



2015/16

DEPARTMENT OF DEFENCE
Annual Report

"Together we move South Africa forward"



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF DEFENCE

Annual Report

FY2015/16

Vote 19

“Together we move South Africa forward”

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

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defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF DEFENCE ANNUAL REPORT FOR THE FY2015/16

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

Dear Minister

THE DEPARTMENT OF DEFENCE ANNUAL REPORT FOR THE FY2015/16

I have the honour of submitting to you, in accordance with the Public Finance Management Act, 1999 (Act No. 1 of 1999), the Department of Defence Annual Report for the reporting period 01 April 2015 to 31 March 2016.

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



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REPUBLIC OF SOUTH AFRICA

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 (FY) which ended on 31 March 2016.

Yours faithfully

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



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TERMINOLOGY


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

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

2015/16

PART A

General Information





DEPARTMENT OF DEFENCE GENERAL INFORMATION

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Photographs courtesy of:	Mr Lufuno Netshirembe S Sgt Lebogang Tihaole L Cpl Jonathan Mogano CPO Bafana Lottie Nkosi

LIST OF ABBREVIATIONS/ACRONYMS

A	ACIRC	African Chiefs of Defence Staff and Heads of Security
	AFB	Air Force Base
	AGSA	Auditor-General of South Africa
	APP	Annual Performance Plan
	ARMSCOR	Armaments Corporation of South Africa
	ASB	Army Support Base
	AU	African Union
C	C HR	Chief Human Resources
	CFO	Chief Financial Officer
	CHATSEC	Combating HIV/Aids through Spiritual and Ethical Conduct
	C SANDF	Chief of the South African National Defence Force
	CSIR	Council for Scientific and Industrial Research
D	DACAF	Defence Anti-Corruption and Anti-Fraud
	DICI	Defence Information and Communications Infrastructure
	DLSD	Defence Legal Services Division
	DOD	Department of Defence
	DPME	Department of Planning, Monitoring and Evaluation
	DPSA	Department of Public Service and Administration
	DRC	Democratic Republic of the Congo
	DRDLR	Department of Rural Development and Land Reform
	DSBD	Department of Small Business Development
E	EX	Exercise
F	FSEs	Force Structure Elements
	FY	Financial Year
G	GITO	Government Information Technology Officer
I	IBSA	India, Brazil and South Africa
	ICT	Information Communication Technology
J	JCPS	Justice, Crime Prevention and Security
	JIM	Joint International and Multinational
	JIIM	Joint, Interagency, Interdepartmental, Multinational
K	KPA	Key Performance Area

Part A – General Information

M	MCWCs	Military Community Wellness Committees
	MEM	Mobility Exit Mechanism
	MOD&MV	Minister of Defence and Military Veterans
	MOU	Memorandum of Understanding
	MPAT	Management Performance Assessment Tool
	MSDS	Military Skill Development System
	MTEF	Medium-Term Expenditure Framework
	MTSF	Medium-Term Strategic Framework
	M&R	Maintenance and Repair
N	NARYSEC	National Rural Youth Service Corps Programme
	NCACC	National Conventional Arms Control Committee
	NDIC	National Defence Industry Council
	NDPW	National Department of Public Works
R	RSA	Republic of South Africa
S	SAAF	South African Air Force
	SABC	South African Broadcasting Corporation
	SADC	South African Development Community
	SLA	Service Level Agreement
	SAMHS	South African Military Health Service
	SAMRO	South African Music Rights Organisation
	SANDF	South African National Defence Force
	SA Navy	South African Navy
	SASSETA	Safety and Security Sector Education and Training Authority
	SCM	Supply Chain Management
	SDA	Special Defence Account
	SETA	Sector Educational Training Authority
	SITA	State Information Technology Agency
	SME	Small and Medium Enterprises
	STCDSS	Specialized Technical Committee on Defence, Safety and Security
	STIs	Sexually Transmitted Infections
T	TB	Tuberculosis
U	UAMP	User Assets Management Plan
	UN	United Nations
V	VIP	Very Important Person
Y	YLPD	Youth Leadership Development Programme

FOREWORD BY THE HONOURABLE MINISTER OF DEFENCE AND MILITARY VETERANS: MS N.N. MAPISA-NQAKULA, MP



During my budget vote speech on 19 May 2015, I indicated that the financial year 2015/16 would be devoted to planning the implementation of the Defence Review 2015. During the reporting period, the Department of Defence focused on ministerial priorities whose implementation will be key to the realisation of the targets of the first stage of Milestone 1 of the Defence Review 2015. These priorities include the Defence Funding Model, Human Resources Renewal, Capability Renewal and the continuance of the Ordered Operational Commitments.

