - ii. Strengthening the DOD HR Value Chain. This sub focus area relates to the following:
 - (1) A recruitment system that is devolved to Services and Divisions to attract the best young men and woman South Africa has to offer.
 - (2) A retention strategy to retain professional and specialist military officers.
 - (3) Establishing a Defence Academy that provides professional military education, training and development.
 - (4) Renewed ETD System. Establish the mechanisms to recruit, educate, train and develop quality future officers, warrant officers, non-commissioned officers and Defence civilians.
 - (5) Military Professionalism. Enhancing a culture of military professionalism amongst leaders by means of education, training and development.
 - (6) Effective Military Disciplinary System. Strengthening the military disciplinary system to ensure the effective administration of military justice.

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- e. Capability Renewal. This priority relates to reviewing the Defence Capability Strategy and directing Defence acquisition in line with the four milestones of the Defence Review.
- f. Defence Industry. This priority relates to directing the development of the Defence Industry Strategy and the Technology Agenda and Innovation Plans in support of the Defence development programme, as well as the integration of the Defence Industry into the mainstream Industrial Policy Action Plan (IPAP). All this will be conducted in the context of the Defence Review 2014.
- g. Defence Commitments. This priority relates to the execution of the following defence commitments by the SANDF in accordance with its mandate.
 - i. Optimising Border Safeguarding. Optimising the border safeguarding capability, and acquire tailored equipment and weapon systems. The Department will be acquiring equipment and developing systems to maintain a modern, balanced and technologically advanced force. It has budgeted for medium and light transport aircraft, a new generation mobile communication capability, and precision-guided air force ammunition for air defence. For maritime defence, the Department plans to acquire a hydrographic vessel and offshore patrol vessels, upgrade frigates and static communication for the SA Navy, and replace the heavyweight torpedo capability.
 - ii. Internal Operations, Intervention Operations, Peace Missions and Regional Assistance Operations. The Defence value proposition for Milestone 1 addresses internal operations, intervention operations, peace missions and regional assistance operations that require comprehensive interventions. To ensure that the South African borders are effectively protected, the Defence force requires the deployment of 22 landward subunits. Due to limited budget allocation, the Department can only deploy 13 landward subunits to safeguard South Africa's territorial integrity and on the borders with Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe in the medium term. MTSF (2014-2019) Outcome 3, "All people in South Africa are and feel safe", includes the addressing of cybercrime as a national imperative. The Department will focus on cyber security in the medium term by approving a DOD Cyber Warfare Strategy in the FY2015/16 and establishing a Cyber Command Centre Headquarters by FY2018/19.

4. Defence Vote: Rm42 831,234 (Appropriation Act 2014, Act No 33 of 2014, Vote 22)

- a. The approved budget for Defence for the period 1 April 2014 to 31 March 2015 was compiled on a cash basis per programme and amounts to Rm42 831,234. It includes all entities under control of the Minister of Defence and Military Veterans. The original budget was approved in the Appropriation Act 2014, Act No 33 of 2014. The original budget objectives and policies per main division of the Vote were published in the 2014 annual performance plans of the South African National Defence Force and the Defence Secretariat and will be reported on in detail in the annual report.
- b. The 2014/15 Defence Vote increased with Rm135,7 (0.32%) from the 2013 MTEF allocation for the same year and increased with Rm2 587,9 (6.43%) from the previous financial year. The Defence Vote amounts to 1.13% of South Africa's Gross Domestic Product (GDP) or 3.75% of total government expenditure. The overall increase in the allocation is due to improvements in conditions of service, peace missions in other countries, border safeguarding tasks, maritime security tasks and military veterans' affairs.
- c. The following additional and reduced allocations influenced the 2014/15 Defence Vote:
 - i. Improvement in conditions of service Rm194
 - ii. SA Air Force operations Rm342

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iii. Military Health Services	Rm100
iv. Special Defence Account	(Rm400)
v. Goods and services	(Rm100)

- d. Landward Defence (32.35%), Air Defence (16.73%) and General Support (12.11%) are the three largest programmes in the Defence Vote. The annual increase in the Administration programme is mainly due to the additional allocation for military veterans' affairs and the establishment of the DOD Internal Audit Division. The increase in the Air Defence programme is due to the allocation of funds for Air Force operations and the provision for the acquisition of maritime surveillance aircraft, while the increase in the Maritime Defence Programme is due to the provision for the replacement of offshore patrol vessels. The decrease in the General Support Programme is mainly due to the reduction in the provision for Goods and Services, especially Computer Services and the non-recurrent transfer payment and Payment for Financial Assets that occurred during 2013/14.
- e. From an economic classification perspective, compensation of employees (51.32%) and transfers and subsidies (18.30%) amount to 69.62% of the Vote, leaving available 30.38% for operating the Department and renewing capital assets. Significant operating costs provided for are Property Payments (Rb2,970), Contractors (Rb2,789) and Computer Services (Rb1,073).

5. Additions to Main Appropriation. The Defence Vote was increased to Rbn42,857 through the Adjustments Vote.

a. Virements / Roll-overs

- i. Virements addressed after the Adjusted Estimates of National Expenditure (AENE). The following virements were addressed after the AENE process:

(1) Approved by the National Treasury (NT)

- (a) Rm503,0 increase in Compensation of Employees to partially offset the carry-through effect of the Improvements of Conditions of Service (ICS) for which the DOD did not receive the full amount calculated on its Vote from uncommitted funds surrendered within the Special Defence Account.
- (b) Rm26,6 increase in Compensation of Employees as part of the final virement to align the expenditure with available funds from savings within Households: Social Benefits (Rm22,048) as well as Goods and Services (Rm4,528).
- (c) Rm64,170 was reallocated to increase transfer payments or claims against the state.
- (d) Rm0,290 was reallocated to increase the transfer payments to non-profit institutions: Reserve Force Council with Rm0,290 from savings within the Defence Reserves Direction sub-programme.

(2) Approved by the Accounting Officer

- (a) Rm85,654 was reallocated from the General Support Programme (Joint Logistic Services) to the Administration Programme (Property Management) for the payment of municipality services and leases.

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(b) The reallocation of funds between Programmes within the Defence Budget to defray expenditure in respect of Authorised Losses, Compensation of Employees as well as Goods and Services to balance the expenditure for the 2014/15 financial year.

- b. In the year under review, various visits were conducted to units to promote the prevention of unauthorised, irregular, fruitless and wasteful expenditure. Presentations were made to the Unit Expenditure Control committees at the lowest levels within the Department, to ensure all Budget Holders are aware of their expenditure responsibilities.
- c. The prevention of unauthorised, irregular, fruitless and wasteful expenditure strategy and the Financial Misconduct management policy is currently under review and will be implemented by means of an awareness campaign at the lowest level in the Department.

6. Roll-overs. None.

7. Departmental Revenue. The Department continued to enhance its revenue management system to the extent that detailed and meaningful management information is provided to top-level budget holders on a monthly basis. Supporting policies and revenue management internal control systems have been developed, including focused training initiatives. The deviation in the financial transactions in assets and liabilities was a result of a reduction in exchange rate profits and penalties imposed on contracts. The increase in revenue collected on transfers received was the result of an increase in reimbursement from the United Nations.

Sources of Revenue

Departmental Receipts	2014/15			2013/14		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax receipts	0	0	0	0	0	0
Sale of goods and services other than capital assets	319 061	289 632	-29 429	320 067	352 681	32 614
Transfers received	174 508	542 149	367 641	171 098	418 008	246 910
Fines, penalties and forfeits	3 851	1 733	-2 118	3 776	1 225	-2 551
Interest, dividends and rent on land	2 635	3 558	923	2 583	2 877	294
Sale of capital assets	56 125	42 507	-13 618	55 025	24 904	-30 121
Financial transactions in assets and liabilities	258 728	44 213	-214 515	246 381	53 780	-192 601
Total	814 908	923 792	108 884	798 930	853 475	54 545

8. Departmental Expenditure

a. Overview of the Financial Results of the Department

i. Expenditure: Spending Trends and Adjustment Estimates

(1) Summary of actual expenditure vs adjusted appropriation for current and prior years.

	2012/2013	2013/2014	2014/2015
	Rm	Rm	Rm
Vote	37, 888, 542	40, 658, 184	42, 856, 879
Expenditure	37, 702, 218	40, 447, 521	42, 842, 381
Overexpenditure	0	0	0
Amount overspent as percentage of Vote	0	0	0
Amount surrendered	186,324	210, 663	14, 498
Amount surrendered as percentage of Vote	0,492%	0,518%	0,034%

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ii. Information provided at programme level.

Programme	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over) Under expenditure	Final Appropriation	Actual Expenditure	(Over) Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	4, 510, 985	4,510,985	0	4, 660, 587	4, 658, 985	1, 602
Force Employment	3, 521, 798	3,346,655	175, 143	3, 631, 441	3, 631, 441	0
Landward Defence	13, 599, 123	13,599,123	0	14, 061, 981	14, 049, 116	12, 865
Air Defence	6, 031, 523	6,031,523	0	6, 913, 523	6, 913, 523	0
Maritime Defence	3, 252, 562	3,226,378	26, 184	3, 802, 369	3, 802, 369	0
Military Health Support	3, 742, 939	3,733,603	9, 336	4, 053, 144	4, 053, 113	31
Defence Intelligence	774, 683	774,683	0	819, 775	819, 775	0
General Support	5, 224, 571	5,224,571	0	4, 914, 059	4, 914, 059	0
Total	40, 658, 184	40, 447, 521	210, 663	42, 856, 879	42, 842, 381	14, 498

iii. The underspending of (Rm14,498) in 2014/15 consists of the following:

- (1) Administration Programme. Within transfers to Departmental Agencies and Accounts for the transfer payment to the Safety and Security Sector Education and Training Authority (SASSETA) (Rm1,602) being less than anticipated.
- (2) Landward Defence Programme. Within Goods and Services (Rm12,865) due to the incapacity of the industry to meet Defence requirements.
- (3) Military Health Support Programme. Within transfers to Non-profit Organisations due to the transfer payment claim by the St John's Ambulance Brigade (Rm0,031) being less than anticipated.

SERVICES RENDERED BY DEFENCE

9. Services rendered will be described in the annual report.

10. Tariff Policy. Defence's tariff policy consisted of the following elements:

- a. Tariffs instituted by law.
- b. Tariffs prescribed by a department that are applicable to all spheres of government.
- c. Tariffs unique to the Department of Defence determined by the tariff owner and where the tariff structure is approved by the National Treasury.

CAPACITY CONSTRAINTS INCLUDED IN THE ANNUAL REPORT

11. The DOD continued to lose skills during the period under review. This situation necessitated the utilisation of Reserve Force members, which had a negative effect on the DOD's Human Resources budget. New personnel were recruited and trained; however, it takes time for new members to gain the required experience.

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12. The state of prime mission equipment, specifically in the Landward Defence Programme, continued to decline to unacceptable levels. The modernisation of these capabilities remains one of the DOD's priorities.

13. The slow progress made by the National Department of Public Works to execute registered DOD facility upgrade and maintenance projects reached unacceptable levels. The operationalisation of the Defence Works Regiment will contribute towards the upgrade of DOD facilities.

UTILISATION OF DONOR FUNDS

14. No donor funds were received from external sources for operations during the financial year under review.

PUBLIC ENTITIES

15. The Castle Control Board and the Armaments Corporation of SA (ARMSCOR) are reported as listed public entities under ownership control of the Minister of Defence and Military Veterans. Each of these entities is controlled by a Board of Directors reporting to the Minister of Defence and Military Veterans. The transfer payment made to ARMSCOR is included in the table of transfer payments below. No transfer was made to the Castle Control Board.

ORGANISATIONS TO WHICH TRANSFER PAYMENTS HAVE BEEN MADE

16. Transfer payments were made to the entities reflected in Table below:

Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2014/15 R'000	Annual Expenditure 2014/15 R'000
Special Defence Account	To acquire, procure and develop armament and technology.	Under control of the Accounting Officer of the Department of Defence	5 618 794	5 618 794
Armaments Corporation of South Africa (ARMSCOR)	To subsidise Armscor in their mission to meet the acquisition, maintenance and disposal needs of the Department and other clients in terms of defence matériel, related products and services.	Armscor is a Schedule 2 Public Entity managed by a Board of Directors appointed by the Minister of Defence. Armscor annually submits a business plan and estimate of expenditure to the Department for approval. Upon approval the required funds are included in the Departmental Vote. Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	1 096 252	1 096 252
Safety and Security Sector Education and Training Authority (SASSETA)	To subsidise the administrative expenditure of the SASSETA, which acts as the Sector Educational and Training Authority (SETA) for Defence in terms of the Skills Development Act, No 97 of 1998.	Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	22 603	21 001
Reserve 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 Military Veterans and the SA National Defence Force.	The Council annually submits a business plan and estimate of expenditure to the Department before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	7 140	7 140

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Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2014/15 R'000	Annual Expenditure 2014/15 R'000
Department of Military Veterans	To provide national policy and standards on socio-economic support to military veterans and their dependents, including benefits and entitlements.	As approved by the National Treasury and Accounting Officer of the Department of Defence.	504 160	504 160
St Johns Ambulance Brigade	To provide accreditation for training of Defence members and make their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency.	Audited financial statements for the financial year 2013/14 were submitted according to payment conditions.	800	769
Households – Employer Social Benefits	To cover the cost of employment benefits due to Defence members being separated from the Department through the Mobility Exit Mechanism for uniform members and the Employer Initiated Severance package for non-uniform members.	As approved by the Minister of Defence and Military Veterans.	87 532	87 532
South African Broadcasting Corporation	To provide for the annual payment made to the SABC and other licensing authorities (SAMRO) for television and radio licenses.	As approved by the responsible budget holder.	311	311
Municipalities	To provide for the payment made to municipalities to ensure that all vehicles are being licensed annually.	As approved by the responsible budget holder.	54	54
Claims against the Department	To cover the cost of legitimate claims instituted against the Department by institutions or individuals.	As approved by the Accounting Officer.	62 967	62 967
Acts of Grace	To cover the cost of payments made to the families of soldiers who died during foreign deployments.	As approved by the Accounting Officer.	1 200	1 200
Total			7 401 813	7 400 180

PUBLIC/PRIVATE PARTNERSHIP (PPP)

17. The DOD has not entered into any public/private partnership during the year under review.

CORPORATE GOVERNANCE ARRANGEMENTS: RISK MANAGEMENT

18. Risk Management. In the year under review, the DOD's Risk Management approach was as follows:

- a. The DOD continued to dedicate and commit its efforts towards an effective enterprise risk management approach. This was noticeable with the implementation of the DOD Risk Management Policy, Edition 2, which was promulgated in the last month of the previous reporting period. The application of the policy directed the Department towards an integrated, structured and systematic risk management process for compliance in the DOD.
- b. The DOD enterprise risks continued to be subjected to regular monitoring and scrutiny by relevant management councils and supervisory governance structures such as the Strategic Risk Management Committee, the Accountability Management Committee, and the DOD Audit Committee. Members of the DOD Strategic Risk Management Committee received training to capacitate them fully to execute their risk management supervision mandate.

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- c. Risk management is substantially embedded in the strategic management process of the Department striving towards the optimal achievement of the Department's outputs. Regular risk assessments are conducted aimed at minimizing and controlling risk exposures in each programme, sub-programme and functions of the DOD contributing towards the useful management of the relevant DOD resources.
- d. The DOD continued to enhance the culture of risk management through awareness initiatives such as training workshops and risk assessment sessions aimed at familiarising and equipping members with risk management skills.

19. Financial Management

- a. The Operation Clean Audit Steering Committee (OCASC) is a sub-committee of the Accountability Management Committee (AMC), established by the DOD as an initiative/strategy for ensuring good corporate governance and accountability in terms of addressing all the eminent adverse audit findings. During 2014/15, the OCASC spearheaded successful sessions that were aimed at providing assistance, advice, monitoring, reporting and making recommendations to the relevant stakeholders on related action plans and internal financial controls designed to reduce and/or eradicate the related audit findings.
- b. Furthermore, another subcommittee of the AMC, the Prosecution and Recovery Committee (PRC) was established to manage, monitor and report all cases of financial misconduct that include irregular and fruitless and wasteful expenditure in the DOD.
- c. In addition to the PRC and the Awareness/Campaign strategy that was approved in 2011/2012 and is still being implemented, a Consolidated Control System (CCS) was developed to ensure that all cases of financial misconduct are reported and managed until finalisation. The related users of the CCS are trained continually on the utilisation of the system to identify, record, manage and report all the cases.
- d. Written communiqués and/or individual interactions and consultations are also used as tools to ensure that all stakeholders understand and can identify financial misconduct elements to enable them to identify, report, investigate and adequately conclude/finalise all the cases.

AUDIT COMMITTEE MEMBERSHIP AND FUNCTIONING

20. The Audit Committee formally adopted terms of reference and fully met their responsibilities for the year in terms of these terms of reference. The committee consisted of the members listed below who are all independent and non-executive persons bringing different skills to the field of accounting and auditing, risk management, monitoring and evaluation, asset management, and Information Communication Technology (ICT):

Name of Member

Mr V. Nondabula (Chairperson)	May 2011
Mr S. Radebe	May 2009
Ms O. Matloa	July 2013
Mr A. Amod	July 2013
Mr P. Dala	July 2013

INTERNAL AUDIT AND INTERNAL CONTROL

21. The Internal Audit Division was resourced partially and is in its infant stage of operation. During this period, the Division issued limited audit reports and assisted the Audit Committee in discharging its responsibilities in

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terms of Treasury Regulations 3.1.10. The Division comprehensively analysed the recurring internal control findings of the Auditor-General South Africa (AGSA) as reflected in the management reports from the previous five financial years to ensure they were addressed in order to avoid their re-emergence. Of particular significance is that this Division facilitated a second successful annual Audit Orientation Workshop (AOW), which served as a platform to share audit information. This involved key stakeholders such as DOD Management, Audit Committee, National Treasury, AGSA, Institute of Internal Auditors and all DOD public entities. It extensively dealt with audit, internal control and governance developments and trends relevant to the DOD. Furthermore, the AOW made resolutions and developed a concrete combined assurance action plan to proactively clear the current and recurring internal control findings as recommended by Internal Audit and the AGSA.

22. Working through the Audit Management Team (AMT), which is made up of formally appointed members and officials representing all the Services and Divisions, the action plan is being implemented and it is enhancing and strengthening internal control systems across the DOD. Significantly, the operation of the AMT effectively and visibly reduced the turnaround time of submitting information and responses to external auditors (AGSA) to be within the required five days in order to avoid limitation of scope that normally results in the qualified audit opinion.

CORRUPTION AND FRAUD PREVENTION

23. Corruption and fraud represents a significant potential risk to the assets and reputation of the DOD. The DOD is committed to protecting its funds and other assets and will not tolerate corruption and fraudulent activities, whether internal or external to the Department, and will, by all legal means available vigorously pursue and prosecute any parties that engage in such practices or attempt to do so.

24. Custodianship for prevention of corruption and fraud in the Department of Defence is the sole responsibility of the Defence Inspectorate Division. The main task of the Defence Inspectorate Division is to deal with anti-corruption and anti-fraud, and outsourced forensic investigations. The Defence Inspectorate Division is properly structured with an approved organogram indicating positions of responsibility and reporting structure.

25. The Corruption and Fraud Prevention Plan that was promulgated complements the Departmental Anti-Criminality Strategy. The Corruption and Fraud Prevention Plan is due for review in FY 2015/16.

26. The Minimum Anti-Corruption Capacity (MACC) requirements were included in the Corruption and Fraud Prevention Plan to ensure compliance by the DOD with DPSA publication '*Anti-Corruption Capacity Requirements - Guidelines for implementing the Minimum Anti-Corruption Capacity Requirements in the Public Service (2006)*'.

27. Anti-Corruption and anti-fraud awareness campaigns were conducted in Services and Divisions and for members mobilising for internal and external deployment. These campaigns also formed part of the induction training for Public Service Act Personnel (PSAP).

28. DOD Anti-Corruption and Anti-Fraud Nodal Point Forum. This is a consultative forum that effectively deals with corruption and fraud matters contained in the Anti-Criminality Strategy and the Corruption and Fraud Prevention Plan. The forum provides a platform where information relating to corruption and fraud statistics can be provided and engages in issues pertinent to corruption and fraud in the DOD. Statistics consolidated by the Defence Inspectorate Division are presented to higher forums as required.

QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

29. The Accounting Officer has tabled the In-Year Management (IYM) and monthly/quarterly reports to the Minister and to the Committee in compliance with the Act.

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30. The Department were satisfied with the quality of IYM and monthly management reports. There was no overspending on the budget appropriated to the Department. In areas where there is underspending, the Department has surrendered the funds to National Treasury and requested the necessary virements and authorisation for rollover from the Minister.

31. The Committee is satisfied with the quality of the quarterly reports. Where the Department did not achieve the set targets, corrective measures were put in place. However, in certain areas, the quality of the quarterly reports needs to be improved in relation to the objectives to strictly adhere to the SMART principle.

CODE OF CONDUCT

32. The Department of Defence has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In delivering the Defence mission, the DOD is following the principles set out below:

- a. Service Standards. Service standards are based on clear direction and strong leadership. Our priority is, and will always be, to maximise our Defence capability and our contribution to peace and security. We shall maintain high standards of excellence and professionalism in everything we do.
- b. Excellence. We shall build on what we do well and actively foster a climate of success. We shall invest in our people and encourage innovation. We shall provide the right incentives and recognise individual and team contributions.
- c. Ethics. We shall adopt and encourage the demands of vested interests reasonably. We shall foster fairness and trustworthiness in everything we do.
- d. Openness and Transparency. We shall ensure clear communication and better understanding. We shall ensure that our messages are understood. We shall listen to clients' concerns and make sure we understand what they are saying to us. We shall aim to create a climate of trust and transparency in our decision-making.
- e. Partnership and Collaboration. We shall encourage and improve links with other Government departments and other relevant organs of state. We shall strengthen partnerships with industry, allies and the community at large. We shall promote collaboration in the DOD, harmonise activities and systems and, where sensible, share knowledge.
- f. People. We shall uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.
- g. Teamwork. In the DOD, we are one team and embrace one purpose. We shall debate issues fully, whilst rigorously representing our individual responsibilities. Our overriding aim, however, is to reach conclusions that are best for the entire Department and then to act on them.
- h. Accountability. We shall create a learning organisation in which all employees seek and share knowledge and information, whilst committing themselves to personal growth. We follow these principles. We shall be sensible to the demands we make on people and recognise the unique commitments they make.
- i. Discipline. We shall consistently strive towards upholding a high level of discipline. We shall promote an image of the Defence establishment as the best-disciplined profession.

33. The following individual values are pursued by members of the DOD in support of the Defence Mandate:

- a. Discipline.
- b. Transparency.
- c. Excellence through leadership.
- b. Honesty and Integrity.
- c. Accountability.
- d. Fairness.
- e. Teamwork.

CONFLICT OF INTEREST

34. Senior members of the DOD are expected to declare their economic interest annually in terms of Chapter 3 of the Public Service Regulations, 2001 and Chapter 9 of the SMS Handbook, 2003 for submission to the Office of the Public Service Commission. The compliance standard for such annual declarations is high, and accountability is enforced through the line of command by means of an annual DOD instruction and presentations at senior management bodies.

35. Members of management bodies dealing with the procurement and acquisition are required to declare potential conflicts before commencement of meetings. In terms of the DOD policy on personal gifts, personal sponsorships, personal hospitality and other personal benefits, members are required to declare gifts, sponsorships, hospitality and other benefits. Chiefs of Services and Divisions are required to maintain proper registers for such declarations. In addition, the DOD strengthened its Internal Audit capacity during the past year and provided assurance and compliance capacity to monitor implementation and any deviation through the Inspector General structures of the DOD and DOD Audit Committee.

36. Furthermore, in order to adhere to governance compliance, service providers and suppliers were required to declare their interest with any members of the Department of Defence on registration on the data bases of the procurement entities in the DOD as potential suppliers/service providers by means of the SBD4 form. This requirement is not applicable to contracts for services that are acquired through the State Information Technology Agency (SITA) and those that are procured centrally by National Treasury on a transversal basis.

KING III

37. The framework recommended by King III is principles based. There is no "one size fits all" solution; therefore, entities (departments) are encouraged to tailor the principles as appropriate to the specific needs of the Department. In this regard, we need to note that, over and above the requirements already contained in the PFMA and the Treasury Regulations in relation to systems of internal financial controls, internal audit, audit committees, IT governance structures, risk management, fraud prevention, and compliance strategies. Mention can also be made of the various committees of the DOD that monitor good governance principles.

38. Reference can be made to the fact that the Department has a dedicated risk management directorate and appointed a chief compliance officer to ensure the Department complies with laws and regulations that govern its mandate. A draft Compliance Policy has been developed, which is in the process of being formalised.

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

39. There are no discontinued activities / activities to be discontinued that affect operations of and service delivery by the Department or financial implications of such discontinued activities.

NEW / PROPOSED ACTIVITIES

40. SA Defence Review 2014. Cabinet approved the South African (SA) Defence Review 2014 on 19 March 2014 and directed that it be tabled in Parliament. The SA Defence Review 2014 provides the long-term National Defence Policy informing the Defence Strategic Trajectory to be pursued over the next four Medium-term Strategic Framework (MTSF) periods within available resource considerations. Comprehensive planning related to the output deliverables of the SA Defence Review 2014 will be conducted in the FY2015/16, and it is foreseen incremental implementation will begin in the FY2016/17 onwards within available resources. The Strategic Plan (SP) begins to address the SA Defence Review Milestone 1 deliverables in 2015 with the introduction of a departmental performance indicator that will monitor the development of the DOD Overarching Defence Review Implementation Plan for Executive Authority (EA) approval to guide subsequent Defence policy, strategy and planning initiatives and requirements in the short, medium and long terms. During the MTSF (2014-2019), the DOD will commence engagements with the National Treasury to conclude on an appropriate funding arrangement commensurate with the Defence Review requirements in the short, medium and long terms.

ASSET MANAGEMENT

41. The passing of Lt Gen B.I. Mbatha, Chief of Logistics, has left a deep sense of sadness for the Asset Management team. However, his vision and strategy will continue to be implemented. The team feels privileged to have worked under the command of a true patriot, a visionary and a results-driven leader who had compassion and respect for all his subordinates. He will be greatly missed.

42. Over the past few years, there have been many complex issues regarding the management of and reporting on assets in the financial statements of the DOD. However, with great pride, the DOD can proclaim that most of these matters were addressed, i.e. the ones that required short-term solutions.

43. The DOD has no new departures from the Modified Cash Standard for the current financial period. The only continuing one is the one subject to benchmarking with other militaries, which is in the process of being finalised with National Treasury. The subject of the benchmarking exercise was the accounting for capital components and technical publications.

44. For the current year 2014/2015, the Department received an approval to disclose the capital components as inventory and the technical publications to be expensed.

MOVEABLE MINOR ASSETS

45. Tangible minor assets will be reported for the first time in the current financial period in the asset note. This is another significant milestone for the DOD in its plight to ensure that the asset register and the disclosure thereon is compliant with the Modified Cash Standard.

46. The Department has a departure to disclose all minor assets purchased before 31 March 2013 at R1.

INTANGIBLE ASSETS

47. The DOD put in even more effort to ensure that the challenges emanating from the Intangible assets environment were addressed. Matters that the Auditor-General indicated as challenges in the qualification

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statement of the past financial period were addressed; a team of specialists in conjunction with the Asset Management Operations Centre worked tirelessly to address these matters.

48. The review of the asset register resulted in a few amendments being made. Some of those amendments resulted in the opening balances being restated. These adjustments had to be made to achieve a fair reflection of the balances.

49. A fair value methodology was developed to ensure that the items acquired before November 2012 and acquired via ARMSCOR were valued appropriately. Items acquired after November 2012 were valued at contract price.

ASSET MANAGEMENT CHALLENGES

50. The logistics systems continue to pose a challenge for the Department. These systems were developed for cash basis of accounting and are the same ones from which the DOD is now moving towards reporting for accrual basis. Hence the drive to move towards a single logistics system. The secondary challenge is that there is more than one of these systems; therefore, it becomes even more important to ensure that the DOD moves towards a single logistics system that will ensure compliance with the regulatory framework.

INVENTORY

51. Inventory is reported as an annexure to the financial statements because the requirement does not yet exist for the inclusion in the notes to the financial statements.

EVENTS AFTER THE REPORTING DATE

52. Management is not aware of any significant matter or circumstance, favourable or unfavourable, arising since the end of the financial year.

COMPLIANCE PROGRAMME

53. As instructed by the National Conventional Arms Control Committee (NCACC), a new information technology system must be developed and implemented as a replacement of the current NCACC IT system. The new system must comply with all regulatory requirements set out in the National Conventional Arms Control Act, Act No.73 of 2008. This requirement is in line with the agreement between the Government of the USA and the Government of the Republic of South Africa concerning cooperation on Defence Trade Controls. The funds made available by members of the Defence Industry because of a plea of *nolo contendere*, must be utilised in support of the effective implementation of South Africa's national export control regime.

INFORMATION ON PRE-DETERMINED OBJECTIVES

54. Feedback on information on pre-determined objectives for FY2014/15 is as follows:

- a. Process to report performance information:
 - i. Information on performance of the DOD is managed into an Interim Department of Defence Instruction (IDODI) pertaining to "Reporting of performance information against plan" approved on 29 February 2012. This policy ensures the directing, management and reporting of departmental performance information and associated activities related thereto. The IDODI is available on the DOD Intranet for lower levels.

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- ii. Furthermore, annual DOD reporting instructions provide roles and responsibilities of different stakeholders in the context of Monitoring and Evaluation. In addition, functional responsibility owners develop their own procedures and instructions to ensure compliance with the DOD instructions and monitor the activities.
- b. Process to record performance information:
- i. DOD Instruction (07/14) was developed to ensure that Standing Operating Procedures (SOPs) are implemented to support the compiling/ development of the DOD technical datasheets. Based on this DOD Instruction, the SANDF issued an instruction to develop SOPs on Levels 2 to 4. The SOP Instruction (07/14) as well as the Annual Performance Guidelines, as included in the approved Functional and Support Guidelines for FY2016/17 to FY2018/19 dated 22 September 2014, indicates that performance indicators are cascaded to Level 4.
 - ii. Each Performance Indicator Technical Datasheet (Part E) also indicates the “Responsibilities and levels of consolidation” relevant to Level 1 to 4. Performance indicator owners are obliged to declare (Part G) that the SOPs are in place to support the Performance Indicator Technical Datasheets.
 - iii. The DOD performed a verification of all data sources of the Sec Def Performance Indicators for FY2014/15. The verification process was extended to include the SANDF Performance Indicators by 30 April 2015.
- c. Process adopted to achieve predetermined objectives:
- i. The following DOD Planning, Budgeting and Reporting Cycle, which is aligned with the National Planning, Budgeting and Reporting Cycle, as a process to report and record performance information. The purpose of the DOD Planning, Budgeting and Reporting Cycle (hereafter referred to as the DOD Cycle) ensures alignment between the National Planning, Budgeting and Reporting Cycle with the DOD internal cycle and associated processes. The DOD Cycle enables the translation of national policy direction into departmental policies to inform the development of departmental strategies and planning instruments. The DOD Cycle includes the following primary components:
 - (1) National Oversight.
 - (2) DOD Policy Development.
 - (3) DOD Strategy Development.
 - (4) DOD Planning and Budgeting.
 - (5) Implementation.
 - (6) Reporting (Monitoring and Evaluation).

SCOPA RESOLUTIONS

55. FY2010/2011. The DOD was not invited to appear before SCOPA on the FY2010/11 Annual Report.

56. FY2011/2012. The DOD was not invited to appear before SCOPA on the FY2011/12 Annual Report.

57. FY2012/2013. The DOD was not invited to appear before SCOPA on the FY2012/13 Annual Report.

58. AGSA Transversal Performance Audit on the Use of Consultants in selected National Departments. The DOD appeared before SCOPA on 26 February 2013 and submitted a written response to SCOPA in March 2013 on questions raised during the hearing.

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59. FY2013/14. The DOD appeared before SCOPA on 3 March 2015 on its 12/13 Annual Report, and additional information requested during the hearing was submitted to SCOPA on 23 March 2015. The DOD is currently awaiting the adoption of the SCOPA Resolutions based on this hearing.

MATTERS REPORTED ON BY THE AGSA IN THE 2013/14 FINANCIAL YEAR

	13/14 AGSA Audit Report Reference	FY First reported	Progress made in clearing/resolving the matter
60.	<p>Qualification; Page 145, Par 6 - Intangible Assets (IA). I was unable to obtain sufficient appropriate audit evidence for intangible capital assets as disclosed in note 31 to the annual financial statements as required by the MCS prescribed by the National Treasury. I was unable to confirm the amount by alternative means.</p> <p>Furthermore, as described in note 31.3 to the annual financial statements, the restatement was made to rectify the prior year's misstatement, but the restatement could not be substantiated with supporting evidence. I was unable to confirm the restatement by alternative means.</p>	12/13	<p>The Department promulgated a policy on Intangible Asset (IA) management in July 2014. Policy implementation is in progress. The Asset Management Ops Centre, which has been focusing on the tangible assets, has been expanded to include intangible assets.</p> <p>The Intangible Assets training module will be added to the running Asset Management programmes, and skills transfer to Services/Divisions will be pursued.</p> <p>DOD Asset Management Ops Centre is busy with the recognition and recording of all intangible assets.</p>
61.	<p>Emphasis of Matter: Page 146, Par 11 - Fruitless and Wasteful Expenditure. As disclosed in note 26 to the financial statements, fruitless and wasteful expenditure to the amount of R307,497 million, mainly comprising a payment relating to a contract that was cancelled, was incurred.</p>	13/14	<p>The AMST matter of R303,3 million was reported to National Treasury and disclosed in the annual financial statements.</p> <p>The Department engaged with the Department of Public Service and Administration (DPSA) for further deliberation on the way forward to finalise this matter.</p> <p>The Department incurred fruitless and wasteful expenditure amounting to R63 473 for the 2014/15 financial year compared with the R303,3 million of the previous year.</p> <p>These improvements are attributable to monthly presentations that are made to the DOD Accountability Management Committee, awareness training campaigns about the prevention of fruitless and wasteful expenditure to units at lowest levels and formal training at the Budget Management courses that were done to ensure that officials understand the meaning and implications of fruitless and wasteful expenditure.</p> <p>Seventeen (17) investigations were instituted to determine the responsible and liable officials and to identify preventative measures. Five (5) investigations were finalised, and three (3) debtor accounts were created to recover the money from the liable officials.</p>
62.	<p>Emphasis of Matter: Page 146, Par 12 - Irregular Expenditure. Included in note 25 to the financial statements, is an amount of R1,074 billion for the increase in salaries paid to uniform members, which was not approved by the Minister of Finance as required in terms of section 55(3) of the Defence Act, 2002 (Act No. 42 of 2002).</p>	13/14	<p>The <i>ex post facto</i> approval by the Minister of Finance was sought and obtained.</p> <p>The request to condone the matter by the Accounting Officer was sought and obtained.</p> <p>DOD has implemented internal controls that will curb and prevent recurrence.</p>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

	13/14 AGSA Audit Report Reference	FY First reported	Progress made in clearing/resolving the matter
63.	<p>Other Matter: Page 148, Par 26 - Internal Audit. The Accounting Officer did not ensure that a fully operational internal audit function was in place as per the requirements of the Treasury Regulations. As a result, the Internal Audit section was not able to perform the follow functions:</p> <ul style="list-style-type: none"> • The internal audit function could not assess the operational procedure and monitoring mechanisms over all transfers made, as required by Treasury Regulation (TR) 3.2.8. • The internal audit function could not evaluate the effectiveness and efficiency of controls / give recommendations for their enhancement and improvement, as required by TR 3.2.11. • The internal audit function could not evaluate the reliability and integrity of financial and operational information, as required by TR 3.2.11(b). • The internal audit function could not evaluate the compliance with laws and regulations, as required by TR 3.2.11(e). 	09/10	<p>For the 2013/14 FY, twenty-one (21) out of thirty five (35) staff members were staffed.</p> <p>The DOD Audit Committee approved the DOD's 2013/14 Internal Audit Plan.</p>
64.	<p>Other Matter: Page 148, Par 27 - Audit Committee. Because the internal audit function was not fully operational, the Audit Committee could not review:</p> <ul style="list-style-type: none"> • the effectiveness of the internal audit function; • annual work programme of the internal audit function; • reports of significant investigations issued by the internal audit function; • responses of management to specific recommendations made by the internal audit function; • risk areas of the institution's operations covered in the scope of internal audits; and • accounting and auditing concerns identified from internal audits as required by TR 3.1.10 (b), (c), (e) and (g). 	09/10	<p>The approval of the 2013/14 budget paved the way for the commencement of the process of resourcing the IAD, which was followed by the approval of the 2013/14 Audit Plan by the Audit Committee.</p> <p>Therefore, the DOD Audit Committee is fully operational to perform its functions as Internal Audit is rolling out its plan.</p>
65.	<p>Other Matter: Page 149, Par 29 - Expenditure Management. The Accounting Officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA, Treasury Regulations 9.1.1 and 16A6.1, as well as Section 55(3) of the Defence Act.</p>	12/13	<p>Service and Divisional Chiefs are reminded on a monthly basis during Accountability Management Committee (AMC) meetings (on financial misconduct presentations) that they must take effective steps to prevent irregular, fruitless and wasteful expenditure.</p> <p>The content of the Financial Misconduct Policy is also communicated to the lowest level during the financial misconduct awareness campaigns.</p> <p>Cases where irregular, fruitless and wasteful expenditure has occurred are investigated properly, and members are being held accountable by the monthly Prosecution and Recovery Committee meetings.</p>
66.	<p>Other Matter: Page 147, Par 24 - Predetermined Objectives. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the Force Employment and Air Defence programmes. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.</p>	12/13	<p>DOD Instruction 07/14 was developed to ensure that the Standard Operating Procedures (SOPs) are implemented to support the compiling/development of the DOD Technical Datasheets.</p> <p>Based on this DOD Instruction, the SANDF has issued an SOP for implementation on Level 2 to 4.</p>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

	13/14 AGSA Audit Report Reference	FY First reported	Progress made in clearing/resolving the matter
67.	SDA Emphasis of Matter: Page 247, Par 12 - Disclosure of Irregular Expenditure. As disclosed in the financial statements, irregular expenditure to the amount of R151 178 862 was incurred because of Armscor policies, used with regard to Procurement and Contract Management, not being aligned with the Preferential Procurement Policy Framework Act and its regulations.	13/14	Armscor Board of Directors confirmed full compliance with effect from 01 September 2014, meaning that no new contracts are being issued by Armscor outside the requirements of the PPPFA. However, the expenses emanating from the contracts that were concluded irregularly prior to 01 September 2014 will continue being recognised in our books until those contracts are finalised.
68.	SDA Emphasis of Matter: Page 247, Par 16 - Procurement and Contract Management. The procurement system did not comply with the requirements of a fair supply chain management (SCM) system as per Section 51(1)(a)(iii) of the PFMA, in that awards were made to suppliers whereby Armaments Corporation of South Africa (ARMSCOR) included a 25% mandatory black equity selection criteria, which is in contravention of Treasury Regulation (TR) 16A6.3(a) and the Preferential Procurement Regulations. Because of this contravention, not all suppliers were evaluated and scored in accordance with the SCM regulations.	13/14	Furthermore, Armscor is currently engaging with National Treasury to request condonement of the irregular expenditure that was incurred in the prior years and for the contracts that are not yet finalised.

CONDONEMENTS AWAITING APPROVAL FROM NATIONAL TREASURY

69. Irregular expenditure of Rm823 of which Rm729 relates to the contracts that were concluded by Armscor before 01 September 2014, the date on which Armscor declared full compliance with the PPPFA requirements for all their contracts going forward (as reflected in the table above) has been disclosed for the FY2014/15. The Accounting Officer of the Department and the Chief Executive Officer of Armscor are engaging to ensure that the reported irregular expenditure is condoned by National Treasury.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

70. The application of South African Standards of Generally Recognised Accounting Practice (GRAP) 104 instead of GRAP 6 was approved by the Minister of Finance on 29 November 2013 as an exemption for the SDA for the financial years 2013/14, 2014/15 and 2015/16. A further exemption would be sought from National Treasury for the next three (3) years.

INTERIM FINANCIAL STATEMENTS

71. Interim financial statements were submitted for the first three quarters of the year under review.

APPROVAL

72. The Annual Financial Statements set out in pages 184 to 352 have been approved by the Accounting Officer.



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

Pretoria
11 August 2015

**DEPARTMENT OF DEFENCE AND
MILITARY VETERANS**
(General Account)

Annual Reports and Financial Statements

for the year ended 31 March 2015

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The reports and statements set out below comprise the annual financial statements presented to the National Treasury.

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 22: DEPARTMENT OF DEFENCE

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Defence set out on pages 184 to 336, which comprise the appropriation statement, the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the Modified Cash Standards (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Defence as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with MCS and the requirements of the PFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Financial reporting framework

8. As disclosed in accounting policy note 13 to the financial statements, the National Treasury gave the department departures from the MCS. In terms of these departures, the department can value minor assets acquired up to 31 March 2013 at R1 and subsequently at cost, and can also include capital spares as part of inventory for the 2014-15 year.

Restatement of corresponding figures

9. As disclosed in notes 27.4, 31.3.1, 32.3.1 and 34 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of errors discovered during the year ended 31 March 2015 in the financial statements of the Department of Defence at, and for the year ended, 31 March 2014.

Payables

10. Payables which exceed the payment term of 30 days as required in Treasury Regulation 8.2.3 amounted to R209 981 317. This amount, in turn, exceeds the voted funds to be surrendered of R14 498 000 as per the statement of financial performance by R195 483 317. The amount of R195 483 317 would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.

Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Financial reporting framework

12. In accordance with the International Standards on Auditing, the wording of my opinion should not include the phrase “fairly present” when a departure to the applicable financial reporting framework has been granted in terms of the PFMA and where the aim of such a departure was not to achieve fair presentation. However, section 20(2)(a) of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), requires me to reflect whether the financial statements “fairly present”, in all material respects, the financial position and results of its operations and cash flows for the period in accordance with the applicable financial reporting framework. My opinion is therefore worded as such.

Unaudited supplementary schedules

13. The supplementary information set out on pages 337 to 352 does not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2015:
- Programme 2: Force employment on pages 7 to 21 and 82 to 86.
 - Programme 3: Landward defence on pages 7 to 21 and 87 to 90.
 - Programme 4: Air defence on pages 7 to 21 and 91 to 92.
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPPI).
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

20. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on pages 7 to 21 and 48 to 105 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the Force Employment programme. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

23. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements, performance and annual reports

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the PFMA. Material misstatements on tangible capital assets and goods and services identified by the auditors in the submitted financial statements were subsequently corrected.

Expenditure management

25. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA, and Treasury Regulation 16A6.1.

Internal control

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in material adjustments to the annual financial statements and performance report as well as findings on non-compliance with legislation included in this report.

Leadership

27. The accounting officer did not exercise sufficient oversight responsibility regarding financial reporting over tangible assets, goods and services, compliance and related internal controls. The accounting officer did not have sufficient monitoring controls over the overall process of reporting on performance information, which resulted in material adjustments to the performance report.

Financial and performance management

28. Existing controls were not designed to ensure adequate record keeping supporting accurate and complete financial and performance reporting and compliance with laws and regulations.

Governance

29. At the time of this report, the department was in the process of capacitating the internal audit component.

Other reports

Investigations

30. Various investigations by the department/investigative units relating to supply chain management as well as procurement and contract management were in progress at the time of this report.

Auditor-General

Pretoria

11 August 2015



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ACCOUNTING POLICIES

for the year ended 31 March 2015

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act.

1. Presentation of the financial statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting and present fairly the department's primary and secondary information, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Going concern

The Financial Statements have been prepared on a going concern basis.

1.3 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.4 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.5 Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.

1.6 Comparative figures – prior period

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.7 Comparative figures - appropriation statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

3.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

3.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

3.3 Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

3.4 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

3.5 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Loans and Receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the FIFO cost formula.

5. Tangible Assets

5.1 Specialised Military Assets and Transport Assets

The valuation of these assets is carried out as follows:

- a. Specialised Military Assets (SMA) and Transport (TPT) assets acquired before 1 April 2002 at R1.
- b. SMA and TPT acquired between 1 April 2002 and 31 March 2010 at invoice or fair value.
- c. SMA and TPT acquired from 1 April 2012 to date are valued at invoice value.

5.2 Other Machinery and Equipment (OME)

The valuation of major OME assets as follows:

- a. OME acquired before 1 April 2002 valued at R1.
- b. OME acquired between 1 April 2002 and 31 March 2012 valued at fair value.
- c. OME acquired 1 April 2012 to date valued at cost.

5.3 Biological Assets

Dogs are valued at R100, which is deemed to be the fair value and horses according to purchase price (cost).

5.4 Minor Assets – Tangible and Intangible Assets

Minor assets acquired before 1 April 2013 are valued at R1 as per departure received. All minor assets acquired on or after 1 April 2013 are valued at cost.

5.5 Movable capital assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “*goods and services*” in the statement of financial performance.

The department expenses technical publications immediately on acquisition. This is in accordance with the National Treasury departure obtained. This departure further permits the Department to recognise capital components e.g. aircraft engines as inventory.

5.6 Immovable capital assets

Initial recognition

Immovable capital assets were initially recognised at fair value.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Subsequent recognition

Immovable capital asset additions are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project

costs are transferred to that department.

Work-in-progress of a capital nature is recorded in the statement of financial performance as “*expenditure for capital assets*”. On completion, the total cost of the project is included in the asset register of the Department.

6. Intangible assets

All assets acquired before November 2012 and via the Armscor process are fair valued using a methodology that has been developed by the DOD in conjunction with Armscor.

Items acquired via the Armscor process and after November 2012 are valued at the contract price.

All other major intangible assets acquired before 1 April 2002 are valued at R1.

All other major intangible assets acquired on or after 1 April 2002 which are valued at cost or fair value.

Minor Intangible assets refer above paragraph on Minor assets.

7. Liabilities

7.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

7.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

7.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the Department.

7.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure notes.

7.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

7.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the

disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

7.7 Leases

7.7.1 Finance lease

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

7.7.2 Operating lease

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

7.8 Impairment

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each year-end. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

7.9 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

8. Net Assets

8.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the “*capitalisation reserves*” when identified in the current period and are transferred to the National Revenue Fund when the underlining asset is disposed and the related funds are received.

8.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

9. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arms length.

10. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the notes.

11. Prior period errors

Prior period errors shall be corrected retrospectively except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effects of the error.

12. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

13. Departures from the MCS requirements

National Treasury has approved the following departures :-

Capital components (spares) are to be disclosed as “*inventory*” until an international benchmarking exercise has been carried out jointly between the DOD and National Treasury.

Disclosure of minor assets are to be valued at R1 up to 31 March 2013. All current year additions are included at cost and will be for all subsequent periods. This includes library material which are minor assets.

14. Changes in accounting policies, accounting estimates and errors

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Appropriation per programme	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Voted funds and Direct charges									
Programme									
1. Administration	4 499 662	-	160 925	4 660 587	4 658 985	1 602	100.0%	4 510 985	4 510 985
2. Force Employment	3 486 958	-	144 483	3 631 441	3 631 441	-	100.0%	3 521 798	3 346 655
3. Landward Defence	14 241 855	-	(179 874)	14 061 981	14 049 116	12 865	99.9%	13 599 123	13 599 123
4. Air Defence	7 176 612	-	(263 089)	6 913 523	6 913 523	-	100.0%	6 031 523	6 031 523
5. Maritime Defence	3 678 505	-	123 864	3 802 369	3 802 369	-	100.0%	3 252 562	3 226 378
6. Military Health Support	3 849 063	-	204 081	4 053 144	4 053 113	31	100.0%	3 742 939	3 733 603
7. Defence Intelligence	813 718	-	6 057	819 775	819 775	-	100.0%	774 683	774 683
8. General Support	5 110 506	-	(196 447)	4 914 059	4 914 059	-	100.0%	5 224 571	5 224 571
Total	42 856 879	-	-	42 856 879	42 842 381	14 498	100.0%	40 658 184	40 447 521
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				923 792				853 475	
Actual amounts per Statement of Financial Performance (Total Revenue)				43 780 671				41 511 659	
Actual amounts per Statement of Financial Performance Expenditure					42 842 381				40 447 521

APPROPRIATION STATEMENT for the year ended 31 March 2015

Appropriation per economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	34 471 134	-	(114 796)	34 356 338	34 343 473	12 865	100.0%	32 945 111	32 747 930
Compensation of employees	22 476 233	-	529 576	23 005 809	23 005 809	-	100.0%	21 332 701	21 332 701
Salaries and wages	20 229 663	-	347 881	20 577 544	20 577 544	-	100.0%	19 085 550	19 085 550
Social contributions	2 246 570	-	181 695	2 428 265	2 428 265	-	100.0%	2 247 151	2 247 151
Goods and services	11 994 901	-	(644 372)	11 350 529	11 337 664	12 865	99.9%	11 612 410	11 415 229
Administrative fees	6 256	-	5 998	12 254	12 254	-	100.0%	9 584	9 584
Advertising	9 358	-	3 105	12 463	12 463	-	100.0%	32 110	32 110
Minor assets	280 432	-	(152 701)	127 731	127 731	-	100.0%	288 438	137 417
Audit costs: External	66 499	-	6 680	73 179	73 179	-	100.0%	70 878	70 878
Catering: Departmental activities	21 118	-	(244)	20 874	20 874	-	100.0%	24 089	24 089
Communication (G&S)	124 002	-	(32 522)	91 480	91 480	-	100.0%	91 230	91 230
Computer services	1 050 718	-	(62 285)	988 433	988 433	-	100.0%	1 019 445	1 019 445
Consultants: Business and advisory services	169 528	-	104 824	274 352	274 352	-	100.0%	203 421	203 421
Infrastructure and planning services	71 681	-	(52 461)	19 220	19 220	-	100.0%	3 364	3 364
Laboratory services	20 820	-	6 035	26 855	26 855	-	100.0%	29 847	29 847
Scientific and technological services	9 753	-	46 468	56 221	56 221	-	100.0%	41 012	41 012
Legal services	-	-	30 016	30 016	30 016	-	100.0%	41 418	41 418
Contractors	2 789 097	-	(40 703)	2 748 394	2 735 529	12 865	99.5%	2 584 971	2 538 811
Agency and support / outsourced services	331 303	-	159 051	490 354	490 354	-	100.0%	458 229	458 229
Entertainment	6 410	-	(3 493)	2 917	2 917	-	100.0%	9 471	9 471
Fleet services (including government motor transport)	128 332	-	(31 567)	96 765	96 765	-	100.0%	81 371	81 371
Housing	17	-	(17)	-	-	-	-	-	-
Inventory: Clothing material and accessories	215 124	-	(7 037)	208 087	208 087	-	100.0%	116 059	116 059

APPROPRIATION STATEMENT for the year ended 31 March 2015

Appropriation per economic classification (continued)

	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Farming supplies	7 452	-	(1 743)	5 709	5 709	-	100.0%	4 565	4 565
Inventory: Food and food supplies	804 251	-	68 129	872 380	872 380	-	100.0%	833 586	833 586
Inventory: Fuel, oil and gas	623 491	-	(167 831)	455 660	455 660	-	100.0%	652 715	652 715
Inventory: Leamer and teacher support material	105 952	-	(105 952)	-	-	-	-	-	-
Inventory: Materials and supplies	112 252	-	26 196	138 448	138 448	-	100.0%	104 765	104 765
Inventory: Medical supplies	96 752	-	(21 356)	75 396	75 396	-	100.0%	86 144	86 144
Inventory: Medicine	171 291	-	(3 359)	167 932	167 932	-	100.0%	189 301	189 301
Inventory: Other supplies	218 402	-	(107 428)	110 974	110 974	-	100.0%	133 592	133 592
Consumable supplies	125 270	-	(2 501)	122 769	122 769	-	100.0%	80 985	80 985
Consumable: Stationery, printing and office supplies	92 835	-	(35 031)	57 804	57 804	-	100.0%	86 806	86 806
Operating leases	359 616	-	55 827	415 443	415 443	-	100.0%	343 523	343 523
Property payments	2 493 156	-	(341 726)	2 151 430	2 151 430	-	100.0%	2 506 555	2 506 555
Travel and subsistence	740 584	-	143 214	883 798	883 798	-	100.0%	873 601	873 601
Training and development	175 391	-	81 413	256 804	256 804	-	100.0%	159 315	159 315
Operating payments	549 899	-	(207 865)	342 034	342 034	-	100.0%	436 864	436 864
Venues and facilities	17 807	-	(3 789)	14 018	14 018	-	100.0%	15 111	15 111
Rental and hiring	52	-	283	335	335	-	100.0%	45	45
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7 863 805	-	(461 992)	7 401 813	7 400 180	1 633	100.0%	6 426 283	6 422 070
Provinces and municipalities	94	-	(40)	54	54	-	100.0%	-	-
Municipalities	94	-	(40)	54	54	-	100.0%	-	-
Municipal bank accounts	94	-	(40)	54	54	-	100.0%	-	-
Departmental agencies and accounts	6 650 230	-	(504 362)	6 145 868	6 144 266	1 602	100.0%	4 697 768	4 697 768

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Appropriation per economic classification (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies (non-business entities)	6 650 230	-	(504 362)	6 145 868	6 144 266	1 602	100.0%	4 697 768	4 697 768
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	303 347	303 347
Public corporations and private enterprises	1 096 252	-	17 893	1 114 145	1 114 145	-	100.0%	1 289 963	1 285 750
Public corporations	1 096 252	-	16 869	1 113 121	1 113 121	-	100.0%	1 289 409	1 285 196
Subsidies on products and production (pc)	1 096 252	-	-	1 096 252	1 096 252	-	100.0%	1 135 797	1 131 584
Other transfers to public corporations	-	-	16 869	16 869	16 869	-	100.0%	153 612	153 612
Private enterprises	-	-	1 024	1 024	1 024	-	100.0%	554	554
Other transfers to private enterprises	-	-	1 024	1 024	1 024	-	100.0%	554	554
Non-profit institutions	7 650	-	290	7 940	7 909	31	99.6%	58 947	58 947
Households	109 579	-	24 227	133 806	133 806	-	100.0%	76 258	76 258
Social benefits	109 579	-	(22 047)	87 532	87 532	-	100.0%	69 417	69 417
Other transfers to households	-	-	46 274	46 274	46 274	-	100.0%	6 841	6 841
Payments for capital assets	521 940	-	559 285	1 081 225	1 081 225	-	100.0%	1 274 779	1 265 510
Buildings and other fixed structures	123 720	-	(58 843)	64 877	64 877	-	100.0%	216 975	216 975
Buildings	123 672	-	(58 795)	64 877	64 877	-	100.0%	213 443	213 443
Other fixed structures	48	-	(48)	-	-	-	-	3 532	3 532
Machinery and equipment	347 048	-	663 469	1 010 517	1 010 517	-	100.0%	1 054 860	1 045 591
Transport equipment	194 149	-	285 681	479 830	479 830	-	100.0%	502 321	502 321
Other machinery and equipment	152 899	-	377 788	530 687	530 687	-	100.0%	552 539	543 270
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	45 293	-	(40 907)	4 386	4 386	-	100.0%	244	244

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Appropriation per economic classification (continued)

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Biological assets	-	-	-	-	-	-	-	1 245	1 245
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	5 879	-	(4 434)	1 445	1 445	-	100.0%	1 455	1 455
Payment for financial assets	-	-	17 503	17 503	17 503	-	100.0%	12 011	12 011
Total	42 856 879	-	-	42 856 879	42 842 381	14 498	100.0%	40 658 184	40 447 521

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 1: Administration									
Sub programme									
1. Ministry	77 438	-	4 549	81 987	81 987	-	100.0%	86 867	86 867
2. Departmental Direction	62 370	-	(18 697)	43 673	43 673	-	100.0%	50 035	50 035
3. Policy and Planning	97 952	-	(4 279)	93 673	93 673	-	100.0%	84 289	84 289
4. Financial Services	316 826	-	8 350	325 176	325 176	-	100.0%	285 028	285 028
5. Human Resources Support Services	700 827	-	15 133	715 960	714 358	1 602	99.8%	652 202	652 202
6. Legal Services	271 817	-	(5 555)	266 262	266 262	-	100.0%	242 626	242 626
7. Inspection Services	116 628	-	(9 714)	106 914	106 914	-	100.0%	82 887	82 887
8. Acquisition Services	49 809	-	9 019	58 828	58 828	-	100.0%	46 544	46 544
9. Communication Services	40 006	-	8 480	48 486	48 486	-	100.0%	49 785	49 785
10. South African National Defence Force Command and Control	142 277	-	1 465	143 742	143 742	-	100.0%	136 607	136 607
11. Religious Services	12 566	-	170	12 736	12 736	-	100.0%	11 405	11 405
12. Defence Reserve Direction	25 223	-	(648)	24 575	24 575	-	100.0%	23 240	23 240
13. Defence Foreign Relations	212 417	-	43 121	255 538	255 538	-	100.0%	227 309	227 309
14. Office Accommodation	1 869 346	-	109 531	1 978 877	1 978 877	-	100.0%	2 180 730	2 180 730
15. Military Veterans Management	504 160	-	-	504 160	504 160	-	100.0%	351 431	351 431
Total	4 499 662	-	160 925	4 660 587	4 658 985	1 602	100.0%	4 510 985	4 510 985
Economic classification									
Current payments	3 921 749	-	107 340	4 029 089	4 029 089	-	100.0%	4 074 548	4 074 548
Compensation of employees	1 571 018	-	(36 018)	1 535 000	1 535 000	-	100.0%	1 397 821	1 397 821
Salaries and wages	1 402 561	-	(39 306)	1 363 255	1 363 255	-	100.0%	1 240 952	1 240 952

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 1: Administration (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social contributions	168 457	-	3 288	171 745	171 745	-	100.0%	156 869	156 869
Goods and services	2 350 731	-	143 358	2 494 089	2 494 089	-	100.0%	2 676 727	2 676 727
Administrative fees	4 101	-	4 846	8 947	8 947	-	100.0%	6 287	6 287
Advertising	5 802	-	4 140	9 942	9 942	-	100.0%	28 974	28 974
Minor assets	12 624	-	(4 299)	8 325	8 325	-	100.0%	7 583	7 583
Audit costs: External	-	-	11 380	11 380	11 380	-	100.0%	3 665	3 665
Catering: Departmental activities	5 111	-	649	5 760	5 760	-	100.0%	6 745	6 745
Communication (G&S)	13 948	-	(416)	13 532	13 532	-	100.0%	11 843	11 843
Computer services	87 985	-	(11 768)	76 217	76 217	-	100.0%	76 441	76 441
Consultants: Business and advisory services	7 118	-	(3 539)	3 579	3 579	-	100.0%	3 389	3 389
Infrastructure and planning services	-	-	62	62	62	-	100.0%	-	-
Scientific and technological services	-	-	131	131	131	-	100.0%	3 230	3 230
Legal services	-	-	7 346	7 346	7 346	-	100.0%	20 786	20 786
Contractors	11 328	-	944	12 272	12 272	-	100.0%	10 085	10 085
Agency and support / outsourced services	9 039	-	1 341	10 380	10 380	-	100.0%	24 321	24 321
Entertainment	4 677	-	(2 114)	2 563	2 563	-	100.0%	5 556	5 556
Fleet services (including government motor transport)	1 046	-	921	1 967	1 967	-	100.0%	1 000	1 000
Housing	17	-	(17)	-	-	-	-	-	-
Inventory: Clothing material and accessories	4 233	-	1 449	5 682	5 682	-	100.0%	5 997	5 997
Inventory: Food and food supplies	10 477	-	(1 670)	8 807	8 807	-	100.0%	12 998	12 998
Inventory: Fuel, oil and gas	12 531	-	3 991	16 522	16 522	-	100.0%	9 984	9 984
Inventory: Learner and teacher support material	13	-	(13)	-	-	-	-	-	-
Inventory: Materials and supplies	1 030	-	422	1 452	1 452	-	100.0%	1 447	1 447

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 1: Administration (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Medical supplies	8	-	39	47	47	-	100.0%	20	20
Inventory: Other supplies	1	-	2	3	3	-	100.0%	2	2
Consumable supplies	11 591	-	1 403	12 994	12 994	-	100.0%	4 425	4 425
Consumable: Stationery, printing and office supplies	12 209	-	(3 176)	9 033	9 033	-	100.0%	12 859	12 859
Operating leases	301 978	-	74 040	376 018	376 018	-	100.0%	310 955	310 955
Property payments	1 643 990	-	34 172	1 678 162	1 678 162	-	100.0%	1 924 505	1 924 505
Travel and subsistence	125 780	-	7 302	133 082	133 082	-	100.0%	119 648	119 648
Training and development	35 949	-	2 588	38 537	38 537	-	100.0%	27 889	27 889
Operating payments	22 565	-	13 426	35 991	35 991	-	100.0%	31 570	31 570
Venues and facilities	5 555	-	(340)	5 215	5 215	-	100.0%	4 507	4 507
Rental and hiring	25	-	116	141	141	-	100.0%	16	16
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	546 556	-	12 121	558 677	557 075	1 602	99.7%	387 292	387 292
Provinces and municipalities	42	-	(25)	17	17	-	100.0%	-	-
Municipalities	42	-	(25)	17	17	-	100.0%	-	-
Municipal bank accounts	42	-	(25)	17	17	-	100.0%	-	-
Departmental agencies and accounts	526 933	-	(157)	526 776	525 174	1 602	99.7%	370 367	370 367
Departmental agencies (non-business entities)	526 933	-	(157)	526 776	525 174	1 602	99.7%	370 367	370 367
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	188	188	188	-	100.0%	451	451
Public corporations	-	-	4	4	4	-	100.0%	-	-
Other transfers to public corporations	-	-	4	4	4	-	100.0%	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 1: Administration (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private enterprises	-	-	184	184	184	-	100.0%	451	451
Other transfers to private enterprises	-	-	184	184	184	-	100.0%	451	451
Non-profit institutions	6 850	-	290	7 140	7 140	-	100.0%	6 869	6 869
Households	12 731	-	11 825	24 556	24 556	-	100.0%	9 605	9 605
Social benefits	12 731	-	1 784	14 515	14 515	-	100.0%	9 106	9 106
Other transfers to households	-	-	10 041	10 041	10 041	-	100.0%	499	499
Payments for capital assets	31 357	-	28 302	59 659	59 659	-	100.0%	43 116	43 116
Buildings and other fixed structures	-	-	28	28	28	-	100.0%	38	38
Buildings	-	-	28	28	28	-	100.0%	38	38
Machinery and equipment	31 341	-	27 439	58 780	58 780	-	100.0%	43 078	43 078
Transport equipment	21 743	-	10 853	32 596	32 596	-	100.0%	23 415	23 415
Other machinery and equipment	9 598	-	16 586	26 184	26 184	-	100.0%	19 663	19 663
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	16	-	835	851	851	-	100.0%	-	-
Payment for financial assets	-	-	13 162	13 162	13 162	-	100.0%	6 029	6 029
Total	4 499 662	-	160 925	4 660 587	4 658 985	1 602	100.0%	4 510 985	4 510 985

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.1: Ministry

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	74 761	-	3 223	77 984	77 984	-	100.0%	85 889	85 889
Compensation of employees	37 716	-	(11 268)	26 448	26 448	-	100.0%	33 780	33 780
Goods and services	37 045	-	14 491	51 536	51 536	-	100.0%	52 109	52 109
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	94	-	1 036	1 130	1 130	-	100.0%	70	70
Provinces and municipalities	19	-	(6)	13	13	-	100.0%	-	-
Departmental agencies and accounts	75	-	(75)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	1 117	1 117	1 117	-	100.0%	70	70
Payments for capital assets	2 563	-	290	2 873	2 873	-	100.0%	542	542
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 563	-	290	2 873	2 873	-	100.0%	542	542
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	366	366
Total	77 438	-	4 549	81 987	81 987	-	100.0%	86 867	86 867

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.2: Departmental Direction

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	60 946	-	(20 005)	40 941	40 941	-	100.0%	49 112	49 112
Compensation of employees	34 899	-	(11 359)	23 540	23 540	-	100.0%	32 150	32 150
Goods and services	26 047	-	(8 646)	17 401	17 401	-	100.0%	16 962	16 962
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5	-	394	399	399	-	100.0%	25	25
Provinces and municipalities	5	-	(5)	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	399	399	399	-	100.0%	25	25
Payments for capital assets	1 419	-	914	2 333	2 333	-	100.0%	898	898
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 419	-	914	2 333	2 333	-	100.0%	898	898
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	62 370	-	(18 697)	43 673	43 673	-	100.0%	50 035	50 035

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.3: Policy and Planning

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	96 612	-	(9 000)	87 612	87 612	-	100.0%	83 285	83 285
Compensation of employees	71 951	-	(1 896)	70 055	70 055	-	100.0%	64 344	64 344
Goods and services	24 661	-	(7 104)	17 557	17 557	-	100.0%	18 941	18 941
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	468	-	2 475	2 943	2 943	-	100.0%	77	77
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	8	-	(8)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	460	-	2 483	2 943	2 943	-	100.0%	77	77
Payments for capital assets	872	-	2 246	3 118	3 118	-	100.0%	927	927
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	872	-	2 246	3 118	3 118	-	100.0%	927	927
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	97 952	-	(4 279)	93 673	93 673	-	100.0%	84 289	84 289