Significant work was done to lay the foundation for the incremental implementation of the Defence Review 2015. This work included, amongst others, the following:

- The development of a new Military Strategy commenced, including a new Force Design and Force Structure.
- The Cyber Warfare Strategy is at an advanced stage of development as well as the Sensor Strategy that will enhance border safeguarding.
- The Officer and Non-Commissioned Officer career paths were reworked.
- The accreditation of senior defence education, training and development programmes with tertiary education institutions was done.
- The Military Disciplinary Bill received pre-certification from the Office of the State Law Advisor.
- Training of personnel in specialised musterings such as medicine, aviation and engineering is underway in partnership with countries such as Cuba and Russia.
- The SANDF recovered its Astra trainer-aircraft fleet that was due for disposal.
- The identification of a site for the new Defence Intelligence Headquarters and the allocation of a budget thereto.
- The development of the profile of the future soldier.

Progress was also made towards the completion of a costed, comprehensive Milestone 1 Plan to “arrest the decline” of Defence Force capabilities. The financial year 2016/17 Annual Performance Plan contains 12 Milestone 1 outcomes that can be achieved within the current budget allocation.

During the financial year 2015/16, the Defence Force increased the subunits deployed on our borders from 13 to 15 as I had committed last year during my budget vote speech. This is still short of the 22 subunits stipulated in the National Security Strategy. Despite this shortfall, the Defence Force achieved major successes during the past financial year. Reserves are currently contributing more than 50% of forces deployed on the borders.

The Defence Force continued to be part of the United Nation (UN) peace support and enforcement missions in the Democratic Republic of the Congo. I am proud to report that our Chief of Joint Operations, Lt Gen Derrick Mgwebi, was appointed by the UN Secretary-General as the Force Commander for MONUSCO – the single largest UN military mission in the world.

The Defence Force was at the forefront of creating the African Capacity for Immediate Response to Crises (ACIRC) as an interim measure towards establishing the African Standby Force (ASF). South Africa is also tasked with being the Framework Nation for ACIRC until June 2016.

In November 2015, we hosted Exercise AMANI AFRICA II on behalf of the African Union (AU) to assess the readiness of the ASF. The technical assessment report is to be presented to the AU Summit in June 2016, and will inform the operationalisation of the ASF.

South Africa deployed forces in the Darfur region of Sudan in 2008 as part of the AU/UN hybrid mission. The Sudanese Government made it increasingly difficult for us to provide logistic support to our troops, and impossible for our forces to protect the women and children of that country. As a result a decision was taken to withdraw the force with effect from 01 April 2016. This force will not be replaced.

Since the deployment of Naval assets in the Mozambique Channel no further incidences of piracy were reported. We are mindful of the developing challenges in the Gulf of Guinea and have thus entered into discussions with the Namibian and Angolan governments to pursue joint maritime patrols along the West Coast.

On 03 March 2016 we launched the National Defence Industry Council (NDIC) who will be chaired by the Secretary for Defence, Dr Sam Gulube. It is crucial that we look at the requirements of the Defence Force and its acquisition plans to see where they can be met by local suppliers. This will also enable defence industry companies to plan ahead against the acquisition plans of the Defence Force. As government we also have an obligation to assist our defence industry to penetrate export markets in Africa and beyond.


Since the appointment of the ARMSCOR Board and its CEO, ARMSCOR developed a new strategy which strongly focuses on the Defence Force as its primary client. This strategy deals with the rapid acquisition of equipment in support of urgent operational requirements.

The entire leadership of the Department of Defence, and its dedicated men and women, are committed to the effort to foster peace and stability, not only here at home, but in the entire continent. The SANDF is non-partisan and remains loyal to the Constitution and the people of South Africa. I would like to thank members of the department, both uniform and civilians, who have remained true to our values.