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.4: Financial Services

	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	315 068	-	(9 610)	305 458	305 458	-	100.0%	275 339	275 339
Compensation of employees	274 298	-	(11 421)	262 877	262 877	-	100.0%	236 247	236 247
Goods and services	40 770	-	1 811	42 581	42 581	-	100.0%	39 092	39 092
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 584	-	1 179	2 763	2 763	-	100.0%	1 606	1 606
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	23	23	23	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 584	-	1 156	2 740	2 740	-	100.0%	1 606	1 606
Payments for capital assets	174	-	3 659	3 833	3 833	-	100.0%	7 810	7 810
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	174	-	3 659	3 833	3 833	-	100.0%	7 810	7 810
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	13 122	13 122	13 122	-	100.0%	273	273
Total	316 826	-	8 350	325 176	325 176	-	100.0%	285 028	285 028

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.5: Human Resources Support Services

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	663 084	-	5 046	668 130	668 130	-	100.0%	610 654	610 654
Compensation of employees	515 883	-	5 338	521 221	521 221	-	100.0%	467 777	467 777
Goods and services	147 201	-	(292)	146 909	146 909	-	100.0%	142 877	142 877
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	29 937	-	4 444	34 381	32 779	1 602	95.3%	23 337	23 337
Provinces and municipalities	1	-	-	1	1	-	100.0%	-	-
Departmental agencies and accounts	22 628	-	(12)	22 616	21 014	1 602	92.9%	18 936	18 936
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	37	37	37	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	346	346
Households	7 308	-	4 419	11 727	11 727	-	100.0%	4 055	4 055
Payments for capital assets	7 806	-	5 615	13 421	13 421	-	100.0%	13 112	13 112
Buildings and other fixed structures	-	-	-	-	-	-	-	38	38
Machinery and equipment	7 806	-	5 615	13 421	13 421	-	100.0%	13 074	13 074
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	28	28	28	-	100.0%	5 099	5 099
Total	700 827	-	15 133	715 960	714 358	1 602	99.8%	652 202	652 202

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.6: Legal Services

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	265 705	-	(11 118)	254 587	254 587	-	100.0%	232 989	232 989
Compensation of employees	226 248	-	(9 342)	216 906	216 906	-	100.0%	186 204	186 204
Goods and services	39 457	-	(1 776)	37 681	37 681	-	100.0%	46 785	46 785
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	830	-	573	1 403	1 403	-	100.0%	150	150
Provinces and municipalities	2	-	1	3	3	-	100.0%	-	-
Departmental agencies and accounts	26	-	(26)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	4	4	4	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	802	-	594	1 396	1 396	-	100.0%	150	150
Payments for capital assets	5 282	-	4 989	10 271	10 271	-	100.0%	9 487	9 487
Buildings and other fixed structures	-	-	23	23	23	-	100.0%	-	-
Machinery and equipment	5 282	-	4 115	9 397	9 397	-	100.0%	9 487	9 487
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	851	851	851	-	100.0%	-	-
Payment for financial assets	-	-	1	1	1	-	100.0%	-	-
Total	271 817	-	(5 555)	266 262	266 262	-	100.0%	242 626	242 626

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.7: Inspection Services

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	111 036	-	(11 961)	99 075	99 075	-	100.0%	77 276	77 276
Compensation of employees	83 840	-	(13 816)	70 024	70 024	-	100.0%	59 262	59 262
Goods and services	27 196	-	1 855	29 051	29 051	-	100.0%	18 014	18 014
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	360	-	25	385	385	-	100.0%	1 010	1 010
Provinces and municipalities	5	-	(5)	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	10	10	10	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	355	-	20	375	375	-	100.0%	1 010	1 010
Payments for capital assets	5 232	-	2 222	7 454	7 454	-	100.0%	4 601	4 601
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	5 216	-	2 238	7 454	7 454	-	100.0%	4 601	4 601
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	16	-	(16)	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	116 628	-	(9 714)	106 914	106 914	-	100.0%	82 887	82 887

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for the year ended 31 March 2015

Subprogramme: 1.8: Acquisition Services

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	49 311	-	5 428	54 739	54 739	-	100.0%	43 781	43 781
Compensation of employees	41 706	-	6 334	48 040	48 040	-	100.0%	38 498	38 498
Goods and services	7 605	-	(906)	6 699	6 699	-	100.0%	5 283	5 283
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	203	-	2 600	2 803	2 803	-	100.0%	2 168	2 168
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	6	6	6	-	100.0%	451	451
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	203	-	2 594	2 797	2 797	-	100.0%	1 717	1 717
Payments for capital assets	295	-	991	1 286	1 286	-	100.0%	554	554
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	295	-	991	1 286	1 286	-	100.0%	554	554
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	41	41
Total	49 809	-	9 019	58 828	58 828	-	100.0%	46 544	46 544

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.9: Communication Services

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	38 755	-	7 505	46 260	46 260	-	100.0%	49 324	49 324
Compensation of employees	23 165	-	(1 550)	21 615	21 615	-	100.0%	18 762	18 762
Goods and services	15 590	-	9 055	24 645	24 645	-	100.0%	30 562	30 562
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	377	-	(283)	94	94	-	100.0%	4	4
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	28	-	(28)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	349	-	(255)	94	94	-	100.0%	4	4
Payments for capital assets	874	-	1 258	2 132	2 132	-	100.0%	436	436
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	874	-	1 258	2 132	2 132	-	100.0%	436	436
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	21	21
Total	40 006	-	8 480	48 486	48 486	-	100.0%	49 785	49 785

APPROPRIATION STATEMENT for the year ended 31 March 2015

Subprogramme: 1.10: South African National Defence Force Command and Control

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	139 280	-	172	139 452	139 452	-	100.0%	133 491	133 491
Compensation of employees	111 576	-	1 417	112 993	112 993	-	100.0%	106 833	106 833
Goods and services	27 704	-	(1 245)	26 459	26 459	-	100.0%	26 658	26 658
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	306	-	354	660	660	-	100.0%	335	335
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	8	-	(8)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	13	13	13	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	298	-	349	647	647	-	100.0%	335	335
Payments for capital assets	2 691	-	937	3 628	3 628	-	100.0%	2 781	2 781
Buildings and other fixed structures	-	-	5	5	5	-	100.0%	-	-
Machinery and equipment	2 691	-	932	3 623	3 623	-	100.0%	2 781	2 781
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	2	2	2	-	100.0%	-	-
Total	142 277	-	1 465	143 742	143 742	-	100.0%	136 607	136 607

APPROPRIATION STATEMENT for the year ended 31 March 2015

Subprogramme: 1.11: Religious Services

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 726	-	476	12 202	12 202	-	100.0%	10 900	10 900
Compensation of employees	8 822	-	579	9 401	9 401	-	100.0%	8 687	8 687
Goods and services	2 904	-	(103)	2 801	2 801	-	100.0%	2 213	2 213
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	297	-	(295)	2	2	-	100.0%	13	13
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	2	2	2	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	297	-	(297)	-	-	-	-	13	13
Payments for capital assets	543	-	(11)	532	532	-	100.0%	492	492
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	543	-	(11)	532	532	-	100.0%	492	492
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	12 566	-	170	12 736	12 736	-	100.0%	11 405	11 405

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.12: Defence Reserve Direction

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 189	-	(994)	17 195	17 195	-	100.0%	16 234	16 234
Compensation of employees	14 655	-	(173)	14 482	14 482	-	100.0%	13 796	13 796
Goods and services	3 534	-	(821)	2 713	2 713	-	100.0%	2 438	2 438
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	6 929	-	258	7 187	7 187	-	100.0%	6 724	6 724
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	6 850	-	290	7 140	7 140	-	100.0%	6 523	6 523
Households	79	-	(32)	47	47	-	100.0%	201	201
Payments for capital assets	105	-	79	184	184	-	100.0%	77	77
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	105	-	79	184	184	-	100.0%	77	77
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	9	9	9	-	100.0%	205	205
Total	25 223	-	(648)	24 575	24 575	-	100.0%	23 240	23 240

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.13: Defence Foreign Relations

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	207 930	-	38 647	246 577	246 577	-	100.0%	225 544	225 544
Compensation of employees	126 259	-	11 139	137 398	137 398	-	100.0%	131 481	131 481
Goods and services	81 671	-	27 508	109 179	109 179	-	100.0%	94 063	94 063
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 006	-	(639)	367	367	-	100.0%	342	342
Provinces and municipalities	10	-	(10)	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	93	93	93	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	996	-	(722)	274	274	-	100.0%	342	342
Payments for capital assets	3 481	-	5 113	8 594	8 594	-	100.0%	1 399	1 399
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 481	-	5 113	8 594	8 594	-	100.0%	1 399	1 399
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	24	24
Total	212 417	-	43 121	255 538	255 538	-	100.0%	227 309	227 309

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.14: Office Accommodation

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 869 346	-	109 531	1 978 877	1 978 877	-	100.0%	2 180 730	2 180 730
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	1 869 346	-	109 531	1 978 877	1 978 877	-	100.0%	2 180 730	2 180 730
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	1 869 346	-	109 531	1 978 877	1 978 877	-	100.0%	2 180 730	2 180 730

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 1.15: Military Veterans Management

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	504 160	-	-	504 160	504 160	-	100.0%	351 431	351 431
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	504 160	-	-	504 160	504 160	-	100.0%	351 431	351 431
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	504 160	-	-	504 160	504 160	-	100.0%	351 431	351 431

APPROPRIATION STATEMENT for the year ended 31 March 2015

Programme 2: Force Employment

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Strategic Direction	115 965	-	(1 527)	114 438	114 438	-	100.0%	105 479	105 479
2. Operational Direction	274 862	-	(17 861)	257 001	257 001	-	100.0%	254 077	253 043
3. Special Operations	653 809	-	54 914	708 723	708 723	-	100.0%	668 612	666 472
4. Regional Security	1 488 908	-	149 728	1 638 636	1 638 636	-	100.0%	1 764 278	1 608 559
5. Support to the People	934 097	-	(32 934)	901 163	901 163	-	100.0%	710 847	698 810
6. Defence Capability Management	19 317	-	(7 837)	11 480	11 480	-	100.0%	18 505	14 292
Total	3 486 958	-	144 483	3 631 441	3 631 441	-	100.0%	3 521 798	3 346 655
Economic classification									
Current payments	3 007 908	-	45 199	3 053 107	3 053 107	-	100.0%	3 100 386	2 938 725
Compensation of employees	1 709 160	-	145 388	1 854 548	1 854 548	-	100.0%	1 590 158	1 590 158
Salaries and wages	1 645 859	-	135 736	1 781 595	1 781 595	-	100.0%	1 523 064	1 523 064
Social contributions	63 301	-	9 652	72 953	72 953	-	100.0%	67 094	67 094
Goods and services	1 298 748	-	(100 189)	1 198 559	1 198 559	-	100.0%	1 510 228	1 348 567
Administrative fees	10	-	74	84	84	-	100.0%	165	165
Advertising	330	-	9	339	339	-	100.0%	354	354
Minor assets	23 197	-	(5 110)	18 087	18 087	-	100.0%	166 404	15 383
Catering: Departmental activities	2 056	-	1 746	3 802	3 802	-	100.0%	2 822	2 822
Communication (G&S)	33 324	-	(16 713)	16 611	16 611	-	100.0%	16 068	16 068
Computer services	5 290	-	11 801	17 091	17 091	-	100.0%	14 135	14 135
Consultants: Business and advisory services	-	-	415	415	415	-	100.0%	665	665
Infrastructure and planning services	984	-	34	1 018	1 018	-	100.0%	60	60
Scientific and technological services	-	-	13 448	13 448	13 448	-	100.0%	8 271	8 271
Contractors	461 649	-	(34 340)	427 309	427 309	-	100.0%	149 474	138 834
Agency and support / outsourced services	2 607	-	3 233	5 840	5 840	-	100.0%	5 782	5 782

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 2: Force Employment (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Entertainment	165	-	(127)	38	38	-	100.0%	95	95
Fleet services (including government motor transport)	24 047	-	10 366	34 413	34 413	-	100.0%	44 641	44 641
Inventory: Clothing material and accessories	10 437	-	(5 838)	4 599	4 599	-	100.0%	6 667	6 667
Inventory: Farming supplies	2 512	-	(2 341)	171	171	-	100.0%	77	77
Inventory: Food and food supplies	97 611	-	10 862	108 473	108 473	-	100.0%	118 475	118 475
Inventory: Fuel, oil and gas	105 781	-	(55 552)	50 229	50 229	-	100.0%	66 322	66 322
Inventory: Materials and supplies	17 816	-	66 933	84 749	84 749	-	100.0%	379 369	379 369
Inventory: Medical supplies	1 695	-	(1 598)	97	97	-	100.0%	265	265
Inventory: Medicine	7 982	-	(6 375)	1 607	1 607	-	100.0%	2 772	2 772
Inventory: Other supplies	472	-	183	655	655	-	100.0%	671	671
Consumable supplies	20 553	-	(2 314)	18 239	18 239	-	100.0%	12 458	12 458
Consumable: Stationery, printing and office supplies	5 700	-	(1 482)	4 218	4 218	-	100.0%	8 782	8 782
Operating leases	5 663	-	20 692	26 355	26 355	-	100.0%	21 081	21 081
Property payments	19 577	-	1 669	21 246	21 246	-	100.0%	18 457	18 457
Travel and subsistence	238 635	-	(17 284)	221 351	221 351	-	100.0%	200 218	200 218
Training and development	6 178	-	(3 883)	2 295	2 295	-	100.0%	2 405	2 405
Operating payments	201 281	-	(87 179)	114 102	114 102	-	100.0%	262 079	262 079
Venues and facilities	3 196	-	(1 518)	1 678	1 678	-	100.0%	1 191	1 191
Rental and hiring	-	-	-	-	-	-	-	3	3
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	293 445	-	(5 408)	288 037	288 037	-	100.0%	167 851	163 638
Provinces and municipalities	2	-	(2)	-	-	-	-	-	-
Municipalities	2	-	(2)	-	-	-	-	-	-
Municipal bank accounts	2	-	(2)	-	-	-	-	-	-
Departmental agencies and accounts	277 715	-	(860)	276 855	276 855	-	100.0%	149 131	149 131
Departmental agencies (non-business entities)	277 715	-	(860)	276 855	276 855	-	100.0%	149 131	149 131
Higher education institutions	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 2: Force Employment (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	8 000	-	86	8 086	8 086	-	100.0%	13 250	9 037
Public corporations	8 000	-	-	8 000	8 000	-	100.0%	13 250	9 037
Subsidies on products and production (pc)	8 000	-	-	8 000	8 000	-	100.0%	13 250	9 037
Private enterprises	-	-	86	86	86	-	100.0%	-	-
Other transfers to private enterprises	-	-	86	86	86	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	7 728	-	(4 632)	3 096	3 096	-	100.0%	5 470	5 470
Social benefits	7 728	-	(4 645)	3 083	3 083	-	100.0%	5 470	5 470
Other transfers to households	-	-	13	13	13	-	100.0%	-	-
Payments for capital assets	185 605	-	104 647	290 252	290 252	-	100.0%	253 483	244 214
Buildings and other fixed structures	760	-	(269)	491	491	-	100.0%	11 721	11 721
Buildings	760	-	(269)	491	491	-	100.0%	11 721	11 721
Machinery and equipment	183 779	-	105 982	289 761	289 761	-	100.0%	241 718	232 449
Transport equipment	118 940	-	22 318	141 258	141 258	-	100.0%	101 257	101 257
Other machinery and equipment	64 839	-	83 664	148 503	148 503	-	100.0%	140 461	131 192
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	1 066	-	(1 066)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	44	44
Payment for financial assets	-	-	45	45	45	-	100.0%	78	78
Total	3 486 958	-	144 483	3 631 441	3 631 441	-	100.0%	3 521 798	3 346 655

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 2.1: Strategic Direction

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	109 987	-	894	110 881	110 881	-	100.0%	100 613	100 613
Compensation of employees	81 643	-	10 403	92 046	92 046	-	100.0%	84 123	84 123
Goods and services	28 344	-	(9 509)	18 835	18 835	-	100.0%	16 490	16 490
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 410	-	(2 307)	103	103	-	100.0%	1 820	1 820
Provinces and municipalities	2	-	(2)	-	-	-	-	-	-
Departmental agencies and accounts	52	-	(52)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 356	-	(2 253)	103	103	-	100.0%	1 820	1 820
Payments for capital assets	3 568	-	(132)	3 436	3 436	-	100.0%	3 046	3 046
Buildings and other fixed structures	760	-	(760)	-	-	-	-	-	-
Machinery and equipment	2 808	-	628	3 436	3 436	-	100.0%	3 046	3 046
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	18	18	18	-	100.0%	-	-
Total	115 965	-	(1 527)	114 438	114 438	-	100.0%	105 479	105 479

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 2.2: Operational Direction

Economic classification	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments	249 981	-	(9 533)	240 448	240 448	-	100.0%	231 694	231 694
Compensation of employees	210 996	-	(3 296)	207 700	207 700	-	100.0%	200 890	200 890
Goods and services	38 985	-	(6 237)	32 748	32 748	-	100.0%	30 804	30 804
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 496	-	(1 159)	1 337	1 337	-	100.0%	1 460	1 460
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	172	-	(170)	2	2	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	60	60	60	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 324	-	(1 049)	1 275	1 275	-	100.0%	1 460	1 460
Payments for capital assets	22 385	-	(7 184)	15 201	15 201	-	100.0%	20 866	19 832
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	22 385	-	(7 184)	15 201	15 201	-	100.0%	20 866	19 832
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	15	15	15	-	100.0%	57	57
Total	274 862	-	(17 861)	257 001	257 001	-	100.0%	254 077	253 043

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 2.3: Special Operations

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	467 124	-	47 511	514 635	514 635	-	100.0%	472 887	472 887
Compensation of employees	343 107	-	72 736	415 843	415 843	-	100.0%	379 343	379 343
Goods and services	124 017	-	(25 225)	98 792	98 792	-	100.0%	93 544	93 544
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	171 461	-	(1 305)	170 156	170 156	-	100.0%	151 321	151 321
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	168 413	-	(1)	168 412	168 412	-	100.0%	149 131	149 131
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	26	26	26	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 048	-	(1 330)	1 718	1 718	-	100.0%	2 190	2 190
Payments for capital assets	15 224	-	8 699	23 923	23 923	-	100.0%	44 383	42 243
Buildings and other fixed structures	-	-	491	491	491	-	100.0%	743	743
Machinery and equipment	14 278	-	9 154	23 432	23 432	-	100.0%	43 596	41 456
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	946	-	(946)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	44	44
Payment for financial assets	-	-	9	9	9	-	100.0%	21	21
Total	653 809	-	54 914	708 723	708 723	-	100.0%	668 612	666 472

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 2.4: Regional Security

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 337 501	-	52 378	1 389 879	1 389 879	-	100.0%	1 695 817	1 544 796
Compensation of employees	599 434	-	(6 740)	592 694	592 694	-	100.0%	529 879	529 879
Goods and services	738 067	-	59 118	797 185	797 185	-	100.0%	1 165 938	1 014 917
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	108 880	-	(440)	108 440	108 440	-	100.0%	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	108 880	-	(440)	108 440	108 440	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	42 527	-	97 790	140 317	140 317	-	100.0%	68 461	63 763
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	42 527	-	97 790	140 317	140 317	-	100.0%	68 461	63 763
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	1 488 908	-	149 728	1 638 636	1 638 636	-	100.0%	1 764 278	1 608 559

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 2.5: Support to the People

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	836 208	-	(41 362)	794 846	794 846	-	100.0%	596 877	586 237
Compensation of employees	473 980	-	72 285	546 265	546 265	-	100.0%	395 923	395 923
Goods and services	362 228	-	(113 647)	248 581	248 581	-	100.0%	200 954	190 314
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	198	-	(197)	1	1	-	100.0%	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	198	-	(197)	1	1	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	97 691	-	8 622	106 313	106 313	-	100.0%	113 970	112 573
Buildings and other fixed structures	-	-	-	-	-	-	-	10 978	10 978
Machinery and equipment	97 691	-	8 622	106 313	106 313	-	100.0%	102 992	101 595
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	3	3	3	-	100.0%	-	-
Total	934 097	-	(32 934)	901 163	901 163	-	100.0%	710 847	698 810

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 2.6: Defence Capability Management

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 107	-	(4 689)	2 418	2 418	-	100.0%	2 498	2 498
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	7 107	-	(4 689)	2 418	2 418	-	100.0%	2 498	2 498
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	8 000	-	-	8 000	8 000	-	100.0%	13 250	9 037
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	8 000	-	-	8 000	8 000	-	100.0%	13 250	9 037
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	4 210	-	(3 148)	1 062	1 062	-	100.0%	2 757	2 757
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 090	-	(3 028)	1 062	1 062	-	100.0%	2 757	2 757
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	120	-	(120)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	19 317	-	(7 837)	11 480	11 480	-	100.0%	18 505	14 292

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 3: Landward Defence

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Strategic Direction	401 567	-	17 405	418 972	418 972	-	100.0%	420 388	420 388
2. Infantry Capability	5 340 257	-	63 698	5 403 955	5 403 955	-	100.0%	4 759 699	4 759 699
3. Armour Capability	392 644	-	(17 959)	374 685	374 685	-	100.0%	356 755	356 755
4. Artillery Capability	445 599	-	(19 997)	425 602	425 602	-	100.0%	383 202	383 202
5. Air Defence Artillery Capability	492 201	-	(14 146)	478 055	478 055	-	100.0%	425 105	425 105
6. Engineering Capability	634 276	-	(11 203)	623 073	623 073	-	100.0%	587 191	587 191
7. Operational Intelligence	193 775	-	(5 513)	188 262	188 262	-	100.0%	176 843	176 843
8. Command and Control Capability	180 747	-	(2 937)	177 810	177 810	-	100.0%	168 679	168 679
9. Support Capability	4 634 333	-	(193 300)	4 441 033	4 428 168	12 865	99.7%	4 858 211	4 858 211
10. General Training Capability	406 648	-	4 874	411 522	411 522	-	100.0%	390 971	390 971
11. Signal Capability	1 119 808	-	(796)	1 119 012	1 119 012	-	100.0%	1 072 079	1 072 079
Total	14 241 855	-	(179 874)	14 061 981	14 049 116	12 865	99.9%	13 599 123	13 599 123
Economic classification									
Current payments	11 921 318	-	(256 341)	11 664 977	11 652 112	12 865	99.9%	10 809 538	10 809 538
Compensation of employees	9 874 563	-	(78 922)	9 795 641	9 795 641	-	100.0%	9 164 762	9 164 762
Salaries and wages	8 860 865	-	(159 956)	8 700 909	8 700 909	-	100.0%	8 152 990	8 152 990
Social contributions	1 013 698	-	81 034	1 094 732	1 094 732	-	100.0%	1 011 772	1 011 772
Goods and services	2 046 755	-	(177 419)	1 869 336	1 856 471	12 865	99.3%	1 644 776	1 644 776
Administrative fees	-	-	3	3	3	-	100.0%	10	10
Advertising	1 629	-	(508)	1 121	1 121	-	100.0%	1 441	1 441

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 3: Landward Defence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Minor assets	85 593	-	(26 126)	59 467	59 467	-	100.0%	64 157	64 157
Catering: Departmental activities	5 733	-	(2 931)	2 802	2 802	-	100.0%	5 375	5 375
Communication (G&S)	42 420	-	(19 515)	22 905	22 905	-	100.0%	33 027	33 027
Computer services	81 189	-	460	81 649	81 649	-	100.0%	71 074	71 074
Consultants: Business and advisory services	8 712	-	(2 013)	6 699	6 699	-	100.0%	6 914	6 914
Infrastructure and planning services	32 804	-	(21 458)	11 346	11 346	-	100.0%	186	186
Scientific and technological services	-	-	800	800	800	-	100.0%	1 681	1 681
Legal services	-	-	-	-	-	-	-	57	57
Contractors	437 088	-	(71 720)	365 368	352 503	12 865	96.5%	232 914	232 914
Agency and support / outsourced services	14 649	-	(5 909)	8 740	8 740	-	100.0%	11 001	11 001
Entertainment	150	-	(41)	109	109	-	100.0%	3 216	3 216
Fleet services (including government motor transport)	89 526	-	(41 035)	48 491	48 491	-	100.0%	22 997	22 997
Inventory: Clothing material and accessories	141 614	-	6 457	148 071	148 071	-	100.0%	21 014	21 014
Inventory: Farming supplies	3 807	-	604	4 411	4 411	-	100.0%	3 588	3 588
Inventory: Food and food supplies	425 999	-	47 442	473 441	473 441	-	100.0%	481 412	481 412
Inventory: Fuel, oil and gas	195 962	-	(43 962)	152 000	152 000	-	100.0%	193 558	193 558
Inventory: Materials and supplies	40 403	-	10 574	50 977	50 977	-	100.0%	40 065	40 065
Inventory: Medical supplies	49	-	(32)	17	17	-	100.0%	68	68
Inventory: Medicine	16	-	(14)	2	2	-	100.0%	10	10
Inventory: Other supplies	27 524	-	(21 886)	5 638	5 638	-	100.0%	47	47
Consumable supplies	41 339	-	(1 605)	39 734	39 734	-	100.0%	27 214	27 214
Consumable: Stationery, printing and office supplies	25 892	-	(9 866)	16 026	16 026	-	100.0%	29 145	29 145
Operating leases	18 638	-	(15 127)	3 511	3 511	-	100.0%	2 265	2 265

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 3: Landward Defence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Property payments	65 319	-	(2 683)	62 636	62 636	-	100.0%	85 979	85 979
Travel and subsistence	190 351	-	61 063	251 414	251 414	-	100.0%	278 665	278 665
Training and development	42 198	-	6 932	49 130	49 130	-	100.0%	39 156	39 156
Operating payments	24 757	-	(26 620)	(1 863)	(1 863)	-	100.0%	(16 957)	(16 957)
Venues and facilities	3 367	-	1 264	4 631	4 631	-	100.0%	5 481	5 481
Rental and hiring	27	-	33	60	60	-	100.0%	16	16
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 232 927	-	18 839	2 251 766	2 251 766	-	100.0%	2 473 968	2 473 968
Provinces and municipalities	5	-	(3)	2	2	-	100.0%	-	-
Municipalities	5	-	(3)	2	2	-	100.0%	-	-
Municipal bank accounts	5	-	(3)	2	2	-	100.0%	-	-
Departmental agencies and accounts	2 158 612	-	(223)	2 158 389	2 158 389	-	100.0%	2 391 470	2 391 470
Departmental agencies (non-business entities)	2 158 612	-	(223)	2 158 389	2 158 389	-	100.0%	2 391 470	2 391 470
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	49 728	-	457	50 185	50 185	-	100.0%	54 509	54 509
Public corporations	49 728	-	-	49 728	49 728	-	100.0%	54 446	54 446
Subsidies on products and production (pc)	49 728	-	-	49 728	49 728	-	100.0%	54 446	54 446
Private enterprises	-	-	457	457	457	-	100.0%	63	63
Other transfers to private enterprises	-	-	457	457	457	-	100.0%	63	63
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	24 582	-	18 608	43 190	43 190	-	100.0%	27 989	27 989
Social benefits	24 582	-	4 927	29 509	29 509	-	100.0%	24 282	24 282

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 3: Landward Defence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	-	-	13 681	13 681	13 681	-	100.0%	3 707	3 707
Payments for capital assets	87 610	-	56 868	144 478	144 478	-	100.0%	312 092	312 092
Buildings and other fixed structures	-	-	925	925	925	-	100.0%	334	334
Buildings	-	-	925	925	925	-	100.0%	334	334
Machinery and equipment	67 610	-	75 937	143 547	143 547	-	100.0%	310 513	310 513
Transport equipment	31 800	-	20 753	52 553	52 553	-	100.0%	144 875	144 875
Other machinery and equipment	35 810	-	55 184	90 994	90 994	-	100.0%	165 638	165 638
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	20 000	-	(20 000)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	1 245	1 245
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	6	6	6	-	100.0%	-	-
Payment for financial assets	-	-	760	760	760	-	100.0%	3 525	3 525
Total	14 241 855	-	(179 874)	14 061 981	14 049 116	12 865	99.9%	13 599 123	13 599 123

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 3.1: Strategic Direction

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	397 298	-	15 819	413 117	413 117	-	100.0%	408 262	408 262
Compensation of employees	323 352	-	10 042	333 394	333 394	-	100.0%	333 369	333 369
Goods and services	73 946	-	5 777	79 723	79 723	-	100.0%	74 893	74 893
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	4 269	-	(66)	4 203	4 203	-	100.0%	10 057	10 057
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	50	-	(50)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	200	200	200	-	100.0%	5 694	5 694
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 219	-	(216)	4 003	4 003	-	100.0%	4 363	4 363
Payments for capital assets	-	-	1 632	1 632	1 632	-	100.0%	2 053	2 053
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	1 632	1 632	1 632	-	100.0%	2 053	2 053
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	20	20	20	-	100.0%	16	16
Total	401 567	-	17 405	418 972	418 972	-	100.0%	420 388	420 388

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 3.2: Infantry Capability

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 102 577	-	42 521	4 145 098	4 145 098	-	100.0%	3 826 057	3 826 057
Compensation of employees	3 951 045	-	27 206	3 978 251	3 978 251	-	100.0%	3 655 677	3 655 677
Goods and services	151 532	-	15 315	166 847	166 847	-	100.0%	170 380	170 380
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 235 395	-	12 914	1 248 309	1 248 309	-	100.0%	917 518	917 518
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 231 764	-	(103)	1 231 661	1 231 661	-	100.0%	907 662	907 662
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	44	44	44	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 631	-	12 973	16 604	16 604	-	100.0%	9 856	9 856
Payments for capital assets	2 285	-	8 068	10 353	10 353	-	100.0%	14 575	14 575
Buildings and other fixed structures	-	-	165	165	165	-	100.0%	-	-
Machinery and equipment	2 285	-	7 903	10 188	10 188	-	100.0%	13 330	13 330
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	1 245	1 245
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	195	195	195	-	100.0%	1 549	1 549
Total	5 340 257	-	63 698	5 403 955	5 403 955	-	100.0%	4 759 699	4 759 699

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 3.3: Armour Capability

Economic classification	2014/15							2013/14	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments	391 616	-	(18 170)	373 446	373 446	-	100.0%	355 562	355 562
Compensation of employees	375 687	-	(15 385)	360 202	360 202	-	100.0%	337 960	337 960
Goods and services	16 029	-	(2 785)	13 244	13 244	-	100.0%	17 602	17 602
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	871	-	(519)	352	352	-	100.0%	344	344
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	871	-	(519)	352	352	-	100.0%	344	344
Payments for capital assets	157	-	681	838	838	-	100.0%	845	845
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	157	-	681	838	838	-	100.0%	845	845
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	49	49	49	-	100.0%	4	4
Total	392 644	-	(17 959)	374 685	374 685	-	100.0%	356 755	356 755

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 3.4: Artillery Capability

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	391 558	-	(20 128)	371 430	371 430	-	100.0%	345 581	345 581
Compensation of employees	377 146	-	(19 274)	357 872	357 872	-	100.0%	332 976	332 976
Goods and services	14 412	-	(854)	13 558	13 558	-	100.0%	12 605	12 605
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	53 906	-	(627)	53 279	53 279	-	100.0%	36 838	36 838
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	53 001	-	(2)	52 999	52 999	-	100.0%	36 728	36 728
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	905	-	(625)	280	280	-	100.0%	110	110
Payments for capital assets	135	-	718	853	853	-	100.0%	579	579
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	135	-	718	853	853	-	100.0%	579	579
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	40	40	40	-	100.0%	204	204
Total	445 599	-	(19 997)	425 602	425 602	-	100.0%	383 202	383 202

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for the year ended 31 March 2015

Subprogramme: 3.5: Air Defence Artillery Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	288 424	-	(15 519)	272 905	272 905	-	100.0%	259 234	259 234
Compensation of employees	272 949	-	(12 449)	260 500	260 500	-	100.0%	240 898	240 898
Goods and services	15 475	-	(3 070)	12 405	12 405	-	100.0%	18 336	18 336
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	203 307	-	1 345	204 652	204 652	-	100.0%	164 662	164 662
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	203 010	-	-	203 010	203 010	-	100.0%	164 521	164 521
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	297	-	1 345	1 642	1 642	-	100.0%	141	141
Payments for capital assets	470	-	23	493	493	-	100.0%	1 140	1 140
Buildings and other fixed structures	-	-	-	-	-	-	-	29	29
Machinery and equipment	470	-	23	493	493	-	100.0%	1 111	1 111
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	5	5	5	-	100.0%	69	69
Total	492 201	-	(14 146)	478 055	478 055	-	100.0%	425 105	425 105

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 3.6: Engineering Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	632 210	-	(12 772)	619 438	619 438	-	100.0%	584 232	584 232
Compensation of employees	602 413	-	(10 618)	591 795	591 795	-	100.0%	552 252	552 252
Goods and services	29 797	-	(2 154)	27 643	27 643	-	100.0%	31 980	31 980
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	886	-	1 072	1 958	1 958	-	100.0%	1 090	1 090
Provinces and municipalities	2	-	(2)	-	-	-	-	-	-
Departmental agencies and accounts	8	-	(8)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	876	-	1 082	1 958	1 958	-	100.0%	1 090	1 090
Payments for capital assets	1 180	-	489	1 669	1 669	-	100.0%	1 397	1 397
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 180	-	489	1 669	1 669	-	100.0%	1 397	1 397
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	8	8	8	-	100.0%	472	472
Total	634 276	-	(11 203)	623 073	623 073	-	100.0%	587 191	587 191

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for the year ended 31 March 2015

Subprogramme: 3.7: Operational Intelligence

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	190 012	-	(5 420)	184 592	184 592	-	100.0%	168 968	168 968
Compensation of employees	181 670	-	(4 628)	177 042	177 042	-	100.0%	158 629	158 629
Goods and services	8 342	-	(792)	7 550	7 550	-	100.0%	10 339	10 339
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 682	-	(348)	3 334	3 334	-	100.0%	7 371	7 371
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	2 850	-	(8)	2 842	2 842	-	100.0%	7 080	7 080
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	832	-	(340)	492	492	-	100.0%	291	291
Payments for capital assets	81	-	247	328	328	-	100.0%	481	481
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	81	-	247	328	328	-	100.0%	481	481
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	8	8	8	-	100.0%	23	23
Total	193 775	-	(5 513)	188 262	188 262	-	100.0%	176 843	176 843

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for the year ended 31 March 2015

Subprogramme: 3.8: Command and Control Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	180 252	-	(2 873)	177 379	177 379	-	100.0%	167 158	167 158
Compensation of employees	163 930	-	(2 313)	161 617	161 617	-	100.0%	150 243	150 243
Goods and services	16 322	-	(560)	15 762	15 762	-	100.0%	16 915	16 915
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	78	-	(41)	37	37	-	100.0%	592	592
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	8	-	(8)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	70	-	(33)	37	37	-	100.0%	592	592
Payments for capital assets	417	-	(23)	394	394	-	100.0%	851	851
Buildings and other fixed structures	-	-	-	-	-	-	-	281	281
Machinery and equipment	417	-	(23)	394	394	-	100.0%	570	570
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	78	78
Total	180 747	-	(2 937)	177 810	177 810	-	100.0%	168 679	168 679

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 3.9: Support Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 831 415	-	(229 701)	3 601 714	3 588 849	12 865	99.6%	3 270 804	3 270 804
Compensation of employees	2 251 092	-	(80 689)	2 170 403	2 170 403	-	100.0%	2 087 369	2 087 369
Goods and services	1 580 323	-	(149 012)	1 431 311	1 418 446	12 865	99.1%	1 183 435	1 183 435
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	727 140	-	271	727 411	727 411	-	100.0%	1 333 673	1 333 673
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	667 896	-	(27)	667 869	667 869	-	100.0%	1 275 479	1 275 479
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	49 728	-	213	49 941	49 941	-	100.0%	48 815	48 815
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	9 516	-	85	9 601	9 601	-	100.0%	9 379	9 379
Payments for capital assets	75 778	-	35 843	111 621	111 621	-	100.0%	252 888	252 888
Buildings and other fixed structures	-	-	24	24	24	-	100.0%	24	24
Machinery and equipment	55 778	-	55 813	111 591	111 591	-	100.0%	252 864	252 864
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	20 000	-	(20 000)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	6	6	6	-	100.0%	-	-
Payment for financial assets	-	-	287	287	287	-	100.0%	846	846
Total	4 634 333	-	(193 300)	4 441 033	4 428 168	12 865	99.7%	4 858 211	4 858 211

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 3.10: General Training Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	402 876	-	840	403 716	403 716	-	100.0%	387 551	387 551
Compensation of employees	347 514	-	27 548	375 062	375 062	-	100.0%	352 496	352 496
Goods and services	55 362	-	(26 708)	28 654	28 654	-	100.0%	35 055	35 055
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	847	-	4 244	5 091	5 091	-	100.0%	918	918
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	-	(1)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	846	-	4 245	5 091	5 091	-	100.0%	918	918
Payments for capital assets	2 925	-	(301)	2 624	2 624	-	100.0%	2 495	2 495
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 925	-	(301)	2 624	2 624	-	100.0%	2 495	2 495
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	91	91	91	-	100.0%	7	7
Total	406 648	-	4 874	411 522	411 522	-	100.0%	390 971	390 971

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for the year ended 31 March 2015

Subprogramme: 3.11: Signal Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 113 080	-	(10 938)	1 102 142	1 102 142	-	100.0%	1 036 129	1 036 129
Compensation of employees	1 027 865	-	1 638	1 029 503	1 029 503	-	100.0%	962 893	962 893
Goods and services	85 215	-	(12 576)	72 639	72 639	-	100.0%	73 236	73 236
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 546	-	594	3 140	3 140	-	100.0%	905	905
Provinces and municipalities	3	-	(1)	2	2	-	100.0%	-	-
Departmental agencies and accounts	24	-	(16)	8	8	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 519	-	611	3 130	3 130	-	100.0%	905	905
Payments for capital assets	4 182	-	9 491	13 673	13 673	-	100.0%	34 788	34 788
Buildings and other fixed structures	-	-	736	736	736	-	100.0%	-	-
Machinery and equipment	4 182	-	8 755	12 937	12 937	-	100.0%	34 788	34 788
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	57	57	57	-	100.0%	257	257
Total	1 119 808	-	(796)	1 119 012	1 119 012	-	100.0%	1 072 079	1 072 079

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 4: Air Defence									
Sub programme									
1. Strategic Direction	16 660	-	1 638	18 298	18 298	-	100.0%	16 830	16 830
2. Operational Direction	137 270	-	46 493	183 763	183 763	-	100.0%	247 937	247 937
3. Helicopter Capability	736 982	-	80 163	817 145	817 145	-	100.0%	996 286	996 286
4. Transport and Maritime Capability	1 861 098	-	(722 318)	1 138 780	1 138 780	-	100.0%	485 389	485 389
5. Air Combat Capability	1 158 328	-	(50 004)	1 108 324	1 108 324	-	100.0%	909 905	909 905
6. Operational Support and Intelligence Capability	265 395	-	5 543	270 938	270 938	-	100.0%	312 633	312 633
7. Command and Control Capability	442 535	-	66 180	508 715	508 715	-	100.0%	343 112	343 112
8. Base Support Capability	1 785 348	-	62 709	1 848 057	1 848 057	-	100.0%	1 723 986	1 723 986
9. Command Post	50 625	-	6 770	57 395	57 395	-	100.0%	30 871	30 871
10. Training Capability	206 837	-	(6 253)	200 584	200 584	-	100.0%	206 393	206 393
11. Technical Support Services	515 534	-	245 990	761 524	761 524	-	100.0%	758 181	758 181
Total	7 176 612	-	(263 089)	6 913 523	6 913 523	-	100.0%	6 031 523	6 031 523
Economic classification									
Current payments	5 033 974	-	128 894	5 162 868	5 162 868	-	100.0%	5 116 005	5 116 005
Compensation of employees	2 983 184	-	165 705	3 148 889	3 148 889	-	100.0%	2 955 320	2 955 320
Salaries and wages	2 658 562	-	133 514	2 792 076	2 792 076	-	100.0%	2 620 305	2 620 305
Social contributions	324 622	-	32 191	356 813	356 813	-	100.0%	335 015	335 015
Goods and services	2 050 790	-	(36 811)	2 013 979	2 013 979	-	100.0%	2 160 685	2 160 685
Administrative fees	-	-	11	11	11	-	100.0%	-	-
Advertising	368	-	(50)	318	318	-	100.0%	72	72

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for the year ended 31 March 2015

Programme 4: Air Defence

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Minor assets	6 866	-	130	6 996	6 996	-	100.0%	6 739	6 739
Catering: Departmental activities	244	-	2 553	2 797	2 797	-	100.0%	2 136	2 136
Communication (G&S)	2 815	-	7 146	9 961	9 961	-	100.0%	8 872	8 872
Computer services	61 572	-	(33 572)	28 000	28 000	-	100.0%	31 282	31 282
Consultants: Business and advisory services	1 267	-	(785)	482	482	-	100.0%	1 404	1 404
Infrastructure and planning services	3 043	-	(607)	2 436	2 436	-	100.0%	1 423	1 423
Scientific and technological services	-	-	1 152	1 152	1 152	-	100.0%	836	836
Contractors	1 215 928	-	113 497	1 329 425	1 329 425	-	100.0%	1 532 339	1 532 339
Agency and support / outsourced services	8 787	-	67 099	75 886	75 886	-	100.0%	102 505	102 505
Entertainment	147	-	(82)	65	65	-	100.0%	335	335
Fleet services (including government motor transport)	5 439	-	552	5 991	5 991	-	100.0%	5 182	5 182
Inventory: Clothing material and accessories	19 364	-	2 162	21 526	21 526	-	100.0%	41 777	41 777
Inventory: Farming supplies	204	-	170	374	374	-	100.0%	292	292
Inventory: Food and food supplies	74 727	-	3 754	78 481	78 481	-	100.0%	71 217	71 217
Inventory: Fuel, oil and gas	211 251	-	(57 199)	154 052	154 052	-	100.0%	240 919	240 919
Inventory: Learner and teacher support material	105 939	-	(105 939)	-	-	-	-	-	-
Inventory: Materials and supplies	11 402	-	(72 469)	(61 067)	(61 067)	-	100.0%	(265 553)	(265 553)
Inventory: Medical supplies	3	-	50	53	53	-	100.0%	81	81
Inventory: Medicine	-	-	3	3	3	-	100.0%	4	4
Inventory: Other supplies	42 502	-	7 230	49 732	49 732	-	100.0%	83 507	83 507
Consumable supplies	13 532	-	2 688	16 220	16 220	-	100.0%	9 090	9 090
Consumable: Stationery, printing and office supplies	23 527	-	(17 579)	5 948	5 948	-	100.0%	12 016	12 016

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Programme 4: Air Defence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	5 518	-	(4 522)	996	996	-	100.0%	966	966
Property payments	11 965	-	5 030	16 995	16 995	-	100.0%	18 296	18 296
Travel and subsistence	24 302	-	62 303	86 605	86 605	-	100.0%	88 154	88 154
Training and development	19 204	-	25 851	45 055	45 055	-	100.0%	29 607	29 607
Operating payments	180 874	-	(45 497)	135 377	135 377	-	100.0%	136 908	136 908
Venues and facilities	-	-	31	31	31	-	100.0%	279	279
Rental and hiring	-	-	78	78	78	-	100.0%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 138 825	-	(507 965)	1 630 860	1 630 860	-	100.0%	815 669	815 669
Provinces and municipalities	-	-	2	2	2	-	100.0%	-	-
Municipalities	-	-	2	2	2	-	100.0%	-	-
Municipal bank accounts	-	-	2	2	2	-	100.0%	-	-
Departmental agencies and accounts	2 121 186	-	(503 037)	1 618 149	1 618 149	-	100.0%	806 142	806 142
Departmental agencies (non-business entities)	2 121 186	-	(503 037)	1 618 149	1 618 149	-	100.0%	806 142	806 142
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	100	100	100	-	100.0%	40	40
Private enterprises	-	-	100	100	100	-	100.0%	40	40
Other transfers to private enterprises	-	-	100	100	100	-	100.0%	40	40
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	17 639	-	(5 030)	12 609	12 609	-	100.0%	9 487	9 487
Social benefits	17 639	-	(5 554)	12 085	12 085	-	100.0%	9 487	9 487
Other transfers to households	-	-	524	524	524	-	100.0%	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 4: Air Defence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	3 813	-	115 406	119 219	119 219	-	100.0%	99 118	99 118
Buildings and other fixed structures	-	-	90	90	90	-	100.0%	545	545
Buildings	-	-	90	90	90	-	100.0%	545	545
Machinery and equipment	3 813	-	115 159	118 972	118 972	-	100.0%	98 329	98 329
Transport equipment	2 172	-	41 876	44 048	44 048	-	100.0%	44 153	44 153
Other machinery and equipment	1 641	-	73 283	74 924	74 924	-	100.0%	54 176	54 176
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	157	157	157	-	100.0%	244	244
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	576	576	576	-	100.0%	731	731
Total	7 176 612	-	(263 089)	6 913 523	6 913 523	-	100.0%	6 031 523	6 031 523

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.1: Strategic Direction

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	16 660	-	1 100	17 760	17 760	-	100.0%	16 456	16 456
Compensation of employees	11 131	-	163	11 294	11 294	-	100.0%	10 674	10 674
Goods and services	5 529	-	937	6 466	6 466	-	100.0%	5 782	5 782
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	102	102	102	-	100.0%	67	67
Provinces and municipalities	-	-	2	2	2	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	100	100	100	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	67	67
Payments for capital assets	-	-	436	436	436	-	100.0%	302	302
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	436	436	436	-	100.0%	302	302
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	5	5
Total	16 660	-	1 638	18 298	18 298	-	100.0%	16 830	16 830

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.2: Operational Direction

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	137 224	-	45 460	182 684	182 684	-	100.0%	246 673	246 673
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	137 224	-	45 460	182 684	182 684	-	100.0%	246 673	246 673
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	46	-	1 030	1 076	1 076	-	100.0%	1 264	1 264
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	46	-	1 030	1 076	1 076	-	100.0%	1 264	1 264
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	3	3	3	-	100.0%	-	-
Total	137 270	-	46 493	183 763	183 763	-	100.0%	247 937	247 937

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.3: Helicopter Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	678 057	-	66 662	744 719	744 719	-	100.0%	831 349	831 349
Compensation of employees	190 872	-	1 880	192 752	192 752	-	100.0%	185 049	185 049
Goods and services	487 185	-	64 782	551 967	551 967	-	100.0%	646 300	646 300
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	57 504	-	(427)	57 077	57 077	-	100.0%	159 366	159 366
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	56 798	-	-	56 798	56 798	-	100.0%	159 285	159 285
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	706	-	(427)	279	279	-	100.0%	81	81
Payments for capital assets	1 421	-	13 906	15 327	15 327	-	100.0%	5 567	5 567
Buildings and other fixed structures	-	-	22	22	22	-	100.0%	-	-
Machinery and equipment	1 421	-	13 884	15 305	15 305	-	100.0%	5 567	5 567
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	22	22	22	-	100.0%	4	4
Total	736 982	-	80 163	817 145	817 145	-	100.0%	996 286	996 286

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.4: Transport and Maritime Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	719 684	-	(219 652)	500 032	500 032	-	100.0%	477 399	477 399
Compensation of employees	166 788	-	(3 239)	163 549	163 549	-	100.0%	150 168	150 168
Goods and services	552 896	-	(216 413)	336 483	336 483	-	100.0%	327 231	327 231
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 141 116	-	(503 164)	637 952	637 952	-	100.0%	4 560	4 560
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 140 793	-	(503 000)	637 793	637 793	-	100.0%	4 378	4 378
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	323	-	(164)	159	159	-	100.0%	182	182
Payments for capital assets	298	-	465	763	763	-	100.0%	3 420	3 420
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	298	-	465	763	763	-	100.0%	3 420	3 420
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	33	33	33	-	100.0%	10	10
Total	1 861 098	-	(722 318)	1 138 780	1 138 780	-	100.0%	485 389	485 389

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for the year ended 31 March 2015

Subprogramme: 4.5: Air Combat Capability

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	447 530	-	(51 471)	396 059	396 059	-	100.0%	327 719	327 719
Compensation of employees	64 842	-	1 590	66 432	66 432	-	100.0%	62 786	62 786
Goods and services	382 688	-	(53 061)	329 627	329 627	-	100.0%	264 933	264 933
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	710 773	-	59	710 832	710 832	-	100.0%	580 263	580 263
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	710 533	-	-	710 533	710 533	-	100.0%	580 250	580 250
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	240	-	59	299	299	-	100.0%	13	13
Payments for capital assets	25	-	1 047	1 072	1 072	-	100.0%	1 923	1 923
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	25	-	1 047	1 072	1 072	-	100.0%	1 679	1 679
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	244	244
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	361	361	361	-	100.0%	-	-
Total	1 158 328	-	(50 004)	1 108 324	1 108 324	-	100.0%	909 905	909 905

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.6: Operational Support and Intelligence Capability

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	262 823	-	4 269	267 092	267 092	-	100.0%	257 282	257 282
Compensation of employees	248 003	-	7 722	255 725	255 725	-	100.0%	243 766	243 766
Goods and services	14 820	-	(3 453)	11 367	11 367	-	100.0%	13 516	13 516
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 552	-	(846)	1 706	1 706	-	100.0%	54 279	54 279
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 502	-	(2)	1 500	1 500	-	100.0%	54 215	54 215
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 050	-	(844)	206	206	-	100.0%	64	64
Payments for capital assets	20	-	2 079	2 099	2 099	-	100.0%	1 072	1 072
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	20	-	1 922	1 942	1 942	-	100.0%	1 072	1 072
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	157	157	157	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	41	41	41	-	100.0%	-	-
Total	265 395	-	5 543	270 938	270 938	-	100.0%	312 633	312 633

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.7: Command and Control Capability

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	298 744	-	7 417	306 161	306 161	-	100.0%	294 666	294 666
Compensation of employees	142 973	-	36 095	179 068	179 068	-	100.0%	161 936	161 936
Goods and services	155 771	-	(28 678)	127 093	127 093	-	100.0%	132 730	132 730
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	142 791	-	(468)	142 323	142 323	-	100.0%	817	817
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	142 095	-	-	142 095	142 095	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	696	-	(468)	228	228	-	100.0%	817	817
Payments for capital assets	1 000	-	59 200	60 200	60 200	-	100.0%	47 568	47 568
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 000	-	59 200	60 200	60 200	-	100.0%	47 568	47 568
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	31	31	31	-	100.0%	61	61
Total	442 535	-	66 180	508 715	508 715	-	100.0%	343 112	343 112

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.8: Base Support Capability

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 707 862	-	31 658	1 739 520	1 739 520	-	100.0%	1 683 586	1 683 586
Compensation of employees	1 513 750	-	16 987	1 530 737	1 530 737	-	100.0%	1 438 752	1 438 752
Goods and services	194 112	-	14 671	208 783	208 783	-	100.0%	244 834	244 834
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	77 422	-	(3 558)	73 864	73 864	-	100.0%	7 237	7 237
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	63 403	-	(23)	63 380	63 380	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	14 019	-	(3 535)	10 484	10 484	-	100.0%	7 237	7 237
Payments for capital assets	64	-	34 561	34 625	34 625	-	100.0%	32 615	32 615
Buildings and other fixed structures	-	-	55	55	55	-	100.0%	545	545
Machinery and equipment	64	-	34 506	34 570	34 570	-	100.0%	32 070	32 070
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	48	48	48	-	100.0%	548	548
Total	1 785 348	-	62 709	1 848 057	1 848 057	-	100.0%	1 723 986	1 723 986

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.9: Command Post

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	49 598	-	7 677	57 275	57 275	-	100.0%	30 240	30 240
Compensation of employees	41 149	-	4 369	45 518	45 518	-	100.0%	40 100	40 100
Goods and services	8 449	-	3 308	11 757	11 757	-	100.0%	(9 860)	(9 860)
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	318	-	(313)	5	5	-	100.0%	99	99
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	11	-	(11)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	307	-	(302)	5	5	-	100.0%	99	99
Payments for capital assets	709	-	(594)	115	115	-	100.0%	532	532
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	709	-	(594)	115	115	-	100.0%	532	532
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	50 625	-	6 770	57 395	57 395	-	100.0%	30 871	30 871

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for the year ended 31 March 2015

Subprogramme: 4.10: Training Capability

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	200 489	-	(7 039)	193 450	193 450	-	100.0%	197 286	197 286
Compensation of employees	123 355	-	(18 668)	104 687	104 687	-	100.0%	92 063	92 063
Goods and services	77 134	-	11 629	88 763	88 763	-	100.0%	105 223	105 223
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	6 348	-	(219)	6 129	6 129	-	100.0%	7 154	7 154
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	6 050	-	-	6 050	6 050	-	100.0%	7 114	7 114
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	40	40
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	298	-	(219)	79	79	-	100.0%	-	-
Payments for capital assets	-	-	995	995	995	-	100.0%	1 901	1 901
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	995	995	995	-	100.0%	1 901	1 901
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	10	10	10	-	100.0%	52	52
Total	206 837	-	(6 253)	200 584	200 584	-	100.0%	206 393	206 393

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 4.11: Technical Support Services

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	515 303	-	242 813	758 116	758 116	-	100.0%	753 349	753 349
Compensation of employees	480 321	-	118 806	599 127	599 127	-	100.0%	570 026	570 026
Goods and services	34 982	-	124 007	158 989	158 989	-	100.0%	183 323	183 323
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1	-	869	870	870	-	100.0%	1 827	1 827
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	-	(1)	-	-	-	-	900	900
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	870	870	870	-	100.0%	927	927
Payments for capital assets	230	-	2 281	2 511	2 511	-	100.0%	2 954	2 954
Buildings and other fixed structures	-	-	13	13	13	-	100.0%	-	-
Machinery and equipment	230	-	2 268	2 498	2 498	-	100.0%	2 954	2 954
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	27	27	27	-	100.0%	51	51
Total	515 534	-	245 990	761 524	761 524	-	100.0%	758 181	758 181

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for the year ended 31 March 2015

	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 5: Maritime Defence									
Sub programme									
1. Maritime Direction	520 823	-	4 028	524 851	524 851	-	100.0%	488 771	488 771
2. Maritime Combat Capability	1 200 932	-	(71 609)	1 129 323	1 129 323	-	100.0%	585 054	585 054
3. Maritime Logistic Support Capability	989 254	-	114 709	1 103 963	1 103 963	-	100.0%	1 163 180	1 136 996
4. Maritime Human Resources and Training Capability	383 633	-	61 585	445 218	445 218	-	100.0%	397 131	397 131
5. Base Support Capability	583 863	-	15 151	599 014	599 014	-	100.0%	618 426	618 426
Total	3 678 505	-	123 864	3 802 369	3 802 369	-	100.0%	3 252 562	3 226 378
Economic classification									
Current payments	2 784 005	-	102 468	2 886 473	2 886 473	-	100.0%	2 690 078	2 663 894
Compensation of employees	1 803 144	-	165 516	1 968 660	1 968 660	-	100.0%	1 827 073	1 827 073
Salaries and wages	1 598 143	-	143 754	1 741 897	1 741 897	-	100.0%	1 614 573	1 614 573
Social contributions	205 001	-	21 762	226 763	226 763	-	100.0%	212 500	212 500
Goods and services	980 861	-	(63 048)	917 813	917 813	-	100.0%	863 005	836 821
Administrative fees	-	-	-	-	-	-	-	17	17
Advertising	566	-	(218)	348	348	-	100.0%	476	476
Minor assets	9 741	-	(2 035)	7 706	7 706	-	100.0%	10 076	10 076
Catering: Departmental activities	712	-	755	1 467	1 467	-	100.0%	1 972	1 972
Communication (G&S)	9 433	-	1 774	11 207	11 207	-	100.0%	9 976	9 976
Computer services	27 326	-	(6 663)	20 663	20 663	-	100.0%	23 440	23 440
Consultants: Business and advisory services	750	-	(549)	201	201	-	100.0%	494	494
Infrastructure and planning services	3 932	-	(375)	3 557	3 557	-	100.0%	947	947

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 5: Maritime Defence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Legal services	-	-	-	-	-	-	-	750	750
Contractors	363 492	-	109 868	473 360	473 360	-	100.0%	523 176	496 992
Agency and support / outsourced services	4 428	-	10 607	15 035	15 035	-	100.0%	15 500	15 500
Entertainment	104	-	(76)	28	28	-	100.0%	62	62
Fleet services (including government motor transport)	1 234	-	126	1 360	1 360	-	100.0%	1 401	1 401
Inventory: Clothing material and accessories	18 355	-	(16 806)	1 549	1 549	-	100.0%	20 285	20 285
Inventory: Food and food supplies	81 309	-	33 564	114 873	114 873	-	100.0%	49 266	49 266
Inventory: Fuel, oil and gas	59 934	-	(29 996)	29 938	29 938	-	100.0%	92 507	92 507
Inventory: Materials and supplies	33 778	-	11 336	45 114	45 114	-	100.0%	(62 845)	(62 845)
Inventory: Medical supplies	24	-	(7)	17	17	-	100.0%	18	18
Inventory: Other supplies	145 721	-	(90 818)	54 903	54 903	-	100.0%	49 338	49 338
Consumable supplies	9 624	-	(4 423)	5 201	5 201	-	100.0%	10 107	10 107
Consumable: Stationery, printing and office supplies	5 419	-	1 266	6 685	6 685	-	100.0%	6 880	6 880
Operating leases	7 035	-	(6 913)	122	122	-	100.0%	148	148
Property payments	36 445	-	(24 959)	11 486	11 486	-	100.0%	14 709	14 709
Travel and subsistence	49 612	-	7 713	57 325	57 325	-	100.0%	63 514	63 514
Training and development	13 758	-	(2 706)	11 052	11 052	-	100.0%	12 113	12 113
Operating payments	97 617	-	(53 669)	43 948	43 948	-	100.0%	17 985	17 985
Venues and facilities	512	-	105	617	617	-	100.0%	686	686
Rental and hiring	-	-	51	51	51	-	100.0%	7	7
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	873 692	-	(6 073)	867 619	867 619	-	100.0%	475 245	475 245

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for the year ended 31 March 2015

Programme 5: Maritime Defence (continued)

	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	648 886	-	(12)	648 874	648 874	-	100.0%	167 743	167 743
Departmental agencies (non-business entities)	648 886	-	(12)	648 874	648 874	-	100.0%	167 743	167 743
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	208 619	-	278	208 897	208 897	-	100.0%	301 388	301 388
Public corporations	208 619	-	255	208 874	208 874	-	100.0%	301 388	301 388
Subsidies on products and production (pc)	208 619	-	-	208 619	208 619	-	100.0%	301 388	301 388
Other transfers to public corporations	-	-	255	255	255	-	100.0%	-	-
Private enterprises	-	-	23	23	23	-	100.0%	-	-
Other transfers to private enterprises	-	-	23	23	23	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	16 187	-	(6 339)	9 848	9 848	-	100.0%	6 114	6 114
Social benefits	16 187	-	(6 634)	9 553	9 553	-	100.0%	6 104	6 104
Other transfers to households	-	-	295	295	295	-	100.0%	10	10
Payments for capital assets	20 808	-	27 228	48 036	48 036	-	100.0%	86 899	86 899
Buildings and other fixed structures	12 985	-	(12 393)	592	592	-	100.0%	3 509	3 509
Buildings	12 985	-	(12 393)	592	592	-	100.0%	-	-
Other fixed structures	-	-	-	-	-	-	-	3 509	3 509
Machinery and equipment	7 200	-	40 244	47 444	47 444	-	100.0%	83 352	83 352
Transport equipment	655	-	10 287	10 942	10 942	-	100.0%	33 896	33 896
Other machinery and equipment	6 545	-	29 957	36 502	36 502	-	100.0%	49 456	49 456

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 5: Maritime Defence (continued)

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	300	-	(300)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	323	-	(323)	-	-	-	-	38	38
Payment for financial assets	-	-	241	241	241	-	100.0%	340	340
Total	3 678 505	-	123 864	3 802 369	3 802 369	-	100.0%	3 252 562	3 226 378

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 5.1: Maritime Direction

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	511 288	-	(961)	510 327	510 327	-	100.0%	475 534	475 534
Compensation of employees	463 804	-	7 232	471 036	471 036	-	100.0%	431 032	431 032
Goods and services	47 484	-	(8 193)	39 291	39 291	-	100.0%	44 502	44 502
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7 928	-	(4 089)	3 839	3 839	-	100.0%	3 493	3 493
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	7	-	(7)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	7 921	-	(4 082)	3 839	3 839	-	100.0%	3 493	3 493
Payments for capital assets	1 607	-	9 069	10 676	10 676	-	100.0%	9 732	9 732
Buildings and other fixed structures	-	-	-	-	-	-	-	39	39
Machinery and equipment	1 607	-	9 069	10 676	10 676	-	100.0%	9 671	9 671
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	22	22
Payment for financial assets	-	-	9	9	9	-	100.0%	12	12
Total	520 823	-	4 028	524 851	524 851	-	100.0%	488 771	488 771

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 5.2: Maritime Combat Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	535 562	-	(71 640)	463 922	463 922	-	100.0%	392 633	392 633
Compensation of employees	366 010	-	31 749	397 759	397 759	-	100.0%	374 877	374 877
Goods and services	169 552	-	(103 389)	66 163	66 163	-	100.0%	17 756	17 756
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	665 323	-	(235)	665 088	665 088	-	100.0%	192 300	192 300
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	633 879	-	(5)	633 874	633 874	-	100.0%	144 743	144 743
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	30 584	-	255	30 839	30 839	-	100.0%	47 474	47 474
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	860	-	(485)	375	375	-	100.0%	83	83
Payments for capital assets	47	-	80	127	127	-	100.0%	96	96
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	47	-	80	127	127	-	100.0%	96	96
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	186	186	186	-	100.0%	25	25
Total	1 200 932	-	(71 609)	1 129 323	1 129 323	-	100.0%	585 054	585 054

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 5.3: Maritime Logistic Support Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	790 555	-	96 217	886 772	886 772	-	100.0%	864 000	837 816
Compensation of employees	143 332	-	18 017	161 349	161 349	-	100.0%	155 510	155 510
Goods and services	647 223	-	78 200	725 423	725 423	-	100.0%	708 490	682 306
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	194 925	-	(495)	194 430	194 430	-	100.0%	277 455	277 455
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	15 000	-	-	15 000	15 000	-	100.0%	23 000	23 000
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	178 035	-	-	178 035	178 035	-	100.0%	253 914	253 914
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 890	-	(495)	1 395	1 395	-	100.0%	541	541
Payments for capital assets	3 774	-	18 987	22 761	22 761	-	100.0%	21 725	21 725
Buildings and other fixed structures	-	-	439	439	439	-	100.0%	-	-
Machinery and equipment	3 451	-	18 871	22 322	22 322	-	100.0%	21 725	21 725
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	323	-	(323)	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	989 254	-	114 709	1 103 963	1 103 963	-	100.0%	1 163 180	1 136 996

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 5.4: Maritime Human Resources and Training Capability

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	380 563	-	63 449	444 012	444 012	-	100.0%	395 015	395 015
Compensation of employees	349 880	-	66 279	416 159	416 159	-	100.0%	364 664	364 664
Goods and services	30 683	-	(2 830)	27 853	27 853	-	100.0%	30 351	30 351
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 575	-	(1 124)	451	451	-	100.0%	262	262
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 575	-	(1 124)	451	451	-	100.0%	262	262
Payments for capital assets	1 495	-	(760)	735	735	-	100.0%	1 803	1 803
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 495	-	(760)	735	735	-	100.0%	1 787	1 787
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	16	16
Payment for financial assets	-	-	20	20	20	-	100.0%	51	51
Total	383 633	-	61 585	445 218	445 218	-	100.0%	397 131	397 131

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

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Subprogramme: 5.5: Base Support Capability

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	566 037	-	15 403	581 440	581 440	-	100.0%	562 896	562 896
Compensation of employees	480 118	-	42 239	522 357	522 357	-	100.0%	500 990	500 990
Goods and services	85 919	-	(26 836)	59 083	59 083	-	100.0%	61 906	61 906
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 941	-	(130)	3 811	3 811	-	100.0%	1 735	1 735
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	23	23	23	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 941	-	(153)	3 788	3 788	-	100.0%	1 735	1 735
Payments for capital assets	13 885	-	(148)	13 737	13 737	-	100.0%	53 543	53 543
Buildings and other fixed structures	12 985	-	(12 832)	153	153	-	100.0%	3 470	3 470
Machinery and equipment	600	-	12 984	13 584	13 584	-	100.0%	50 073	50 073
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	300	-	(300)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	26	26	26	-	100.0%	252	252
Total	583 863	-	15 151	599 014	599 014	-	100.0%	618 426	618 426

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 6: Military Health Support

	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Strategic Direction	178 327	-	39 975	218 302	218 271	31	100.0%	207 513	207 513
2. Mobile Military Health Support	118 929	-	1 881	120 810	120 810	-	100.0%	109 408	109 408
3. Area Military Health Service	1 258 137	-	197 317	1 455 454	1 455 454	-	100.0%	1 262 346	1 262 346
4. Specialist/Tertiary Health Service	1 410 177	-	23 152	1 433 329	1 433 329	-	100.0%	1 273 469	1 273 469
5. Military Health Product Support Capability	247 729	-	(34 815)	212 914	212 914	-	100.0%	245 658	236 322
6. Military Health Maintenance Capability	248 444	-	7 970	256 414	256 414	-	100.0%	280 847	280 847
7. Military Health Training Capability	387 320	-	(31 399)	355 921	355 921	-	100.0%	363 698	363 698
Total	3 849 063	-	204 081	4 053 144	4 053 113	31	100.0%	3 742 939	3 733 603
Economic classification									
Current payments	3 791 483	-	94 947	3 886 430	3 886 430	-	100.0%	3 625 204	3 615 868
Compensation of employees	2 670 763	-	194 711	2 865 474	2 865 474	-	100.0%	2 700 762	2 700 762
Salaries and wages	2 393 892	-	174 861	2 568 753	2 568 753	-	100.0%	2 428 866	2 428 866
Social contributions	276 871	-	19 850	296 721	296 721	-	100.0%	271 896	271 896
Goods and services	1 120 720	-	(99 764)	1 020 956	1 020 956	-	100.0%	924 442	915 106
Advertising	265	-	35	300	300	-	100.0%	212	212
Minor assets	117 140	-	(101 861)	15 279	15 279	-	100.0%	12 789	12 789
Catering: Departmental activities	1 097	-	236	1 333	1 333	-	100.0%	1 298	1 298
Communication (G&S)	9 046	-	(2 699)	6 347	6 347	-	100.0%	6 836	6 836
Computer services	51 236	-	(14 510)	36 726	36 726	-	100.0%	34 814	34 814

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for the year ended 31 March 2015

Programme 6: Military Health Support (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	9 874	-	(9 222)	652	652	-	100.0%	594	594
Infrastructure and planning services	604	-	(464)	140	140	-	100.0%	546	546
Laboratory services	20 820	-	6 035	26 855	26 855	-	100.0%	29 847	29 847
Scientific and technological services	-	-	15 350	15 350	15 350	-	100.0%	9 547	9 547
Contractors	147 151	-	(90 963)	56 188	56 188	-	100.0%	64 433	55 097
Agency and support / outsourced services	274 166	-	88 033	362 199	362 199	-	100.0%	286 585	286 585
Entertainment	113	-	(63)	50	50	-	100.0%	77	77
Fleet services (including government motor transport)	4 099	-	(977)	3 122	3 122	-	100.0%	4 364	4 364
Inventory: Clothing material and accessories	18 403	-	5 300	23 703	23 703	-	100.0%	19 010	19 010
Inventory: Farming supplies	800	-	(83)	717	717	-	100.0%	555	555
Inventory: Food and food supplies	63 534	-	(10 067)	53 467	53 467	-	100.0%	61 953	61 953
Inventory: Fuel, oil and gas	14 492	-	7 378	21 870	21 870	-	100.0%	22 706	22 706
Inventory: Materials and supplies	2 837	-	(1 694)	1 143	1 143	-	100.0%	1 463	1 463
Inventory: Medical supplies	94 973	-	(19 832)	75 141	75 141	-	100.0%	85 678	85 678
Inventory: Medicine	163 293	-	3 027	166 320	166 320	-	100.0%	186 515	186 515
Inventory: Other supplies	586	-	(557)	29	29	-	100.0%	-	-
Consumable supplies	16 617	-	(290)	16 327	16 327	-	100.0%	10 623	10 623
Consumable: Stationery, printing and office supplies	12 733	-	(3 061)	9 672	9 672	-	100.0%	7 636	7 636
Operating leases	7 479	-	(6 811)	668	668	-	100.0%	1 341	1 341
Property payments	17 874	-	(2 650)	15 224	15 224	-	100.0%	14 247	14 247
Travel and subsistence	46 884	-	15 976	62 860	62 860	-	100.0%	53 693	53 693
Training and development	13 862	-	27 214	41 076	41 076	-	100.0%	8 103	8 103

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 6: Military Health Support (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	8 903	-	(1 360)	7 543	7 543	-	100.0%	(1 664)	(1 664)
Venues and facilities	1 839	-	(1 189)	650	650	-	100.0%	638	638
Rental and hiring	-	-	5	5	5	-	100.0%	3	3
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	29 543	-	16 584	46 127	46 096	31	99.9%	11 497	11 497
Provinces and municipalities	1	-	(1)	-	-	-	-	-	-
Municipalities	1	-	(1)	-	-	-	-	-	-
Municipal bank accounts	1	-	(1)	-	-	-	-	-	-
Departmental agencies and accounts	15 456	-	(99)	15 357	15 357	-	100.0%	2 934	2 934
Departmental agencies (non-business entities)	15 456	-	(99)	15 357	15 357	-	100.0%	2 934	2 934
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	107	107	107	-	100.0%	-	-
Private enterprises	-	-	107	107	107	-	100.0%	-	-
Other transfers to private enterprises	-	-	107	107	107	-	100.0%	-	-
Non-profit institutions	800	-	-	800	769	31	96.1%	832	832
Households	13 286	-	16 577	29 863	29 863	-	100.0%	7 731	7 731
Social benefits	13 286	-	(3 733)	9 553	9 553	-	100.0%	7 106	7 106
Other transfers to households	-	-	20 310	20 310	20 310	-	100.0%	625	625
Payments for capital assets	28 037	-	92 188	120 225	120 225	-	100.0%	105 476	105 476
Buildings and other fixed structures	535	-	(355)	180	180	-	100.0%	23	23
Buildings	500	-	(320)	180	180	-	100.0%	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 6: Military Health Support (continued)

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Other fixed structures	35	-	(35)	-	-	-	-	23	23
Machinery and equipment	23 402	-	95 793	119 195	119 195	-	100.0%	105 428	105 428
Transport equipment	4 918	-	40 256	45 174	45 174	-	100.0%	51 683	51 683
Other machinery and equipment	18 484	-	55 537	74 021	74 021	-	100.0%	53 745	53 745
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	877	-	(27)	850	850	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	3 223	-	(3 223)	-	-	-	-	25	25
Payment for financial assets	-	-	362	362	362	-	100.0%	762	762
Total	3 849 063	-	204 081	4 053 144	4 053 113	31	100.0%	3 742 939	3 733 603

APPROPRIATION STATEMENT
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Subprogramme: 6.1: Strategic Direction

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	168 648	-	43 442	212 090	212 090	-	100.0%	202 475	202 475
Compensation of employees	136 045	-	15 898	151 943	151 943	-	100.0%	161 103	161 103
Goods and services	32 603	-	27 544	60 147	60 147	-	100.0%	41 372	41 372
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5 322	-	(54)	5 268	5 237	31	99.4%	3 973	3 973
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	2 915	-	(58)	2 857	2 857	-	100.0%	1 174	1 174
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	87	87	87	-	100.0%	-	-
Non-profit institutions	800	-	-	800	769	31	96.1%	832	832
Households	1 607	-	(83)	1 524	1 524	-	100.0%	1 967	1 967
Payments for capital assets	4 357	-	(3 415)	942	942	-	100.0%	1 065	1 065
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 134	-	(192)	942	942	-	100.0%	1 040	1 040
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	3 223	-	(3 223)	-	-	-	-	25	25
Payment for financial assets	-	-	2	2	2	-	100.0%	-	-
Total	178 327	-	39 975	218 302	218 271	31	100.0%	207 513	207 513

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 6.2: Mobile Military Health Support

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	103 428	-	666	104 094	104 094	-	100.0%	104 684	104 684
Compensation of employees	89 980	-	6 190	96 170	96 170	-	100.0%	97 717	97 717
Goods and services	13 448	-	(5 524)	7 924	7 924	-	100.0%	6 967	6 967
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	13 515	-	(382)	13 133	13 133	-	100.0%	1 767	1 767
Provinces and municipalities	1	-	(1)	-	-	-	-	-	-
Departmental agencies and accounts	12 535	-	(35)	12 500	12 500	-	100.0%	1 760	1 760
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	979	-	(346)	633	633	-	100.0%	7	7
Payments for capital assets	1 986	-	1 559	3 545	3 545	-	100.0%	2 940	2 940
Buildings and other fixed structures	35	-	(35)	-	-	-	-	-	-
Machinery and equipment	1 951	-	1 594	3 545	3 545	-	100.0%	2 940	2 940
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	38	38	38	-	100.0%	17	17
Total	118 929	-	1 881	120 810	120 810	-	100.0%	109 408	109 408

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 6.3: Area Military Health Service

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 245 645	-	152 929	1 398 574	1 398 574	-	100.0%	1 251 073	1 251 073
Compensation of employees	935 281	-	107 585	1 042 866	1 042 866	-	100.0%	953 634	953 634
Goods and services	310 364	-	45 344	355 708	355 708	-	100.0%	297 439	297 439
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5 379	-	18 093	23 472	23 472	-	100.0%	2 516	2 516
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	5	-	(5)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	5 374	-	18 098	23 472	23 472	-	100.0%	2 516	2 516
Payments for capital assets	7 113	-	26 124	33 237	33 237	-	100.0%	8 465	8 465
Buildings and other fixed structures	-	-	19	19	19	-	100.0%	17	17
Machinery and equipment	7 113	-	26 105	33 218	33 218	-	100.0%	8 448	8 448
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	171	171	171	-	100.0%	292	292
Total	1 258 137	-	197 317	1 455 454	1 455 454	-	100.0%	1 262 346	1 262 346

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for the year ended 31 March 2015

Subprogramme: 6.4: Specialist/Tertiary Health Service

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 406 305	-	10 525	1 416 830	1 416 830	-	100.0%	1 269 654	1 269 654
Compensation of employees	958 601	-	79 268	1 037 869	1 037 869	-	100.0%	933 716	933 716
Goods and services	447 704	-	(68 743)	378 961	378 961	-	100.0%	335 938	335 938
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 872	-	(956)	2 916	2 916	-	100.0%	1 680	1 680
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	-	(1)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 871	-	(955)	2 916	2 916	-	100.0%	1 680	1 680
Payments for capital assets	-	-	13 500	13 500	13 500	-	100.0%	1 923	1 923
Buildings and other fixed structures	-	-	102	102	102	-	100.0%	-	-
Machinery and equipment	-	-	13 398	13 398	13 398	-	100.0%	1 923	1 923
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	83	83	83	-	100.0%	212	212
Total	1 410 177	-	23 152	1 433 329	1 433 329	-	100.0%	1 273 469	1 273 469

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 6.5: Military Health Product Support Capability

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	245 503	-	(87 653)	157 850	157 850	-	100.0%	167 173	157 837
Compensation of employees	54 242	-	(8 451)	45 791	45 791	-	100.0%	44 479	44 479
Goods and services	191 261	-	(79 202)	112 059	112 059	-	100.0%	122 694	113 358
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	419	-	(134)	285	285	-	100.0%	5	5
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	419	-	(134)	285	285	-	100.0%	5	5
Payments for capital assets	1 807	-	52 972	54 779	54 779	-	100.0%	78 480	78 480
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 807	-	52 972	54 779	54 779	-	100.0%	78 480	78 480
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	247 729	-	(34 815)	212 914	212 914	-	100.0%	245 658	236 322

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 6.6: Military Health Maintenance Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	248 163	-	6 628	254 791	254 791	-	100.0%	278 779	278 779
Compensation of employees	177 264	-	(6 552)	170 712	170 712	-	100.0%	179 892	179 892
Goods and services	70 899	-	13 180	84 079	84 079	-	100.0%	98 887	98 887
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	210	-	806	1 016	1 016	-	100.0%	918	918
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	20	20	20	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	210	-	786	996	996	-	100.0%	918	918
Payments for capital assets	71	-	499	570	570	-	100.0%	1 066	1 066
Buildings and other fixed structures	-	-	29	29	29	-	100.0%	6	6
Machinery and equipment	71	-	470	541	541	-	100.0%	1 060	1 060
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	37	37	37	-	100.0%	84	84
Total	248 444	-	7 970	256 414	256 414	-	100.0%	280 847	280 847

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 6.7: Military Health Training Capability

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	373 791	-	(31 590)	342 201	342 201	-	100.0%	351 366	351 366
Compensation of employees	319 350	-	773	320 123	320 123	-	100.0%	330 221	330 221
Goods and services	54 441	-	(32 363)	22 078	22 078	-	100.0%	21 145	21 145
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	826	-	(789)	37	37	-	100.0%	638	638
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	826	-	(789)	37	37	-	100.0%	638	638
Payments for capital assets	12 703	-	949	13 652	13 652	-	100.0%	11 537	11 537
Buildings and other fixed structures	500	-	(470)	30	30	-	100.0%	-	-
Machinery and equipment	11 326	-	1 446	12 772	12 772	-	100.0%	11 537	11 537
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	877	-	(27)	850	850	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	31	31	31	-	100.0%	157	157
Total	387 320	-	(31 399)	355 921	355 921	-	100.0%	363 698	363 698

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 7: Defence Intelligence									
Sub programme									
1. Strategic Direction	75	-	(75)	-	-	-	-	11	11
2. Operations	473 555	-	(976)	472 579	472 579	-	100.0%	457 793	457 793
3. Defence Intelligence Support Services	340 088	-	7 108	347 196	347 196	-	100.0%	316 879	316 879
Total	813 718	-	6 057	819 775	819 775	-	100.0%	774 683	774 683
Economic classification									
Current payments	350 174	-	8 548	358 722	358 722	-	100.0%	324 191	324 191
Compensation of employees	318 473	-	9 334	327 807	327 807	-	100.0%	295 835	295 835
Salaries and wages	285 078	-	3 974	289 052	289 052	-	100.0%	261 554	261 554
Social contributions	33 395	-	5 360	38 755	38 755	-	100.0%	34 281	34 281
Goods and services	31 701	-	(786)	30 915	30 915	-	100.0%	28 356	28 356
Administrative fees	-	-	189	189	189	-	100.0%	198	198
Advertising	90	-	(90)	-	-	-	-	2	2
Minor assets	1 200	-	(942)	258	258	-	100.0%	511	511
Catering: Departmental activities	107	-	(18)	89	89	-	100.0%	113	113
Communication (G&S)	1 420	-	94	1 514	1 514	-	100.0%	1 807	1 807
Computer services	234	-	(81)	153	153	-	100.0%	207	207
Consultants: Business and advisory services	-	-	-	-	-	-	-	1	1
Contractors	792	-	(129)	663	663	-	100.0%	829	829
Agency and support / outsourced services	66	-	41	107	107	-	100.0%	53	53

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 7: Defence Intelligence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Entertainment	133	-	(88)	45	45	-	100.0%	57	57
Fleet services (including government motor transport)	184	-	(49)	135	135	-	100.0%	233	233
Inventory: Clothing material and accessories	95	-	(39)	56	56	-	100.0%	33	33
Inventory: Food and food supplies	7 992	-	2 233	10 225	10 225	-	100.0%	8 084	8 084
Inventory: Fuel, oil and gas	1 877	-	40	1 917	1 917	-	100.0%	2 443	2 443
Inventory: Materials and supplies	188	-	40	228	228	-	100.0%	187	187
Consumable supplies	978	-	(238)	740	740	-	100.0%	678	678
Consumable: Stationery, printing and office supplies	1 375	-	(293)	1 082	1 082	-	100.0%	685	685
Operating leases	7 145	-	(707)	6 438	6 438	-	100.0%	5 405	5 405
Property payments	601	-	90	691	691	-	100.0%	823	823
Travel and subsistence	3 999	-	(73)	3 926	3 926	-	100.0%	3 699	3 699
Training and development	2 364	-	(744)	1 620	1 620	-	100.0%	1 063	1 063
Operating payments	687	-	85	772	772	-	100.0%	1 201	1 201
Venues and facilities	174	-	(107)	67	67	-	100.0%	44	44
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	458 734	-	(2 241)	456 493	456 493	-	100.0%	445 653	445 653
Provinces and municipalities	5	-	(1)	4	4	-	100.0%	-	-
Municipalities	5	-	(1)	4	4	-	100.0%	-	-
Municipal bank accounts	5	-	(1)	4	4	-	100.0%	-	-
Departmental agencies and accounts	455 704	-	79	455 783	455 783	-	100.0%	441 890	441 890
Departmental agencies (non-business entities)	455 704	-	79	455 783	455 783	-	100.0%	441 890	441 890
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 7: Defence Intelligence (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations and private enterprises	-	-	2	2	2	-	100.0%	-	-
Private enterprises	-	-	2	2	2	-	100.0%	-	-
Other transfers to private enterprises	-	-	2	2	2	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 025	-	(2 321)	704	704	-	100.0%	3 763	3 763
Social benefits	3 025	-	(2 321)	704	704	-	100.0%	3 763	3 763
Payments for capital assets	4 810	-	(285)	4 525	4 525	-	100.0%	4 828	4 828
Buildings and other fixed structures	13	-	(13)	-	-	-	-	-	-
Other fixed structures	13	-	(13)	-	-	-	-	-	-
Machinery and equipment	4 797	-	(272)	4 525	4 525	-	100.0%	4 828	4 828
Transport equipment	4 753	-	(1 130)	3 623	3 623	-	100.0%	3 833	3 833
Other machinery and equipment	44	-	858	902	902	-	100.0%	995	995
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	35	35	35	-	100.0%	11	11
Total	813 718	-	6 057	819 775	819 775	-	100.0%	774 683	774 683

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 7.1: Strategic Direction

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	62	-	(62)	-	-	-	-	11	11
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	62	-	(62)	-	-	-	-	11	11
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	13	-	(13)	-	-	-	-	-	-
Buildings and other fixed structures	13	-	(13)	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	75	-	(75)	-	-	-	-	11	11

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 7.2: Operations

Economic classification	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	16 351	-	(49)	16 302	16 302	-	100.0%	15 024	15 024
Compensation of employees	1 853	-	(106)	1 747	1 747	-	100.0%	1 721	1 721
Goods and services	14 498	-	57	14 555	14 555	-	100.0%	13 303	13 303
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	455 704	-	79	455 783	455 783	-	100.0%	441 890	441 890
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	455 704	-	79	455 783	455 783	-	100.0%	441 890	441 890
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	1 500	-	(1 006)	494	494	-	100.0%	879	879
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 500	-	(1 006)	494	494	-	100.0%	879	879
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	473 555	-	(976)	472 579	472 579	-	100.0%	457 793	457 793

APPROPRIATION STATEMENT for the year ended 31 March 2015

Subprogramme: 7.3: Defence Intelligence Support Services

Economic classification	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments	333 761	-	8 659	342 420	342 420	-	100.0%	309 156	309 156
Compensation of employees	316 620	-	9 440	326 060	326 060	-	100.0%	294 114	294 114
Goods and services	17 141	-	(781)	16 360	16 360	-	100.0%	15 042	15 042
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 030	-	(2 320)	710	710	-	100.0%	3 763	3 763
Provinces and municipalities	5	-	(1)	4	4	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	2	2	2	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 025	-	(2 321)	704	704	-	100.0%	3 763	3 763
Payments for capital assets	3 297	-	734	4 031	4 031	-	100.0%	3 949	3 949
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 297	-	734	4 031	4 031	-	100.0%	3 949	3 949
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	35	35	35	-	100.0%	11	11
Total	340 088	-	7 108	347 196	347 196	-	100.0%	316 879	316 879

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 8: General Support

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Joint Logistic Services	2 371 747	-	(246 008)	2 125 739	2 125 739	-	100.0%	2 055 116	2 055 116
2. Command and Management Information Systems	866 987	-	(1 290)	865 697	865 697	-	100.0%	955 593	955 593
3. Military Police	518 415	-	21 156	539 571	539 571	-	100.0%	498 723	498 723
4. Technology Development	442 587	-	(281)	442 306	442 306	-	100.0%	347 963	347 963
5. Departmental Support	910 770	-	29 976	940 746	940 746	-	100.0%	1 367 176	1 367 176
Total	5 110 506	-	(196 447)	4 914 059	4 914 059	-	100.0%	5 224 571	5 224 571
Economic classification									
Current payments	3 660 523	-	(345 851)	3 314 672	3 314 672	-	100.0%	3 205 161	3 205 161
Compensation of employees	1 545 928	-	(36 138)	1 509 790	1 509 790	-	100.0%	1 400 970	1 400 970
Salaries and wages	1 384 703	-	(44 696)	1 340 007	1 340 007	-	100.0%	1 243 246	1 243 246
Social contributions	161 225	-	8 558	169 783	169 783	-	100.0%	157 724	157 724
Goods and services	2 114 595	-	(309 713)	1 804 882	1 804 882	-	100.0%	1 804 191	1 804 191
Administrative fees	2 145	-	875	3 020	3 020	-	100.0%	2 907	2 907
Advertising	308	-	(213)	95	95	-	100.0%	579	579
Minor assets	24 071	-	(12 458)	11 613	11 613	-	100.0%	20 179	20 179
Audit costs: External	66 499	-	(4 700)	61 799	61 799	-	100.0%	67 213	67 213
Catering: Departmental activities	6 058	-	(3 234)	2 824	2 824	-	100.0%	3 628	3 628
Communication (G&S)	11 596	-	(2 193)	9 403	9 403	-	100.0%	2 801	2 801
Computer services	735 886	-	(7 952)	727 934	727 934	-	100.0%	768 052	768 052

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 8: General Support (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	141 807	-	120 517	262 324	262 324	-	100.0%	189 960	189 960
Infrastructure and planning services	30 314	-	(29 653)	661	661	-	100.0%	202	202
Scientific and technological services	9 753	-	15 587	25 340	25 340	-	100.0%	17 447	17 447
Legal services	-	-	22 670	22 670	22 670	-	100.0%	19 825	19 825
Contractors	151 669	-	(67 860)	83 809	83 809	-	100.0%	71 721	71 721
Agency and support / outsourced services	17 561	-	(5 394)	12 167	12 167	-	100.0%	12 482	12 482
Entertainment	921	-	(902)	19	19	-	100.0%	73	73
Fleet services (including government motor transport)	2 757	-	(1 471)	1 286	1 286	-	100.0%	1 553	1 553
Inventory: Clothing material and accessories	2 623	-	278	2 901	2 901	-	100.0%	1 276	1 276
Inventory: Farming supplies	129	-	(93)	36	36	-	100.0%	53	53
Inventory: Food and food supplies	42 602	-	(17 989)	24 613	24 613	-	100.0%	30 181	30 181
Inventory: Fuel, oil and gas	21 663	-	7 469	29 132	29 132	-	100.0%	24 276	24 276
Inventory: Materials and supplies	4 798	-	11 054	15 852	15 852	-	100.0%	10 632	10 632
Inventory: Medical supplies	-	-	24	24	24	-	100.0%	14	14
Inventory: Other supplies	1 596	-	(1 582)	14	14	-	100.0%	27	27
Consumable supplies	11 036	-	2 278	13 314	13 314	-	100.0%	6 390	6 390
Consumable: Stationery, printing and office supplies	5 980	-	(840)	5 140	5 140	-	100.0%	8 803	8 803
Operating leases	6 160	-	(4 825)	1 335	1 335	-	100.0%	1 362	1 362
Property payments	697 385	-	(352 395)	344 990	344 990	-	100.0%	429 539	429 539
Travel and subsistence	61 021	-	6 214	67 235	67 235	-	100.0%	66 010	66 010
Training and development	41 878	-	26 161	68 039	68 039	-	100.0%	38 979	38 979
Operating payments	13 215	-	(7 051)	6 164	6 164	-	100.0%	5 742	5 742

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 8: General Support (continued)

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	3 164	-	(2 035)	1 129	1 129	-	100.0%	2 285	2 285
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 290 083	-	12 151	1 302 234	1 302 234	-	100.0%	1 649 108	1 649 108
Provinces and municipalities	39	-	(10)	29	29	-	100.0%	-	-
Municipalities	39	-	(10)	29	29	-	100.0%	-	-
Municipal bank accounts	39	-	(10)	29	29	-	100.0%	-	-
Departmental agencies and accounts	445 738	-	(53)	445 685	445 685	-	100.0%	368 091	368 091
Departmental agencies (non-business entities)	445 738	-	(53)	445 685	445 685	-	100.0%	368 091	368 091
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	303 347	303 347
Public corporations and private enterprises	829 905	-	16 675	846 580	846 580	-	100.0%	920 325	920 325
Public corporations	829 905	-	16 610	846 515	846 515	-	100.0%	920 325	920 325
Subsidies on products and production (pc)	829 905	-	-	829 905	829 905	-	100.0%	766 713	766 713
Other transfers to public corporations	-	-	16 610	16 610	16 610	-	100.0%	153 612	153 612
Private enterprises	-	-	65	65	65	-	100.0%	-	-
Other transfers to private enterprises	-	-	65	65	65	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	51 246	51 246
Households	14 401	-	(4 461)	9 940	9 940	-	100.0%	6 099	6 099
Social benefits	14 401	-	(5 871)	8 530	8 530	-	100.0%	4 099	4 099
Other transfers to households	-	-	1 410	1 410	1 410	-	100.0%	2 000	2 000
Payments for capital assets	159 900	-	134 931	294 831	294 831	-	100.0%	369 767	369 767
Buildings and other fixed structures	109 427	-	(46 856)	62 571	62 571	-	100.0%	200 805	200 805

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Programme 8: General Support (continued)

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Buildings	109 427	-	(46 856)	62 571	62 571	-	100.0%	200 805	200 805
Machinery and equipment	25 106	-	203 187	228 293	228 293	-	100.0%	167 614	167 614
Transport equipment	9 168	-	140 468	149 636	149 636	-	100.0%	99 209	99 209
Other machinery and equipment	15 938	-	62 719	78 657	78 657	-	100.0%	68 405	68 405
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	23 050	-	(19 671)	3 379	3 379	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 317	-	(1 729)	588	588	-	100.0%	1 348	1 348
Payment for financial assets	-	-	2 322	2 322	2 322	-	100.0%	535	535
Total	5 110 506	-	(196 447)	4 914 059	4 914 059	-	100.0%	5 224 571	5 224 571

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 8.1: Joint Logistic Services

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 201 112	-	(338 920)	1 862 192	1 862 192	-	100.0%	1 750 916	1 750 916
Compensation of employees	1 018 480	-	(29 197)	989 283	989 283	-	100.0%	909 201	909 201
Goods and services	1 182 632	-	(309 723)	872 909	872 909	-	100.0%	841 715	841 715
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	19 120	-	(7 160)	11 960	11 960	-	100.0%	2 976	2 976
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	7	-	(5)	2	2	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7 109	-	65	7 174	7 174	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	12 004	-	(7 220)	4 784	4 784	-	100.0%	2 976	2 976
Payments for capital assets	151 515	-	100 040	251 555	251 555	-	100.0%	300 705	300 705
Buildings and other fixed structures	109 427	-	(46 856)	62 571	62 571	-	100.0%	200 805	200 805
Machinery and equipment	16 721	-	171 775	188 496	188 496	-	100.0%	98 947	98 947
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	23 050	-	(23 050)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 317	-	(1 829)	488	488	-	100.0%	953	953
Payment for financial assets	-	-	32	32	32	-	100.0%	519	519
Total	2 371 747	-	(246 008)	2 125 739	2 125 739	-	100.0%	2 055 116	2 055 116

APPROPRIATION STATEMENT for the year ended 31 March 2015

Subprogramme: 8.2: Command and Management Information Systems

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	859 129	-	(3 373)	855 756	855 756	-	100.0%	891 366	891 366
Compensation of employees	72 295	-	(3 578)	68 717	68 717	-	100.0%	63 924	63 924
Goods and services	786 834	-	205	787 039	787 039	-	100.0%	827 442	827 442
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 752	-	1 504	5 256	5 256	-	100.0%	17 721	17 721
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	2 904	-	(4)	2 900	2 900	-	100.0%	17 500	17 500
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	848	-	1 508	2 356	2 356	-	100.0%	221	221
Payments for capital assets	4 106	-	579	4 685	4 685	-	100.0%	46 506	46 506
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 106	-	479	4 585	4 585	-	100.0%	46 111	46 111
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	100	100	100	-	100.0%	395	395
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	866 987	-	(1 290)	865 697	865 697	-	100.0%	955 593	955 593

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 8.3: Military Police

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	511 855	-	(13 244)	498 611	498 611	-	100.0%	474 614	474 614
Compensation of employees	455 153	-	(3 363)	451 790	451 790	-	100.0%	427 845	427 845
Goods and services	56 702	-	(9 881)	46 821	46 821	-	100.0%	46 769	46 769
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 299	-	(3)	2 296	2 296	-	100.0%	1 537	1 537
Provinces and municipalities	39	-	(10)	29	29	-	100.0%	-	-
Departmental agencies and accounts	711	-	(44)	667	667	-	100.0%	635	635
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 549	-	51	1 600	1 600	-	100.0%	902	902
Payments for capital assets	4 261	-	34 313	38 574	38 574	-	100.0%	22 556	22 556
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 261	-	30 934	35 195	35 195	-	100.0%	22 556	22 556
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	3 379	3 379	3 379	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	90	90	90	-	100.0%	16	16
Total	518 415	-	21 156	539 571	539 571	-	100.0%	498 723	498 723

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 8.4: Technology Development

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	453	-	(280)	173	173	-	100.0%	107	107
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	453	-	(280)	173	173	-	100.0%	107	107
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	442 116	-	-	442 116	442 116	-	100.0%	347 856	347 856
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	442 116	-	-	442 116	442 116	-	100.0%	347 856	347 856
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	18	-	(1)	17	17	-	100.0%	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	18	-	(1)	17	17	-	100.0%	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	442 587	-	(281)	442 306	442 306	-	100.0%	347 963	347 963

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Subprogramme: 8.5: Departmental Support

Economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	87 974	-	9 966	97 940	97 940	-	100.0%	88 158	88 158
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	87 974	-	9 966	97 940	97 940	-	100.0%	88 158	88 158
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	822 796	-	17 810	840 606	840 606	-	100.0%	1 279 018	1 279 018
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	2 100	2 100
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	822 796	-	16 610	839 406	839 406	-	100.0%	303 347	303 347
Non-profit institutions	-	-	-	-	-	-	-	51 246	51 246
Households	-	-	1 200	1 200	1 200	-	100.0%	2 000	2 000
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	2 200	2 200	2 200	-	100.0%	-	-
Total	910 770	-	29 976	940 746	940 746	-	100.0%	1 367 176	1 367 176

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2015

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note on Transfers and subsidies and Annexure 1 (A-E) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on Payments for financial assets

Detail of these transactions per programme can be viewed in the note to Payment for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after virement):

4.1 Per programme:

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance	Variance as % of final Appropriation
	R'000	R'000	R'000	%

Administration	4 660 587	4 658 985	1 602	0.03%
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Under expenditure mainly within Transfers to Departmental Agencies and Accounting for the transfer payments to SASSETA (Rm 1,602) being less than anticipated.

Landward Defence	14 061 981	14 049 116	12 865	0.09%
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Mainly within Goods and Service (Rm 13,210) due to the incapacity of industry to meet DOD requirements before financial year-end.

Military Health Support	4 053 144	4 053 113	31	-
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Under expenditure mainly within Transfers to non-profit organisations (Rm 0.031) due to the transfer payment claims by the St John's Ambulance Brigade being less than anticipated.

4.2 Per Economic Classification	Final Appropriation	Actual Expenditure	Variance	Variance as % of final Appropriation
	R'000	R'000	R'000	%

Current expenditure				
Goods and services	11 350 529	11 337 664	12 865	0.11%
Transfers and subsidies				
Departmental agencies and accounts	6 145 868	6 144 266	1 602	0.03%
Non-profit institutions	7 940	7 909	31	0.39%

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2015**

Mainly within the Landward Defence Programme (Rm 12,865) due to the incapacity of industry to meet the DOD requirements before financial year-end.

Under expenditure within the Administration Programme for the transfer payments to SASSETA (Rm 1,602) being less than anticipated.

Under expenditure within the Military Health Support Programme (Rm 0,031) due to the transfer payments claims by the St John's Ambulance Brigade being less than anticipated.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2015

REVENUE	Note	2014/15 R'000	2013/14 R'000
Annual appropriation	1	42 856 879	40 658 184
Departmental revenue	2	923 792	853 475
TOTAL REVENUE		43 780 671	41 511 659
EXPENDITURE			
Current expenditure			
Compensation of employees	3	23 005 809	21 332 701
Goods and services	4	11 337 664	11 415 229
Total current expenditure		34 343 473	32 747 930
Transfers and subsidies	6	7 400 180	6 422 070
Expenditure for capital assets			
Tangible capital assets	7	1 079 780	1 264 055
Intangible assets	7	1 445	1 455
Total expenditure for capital assets		1 081 225	1 265 510
Payments for financial assets	5	17 503	12 011
TOTAL EXPENDITURE		42 842 381	40 447 521
NET SURPLUS FOR THE YEAR		938 290	1 064 138
Reconciliation of Net Surplus for the year			
Voted Funds		14 498	210 663
Departmental revenue and NRF Receipts		923 792	853 475
NET SURPLUS FOR THE YEAR		938 290	1 064 138

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
ASSETS			
Current assets		633 999	328 698
Cash and cash equivalents	8	79 784	86 811
Prepayments and advances	9	180 370	123 666
Receivables	10	373 845	118 221
Non-current assets		304 533	274 851
Investments	11	75 000	75 000
Receivables	10	229 533	187 489
Loans	12	-	12 362
TOTAL ASSETS		938 532	603 549
LIABILITIES			
Current liabilities		395 092	356 426
Voted funds to be surrendered to the Revenue Fund	13	14 498	210 663
Departmental revenue to be surrendered to the Revenue Fund	14	167 405	99 409
Bank overdraft	15	154 276	-
Payables	16	58 913	46 354
Non-current liabilities			
Payables	17	1 777	1 964
TOTAL LIABILITIES		396 869	358 390
NET ASSETS		541 663	245 159
Represented by:			
Capitalisation reserves		75 000	75 000
Recoverable revenue		466 663	170 159
TOTAL		541 663	245 159

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
NET ASSETS			
Capitalisation reserves			
Opening balance		75 000	75 000
Other movements		-	-
Closing balance		<u>75 000</u>	<u>75 000</u>
Recoverable revenue			
Opening balance		170 159	207 970
Transfers		296 504	(37 811)
Irrecoverable amounts written off		(5 458)	(2 722)
Debts revised		(77 375)	53 580
Debts recovered (included in departmental receipts)		(42 462)	(170 382)
Debts raised		421 799	81 713
Closing balance		<u>466 663</u>	<u>170 159</u>
TOTAL		<u><u>541 663</u></u>	<u><u>245 159</u></u>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

CASH FLOW STATEMENT for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		43 738 164	41 486 755
Annual appropriated funds received	1	42 856 879	40 658 184
Departmental revenue received	2	877 727	825 694
Interest received	2.3	3 558	2 877
Net decrease/(increase) in working capital		(341 813)	(2 434)
Surrendered to Revenue Fund		(1 066 459)	(1 046 617)
Current payments		(34 343 473)	(32 747 930)
Payments for financial assets		(17 503)	(12 011)
Transfers and subsidies paid		(7 400 180)	(6 422 070)
Net cash flows available from operating activities	18	568 736	1 255 693
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7.1	(1 081 225)	(1 265 510)
Proceeds from sale of capital assets	2.4	42 507	24 904
(Increase)/decrease in loans		12 362	-
Net cash flows from investing activities		(1 026 356)	(1 240 606)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		296 504	(37 811)
Increase/(decrease) in non-current payables		(187)	-
Net cash flows from financing activities		296 317	(37 811)
Net increase/(decrease) in cash and cash equivalents		(161 303)	(22 724)
Cash and cash equivalents at beginning of period		86 811	109 535
Cash and cash equivalents at end of period	19	(74 492)	86 811

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

1. Annual Appropriation

1.1 Annual Appropriation

Programmes	Final	2014/15	Funds not requested / not received	Appropriation Received
	Appropriation	Actual Funds Received		
	R'000	R'000	R'000	R'000
Administration	4 660 587	4 660 587	-	4 510 985
Force Employment	3 631 441	3 631 441	-	3 521 798
Landward Defence	14 061 981	14 061 981	-	13 599 123
Air Defence	6 913 523	6 913 523	-	6 031 523
Maritime Defence	3 802 369	3 802 369	-	3 252 562
Military Health Support	4 053 144	4 053 144	-	3 742 939
Defence Intelligence	819 775	819 775	-	774 683
General Support	4 914 059	4 914 059	-	5 224 571
Total	42 856 879	42 856 879	-	40 658 184

2. Departmental Revenue

	Note	2014/15 R'000	2013/14 R'000
Sales of goods and services other than capital assets	2.1	289 632	352 681
Fines, penalties and forfeits	2.2	1 733	1 225
Interest, dividends and rent on land	2.3	3 558	2 877
Sales of capital assets	2.4	42 507	24 904
Transactions in financial assets and liabilities	2.5	44 213	53 780
Transfers received	2.6	542 149	418 008
Departmental revenue collected		923 792	853 475
2.1 Sales of goods and services other than capital assets		285 956	351 023
Sales of goods and services produced by the department			
Administrative fees		28	19
Other sales		285 928	351 004
Sales of scrap, waste and other used current goods		3 676	1 658
Total		289 632	352 681
2.2 Fines, penalties and forfeits		1 733	1 225
2.3 Interest, dividends and rent on land		3 558	2 877
2.4 Sales of capital assets			
Tangible assets			
Specialised military assets	31.2	13 375	24 904
Machinery and equipment		29 132	-
Total		42 507	24 904
2.5 Transactions in financial assets and liabilities			
Forex gain		9 242	3 917
Other Receipts including Recoverable Revenue		34 971	49 863
Total		44 213	53 780
2.6 Transfers received			
Foreign governments		542 187	417 970
Households and non-profit institutions		(38)	38
Total		542 149	418 008

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		14 653 049	13 448 465
Performance award		140 723	207 199
Service Based		123 433	180 269
Compensative/circumstantial		2 180 359	2 026 869
Periodic payments		10 884	8 643
Other non-pensionable allowances		3 469 096	3 214 105
Total		<u>20 577 544</u>	<u>19 085 550</u>
3.2 Social contributions			
3.2.1 Employer contributions			
Pension		2 309 179	2 127 640
Medical		118 318	118 800
Bargaining council		768	711
Total		<u>2 428 265</u>	<u>2 247 151</u>
Total compensation of employees		<u>23 005 809</u>	<u>21 332 701</u>
Average number of employees		<u>77 899</u>	<u>78 264</u>
Included in the total compensation of employees amount above is an amount of Rm 4 022 paid to a total number of 3 Members of Legislature.			
4. Goods and services			
Administrative fees		12 254	9 584
Advertising		12 463	32 110
Minor Assets	4.1	127 733	137 417
Catering		20 874	24 089
Communication		91 480	91 230
Computer services	4.2	988 433	1 019 445
Consultants: Business and Advisory services		274 352	203 421
Infrastructure and planning services		19 220	3 364
Laboratory services		26 855	29 847
Scientific and technological services		56 221	41 012
Legal services		30 016	41 418
Contractors		2 735 529	2 538 811
Agency and support / outsourced services		490 354	458 229
Entertainment		2 917	9 471
Audit cost – external	4.3	73 179	70 878
Fleet services		96 765	81 371
Inventory	4.4	2 034 586	2 120 727
Consumables	4.5	180 573	167 791
Operating leases		1 197 157	1 434 334
Property payments	4.6	1 369 714	1 415 744
Rental and hiring		335	45
Travel and subsistence	4.7	883 800	873 601
Venues and facilities		14 018	15 111
Training and development		256 804	159 315
Other operating expenditure	4.8	342 032	436 864
Total		<u>11 337 664</u>	<u>11 415 229</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
4.1 Minor assets	4		
Tangible assets		127 277	136 222
Buildings and other fixed structures		224	48
Machinery and equipment		126 507	129 051
Transport assets		352	180
Specialised military assets		194	6 943
Intangible assets		456	1 195
Total		127 733	137 417
4.2 Computer services	4		
SITA computer services		803 638	982 145
External computer service providers		184 795	37 300
Total		988 433	1 019 445
4.3 Audit cost – external	4		
Regularity audits		69 951	68 585
Computer audits		3 228	2 293
Total		73 179	70 878
Prior year amounts were restated with Rm 14 452 for Forensic Audits.			
4.4 Inventory	4		
Clothing material and accessories		208 087	116 059
Farming supplies		5 709	4 565
Food and food supplies		872 380	833 586
Fuel, oil and gas		455 660	652 715
Materials and supplies		138 448	104 765
Medical supplies		75 396	86 144
Medicine		167 932	189 301
Other supplies	4.4.1	110 974	133 592
Total		2 034 586	2 120 727
4.4.1 Other Supplies			
Other		110 974	133 592
Total		110 974	133 592
4.5 Consumables	4		
Consumables supplies		122 769	80 985
Uniform and clothing		520	-
Household supplies		46 006	-
IT consumables		52 343	-
Other consumables		23 900	80 985
Stationery, printing and office supplies		57 804	86 806
Total		180 573	167 791
4.6 Property payments	4		
Municipal services		881 076	818 334
Property maintenance and repairs		440 244	556 223
Other		48 394	41 187
Total		1 369 714	1 415 744

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
4.7 Travel and subsistence	4		
Local		627 048	629 511
Foreign		256 752	244 090
Total		883 800	873 601
4.8 Other operating expenditure	4		
Professional bodies, membership and subscription fees		4 922	1 828
Resettlement costs		42 028	35 865
Other		295 082	399 171
Total		342 032	436 864
5. Payments for financial assets			
Material losses through criminal conduct - theft	5.3	582	-
Other material losses written off	5.1	200	7 714
Debts written off	5.2	16 721	4 297
Total		17 503	12 011
5.1 Other material losses written off			
Nature of losses			
Settlement		-	285
Sundry losses		-	17
Motor vehicle losses		200	3 669
Other claims against the state		-	3 486
Interest claims		-	237
Fruitless and wasteful expenditure		-	20
Total		200	7 714
Miscellaneous and Legal fees are combined into one line.			
5.2 Debts written off			
Nature of debts written off			
Salary related		3 814	3 909
Medical		-	1
State guarantees		25	-
Estates		384	118
SAFI Loan		12 362	-
Loss of State Funds		15	36
Suppliers in debt		121	233
Total		16 721	4 297
Study loan of (R1300) has been included in Salary related debts			
5.3 Details of theft			
Nature of theft			
Burglary at Air Force Base Waterkloof Cash Office		582	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
6. Transfers and subsidies			
Departmental agencies and accounts	Annex 1A	6 144 266	4 697 768
Public corporations and private enterprises	Annex 1B	1 114 145	1 285 750
Foreign governments and international organisations	Annex 1C	-	303 347
Non-profit institutions	Annex 1D	7 909	58 947
Households	Annex 1E	133 806	76 258
Provinces and municipalities	Note 35	54	-
Total		7 400 180	6 422 070
7. Expenditure for capital assets			
Tangible assets		1 079 780	1 264 055
Buildings and other fixed structures	7.1	64 877	216 975
Machinery and equipment	7.1	1 010 517	1 045 591
Specialised military assets		4 386	244
Biological assets	7.1	-	1 245
Intangible assets		1 445	1 455
Computer software	7.1	1 445	1 455
Total		1 081 225	1 265 510
7.1 Analysis of funds utilised to acquire capital assets - 2014/15			
	Voted Funds	Aid Assistance	TOTAL
	R'000	R'000	R'000
Tangible assets	1 079 780	-	1 079 780
Buildings and other fixed structures	64 877	-	64 877
Machinery and equipment	1 010 517	-	1 010 517
Specialised military assets	4 386	-	4 386
Biological Assets	-	-	-
Software and other intangible assets	1 445	-	1 445
Software	1 445	-	1 445
Total	1 081 225	-	1 081 225
7.2 Analysis of funds utilised to acquire capital assets - 2013/14			
	Voted Funds	Aid Assistance	TOTAL
	R'000	R'000	R'000
Tangible assets	1 264 055	-	1 264 055
Buildings and other fixed structures	216 975	-	216 975
Machinery and equipment	1 045 591	-	1 045 591
Specialised military assets	244	-	244
Biological Assets	1 245	-	1 245
Software and other intangible assets	1 455	-	1 455
Computer software	1 455	-	1 455
Total	1 265 510	-	1 265 510
7.3 Finance lease expenditure included in Expenditure for Capital assets			
Tangible assets		2014/15 R'000	2013/14 R'000
Machinery and equipment		42 231	37 207

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000			
8. Cash and cash equivalents						
Consolidated Paymaster General Account		-	20 544			
Cash on hand		57 643	28 592			
Investments (Domestic)		22 141	37 675			
Total		79 784	86 811			
9. Prepayments and advances						
Staff advances		5 598	2 888			
Travel and subsistence		71 723	75 413			
Advances paid	9.1	103 049	45 365			
Total		180 370	123 666			
9.1 Advances Paid						
National Departments	Annex 8A	96 250	42 523			
Other Institutions	Annex 8A	6 799	2 842			
Total		103 049	45 365			
10. Receivables						
	Note	Less than one year R'000	One to three years R'000	Older than three years R'000	2014/15 Total R'000	2013/14 Total R'000
Claims recoverable	10.1 & Annex 4	3 399	2 887	30 054	36 340	55 987
Staff debt	10.2	65 749	12 886	17 172	95 808	101 970
Fruitless and wasteful expenditure	10.4	6	-	-	6	-
Other debtors	10.3	304 691	97 358	69 174	471 224	147 753
Total		373 845	113 131	116 400	603 378	305 710
10.1 Claims recoverable				2014/15 R'000	2013/14 R'000	
National departments		36 160	55 800			
Provincial departments		162	142			
Local governments		18	45			
Total		36 340	55 987			
10.2 Staff debtors						
Description						
Salary related		36 235	55 647			
Study loans - Students		28 849	24 886			
Motor vehicle accidents		6 474	6 058			
Deposits		20 943	11 702			
State guarantees		1 042	1 060			
Loss of State money		726	1 125			
Damage to State property		207	287			
Private patients		1 284	1 027			
Miscellaneous		48	178			
Total		95 808	101 970			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
10.3 Other debtors			
Operations		331 849	36 634
Study loans - Students		61 041	58 475
Aviation services		6 732	2 455
Suppliers		5 624	2 866
Motor vehicle accidents		9 936	6 497
Estates		1 707	1 706
State guarantees		208	232
Medical claims		12 685	7 068
Private patients		443	213
Market support		173	244
Aviation fuel		4 083	3 001
Institutions		231	75
Damage to State Property		12	9
Miscellaneous		457	45
Loss of State Money		14 136	11 626
Salary overpayments		21 907	16 607
Total		<u>471 224</u>	<u>147 753</u>
10.4 Fruitless and wasteful expenditure			
Opening balance		-	20
Less amounts written off		-	(20)
Transfers from Note 32 Fruitless and Wastful expenditure		6	-
Total		<u>6</u>	<u>-</u>
10.5 Impairment of receivables			
Estimate of impairment of receivables		<u>88 385</u>	<u>63 317</u>
11. Investments			
Non-Current			
Shares and other equity			
ARMSCOR		75 000	75 000
Total		<u>75 000</u>	<u>75 000</u>
Analysis of non-current investments			
Opening balance		75 000	75 000
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	-
Closing balance		<u>75 000</u>	<u>75 000</u>

An impairment test performed on the Investment to Armscor, based on 2014/15 Annual Financial Statements indicates no impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
12. Loans			
Public Corporations		-	12 362
Total		-	12 362
Analysis of Balance			
Opening Balance		12 362	12 362
Write-offs		(12 362)	-
Closing Balance		-	12 362
13. Voted funds to be surrendered to the Revenue Fund			
Opening balance		210 663	186 324
Transfer from Statement of Financial Performance		14 498	210 663
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received	1.1	-	-
Paid during the year		(210 663)	(186 324)
Closing balance		14 498	210 663
14. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		99 409	106 227
Transfer from Statement of Financial Performance		923 792	853 475
Paid during the year		(855 796)	(860 293)
Closing balance		167 405	99 409
15. Bank overdraft			
Consolidated Paymaster General Account		154 276	-
16. Payables - current			
Advances received	16.1	-	865
Clearing accounts	16.2	1 337	1 746
Other payables	16.3	57 576	43 743
Total		58 913	46 354
16.1 Advances received			
National Departments	Annex 8B	-	865
Total		-	865
16.2 Clearing accounts			
Insurance		16	26
Subsistence and travel cash voucher receipt		1 143	1 477
Other		178	243
Total		1 337	1 746

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000			
16.3 Other payables						
Unclaimed salaries		12 644	8 716			
Debtors in credit		3 075	4 219			
Other payables		15 200	16 482			
State guarantees		3 719	4 353			
Suppliers		22 938	10 664			
Other		-	(691)			
Total		57 576	43 743			
		One to two years R'000	Two to three years R'000	More than three years R'000	2014/15 Total R'000	2013/14 Total R'000
17. Payables non-current						
Other payables	17.1	-	1 506	271	1 777	1 964
Total		-	1 506	271	1 777	1 964
17.1 Other Payales						
Clearing account					155	1
Debtors in credit					141	239
State guarantees					428	894
Suppliers					1	28
Unclaimed salaries					357	111
Other					695	691
Total					1 777	1 964
18. Net cash flow available from operating activities						
Net surplus/(deficit) as per Statement of Financial Performance					938 290	1 064 138
Add back non cash/cash movements not deemed operating activities					(369 554)	191 555
(Increase)/decrease in receivables – current					(297 668)	(10 430)
(Increase)/decrease in prepayments and advances					(56 704)	79 176
(Increase)/decrease in other current assets					-	-
Increase/(decrease) in payables – current					12 559	(71 180)
Proceeds from sale of capital assets					(42 507)	(24 904)
Expenditure on capital assets					1 081 225	1 265 510
Surrender to Revenue Fund					(1 066 459)	(1 046 617)
Voted funds not requested/not received					-	-
Other non-cash items					-	-
Net cash flow generated by operating activities					568 736	1 255 693
19. Reconciliation of cash and cash equivalents for cash flow purposes						
Consolidated Paymaster General account					(154 276)	20 544
Cash on hand					57 643	28 592
Cash with commercial banks (Local)					22 141	37 675
Total					(74 492)	86 811

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

20. Contingent liabilities and contingent assets

20.1 Contingent liabilities

Liable to	Nature	Note	2014/15 R'000	2013/14 R'000
Housing loan guarantees	Employees	Annexure 3A	2 804	3 375
Claims against the department		Annexure 3B	780 544	799 059
Intergovernmental payables (unconfirmed balances)		Annexure 5	20	374
Environmental rehabilitation liability		Annexure 3B	893 250	944 771
Total			<u>1 676 618</u>	<u>1 747 579</u>

20.2 Contingent assets

Claim against SANDU due to damage to Military Police Vehicles during a protest.	<u>80</u>	<u>80</u>
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Housing

- Not practical to determine any outflow, as the outflow would depend on the non-payments made by Defence employees to Bond institutions.

Claims against the department

Opening balance restated by R2 799 000 as a result of case that was registered as R311 000 instead of R3 111 000.

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the third parties.
- These are contingent liabilities hence, we can not be certain as to the timing of the outflow of the related resources / amounts.
- There was no possibility for any reimbursements as at 31 March 2015.

Environmental Liability

- Unexploded ordnance (UXO) is a present obligation for which the timing of any outflow is uncertain.
- Aviation Fuel Underground Contamination Rehabilitation for which the outflow of economic benefits is probable and based on a fixed-rate monthly expenditure of the prevailing contract.

21. Commitments

	2014/15 R'000	2013/14 R'000
Current expenditure		
Approved and contracted	2 343 898	2 286 544
Approved but not yet contracted	<u>902 895</u>	<u>1 065 443</u>
	3 246 793	3 351 987
Capital expenditure		
Approved and contracted	267 139	168 368
Approved but not yet contracted	<u>40 152</u>	<u>44 081</u>
	307 291	212 449
Total Commitments	<u>3 554 084</u>	<u>3 564 436</u>
Commitments longer than 1 year		
Current expenditure		
Approved and contracted	276 145	
Approved but not yet contracted	<u>131 872</u>	
	408 017	
Capital expenditure (Including transfers)		
Approved and contracted	8 492	
Approved but not yet contracted	<u>145</u>	
	8 637	
Total Commitment longer than 1 year	<u>416 654</u>	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

22. Accruals

Listed by economic classification	30 Days	30+ Days	2014/15	2013/14
	R'000	R'000	Total R'000	Total R'000
Goods and services	123 427	197 834	321 261	186 334
Transfers and subsidies	14 578	-	14 578	8 811
Capital assets	3 282	12 147	15 429	17 685
Total	141 287	209 981	351 268	212 830
Listed by programme level				
Administration			14 115	23 783
Landward Defence			115 015	52 727
Air Defence			51 686	27 649
Maritime Defence			17 239	16 182
Military Health Support			101 678	70 612
Defence Intelligence			193	352
Joint Support			32 916	9 619
Force Employment			18 426	11 906
Total			351 268	212 830
Confirmed balances with departments		Annex 5	-	-
Total			-	-

23. Employee benefits

Leave entitlement	707 104	684 004
Service bonus (Thirteenth cheque)	662 919	611 185
Performance awards	2 764	2 408
Capped leave commitments	952 096	972 488
Other	201 948	189 024
Total	2 526 831	2 459 109

Leave entitlement with negative balances amounting to R55 459 044 for the 2014/15 financial year and R48 561 618 for the 2013/14 financial year are included in the above amounts.

24. Lease Commitments**24.1 Operating leases expenditure**

2014/15	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	1 323	10 975	12 298
Later than 1 year and not later than 5 years	-	-	3 894	6 371	10 265
Later than five years	-	-	-	-	-
Total lease commitments	-	-	5 217	17 346	22 563
2013/14					
	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	1 202	12 696	13 898
Later than 1 year and not later than 5 years	-	-	5 216	14 299	19 515
Later than five years	-	-	-	-	-
Total lease commitments	-	-	6 418	26 995	33 413

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

24.2 Finance leases expenditure

2014/15	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	34 049	34 049
Later than 1 year and not later than 5 years	-	-	-	20 741	20 741
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	54 790	54 790

2013/14	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	26 246	26 246
Later than 1 year and not later than 5 years	-	-	-	17 538	17 538
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	43 784	43 784

25. Accrued departmental revenue	2014/15 R'000	2013/14 R'000
Sales of goods and services other than capital assets	474	891
Fines, penalties and forfeits	15 632	14 379
Interest, dividends and rent on land	835	-
Sale of capital assets	14 222	13 375
Transfers received	114 778	118 057
Total	145 941	146 702
25.1 Analysis of receivables for departmental revenue		
Opening balance	146 702	130 037
Less: Amounts received	553 879	130 037
Add: Amounts recognised	609 995	146 702
Less: Amounts written off / reversed as irrecoverable	56 877	-
Closing balance	145 941	146 702
25.2 Accrued departmental revenue written off		
Reversed as irrecoverable	56 877	-

Penalty imposed by the United Nations for unserviceability of main equipment deployed in UNAMID and MOUNUSCO

25.3 Impairment accrued departmental

Estimate impairment of accrued departmental revenue	42 883	-
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26. Irregular expenditure**26.1 Reconciliation of irregular expenditure**

Opening balance	1 352 468	1 015 188
Prior period error	-	265
As restated	1 352 468	1 015 453
Add: Irregular expenditure - relating to prior year	-	190
Add: Irregular expenditure - relating to current year	558 842	1 294 306
Less: Prior year amounts condoned	(1 087 346)	-
Less: Current year amounts condoned	(568)	(957 481)
Less: Amounts not condoned and not recoverable	(419)	-
Irregular expenditure awaiting condonement	822 977	1 352 468

Analysis of awaiting condonement per age classification

Current	558 274	1 294 163
Prior years	264 703	58 305
Total	822 977	1 352 468

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

26.2 Details of irregular expenditure - current year		2014/15 R'000
Incident	Disciplinary steps taken/criminal proceedings	
Procurement without Financial Authority and Government order	Under investigation to determine responsible official	22 693
Sub-division of requirement	Under investigation to determine responsible official	52
Other matters	Under investigation to determine responsible official	9
Contract irregularities	Under investigation to determine responsible official	7 471
Deviation from the procurement process	Under investigation to determine responsible official	401
PPPFA Non-compliance	Application for exemption to NT is still pending	518 034
Non-compliance to Cost Containment measures	Under investigation to determine actual cost and circumstances	537
Exceeding of delegation	Under investigation to determine responsible official	31
Deviation from foreign visit policy	Under investigation to determine actual cost and circumstances	1 595
Deviation from the SCM	Under investigation to determine responsible official	8 019
		<u><u>558 842</u></u>
26.3 Details of irregular expenditure condoned	Condoned by (condoning authority)	
Incident		
Procurement without Financial Authority and Government order.	Supply Chain Irregular Expenditure Control Committee	8 493
SANDF members salary increases	Condoned by the Accounting Officer after authority was received from the Minister of Finance	1 073 719
Sub-division of requirements	Supply Chain Irregular Expenditure Control Committee	244
Deviation from the procurement process	Prosecution and Recovery Committee	5 029
Contract irregularities	Supply Chain Irregular Expenditure Control Committee	413
Other matters	Condoned by Prosecution and Recovery Committee	16
		<u><u>1 087 914</u></u>
26.4 Details of irregular expenditure not recoverable (not condoned)		
Incident		
Contract irregularities	Not condoned by PRC dd 10/10/14. Matter was referred for criminal investigation	413
Deviation from the procurement process	Not condoned by PRC dd 13/03/15. Matter was referred for criminal investigation	6
		<u><u>419</u></u>
26.5 Details of irregular expenditure under investigation		
Incident		
Procurement without Financial Authority and Government Order	Under investigation to determine responsible official	39 433
No declaration of interest could be provided	Under investigation to determine responsible official	25 689
Deviation from the procurement process	Under investigation to determine responsible official	2 745
Deviation from the payment process	Under investigation to determine responsible official	1 940
Deviation from the SCM process	Under investigation to determine responsible official	13 946
Exceeding delegation limit	Under investigation to determine responsible official	70
Other matters	Under investigation to determine responsible official	438
Sub-divisions of requirements	Under investigation to determine responsible official	109
PPPFA Non-compliance	Application for exemption to National Treasury is still pending	728 420
Improper management of cell phone accounts	Under investigation to determine responsible official	205
Non-compliance to Cost Containment measures	Under investigation to determine actual cost and circumstances	537
Contract irregularities	Under investigation to determine responsible official	7 850
Deviation from foreign visit policy	Under investigation to determine actual cost and circumstances	1 595
		<u><u>822 977</u></u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

The current year adjustment for FY2013/14

R'000

Ex Post Facto authority. Supplier was verbally instructed to deliver a service without the relevant written financial and procurement authority.	481
Contract irregularities in the combined club at 2 Military Hospital.	68
Ex Post Facto - Members attended (EMDP) course without financial authority at PALAMA, the course started on 20 May 2013 and will end on 26 July 2013.	30
Ex Post Facto authority - Incorrect procurement process followed for a vehicle service.	28
Ex Post Facto authority - Incorrect procurement process followed for a course attendance.	16
Ex Post Facto authority - Incorrect procurement process followed for a course attendance.	16
Ex Post Facto authority - Incorrect procurement process followed for a course attendance.	16
Ex Post Facto authority - Incorrect procurement process followed.	13
Ex Post Facto authority - Incorrect procurement process followed.	12
Ex Post Facto authority - Incorrect procurement process followed for a funeral.	12
Ex Post Facto authority - Catering services rendered for Dir Mil Judges worksession authorised by CDLS Order 44/2013 held on 14 - 15 Aug 2013.	2
Total	694

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

Prior years	R'000
Contract irregularities - A laundry service was provided to IAM without a contract being in place.	-
Ex Post Facto authority - Delivery of newspapers from F&J Distributors without FA.	(20)
Ex Post Facto authority - Services rendered to the Nomination Committee appointed by Minister of Defence and Military Veterans without a contract being in place between the DOD and Single service provider.	211
Ex Post Facto authority - Hiring of VIP toilets for Change of Command parade in Thaba Tshwane.	58
Ex Post Facto authority - Non-compliance to TR8.2.1. Payment of False Bay College for accommodation and meals for University Reserve Training Program students for the period 3 - 4 Sep 2012. Cash Requisition was authorised on 25/10/12.	19
Ex Post Facto authority - GO 1R155944, supply and delivery of chemical toilets and she bins for exercise Seboka.	17
Ex Post Facto authority - Cp536, Cp537, Cp539, Cp540, CP541 = non-adherence to TR17.1.1 (Lack of authentic and verifiable source documents). No invoices presented as part of the transaction supporting documentation.	(20)
Total	265

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2014/15	2013/14
	R'000	R'000
27. Fruitless and wasteful expenditure		
27.1 Reconciliation of fruitless and wasteful expenditure		
Opening Balance	359 224	9 531
Prior period error for 2012/2013	-	481
As restated	359 224	10 012
Fruitless and wasteful expenditure – relating to prior year	-	15
Fruitless and wasteful expenditure – relating to current year	63	354 810
Less: Amounts resolved	(171)	(5 594)
Less: Amounts transferred to receivables for recovery	(6)	(19)
Fruitless and wasteful expenditure awaiting condonement	359 110	359 224
27.2 Analysis of awaiting condonement per economic classification		
Current	355 052	355 166
Capital	4 058	4 058
Total	359 110	359 224
27.3 Analysis of Current Year's Fruitless and wasteful expenditure	2014/15	
	R'000	
Incident		Disciplinary steps taken/criminal proceedings
Incorrect air ticket booking		Under investigation to determine responsible person
	5	
No Show accommodation fee		Under investigation to determine responsible person
	13	
Cancellation fees		Under investigation to determine responsible person
	7	
Other matters		Under investigation to determine responsible person
	6	
Traffic fines admin fees		Under investigation to determine responsible person
	7	
Misuse of 3G card		Under investigation to identify the responsible person
	25	
Penalties paid		Under investigation to identify the responsible person
	-	
Total	63	
27.4 Prior period error		
Nature of prior period error		
Prior period errors - medical, attorneys costs, interest	481	
Nature of prior period error		
The FY 13/14 Current year adjustment is:		
Payment in terms of Arbitration award. SANABO DEMIL	51 246	
Total	51 727	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

Prior years	R'000
Medical payments transferred from the 0404 account as an opening balance in March 2009	(25)
Overpayment of allowances for MSDS members of OPS CORDITE during 2011	338
Penalty course fee payment to Boeing Training and Flight Services in United Kingdom due to non-attendance of students. The students did not have Ministerial authority hence they could not attend the training.	169
Ms A.M. Kau-Tsoanyane flight was booked later than requested, and incurred additional costs	1
Attorney cost on long outstanding medical account	(1)
Member was reimbursed for medical expenses	(1)
Member received optometric benefits that he / she was not entitled to	-
Attorney cost on long outstanding medical account	-
Interest charged on long outstanding medical account	-
Total	481

28. Related party transactions

	Note	2014/15 R'000	2013/14 R'000
Loans to / from related parties			
Non-interest bearing loans to / (from)		-	12 362
Interest bearing loans to / (from)		-	-
Total		-	12 362

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

Identification and nature of related party relationship

As at 31 March 2015 the DOD had the following related parties, namely the:

- President of the RSA;
- Deputy President of the RSA;
- Cabinet of the Government of the RSA, including the Ministers of all National Departments;
- National Departments;
- Public Entities resorting under the National Departments;
- Public Entities resorting under the portfolio of the Minister of Defence and Military Veterans, these being:
- The DOD has a related party transaction with Armaments Corporation of South Africa Limited (ARMSCOR), including its subsidiaries, joint ventures or units under its control. The relationship between the DOD and ARMSCOR is at arm's length, where the department transfers funds to ARMSCOR (as disclosed in Note 6) in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of Defence Material related products and services.

Consideration has been given to the Agent - Principle relationship of ARMSCOR and the DOD. Management has noted that the relationship does not meet all the features and indicators of beneficial control for transactions entered into, however, limited number of transactions entered into do meet some of the indicators as defined in terms of the Modified Cash Standard.

- Castle Control Board (CCB);
As per clarification letter from the National Treasury dated 31 March 2009, Department of Defence funds (messes, clubs, regimental funds, etc.) are not regarded as related parties.

Related party transactions

The Department is not aware of any related party transactions (i.e. transactions not at arms length) that occurred during the period between the Department and the President of the RSA, the Deputy President of the RSA, the Cabinet of the Government of the RSA, including the Ministers of all National Departments, National Departments and Public Entities falling under these departments.

During the period the following related party transactions occurred between the Department and the Castle Control Board (CCB);

- The CCB is mandated in terms of the Castle Management Act, 1993 (Act 207 of 1993), to govern and manage the Castle of Good Hope on behalf of the Minister of Defence and Military Veterans. The CCB is housed and located in the Castle of Good Hope, Cape Town.
- The following entities and activities occupy or utilise parts of the Castle of Good Hope, at no consideration to the Department however in some instances consideration is paid to the CCB:
 - Die Goewerneur restaurant,
 - Waterblommetjie restaurant,
 - Castle Forge,
 - Carriage rides,
 - Castle Military Museum,
 - Souvenir shop,
 - Iziko Museum of Cape Town,
 - The Western Cape Army Support Base (forming part of the Department) supplied guards to the CCB to guard the Castle of Good Hope and to perform ceremonial duties at no charge,
 - Defence Reserves Provincial Office Western Cape,
 - SA Heritage Resources Agency (SAHRA),
 - Good Hope Art Studio,
 - 5X Reserve Force Regiments.
- The Department provides management and advisory services to the CCB at no consideration.
- The Department provides management and administrative support to the SANDF Fund at no consideration.
- The Department is not aware of any related party transactions that might have occurred during the period between the Department and the Reserve Force Council.
- The Department did not identify any related party transaction during the period between the Department and its key management personnel, and the entities under the control, joint control or significant influence of key management personnel of the Department.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

29. Key management personnel Description	No. of Individuals	2014/15 R'000	2013/14 R'000
Political Office Bearers	3	4 022	3 841
Officials			
Level 15 to 16	19	26 709	22 747
Level 14	16	14 258	13 169
Family members of key management personnel	3	996	1 116
Total		45 985	40 873

30. Impairment and other provisions			
Potential irrecoverable debts			
Impairment			
Loans		-	12 362
Subtotal		-	12 362
Other provisions			
Staff Debtors		3 433	2 586
Other Debtors		13 832	11 904
Claims Recoverable		30 054	2 988
Claims against the department		-	12 621
Subtotal		47 319	30 099
Total		47 319	42 461

Reconciliation of movement in provisions - 2014/15

	Staff debtors R'000	Other debtors R'000	Claims recoverable R'000	Civil claims R'000	Total provisions R'000
Opening balance	2 586	11 904	2 988	12 621	30 099
Increase in provision	-	1 928	27 066	-	28 994
Settlement of provision	-	-	-	(12 621)	(12 621)
Change in provision due to change in estimation of inputs	847	-	-	-	847
Closing balance	3 433	13 832	30 054	-	47 319

Reconciliation of movement in provisions - 2013/14

	Staff debtors R'000	Other debtors R'000	Claims recoverable R'000	Civil claims R'000	Total provisions R'000
Opening balance	2 595	13 818	2 481	353 852	372 746
Increase in provision	-	-	507	12 621	13 128
Unused amount reversed	-	-	-	(353 852)	(353 852)
Change in provision due to change in estimation of inputs	(9)	(1 914)	-	-	(1 923)
Closing balance	2 586	11 904	2 988	12 621	30 099

Provisions made for irrecoverable debt is as follows:

1. Staff Debts : 20 % of the total debt for staff older than 3 years as on 31 March of a financial year.
2. Other Debts : 20 % of the total debt for other debtors older than 3 years as on 31 March of a financial year. Other debtors consist of out of service debtors which include all debt types excluding National and Provincial Departments.
3. Claims Recoverable : 100 % of the total claims against other National and Provincial Departments older than 3 years where a dispute exists as on 31 March of a financial year.

The expected timing of any resulting outflows of economic benefits or service potential cannot be determined reliably.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

31. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	107	-	-	107
Heritage assets	107	-	-	107
MACHINERY AND EQUIPMENT	6 740 519	1 065 026	20 732	7 784 813
Transport assets	2 728 046	463 698	19 383	3 172 361
Computer equipment	627 156	77 122	5	704 273
Furniture and office equipment	122 697	18 893	327	141 263
Other machinery and equipment	3 262 620	505 313	1 017	3 766 916
SPECIALISED MILITARY ASSETS	45 172 765	343 759	-	45 516 524
Specialised military assets	45 172 765	343 759	-	45 516 524
BIOLOGICAL ASSETS	5 907	4	6	5 905
Biological assets	5 907	4	6	5 905
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	51 919 298	1 408 789	20 738	53 307 349

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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31.1 Additions	ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015					
	Cash	Non-cash	(Capital work-in-progress current cost and finance lease payment)	Received current not paid (Paid current year, received prior year)	Total	
	R'000	R'000	R'000	R'000		R'000
HERITAGE ASSETS						
Heritage assets	-	-	-	-	-	-
MACHINERY AND EQUIPMENT						
Transport assets	910 932	217 052	(42 231)	(20 727)	1 065 026	
Computer equipment	475 726	5 579	-	(17 607)	463 698	
Furniture and office equipment	43 207	34 103	-	(188)	77 122	
Other machinery and equipment	20 171	-	-	(1 278)	18 893	
	371 828	177 370	(42 231)	(1 654)	505 313	
SPECIALISED MILITARY ASSETS						
Specialised military assets	4 386	333 177	-	6 196	343 759	
	4 386	333 177	-	6 196	343 759	
BIOLOGICAL ASSETS						
Biological assets	-	4	-	-	4	
	-	4	-	-	4	
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	915 318	550 233	(42 231)	(14 531)	1 408 789	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	20 732	-	20 732	29 132
Transport assets	19 383	-	19 383	29 132
Computer equipment	5	-	5	-
Furniture and office equipment	327	-	327	-
Other machinery and equipment	1 017	-	1 017	-
SPECIALISED MILITARY ASSETS	-	-	-	13 375
Specialised military assets	-	-	-	13 375
BIOLOGICAL ASSETS	-	6	6	-
Biological assets	-	6	6	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	20 732	6	20 738	42 507

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

31.3 Movement for 2013/14

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	-	2	105	-	107
Heritage assets	-	2	105	-	107
MACHINERY AND EQUIPMENT	4 072 947	1 563 272	1 105 901	1 601	6 740 519
Transport assets	2 217 612	14 138	497 853	1 557	2 728 046
Computer equipment	433 204	5 351	188 601	-	627 156
Furniture and office equipment	80 648	760	41 289	-	122 697
Other machinery and equipment	1 341 483	1 543 023	378 158	44	3 262 620
SPECIALISED MILITARY ASSETS	42 806 390	2 348 625	31 214	13 464	45 172 765
Specialised military assets	42 806 390	2 348 625	31 214	13 464	45 172 765
BIOLOGICAL ASSETS	4 431	230	1 246	-	5 907
Biological assets	4 431	230	1 246	-	5 907
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	46 883 768	3 912 129	1 138 466	15 065	51 919 298

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

31.3.1 Prior period error	Heritage Assets	R'000	Biological Assets	R'000
	Opening balance 2012/2013	-	Opening balance 2012/2013	4 431
	Current year adjustment to prior balances	2	Current year adjustment to prior balances	693
	Additions as previously reported	-	Additions as previously reported	780
	Disposals as previously reported	-	Disposals as previously reported	-
	Closing Balance previously reported	2	Closing Balance previously reported	5 904
	Correction of prior year errors	-	Correction of prior year errors	(463)
	Asset recognition errors	-	Asset recognition errors	(463)
	Asset classification errors	-	Asset classification errors	-
	Asset valuation errors	-	Asset valuation errors	-
	Correction of prior year errors - additions	105	Correction of prior year errors - additions	466
	Asset recognition errors	105	Asset recognition errors	467
	Asset classification errors	-	Asset classification errors	-
	Asset valuation errors	-	Asset valuation errors	(1)
	Restated Opening Balance 2013/2014	107	Restated Opening Balance 2013/2014	5 907

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	R'000	R'000	
Specialised Military Assets		Transport Assets	
Opening balance 2012/2013	42 806 390	Opening balance 2012/2013	2 217 612
Current year adjustment to prior balances	2 105 911	Current year adjustment to prior balances	35 230
Additions as previously reported	26 661	Additions as previously reported	486 982
Disposals as previously reported	(13 464)	Disposals as previously reported	(1 557)
Closing Balance previously reported	44 925 498	Closing Balance previously reported	2 738 267
Correction of prior year errors	242 714	Correction of prior year errors	(21 093)
Asset recognition errors	54 794	Asset recognition errors	1 167
Asset classification errors	(29 889)	Asset classification errors	(22 216)
Asset valuation errors	217 808	Asset valuation errors	(43)
Correction of prior year errors - additions	4 553	Correction of prior year errors - additions	10 871
Asset recognition errors	5 358	Asset recognition errors	10 121
Asset classification errors	(11)	Asset classification errors	-
Asset valuation errors	(794)	Asset valuation errors	750
Restated Opening Balance 2013/2014	45 172 765	Restated Opening Balance 2013/2014	2 728 045

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	R'000	R'000	
Computer Equipment		Furniture and Office Equipment	
Opening balance 2012/2013	433 204	Opening balance 2012/2013	80 648
Current year adjustment to prior balances	5 351	Current year adjustment to prior balances	760
Additions as previously reported	101 174	Additions as previously reported	26 525
Disposals as previously reported	-	Disposals as previously reported	-
Closing Balance previously reported	539 729	Closing Balance previously reported	107 933
Correction of prior year errors	-	Correction of prior year errors	-
Asset recognition errors	-	Asset recognition errors	-
Asset classification errors	-	Asset classification errors	-
Asset valuation errors	-	Asset valuation errors	-
Correction of prior year errors - additions	87 426	Correction of prior year errors - additions	14 764
Asset recognition errors	89 862	Asset recognition errors	14 732
Asset classification errors	-	Asset classification errors	25
Asset valuation errors	(2 436)	Asset valuation errors	7
Restated Opening Balance 2013/2014	627 155	Restated Opening Balance 2013/2014	122 697

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Other Machinery and Equipment	R'000
Opening balance 2012/2013	1 341 483
Current year adjustment to prior balances	1 543 023
Additions as previously reported	233 685
Disposals as previously reported	(44)
Closing Balance previously reported	3 118 147
Correction of prior year errors	-
Asset recognition errors	-
Asset classification errors	-
Asset valuation errors	-
Correction of prior year errors - additions	144 473
Asset recognition errors	35 098
Asset classification errors	-
Asset valuation errors	109 375
Restated Opening Balance 2013/2014	3 262 620

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Closing balance R'000
Opening balance	-	2 107	-	65 916	-	68 023
Additions	-	404	-	44 533	-	44 937
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	2 511	-	110 449	-	112 960
Number of R1 minor assets	-	61	-	1 019 333	-	1 019 394
Number of minor assets at cost	-	1 478	-	69 569	-	71 047
TOTAL MINOR ASSETS	-	1 539	-	1 088 902	-	1 090 441

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Closing balance R'000
Opening balance	-	961	-	1 019	-	1 980
Prior period error	-	278	-	-	-	278
Additions	-	868	-	64 897	-	65 765
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	2 107	-	65 916	-	68 023
Number of R1 minor assets	-	61	-	1 019 333	-	1 019 394
Number of minor assets at cost	-	1 369	-	44 538	-	45 907
TOTAL MINOR ASSETS	-	1 430	-	1 063 871	-	1 065 301

PRIOR PERIOD ADJUSTMENTS ON MINOR ASSETS

Opening balance as at 1 April 2013	-
Opening balance adjustment: Minor assets reported on for the first time in the current AFS	1 980
Restated Opening balance as at 1 April 2013	1 980

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

32. Intangible Capital Assets	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015				
SOFTWARE	274 315	1 402	1 063	274 654
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	149 691	131 040	1 090	279 641
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	1 202 007	50 643	5 223	1 247 427
TOTAL INTANGIBLE CAPITAL ASSETS	1 626 013	183 085	7 376	1 801 722

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

32.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	125 525	-	(124 123)	-	1 402
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	129 919	1 121	-	-	131 040
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	123 256	(72 613)	-	50 643
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	255 444	124 377	(196 736)	-	183 085

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	1 063	1 063	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	1 090	1 090	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	5 223	5 223	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	7 376	7 376	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

32.3 Movement for 2013/14

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	122 203	115 043	37 069	-	274 315
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	150 540	(5 119)	4 270	-	149 691
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	392 693	178 089	631 225	-	1 202 007
TOTAL MOVEMENT IN INTANGIBLE CAPITAL ASSETS	665 436	288 013	672 564	-	1 626 013

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

32.3.1 Prior period error

Prior period errors: The following errors occurred in the AFS of 2013 when the intangible capital assets were disclosed for the first time.

Various intangible capital assets were omitted from the 2013 register. Items were double counted.

WIP was only reflected as a negative amount.

2014/15
R'000

The comparative amounts in note 32.3 were restated as follows:

COMPUTER SOFTWARE

Opening balance as at 1 April 2014

Plus: Prior year correction - Correct AFS to balance to Intangible asset register

Restated opening balance 1 April 2014

122 203
115 043
237 246

PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS

Opening balance as at 1 April 2014

Plus: Prior year correction - Correct AFS to balance to Intangible asset register

Restated opening balance 1 April 2014

150 540
(5 119)
145 421

RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS

Opening balance as at 1 April 2014

Plus: Prior year correction - Correct AFS to balance to Intangible asset register

Restated opening balance 1 April 2014

392 693
178 089
570 782

The Department embarked on a comprehensive exercise to correct the historical Intangible asset register in terms of completeness, classification and valuation. This resulted in prior period corrections of the Intangible asset register which ensured that all Intangible asset items are captured and the amount captured is accurate and correctly identified as Intangible asset in accordance to the Modified Cash Standards.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

The comparative amounts in Note 32.3 were restated as follows:

	2014/15 R'000
ADDITIONS	
SOFTWARE	
Additions originally stated	2 383
Plus: Prior year correction - correct AFS to balance to Intangible asset register	34 686
Restated Additions for the year 2013/14	37 069
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	
Additions originally stated	60 733
Plus: Prior year correction - Correct AFS to balance to Intangible asset register	(56 463)
Restated Additions for the year 2013/14	4 270
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	
Additions originally stated	520 212
Plus: Prior year correction - Correct AFS to balance to Intangible asset register	111 013
Restated Additions for the year 2013/14	631 225

The Department embarked on a comprehensive exercise to correct the historical Intangible asset register in terms of completeness, classification and valuation. This resulted in prior period corrections of the Intangible asset register which ensured that all Intangible asset items are captured and the amount captured is accurate and correctly identified as Intangible asset in accordance to the Modified Cash Standards.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

33. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11 416 971	84 827	-	11 501 798
Dwellings	-	-	-	-
Non-residential buildings	8 869 092	84 827	-	8 953 919
Other fixed structures	2 547 879	-	-	2 547 879
HERITAGE ASSETS	2 767 474	-	-	2 767 474
Heritage assets	2 767 474	-	-	2 767 474
LAND AND SUBSOIL ASSETS	12 870 888	-	-	12 870 888
Land	12 870 888	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	27 055 333	84 827	-	27 140 160

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

33.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash R'000	Non-cash R'000	(Capital work-in-progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDINGS AND OTHER FIXED STRUCTURES	482 130	62 835	(460 138)	-	84 827
Dwellings	-	-	-	-	-
Non-residential buildings	482 130	62 835	(460 138)	-	84 827
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL	482 130	62 835	(460 138)	-	84 827

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

33.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
HERITAGE ASSETS				
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS				
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

33.3 Movement for 2013/14

MOVEMENT OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11 213 520	-	529 573	326 122	11 416 971
Dwellings	-	-	-	-	-
Non-residential buildings	8 665 641	-	529 573	326 122	8 869 092
Other fixed structures	2 547 879	-	-	-	2 547 879
HERITAGE ASSETS	2 767 474	-	-	-	2 767 474
Heritage assets	2 767 474	-	-	-	2 767 474
LAND AND SUBSOIL ASSETS	12 870 888	-	-	-	12 870 888
Land	12 870 888	-	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	26 851 882	-	529 573	326 122	27 055 333

The amount disclose as disposals were buildings lost due to fire. The amount was calculated as follows:

Army Support Base Potchefstroom - Total destruction of thatched lapa	R	199 000
Army HQ - Bester Building - Northern wing - 1 floor damaged		R 325 923 470
		<u>R 326 122 470</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

33.4 Immovable Assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2015

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R	R	R	R
R1 Immovable assets	-	-	-	-
TOTAL	-	-	-	-

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2014

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R	R	R	R
R1 Immovable assets	-	-	-	-
TOTAL	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2013/14	R'000	
34. Prior period errors			
34.1 Correction of prior period error for secondary information			
Expenditure:			
Goods and Services	14 686		
Payment for financial assets	(14 671)		
Expenditure for capital assets	(15)		
Net effect	<u>-</u>		
Restatement of amounts within Goods and Services was done as a result of changes in SCOA classifications in the 2014/15 financial year.			
Legal Fees incorrectly classified under Payment for Financial Assets adjusted to correctly reflect under Goods and Services.			
Expenditure for Fleet Services incorrectly classified under Capital Assets adjusted to Fleet Services under Goods and Services.			
Assets:			
Prepayments and advances	22 981		
Receivables	(20 139)		
Cash and cash equivalents	(2 842)		
Net effect	<u>-</u>		
Receivables were restated to correct the classification of a main ledger from staff debtors to Prepayments and Advances paid.			
Cash and cash equivalents were restated to correct the misclassification of advance payments made to AB Logistics from Cash and cash equivalents to Advances.			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

35. STATEMENT OF CONDITIONAL / UNCONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld	Re-allocations by National Treasury or National Department R'000
Provincial and Local Governments	94	-	(40)	54	54	-	-
TOTAL	94	-	(40)	54	54	-	-

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 1A STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTS/AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2013/14 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000		% of Available Funds Transferred
Safety and Security Sector Education and Training Authority (SASSETA)	22 603	-	-	22 603	21 001	93%	18 936
Military Veterans Management	504 160	-	-	504 160	504 160	100%	351 431
Claims against the State	-	-	-	-	-	-	2 100
Special Defence Account	6 121 794	-	(503 000)	5 618 794	5 618 794	100%	4 325 301
Communication Licences (Radio & TV)	1 673	-	(1 362)	311	311	100%	-
TOTAL	6 650 230	-	(504 362)	6 145 868	6 144 266		4 697 768

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 1B STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION			EXPENDITURE			2013/14 Final Appropriation Act R'000		
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred		Capital R'000	Current R'000
PUBLIC CORPORATION									
Transfers									
Armaments Corporation of South Africa	1 096 252	-	-	1 096 252	1 096 252	100%	-	-	1 131 586
Claims against the State	-	-	16 610	16 610	16 610	100%	-	-	153 612
TOTAL	1 096 252	-	16 610	1 112 862	1 112 862	100%	-	-	1 285 198
Private Enterprises									
Transfers									
Claims against the State	-	-	1 283	1 283	1 283	100%	-	-	552
TOTAL	1 096 252	-	17 893	1 114 145	1 114 145	100%	-	-	1 285 750

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 1C
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
Claims against the State	-	-	-	-	-	303 347
TOTAL	-	-	-	-	-	303 347

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 1D STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON -PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
St John's Ambulance Brigade	800	-	-	800	769	96%
Reserve Force Council	6 850	-	290	7 140	7 140	100%
Claims against the State	-	-	-	-	-	346
Claims against the State	-	-	-	-	-	51 246
TOTAL	7 650	-	290	7 940	7 909	58 947

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 1E STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
DOD members	109 579	-	(22 047)	87 532	87 532	100%
Claims against the State Act of Grace	-	-	45 074	45 074	45 074	100%
	-	-	1 200	1 200	1 200	100%
TOTAL	109 579	-	24 227	133 806	133 806	76 258

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 2A STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 14/15	% Held 13/14	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
				2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
National/Provincial Public Entity												
Castle Control Board (under control of the Minister of Defence).	3A	100%	100%	-	-	-	-	12 667	14 224	(1 528)	69	No
Ammunitions Corporation of South African (Managed and controlled by a board of Directors appointed by the Minister of Defense (Profit / Loss) for the year is for the ARMSCOR Group	2	100%	100%	-	-	75 000	75 000	1 995 900	1 908 100	875 000	549 900	No
South African National Defence Force Fund	3A (Not Listed)	100%	100%	-	-	-	-	13 588	13 194	(208)	(81)	No
Total						75 000	75 000	2 022 155	1 935 518	873 264	549 888	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

ANNEXURE 2B STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Controlled entities South African National Defence Force Fund	The SANDF Fund is established in terms of the Fund Raising Act, 1968 (ACT No. 107 of 1968). The aim of the fund is to render aid to SA National Defence Force and Auxillary Services and their dependants who suffer financial hardship and distress as a result of duties in terms of the Defence Act, 2002 (Act No. 42 of 2002).	-	-	13 588	13 194	-	-	-	-
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.	-	-	12 667	14 224	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 2B STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Armaments Corporation of South Africa (managed and controlled by a board of Directors appointed by the Minister of Defence).	To acquire defence products, mainly for SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manage the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidiary companies which is directly support technology and acquisition strategies.	75 000	75 000	1 995 900	1 908 100	-	-	-	-
Total		75 000	75 000	2 022 155	1 935 518	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 3A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 1 April 2014 R'000	Guarantees drawdowns during the year R'000	Guaranteed repayments/cancelled/reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2015 R'000	Guaranteed interest outstanding as at 31 March 2015 R'000	Realised losses not recoverable R'000
Housing									
ABSA		-	423	109	-	-	532	-	-
African Bank		-	13	-	-	-	13	-	-
First National Bank		-	1 200	-	159	-	1 041	-	-
Free State Dev Corp		-	566	-	138	-	428	-	-
Greenstart Home Loans		-	264	-	26	-	238	-	-
Nedbank		-	198	-	88	-	110	-	-
Standard Bank		-	633	-	190	-	443	-	-
Venda Bigs Soc		-	78	-	78	-	-	-	-
Total		-	3 375	109	679	-	2 805	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015

Nature of Liability	Opening Balance 1 April 2014 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled / reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2015 R'000
Claims against the department					
Civil claims	793 468	232 382	254 934	-	770 916
Motor vehicle accident claims	5 591	7 873	3 836	-	9 628
Subtotal	799 059	240 255	258 770	-	780 544
Environmental Liability					
UXO contamination and rehabilitation	904 586	-	46 842	-	857 744
Aviation Fuel underground contamination rehabilitation	40 185	-	4 679	-	35 506
Subtotal	944 771	-	51 521	-	893 250
TOTAL	1 743 830	240 255	310 291	-	1 673 794

Claims against the department

Opening balance restated by R2 799 000 as a result of case that was registered as R311 000 instead of R3 111 000.

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the third parties.
- These are contingent liabilities hence, we can not be certain as to the timing of the outflow of the related resources / amounts.
- There was no possibility for any reimbursements as at 31 March 2015.

Environmental Liability

- Unexploded ordnance (UXO) is a present obligation for which the timing of any outflow is uncertain.
- Aviation fuel underground contamination rehabilitation the outflow of economic benefits is probable and based on a fixed-rate monthly expenditure of the prevailing contract.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 4 CLAIMS RECOVERABLE

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2014-03-31		2014-03-31		2014-03-31	
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Agriculture, Forestry and Fishery	684	-	907	3 828	1 591	3 828
Department of Correctional Services	3	-	15	6	18	6
Department of Environmental Affairs & Tourism	-	-	-	849	-	849
Department of Health	3	-	547	508	550	508
Department of Home Affairs	-	-	2	81	2	81
Department of Military Veterans	-	-	1 383	1 525	1 383	1 525
Department of Public Services & Administration	-	-	27	267	27	267
Department of Public Works	-	-	2 018	10 806	2 018	10 806
Department of Rural Development	-	-	-	9 515	-	9 515
Department of Transport	-	65	-	423	-	488
Department of Water Affairs	-	-	-	14	-	14
Ministry for Rural Development and Land Reform	-	-	-	182	-	182
National Treasury	-	-	3 050	1 941	3 050	1 941
SARS	-	-	92	29	92	29
South African Police Services	-	29	25 693	104	25 693	133
South African Police Services - Presidential Protection	-	-	-	25 565	-	25 565
Eastern Cape Education Department	-	-	-	10	-	10
Free State Education Department	-	-	-	53	-	53
Gauteng Health Department	-	58	-	-	-	58
Office of the Premier EC	-	-	84	84	84	84
City of Cape Town	-	-	-	45	-	45
Office of the Minister in the Presidency	-	-	328	-	328	-
Sol Plaatjies Municipality	-	-	18	-	18	-
Department of Corporate Governance	-	-	1 486	-	1 486	-
TOTAL	690	152	35 650	55 835	36 340	55 987

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 5 INTER-DEPARTMENTAL PAYABLES

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	2015/03/31	2014/03/31	2015/03/31	2014/03/31	2015/03/31	2014/03/31
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Health	-	-	-	34	-	34
Department of Justice and Constitutional Development	-	-	-	32	-	32
Government Printing Works	-	-	-	291	-	291
Department of International Relations and Co-Operation (DIRCO)	-	-	20	-	20	-
Mpumalanga Provincial Government	-	-	-	13	-	13
PALAMA	-	-	-	4	-	4
TOTAL	-	-	20	374	20	374
Amounts not included in Statements of Financial Position						

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

**ANNEXURE 6
INVENTORY**

Inventory
 Opening balance
 Add / (Less): Adjustments to prior year balances
 Add: Additions / Purchases - Cash
 Add: Additions - Non-cash
 (Less): Disposals
 (Less): Issues
Closing balance

	2014/15		2013/14	
	Quantity	R'000	Quantity	R'000
Opening balance	731 589 238	65 594 236	4 638 936 918	38 673 010
Add / (Less): Adjustments to prior year balances	(143 552 348)	(27 057 979)	(4 041 644 550)	32 208 676
Add: Additions / Purchases - Cash	23 518 997	2 108 712	256 830 484	2 141 096
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	(2 119 090)	(122 315)
(Less): Issues	(122 828 252)	(4 740 246)	(120 414 525)	(7 306 231)
Closing balance	488 727 635	35 904 723	731 589 237	65 594 236

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 7A MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	-	42 231	(42 231)	-
Other machinery and equipment	-	42 231	(42 231)	-
BUILDINGS AND OTHER FIXED STRUCTURES	2 327 677	460 138	(84 827)	2 702 988
Non-residential buildings	2 327 677	460 138	(84 827)	2 702 988
TOTAL	2 327 677	502 369	(127 058)	2 702 988

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period errors R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	-	-	42 231	(42 231)	-
Other machinery and equipment	-	-	42 231	(42 231)	-
SPECIALISED MILITARY ASSETS	-	-	-	-	-
Specialised military assets	-	-	-	-	-
BUILDINGS AND OTHER FIXED STRUCTURES	1 929 895	-	482 609	(84 827)	2 327 677
Non-residential buildings	1 929 895	-	482 609	(84 827)	2 327 677
TOTAL	1 929 895	-	524 840	(127 058)	2 327 677

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

ANNEXURE 8A INTER-ENTITY ADVANCES RECEIVED (NOTE 9)

ENTITY	Confirmed balance		Unconfirmed balance		Total	
	2015-03-31	2014-03-31	2015-03-31	2014-03-31	2015-03-31	2014-03-31
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Advance paid to DIRCO	-	-	96 250	42 523	96 250	42 523
Subtotal	-	-	96 250	42 523	96 250	42 523
OTHER INSTITUTIONS						
AB Logistics	-	-	6 799	2 842	6 799	2 842
Subtotal	-	-	6 799	2 842	6 799	2 842
TOTAL	-	-	103 049	45 365	103 049	45 365

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 8B
INTER-ENTITY ADVANCES RECEIVED (NOTE 16)

ENTITY	Confirmed balance		Unconfirmed balance		Total	
	2015-03-31	2014-03-31	2015-03-31	2014-03-31	2015-03-31	2014-03-31
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Current						
Higher Education and Training	-	-	-	865	-	865
TOTAL	-	-	-	865	-	865

DEPARTMENT OF DEFENCE AND
MILITARY VETERANS
(Special Defence Account)

Annual Reports and Financial Statements

for the year ended 31 March 2015

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

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for year ended 31 March 2015

GENERAL INFORMATION

Nature of business and principal activities	Aquisition of Armaments
Accounting officer	Dr SM Gulube
Bankers	South African Reserve Bank
Preparer	The annual financial statements were internally compiled by: Mr MH Singh (Director) Ms C Halvey (Assistant Director) Ms L Botha (Senior State Accountant)

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Special Defence Account (SDA) as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the SDA and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the SDA and all employees are required to maintain the highest ethical standards in ensuring the SDA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the SDA is on identifying, assessing, managing and monitoring all known forms of risk across the SDA. While operating risk cannot be fully eliminated, the SDA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the SDA's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, he is satisfied that the SDA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the SDA's annual financial statements. The annual financial statements have been examined by the SDA's external auditors.

The annual financial statements set out on pages 360 to 387, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 May 2015 and were signed by:



Dr S.M. Gulube
Secretary for Defence

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SPECIAL DEFENCE ACCOUNT

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Special Defence Account (SDA) set out on pages 360 to 387, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Special defence activities

6. The special defence account accounts for non-sensitive and sensitive projects expenditure incurred in connection with special defence activities as per section 2(2)(a) of the Defence Special Account Act, 1974 (Act No. 6 of 1974), as amended. I was unable to obtain sufficient appropriate audit evidence regarding

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

sensitive projects expenditure and related financial assets due to the sensitivity of the environment and the circumstances under which the related transactions are incurred and recorded. In addition, material classes of sensitive projects expenditure were not separately classified per nature as required by GRAP 1, *Presentation of financial statements*. I was unable to confirm the sensitive projects expenditure and financial assets by alternative means. Consequently, I was unable to determine whether any adjustments to sensitive projects expenditure stated at R674 944 000 in note 14 and financial assets stated at R69 395 000 in note 6 to the financial statements were necessary.

Qualified opinion

7. In my opinion, except for the possible effects of the sensitive activities described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Special Defence Account as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the PFMA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Financial reporting framework

9. As disclosed in note 1.6.1 to the financial statements, the Minister of Finance has exempted the SDA from applying GRAP 6 and to instead apply GRAP 104 regarding some special defence activities due to the sensitive nature of the activities involved.

Significant uncertainties

10. With reference to note 18 to the financial statements, the SDA through the Department of Defence is a defendant in a certain lawsuit. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. The objectives of the SDA are included within the Department of Defence's reporting on performance information against predetermined objectives.

Compliance with legislation

13. I performed procedures to obtain evidence that the SDA had complied with legislation regarding financial matters, financial management and other related matters. These procedures were however not extended to certain sensitive expenditure in connection with the special defence activities as per section 2(2)(a) of the

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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Defence Special Account Act, 1974 (Act No. 6 of 1974) as amended. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

14. I considered internal control relevant to my audit of the financial statements and compliance with legislation. I did not identify any significant deficiencies in internal control as the limitation imposed on the audit is inherent to the environment of Special Defence Account.

Auditor-General

Pretoria
11 September 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

	Note(s)	2015 R '000	2014 Restated* R '000
Assets			
Current Assets			
Cash and cash equivalents	2	4 321 495	3 470 536
Receivables from exchange transactions	3	2 909	4 233
Receivables from non-exchange transactions	4	25 211	12 287
Prepayments	5	741 960	681 952
		5 091 575	4 169 008
Non-Current Assets			
Other financial assets	6	69 395	63 007
Prepayments	5	2 293 445	1 292 171
		2 362 840	1 355 178
Total Assets		7 454 415	5 524 186
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	433 241	199 478
Payables from non-exchange transactions	8	43 718	39 275
Provisions (retention fees)	9	9 026	9 011
Funds to be surrendered to National Revenue Fund	10	31 163	28 645
Other financial liabilities	11	19 387	25 769
		536 535	302 178
Total Liabilities		536 535	302 178
Net Assets		6 917 880	5 222 008
Accumulated surplus		6 917 880	5 222 008

* See Note 25

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2015

	Note(s)	2015 R '000	2014 Restated* R '000
Revenue	13	5 671 759	4 378 279
Foreign exchange gains		76 450	103 062
Operating expenses	14	(4 021 173)	(4 090 199)
Operating surplus		1 727 036	391 142
Surplus for the year		1 727 036	391 142

* See Note 25

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2015

	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2013	4 859 511	4 859 511
Changes in net assets		
Surplus for the year	391 142	391 142
Funds to be surrendered to the National Revenue Fund	(28 645)	(28 645)
Total changes	362 497	362 497
Opening balance as previously reported	5 221 489	5 221 489
Prior year adjustments	518	518
Restated Balance at 01 April 2014	5 222 007	5 222 007
Changes in net assets		
Surplus for the year	1 727 036	1 727 036
Funds to be surrendered to the National Revenue Fund	(31 163)	(31 163)
Total changes	1 695 873	1 695 873
Balance at 31 March 2015	6 917 880	6 917 880

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

CASH FLOW STATEMENT
for the year ended 31 March 2015

	Note(s)	2015 R '000	2014 Restated* R '000
Cash flows from operating activities			
Receipts			
Grants		5 618 794	4 325 301
Other receipts		(1 019 942)	(1 424 963)
		<u>4 598 852</u>	<u>2 900 338</u>
Payments			
Suppliers		(3 774 613)	(4 077 401)
Net cash flows from operating activities	15	<u>824 239</u>	<u>(1 177 063)</u>
Cash flows from investing activities			
Increase of financial assets		(6 388)	(11 786)
Impairment of other financial assets		(8 316)	(4 034)
Net cash flows from investing activities		<u>(14 704)</u>	<u>(15 820)</u>
Cash flows from financing activities			
Net movement in other financial liabilities		(6 381)	390
Repayment of other financial liabilities		-	-
Movement in funds to be surrendered to the National Revenue Fund		2 518	(21 712)
Funds to be surrendered to the National Revenue Fund	16	(31 163)	(28 645)
Net cash flows from financing activities		<u>(35 026)</u>	<u>(49 967)</u>
Net increase/(decrease) in cash and cash equivalents		774 509	(1 242 850)
Cash and cash equivalents at the beginning of the year		3 470 536	4 610 324
Effect of exchange rate movement on cash balances		76 450	103 062
Cash and cash equivalents at the end of the year	2	<u>4 321 495</u>	<u>3 470 536</u>

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2015

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest revenue	-	-	-	873	873	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	6 096 149	(477 355)	5 618 794	5 618 794	-	29
Fines	-	-	-	21 706	21 706	
Sale of goods	-	-	-	15 208	15 208	
Other revenue	-	-	-	15 178	15 178	
Total revenue from non-exchange transactions	6 096 149	(477 355)	5 618 794	5 670 886	52 092	
Total revenue	6 096 149	(477 355)	5 618 794	5 671 759	52 965	
Expenditure						
Largest projects	(4 114 598)	503 000	(3 611 598)	(1 388 530)	2 223 068	29
Non-project related expenditure	(902 052)	(25 645)	(927 697)	(1 131 261)	(203 564)	29
Sensitive projects	(465 135)	-	(465 135)	(674 944)	(209 809)	29
General projects	(614 364)	-	(614 364)	(826 438)	(212 074)	29
Total expenditure	(6 096 149)	477 355	(5 618 794)	(4 021 173)	1 597 621	
Operating surplus	-	-	-	1 650 586	1 650 586	
Gain on foreign exchange	-	-	-	76 450	76 450	
Surplus before taxation	-	-	-	1 727 036	1 727 036	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	1 727 036	1 727 036	

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2015

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	2 909	-	2 909	2 909	-	
Receivables from non-change transactions	25 211	-	25 211	25 211	-	
Prepayments	741 960	-	741 960	741 960	-	
Cash and cash equivalents	4 321 495	-	4 321 495	4 321 495	-	
	5 091 575	-	5 091 575	5 091 575	-	
Non-Current Assets						
Other financial assets	69 395	-	69 395	69 395	-	
Prepayments	2 293 445	-	2 293 445	2 293 445	-	
	2 362 840	-	2 362 840	2 362 840	-	
Total Assets	7 454 415	-	7 454 415	7 454 415	-	
Liabilities						
Current Liabilities						
Other financial liabilities	19 387	-	19 387	19 387	-	
Payables from exchange transactions	433 241	-	433 241	433 241	-	
Payables from non-exchange transactions	43 718	-	43 718	43 718	-	
Provisions (retention fees)	9 026	-	9 026	9 026	-	
Funds to be surrendered to National Revenue Fund	31 163	-	31 163	31 163	-	
	536 535	-	536 535	536 535	-	
Total Liabilities	536 535	-	536 535	536 535	-	
Net Assets	6 917 880	-	6 917 880	6 917 880	-	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	6 917 880	-	6 917 880	6 917 880	-	

*Refer Note 29

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2015

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	6 096 149	(477 355)	5 618 794	5 618 794	-	
Other receipts	(6 096 149)	477 355	(5 618 794)	(1 019 942)	4 598 852	
	-	-	-	4 598 852	4 598 852	
Payments						
Suppliers	-	-	-	(3 774 613)	(3 774 613)	
Net cash flows from operating activities	-	-	-	824 239	824 239	
Cash flows from investing activities						
Net movement in other financial assets	-	-	-	(6 388)	(6 388)	
Impairment of other financial assets	-	-	-	(8 316)	(8 316)	
Net cash flows from investing activities	-	-	-	(14 704)	(14 704)	
Cash flows from financing activities						
Net movement in other financial liabilities	-	-	-	(6 381)	(6 381)	
Movement in funds to be surrendered to the National Revenue Fund	-	-	-	2 518	2 518	
Funds to be surrendered to the National Revenue Fund	-	-	-	(31 163)	(31 163)	
Net cash flows from financing activities	-	-	-	(35 026)	(35 026)	
Net increase/(decrease) in cash and cash equivalents	-	-	-	774 509	774 509	
Cash and cash equivalents at the beginning of the year	-	-	-	3 470 536	3 470 536	
Effect of exchange rate movement on cash balances	-	-	-	76 450	76 450	
Cash and cash equivalents at the end of the year	-	-	-	4 321 495	4 321 495	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board of South Africa.

These accounting policies are consistent with the previous period.

1.1 Standards of GRAP issued but not yet effective

As the Minister has not determined an effective date for the Standards of GRAP for departments, the SDA adopted Standards of GRAP voluntary. All the Standards of GRAP including any related Interpretations issued before 31 March 2011 were adopted. Therefore, the entity does not expect any material effect when the standards become effective.

The SDA has adopted the statement of comparison of budget and actual amounts as per GRAP 24 - Presentation of Budget Information in financial statements for the first time in the year 2012/2013.

GRAP 20 - Related Party Disclosures has been issued but is not yet effective. The SDA has applied the guidelines of the standard in disclosing its' related parties for 2012/2013.

1.2 Basis of preparation

The financial statements are prepared on the accrual basis using historical cost as a measurement basis, unless another measurement basis is required by the Standards of GRAP. The significant accounting policies applied are set out below.

1.3 Functional currency

The financial statements are prepared in South African Rand (ZAR) which is also the functional currency of the Department of Defence. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.

1.4 Going concern

The annual financial statements have been prepared on a going concern basis.

1.5 Off-setting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.6 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1.6.1 Measurement of financial assets

The SDA measures its financial assets initially at fair value, which is the transaction price of the financial asset. The SDA has applied Directive 7 and the Standard of GRAP on Financial Instruments (GRAP 104) to determine a deemed cost for these financial assets. The application of GRAP 104 instead of GRAP 6 was approved by the Minister of Finance on 29 November 2013 as an exemption for the SDA for the financial years 2013/2014, 2014/2015 and 2015/2016.

1.6.2 Impairment of financial assets

Financial assets not measured at fair value are assessed for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded, the SDA makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flow from the financial asset. The estimates take into account the nature and the risks associated with each financial asset as well as the industry in which the SDA is operating.

1.6.3 Classification of exchange and non-exchange transactions

The SDA uses judgement in classifying transactions between exchange and non-exchange transactions and related receivables and payables. Where the SDA receives or transfers assets or services or has liabilities extinguished, and directly gives approximate equal value (primarily in the form of cash, goods, services, or use of assets), the transaction and the related receivable or payable are classified as exchange transactions. All other transactions and their related balances are classified as non-exchange transactions.

The sales of specialised military equipment and related assets are classified as revenue from non-exchange transactions as the SDA only receives the funds in accordance with the Defence Special Account Act, 1974 (Act No 6 of 1974). The SDA does not control the underlying assets.

1.6.4 Expenditure on capital assets

As the SDA only provides for the funding of the resources, management does not recognise any capital assets, other than those relating to financial instruments, in the statement of financial position. Military and other fixed assets are transferred directly at acquisition to the relevant service and/or division within the Department.

1.6.5 Commitments

The SDA applies judgement in determining the outstanding commitments relating to contracts entered into with outstanding goods and services as disclosed in note 17.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.6.6 Surplus funds to be surrendered

An estimate of amounts to be surrendered is determined in the current financial period under review based on the revenue received (cash) as at year-end. Any changes in the estimate is accounted for in the period of the change.

1.6.7 Contingent liabilities and payables

Management applied judgement to the facts, patterns and advice it receives from its legal advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

1.6.8 Taxation

The SDA is not liable for taxation.

1.6.9 Effective interest rate

The SDA uses the National Treasury rates to discount future cash flows.

1.7 Revenue

When the SDA receives value in the form of an asset and directly provides approximate equal value in exchange, the SDA classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable and recognised when it becomes due to the SDA.

1.8 Revenue from exchange transactions

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the SDA.

1.9 Revenue from non-exchange transactions

The SDA recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Revenue results from fines due in terms of contracts and transfer allocations due in accordance with the Defence Special Account Act, 1974 (Act No 6 of 1974). Revenue is recognised when the SDA has a legal right to the revenue. Revenue allocated to the SDA from the sale of goods is recognised when the risks and rewards of ownership associated with the underlying assets have been transferred from the Department to the third party.

Where services are received in-kind, and a reliable estimate can be made, the SDA will recognise the related revenue. In all other cases, the SDA will only disclose the estimated amount in contingent assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.10 Expenditure

Expenditure is classified in accordance with the approved budget (per project) and the SDA discloses expenditure per nature and per arm of service.

The SDA recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

The SDA recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

1.11 Unauthorised, irregular and fruitless and wasteful expenditure

Unauthorised, irregular and fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance. The expenditure is disclosed separately in the notes to the financial statements.

1.12 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency gains and losses are recognised in surplus or deficit on monetary items at year-end at the spot rate applicable for the instrument.

1.13 Financial instruments

1.13.1 Initial recognition and classification

The SDA classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the Department of Defence becomes a party to the contractual provisions of the instruments and SDA funds are committed or receives the benefits.

The SDA does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.13.2 Initial measurement

Financial instruments are initially measured at fair value.

1.13.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transaction costs on other financial instruments are included in the cost of the instrument.

Amortised cost is calculated based on the effective interest rate method.

1.13.4 Impairment of financial assets

At each reporting date the SDA assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments and default of payments are considered to be indicators of impairment.

Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

1.13.5.1 Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.13.5.2 Payables

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.13.5.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

1.13.5.4 Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the SDA has the positive intention and ability to hold to maturity are classified as held to maturity.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

1.15 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised costs arise from amounts due as a result of non-delivery by contractors.

1.16 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the SDA has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.17 Prepayments and advances

Prepayments and advances are measured at cost, adjusted for changes arising from currency rate exchange fluctuations. Prepayments and advances consist of amounts paid to contractors for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

1.18 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

1.19 Payables from exchange transactions

The SDA recognises payables from exchange transactions where liabilities result in counter-performance by the respective parties.

Payables from exchange transactions are initially measured at fair value and are subsequently measured at amortised cost.

1.20 Payables from non-exchange transactions

The SDA recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of outstanding obligations against the revenue.

Payables from non-exchange transactions are initially measured at fair value and are subsequently measured at amortised cost.

1.21 Funds to be surrendered to the National Revenue Fund

The SDA is not required to surrender any funds allocated in terms of section 4 of the Defence Special Account Act, 1974 (Act No 6 of 1974). Per agreement with the National Treasury, the SDA cedes any cash amounts received excluding funds transferred from the Department of Defence. The amount surrendered is calculated and distributed through net assets on an annual basis to the National Revenue Fund.

1.22 Other financial liabilities

Other financial liabilities are measured at amortised costs. Effective interest is capitalised against the amounts outstanding in accordance with the agreement.

1.23 Contingents assets and liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity; or

A present obligation that arises from past events but is not recognised because:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- It is not possible that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity.

Contingent liabilities and assets are recorded as disclosure notes to the annual financial statements.

1.24 Budget information

The budget is prepared on a cash basis. The SDA does not budget for any revenue other than the transfer payment received through the Department of Defence. Expenditure incurred exceeding the transfer payment is defrayed from accumulated reserves.

1.25 Related Party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party; or an entity that is subject to common control or joint control. Specific information with regard to related party transactions is included in the disclosure notes.

1.26 Impairment of cash-generating assets

Cash-generating assets are those assets held by the SDA with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or a group of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the SDA; or
- the number of production or similar units expected to be obtained from the asset by the SDA.

1.27 Provisions (retention fees)

Provisions are recognised when:

- the SDA has a present obligation as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the constitutional institution settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.28 Comparative figures

Comparatives are included for all except where Standards of GRAP provides otherwise. Comparatives are restated where prior period errors are identified.

1.29 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and could have been avoided had reasonable care been exercised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.30 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 (effective from 1 April 2008) which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following:

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
2. Cash and cash equivalents		
Cash and cash equivalents at fair value consist of:		
Cash on hand	19 527	21 268
Bank balances	4 281 851	3 423 499
Short-term deposits	20 117	25 769
	<u>4 321 495</u>	<u>3 470 536</u>
Short-term deposits includes an amount of R20.1 million (2013/14: R25.7 million) restricted to be used for the Compliance Programme.		
3. Receivables from exchange transactions		
Employee costs in advance	2 908	3 915
Other receivables	1	318
	<u>2 909</u>	<u>4 233</u>
Fair value of receivables		
The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.		
The debtor that was previously impaired has been written off to the value of R596 230 during 2014/15.		
4. Receivables from non-exchange transactions		
Revenue due from Armscor for sale of goods	<u>25 211</u>	<u>12 287</u>
Fair value of receivables from non-exchange transactions		
The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.		
Receivables from non-exchange transactions past due but not impaired		
There are no receivables past due.		
Receivables from non-exchange transactions impaired		
There are no receivables to be considered for impairment.		
5. Prepayments		
Current prepayments	741 960	681 952
Non-current prepayments	2 293 445	1 292 171
	<u>3 035 405</u>	<u>1 974 123</u>

Secured against bank guarantees held by Armscor. Prepayments which are considered to be receivables, are recovered on a proportional basis as per contractual deliveries.

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for the year ended 31 March 2015

	2015 R '000	2014 R '000		
6. Other financial assets				
Designated at fair value				
Other financial assets	103 039	88 335		
Impairments	(33 644)	(25 328)		
	69 395	63 007		
Non-current assets				
Designated at fair value	69 395	63 007		
Reconciliation of financial assets at fair value through surplus or deficit - 2015				
	Opening balance	Additions	Impairments	Closing balance
Other financial assets	63 007	14 704	(8 316)	69 395
Reconciliation of financial assets at fair value through surplus or deficit - 2014				
	Opening balance	Additions	Impairments	Closing balance
Other financial assets	51 222	15 792	(4 007)	63 007
7. Payables from exchange transactions				
Contract creditors		431 080		197 773
Strategic Defence Procurement Programme		2 161		1 705
		433 241		199 478
8. Payables from non-exchange transactions				
Contract creditors: Fines		18 507		26 988
Revenue received in advance		25 211		12 287
		43 718		39 275

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000	
9. Provisions (retention fees)			
Retention fees	9 026	9 011	
Reconciliation of provisions (retention fees) - 2015			
	Opening Balance	Additions	Total
Retention fees	9 011	15	9 026
Reconciliation of provisions (retention fees) - 2014			
	Opening Balance	Additions	Total
Retention fees	1 684	7 327	9 011

Armscor withholds 10% in retention fees for suppliers that are not BEE compliant. Once the supplier has submitted proof that the company is compliant, the retention fee is released.

10. Funds to be surrendered to the National Revenue Fund

Opening balance	28 645	50 357
Fines, penalties and forfeits	15 632	14 378
Sales of goods and services other than capital assets	474	892
Sales of capital assets	14 222	13 375
Interest on receivables	835	-
Less: Payments made	(28 645)	(50 357)
Closing balance	31 163	28 645

11. Other financial liabilities

At amortised cost

Compliance Programme	19 387	25 769
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Secured against the short-term deposit held at the Corporation for Public Deposits. Interest free without specific repayment arrangements.

The Compliance Programme consist of funds administered by the SDA on behalf of the South African Government and will be utilised to defray expenditure in accordance with the requirements of the programme as per agreement between the USA and SA Governments. Interest on the funds accrue at the rate as determined by the South African Reserve Bank.

Current liabilities

At amortised cost	19 387	25 769
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SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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	2015 R '000	2014 R '000
12. Financial instruments disclosure		
Financial assets - 2015		
	At fair value	Total
Other financial assets	69 395	69 395
Cash and cash equivalents	4 321 495	4 321 495
	4 390 890	4 390 890
Financial liabilities - 2015		
	At amortised cost	Total
Other financial liabilities	19 387	19 387
Trade and other payables from exchange transactions	433 241	433 241
	452 628	452 628
Financial assets - 2014		
	At fair value	Total
Other financial assets	63 007	63 007
Cash and cash equivalents	3 470 536	3 470 536
	3 533 543	3 533 543
Financial liabilities - 2014		
	At amortised cost	Total
Other financial liabilities	25 769	25 769
Trade and other payables from exchange transactions	199 478	199 478
	225 247	225 247
13. Revenue		
Interest revenue	873	534
Recoveries from suppliers	-	195
Funds from the Department of Defence	5 618 794	4 325 301
Contract fines	21 706	22 609
Revenue allocated from the sale of goods	15 208	13 646
Other revenue	15 178	15 993
	5 671 759	4 378 278
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest revenue	873	534
Recoveries from suppliers	-	195
	873	729

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Funds from the Department of Defence	5 618 794	4 325 301
Contract fines	21 706	22 609
Revenue allocated from the sale of goods	15 208	13 646
Other revenue	15 178	15 993
	5 670 886	4 377 549
The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable.		
The amount of fines waived for 2014/15 is R8 327 479 (2013/14: R25 385 683). This relates to Contract fines and represent the amount refunded to suppliers during the year under review.		
14. Operating expenses		
Per project type		
Largest projects	1 388 530	1 421 383
General projects	826 438	649 414
Sensitive projects	674 944	402 491
Non-project related expenditure	1 131 261	1 616 911
	4 021 173	4 090 199
Per nature		
Goods and services	702 037	1 997 047
Commission paid	986	329
Machinery and equipment	76 805	707 428
Payments for financial assets	425	-
Specialised military assets	3 240 920	1 385 395
	4 021 173	4 090 199
Per programme		
Landward Defence	1 796 503	2 062 132
Air Defence	796 952	942 894
Maritime Defence	225 072	305 806
Military Health Support	3 160	1 161
Force Employment	627 578	179 565
Joint Support	375 895	292 279
Special Defence Activities	238 136	392 954
Other expenses not directly allocated per programme	(42 123)	(86 592)
	4 021 173	4 090 199

SPECIAL DEFENCE ACCOUNT
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
15. Cash generated from (used in) operations		
Surplus	1 727 036	391 142
Adjustments for:		
Forex lossess / (gains) on receivables for exchange	(76 450)	(103 062)
Debt impairment	7 747	4 035
Bad debt written off	596	-
Movements in provisions	15	7 328
Rounding	(2)	(2)
Changes in working capital:		
(Increase) / decrease in receivables from exchange transactions	1 894	(5 125)
Bad debt written off	(596)	-
Other receivables from non-exchange transactions	(12 924)	(9 383)
Prepayments	(1 061 281)	(1 463 431)
Increase / (decrease) in payables from exchange transactions	233 761	(946)
Increase / (decrease) in payables from non-exchange transactions	4 443	2 381
	824 239	(1 177 063)
16. Funds to be surrendered to the National Revenue Fund		
Payment to be made to the National Revenue Fund	(31 163)	(28 645)
17. Commitments		
Approved and contracted	16 081 562	14 244 304
Approved but not yet contracted	1 582 780	1 740 755
Capital commitments: Strategic Defence Procurement Programme (SDP)	6 927	60 166
	17 671 269	16 045 225

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 R6 926 707 (2013/14: R60 166 114) is a foreign component of USD 126 147, GBP 176 010 and SEK 1 374 196 (2013/14: USD 1 207 043, GBP 1 590 224 and SEK 10 761 100).

No forward cover was utilised.

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
18. Contingencies		
Claims against the State	2 555 101	2 817 855
Retention fees	2 162	2 330
	2 557 263	2 820 185

The amount in Claims against the State relates to a commission claim of EUR 192 180 623 with a rand value of R2 520 804 210 (1 Euro = relates to the local legal R13.116849) (2013/14: R2 802 855 411). The difference of R20 000 000 local legal fees. The difference in the prior year amount vs the new year relates to the foreign exchange rate. The matter is defended in a Civil Court of Lisbon, Portugal. The matter was dismissed by the Lisbon court during October 2011 on the basis that no jurisdiction exist to hear the case. On appeal the court found in favour of the plaintiff. This decision of the court was however appealed by Armscor where the court ruled in favour of the plaintiff. A date for the preliminary hearing was scheduled for 29 April 2014. At a preliminary hearing on 29 April 2014 the court ruled that the preservation of evidence should be undertaken by the parties. The preservation of evidence in commission was held during March 2015 and was chaired by a neutral person appointed by the Lisbon court. The matter will now proceed in the Civil Court of Lisbon and it is expected that a court date will be set for April 2016.

The amount in Retention fees for 2014/15 to the amount of R2 162 312 (2013/14: R2 330 440) relates to fees withheld by Armscor for suppliers not meeting the BEE requirements.

Contingent assets

Contingent assets	435	614
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Contractual sales of specialised military assets may result in the inflow of economic benefits, but is not virtually certain.

19. Related parties

Identification and nature of related party relationship

As at 31 March 2015, the SDA had the following related parties, namely the:

- President of the RSA;
- Deputy President of the RSA;
- Cabinet of the Government of the RSA, including the Ministers of all National Departments; and
- Public Entities resorting under all National Departments

The SDA is controlled through the Department of Defence at National Government level, and as a result is related to all state controlled entities. The SDA receives a transfer payment from the Department of Defence. The Department of Defence incurred all the personnel costs and administrative cost relating to the SDA, including salary cost of employees, key management personnel, audit fees and printing of the Annual Report.

Armscor and other public entities are service providers for defence related procurement transactions, including the buying and selling of armaments, spares and other related components and services. These transactions were concluded on normal operating terms. These amounts are included in payables / receivables on the statement of financial position.

Related party transactions

The SDA is not aware of any related party transactions (transaction not at arm's length) that occurred during the period between the SDA and the related parties as identified above.

20. Risk management

Financial risk management

The SDA's activities expose it to a variety of financial risks which are market risk (including currency risk, fair value interest rate risk), credit risk and liquidity risk.

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
Liquidity risk		
<p>The SDA's risk to liquidity is a result of the funds available to cover future commitments (current and non-current). Current commitments are paid within 30 days. Non-current commitments consist of contracts with various maturity dates (refer to note 17). The SDA manages liquidity risk through an on-going review of future commitments.</p>		
Credit risk		
<p>Receivables and prepayments</p> <p>The SDA funds the capital operations of the Department of Defence. As a result of funding these operations, receivables may arise due to the non-delivery of goods and services. These receivables include recoveries from suppliers and fines.</p> <p>Receivables may also arise where funds are due to the SDA as a result of the sales of capital goods that were funded from the SDA. The latter is usually limited to a very short period as Armscor's policy is not to deliver any goods before the monies are received. Notwithstanding this policy, transactions did occur where the risks and rewards of ownership have passed to the buyer and as a result, the monies are due to the SDA.</p> <p>Advances in terms of contractual arrangements are exposed to limited credit risk as it is covered by bank guarantees held by Armscor.</p>		
<p>Cash and cash equivalents</p> <p>The cash in the current account represents the balance of funds available in the Paymaster-General account. Short-term deposits are held in the Corporation for Public Deposits as required by the Treasury Regulations and the Defence Special Account Act, 1974 (Act No. 6 of 1974). Cash on hand and the balances in the Paymaster-General account are not exposed to any credit risk.</p>		
Maximum credit risk exposure		
Cash and cash equivalents	20 117	25 769
Receivables	25 211	12 287
Prepayments	3 035 405	1 974 123
	3 080 733	2 012 179

% of total financial assets for 2014/15 is 69.76% [2013/14: 56.74%]

Market risk

The SDA is exposed to both interest rate risk and foreign currency risk:

Interest rate risk

Short-term deposits are exposed to interest rate risk. The interest rates on late payments for financial assets at amortised costs are fixed per the agreement.

The estimated effect on the statement of financial performance for a 1 percent change in interest rates (based on the average short-term investment balances) amounts to:

- 2014/15: R452
- 2013/14: R660

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
Foreign exchange risk		
The SDA operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.		
The SDA does not hedge foreign exchange fluctuations.		
At 31 March 2015, the currency has changed by 1.47% against the Euro with all other variables held constant, the surplus for the year was affected by a net profit of R76 450 000 (net profit 2014: R103 062 000), mainly as a result of foreign exchange gains or losses on translation of foreign currencies through surplus or deficit.		
Financial assets impairment		
Financial instruments at fair value		
Cash and cash equivalents	479	915
Financial instruments at amortised cost		
Receivables	35 718	57
Payables	40 253	102 090
	<u>76 450</u>	<u>103 062</u>
Foreign currency exposure at statement of financial position date		
Current assets		
Cash and cash equivalents	<u>19 527</u>	<u>21 268</u>
Liabilities		
Current	<u>536 535</u>	<u>302 178</u>
The SDA reviews its foreign currency exposure, including commitments on an ongoing basis.		
21. Events after the reporting date		
There were no significant events between the reporting date and the date that the financial statements have been issued that resulted in any adjustment to the financial statements.		
22. Fruitless and wasteful expenditure		
Opening balance	214 506	210 435
Additions	57 242	4 071
	<u>271 748</u>	<u>214 506</u>
Included in the above is an amount of R57 241 929 (2013/14: R2 314 000) for a contract that was cancelled and re-instated.		
The additions amount for 2013/14 has been restated with an amount of R1 757 145 which was not reported during 2013/14.		
23. Irregular expenditure		
Opening balance	151 179	-
Add: Irregular expenditure - current year	267 995	151 179
Less: Amounts condoned	-	-
	<u>419 174</u>	<u>151 179</u>

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
Analysis of expenditure awaiting condonation per age classification		
Current year	267 995	151 179
Prior years	151 179	-
	<u>419 174</u>	<u>151 179</u>

Details of irregular expenditure current year

	Disciplinary steps taken/criminal proceedings	
Contracts awarded not in line with the Preferential Procurement Policy Framework Act	Request for the exemption was submitted to National Treasury on 16 February 2015. Awaiting response.	<u>267 995</u>

Expenditure deemed to be irregular expenditure of R267 994 595 (2013/14: R151 178 862) was incurred during the year under review. This is due to the BBBEE provision of the supply chain management policy of Armscor, which stipulates a 25% black equity selection criterion and is deemed to be in conflict with the Preferential Procurement Policy Framework Act, 2000 and Procurement Regulations, 2011. Armscor has engaged extensively with National Treasury regarding this matter during the course of the financial year and an application for an exemption made to National Treasury was submitted on 16 February 2015.

24. Government grants and subsidies

Funds from the Department of Defence	<u>5 618 794</u>	<u>4 325 301</u>
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25. Prior period errors

Receivables from exchange transactions: Employee costs in advance were restated due to the recognition of accrual transactions in the correct financial year.

Operating expenditure was restated as a result of the recognition of accrual transactions in the correct financial year.

Statement of financial position

Receivables from exchange transactions	-	(518)
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Statement of Financial Performance

Operating expenses	-	518
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26. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for year ended 31 March 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
27. Reconciliation between budget and statement of financial performance		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus per the statement of financial performance	1 727 036	391 142
Adjusted for:		
Sale of goods	(15 208)	(13 646)
Interest	(873)	(533)
Other revenue	(15 178)	(15 993)
Recovery of suppliers	-	(195)
Foreign exchange	(76 450)	(103 062)
Contract fines	(21 706)	(22 609)
Expenditure	(1 597 621)	(235 104)
Net surplus per approved budget	-	-
28. Reconciliation between budget and cash flow statement		
Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:		
Operating activities		
Actual amount as presented in the budget statement	1 727 036	391 142
Basis differences	(902 797)	(1 568 205)
Net cash flows from operating activities	824 239	(1 177 063)
Investing activities		
Actual amount as presented in the budget statement	1 727 036	391 142
Basis differences	(1 741 740)	(406 962)
Net cash flows from investing activities	(14 704)	(15 820)
Financing activities		
Actual amount as presented in the budget statement	1 727 036	391 142
Basis differences	(1 762 062)	(441 109)
Net cash flows from financing activities	(35 026)	(49 967)
Net cash generated from operating, investing and financing activities	774 509	(1 242 850)

29. Material differences between the budget and actual amounts

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2014 to 31 March 2015. The Department requested a virement from the SDA to the GDA to supplement the short fall for the Compensation of employees. The virement was approved by National Treasury. The SDA only budgets for expenditure.

The financial statements for the Special Defence Account (SDA) are prepared on the accrual basis of accounting.

Largest projects, Sensitive projects and General projects: The acquisition of armaments systems is managed by means of acquisition projects. Due to long lead times, non-realisation of planned project deliverables, and the inability of Defence Industry to timely deliver in Departmental requirements the budget was not fully expended in the financial year. The Defence Special Account Act makes provision that unspent funds at the end of the financial year remain within the SDA.

Non-project related expenditure: Although the total expenditure for Other Projects (SDA) 2014/15 financial year requirements as at 31 March 2015 already exceeds the final budget, it must be noted that the SDA allocation consists of Voted Funds and Roll-overs from previous financial years. It is confirmed that there were no over expenditure on non-project related expenditure.

NATIONAL CONVENTIONAL ARMS CONTROL COMMITTEE

Assurance Report

for the year ended 31 March 2015

ASSURANCE REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONDUCT OF THE AFFAIRS OF THE NATIONAL CONVENTIONAL ARMS CONTROL COMMITTEE IN TERMS OF SECTION 12 OF THE NATIONAL CONVENTIONAL ARMS CONTROL ACT, AS AMENDED

Introduction

1. I have performed a limited assurance engagement on the conduct of the affairs of the National Conventional Arms Control Committee (NCACC) in terms of section 12 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002), as amended (the act).
2. My full responsibility under the law, for my work and this report, is to Parliament.

NCACC's responsibility

3. The NCACC is responsible for compliance with the act and related regulations.

Auditor-general's responsibility

4. As required by section 12 of the act, my responsibility is to conclude on compliance by the NCACC with sections 4, 7, 14 and 23 of the act. The functions of the committee, as stipulated in section 4(1) of the act, refer to the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act, 2006 (Act No. 27 of 2006), which has not yet come into operation as no date was determined by the President by proclamation in the *Gazette*.
5. I performed the assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000), *Assurance engagements other than audits or reviews of historical information*. That standard requires me to comply with the ethical requirements and plan and perform the assurance engagement to obtain sufficient appropriate evidence regarding the subject matter of the engagement to support my assurance conclusion expressed below.

Summary of work performed

6. As the auditor of the NCACC, I have also audited the Department of Defence, which provided the secretariat to the NCACC, for the period ended 31 March 2015. My limited assurance procedures included the following specific procedures relative to the affairs of the committee:
 - An inspection of the processes and structures established by the NCACC for effective control of trade in conventional arms and possession of controlled items.
 - An inspection of the processes and structures established by the NCACC for effective regulation of the rendering of certain assistance or services in a country of armed conflict in accordance with section 3 of the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - An inspection of the guidelines, structures and processes established by the NCACC for the scrutiny and assessment of an application for the issuing of a permit under the act and the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 22

- Confirmation regarding whether the NCACC has liaised with the relevant government agencies regarding the enforcement of the act and the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - Sample inspection where the issuing of a permit has been authorised and refused by the NCACC and confirmation that this has been done as set out in section 14 of the act.
 - Sample inspection of grant or refuse an application for authorisation by the NCACC and confirmation that this has been done as set out in section 7 of the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - Sample inspection of issued permits and confirmation that permits comply with the conditions as indicated in the regulations.
 - An inspection of the register of persons involved in trade in conventional arms and possession of controlled items, which must be kept in the prescribed form.
 - An inspection of the register of all permits:
 - selecting a sample of permits issued and following these entries through to the register
 - selecting a sample of entries in the register and following these entries through to the permits
 - Confirmation that all reports issued have been issued as required by section 23 of the act.
 - An analysis to identify anomalies in reported data.
 - Determination whether information supplied is relevant, reliable, comparable and understandable.
 - Determination whether the committee was involved in any instances as indicated in section 4(2), 4(3), 4(4) and 4(5) of the act and a performance of audit procedures to obtain evidence of compliance with these sections, where applicable.
 - In addition to the above, our audit involved performing procedures to obtain evidence about the conduct of the affairs of the committee as indicated in section 12 of the act, as well any regulations and notices published in the *Government Gazette*, as indicated in section 27 of the act.
7. My procedures for gathering evidence were limited due to the nature of a limited assurance engagement; therefore, less assurance was obtained than would be in a reasonable assurance engagement.
8. I believe that the evidence obtained as part of my assurance engagement with the NCACC for the period ended 31 March 2015 is sufficient and appropriate to provide a basis for my conclusion expressed below.

Internal control

9. I considered internal control relevant to my audit of compliance with legislation. I did not identify any significant deficiencies in internal control.

Conclusion

10. Based on my work described in this report, nothing has come to my attention that causes me to believe that the conduct of the affairs of the NCACC did not comply with the terms of the act in all material respects.

Auditor-General

Pretoria
31 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