I would like to single out and express my sincere gratitude to the South Africans who continue to generously contribute to the SANDF Education Trust Fund. As you may be aware, this Fund was set up in the aftermath of the Central African Republic where we lost 15 of our soldiers, to allow us to support the children of soldiers who lose their lives in battle.

In conclusion, I would like to thank the members of the Joint Standing Committee on Defence and the Portfolio Committee on Defence and Military Veterans for the excellent cooperation which we have enjoyed over the last year. I would further like to thank the Military Command Council, the Defence Secretariat Council and the members of my Ministry for their unstinting support.

We present the Annual Report as contained herein.



(MS N.N. MAPISA-NQAKULA)

MINISTER OF DEFENCE AND MILITARY VETERANS: MP

STRATEGIC STATEMENT BY THE HEAD OF THE DEPARTMENT, SECRETARY FOR DEFENCE, DR S.M. GULUBE



The Department of Defence (DOD) Annual Report for the FY2015/16 aims to share the DOD's "good story" and to indicate the impact Defence had on the country, the region and the continent. To this extent, the DOD has endeavoured to communicate its annual performance information in a clear and simple manner.

During the year under review, the adoption and approval of the Defence Review 2015 was the most significant key policy development within the DOD. The Defence Review 2015 is the second policy review of this nature in the democratic South Africa and maps out the direction Defence will take over the next 20 to 30 years.

The DOD has created a Defence Review Project Implementation Team that will develop the required plans and manage the focus areas in the Defence Secretariat and the SA National Defence Force (SANDF) within the context of policy implementation.

The first tranche of planning focuses the DOD on the Milestone 1 '*arrest the decline*' phase of the Defence Review 2015 implementation plan. This plan consists of two primary work packages. The first package, being those interventions that can be pursued within the current budget allocation and which will improve organisational efficiency and effectiveness, and the second package, being those interventions that need additional funding and which will stabilise and improve operational performance. The comprehensive departmental costed plan to '*arrest the decline*' will be finalised during the second quarter of the FY2016/17 and will be submitted into the Government planning cycle and the Medium-Term Expenditure Committee process thereafter.

The Minister of Defence and Military Veterans launched the National Defence Industry Council (NDIC) in March 2016. The NDIC is a collaborative structure between Government and defence industry and seeks to strengthen the relationship between the two, while concurrently supporting local defence industry in its export endeavours. The role and functions of the NDIC are discussed in the Defence Review 2015. This is a milestone worth noting since it places South Africa on par with countries such as the United Kingdom and Canada that established similar structures to support their defence industry.

During early 2016, the DOD signed a Memorandum of Understanding (MOU) with the Department of Small Business Development (DSBD). This MOU lays out the plan for DOD to migrate from 30% spend on Small and Medium Enterprises (SMEs) to more than 50% spend in the next five years. The DOD was the first to take the initiative after the establishment of the DSBD and the subsequent issue of the SME development guidelines. To this end the DOD is involved in initiatives that seek to educate SMEs about the requirements of doing business with the DOD, and assist them with compliance requirements. Furthermore, the DOD is leveraging its Supply Chain Management (SCM) processes to get large companies to ensure participation by SMEs in

their respective product value chain. This will ensure that SMEs develop quicker to the required competency and sustainable level.

The DOD and the Council for Scientific and Industrial Research (CSIR) launched an enterprise development initiative known as '*Defence Transformative Enterprise Development*' (DEFTED). This initiative looks at taking young engineers who started their own business and incubating them within the CSIR environment to work on sophisticated Defence Technology projects. This initiative is a first in South Africa and is tipped to change the outlook of the defence industry, which is still largely untransformed.

The DOD continually strives to enhance its internal controls and to be more efficient and effective in the application of management practices and adherence to the regulatory framework. To this extent, the DOD utilises the Management Performance Assessment Tool (MPAT) results to enhance its internal controls, which should in effect improve service delivery and overall performance. The DOD received its final MPAT 1.5 results on 30 May 2016. The average score of 2.7 (*refer Part C on Governance for detailed scores per Key Performance Area*) represents a year-on-year improvement from an average score of 2.1 during the MPAT 1.4 assessment period to an average score of 2.7 during the MPAT 1.5 assessment period.

The appointment of the Government Information Technology Officer (GITO) was finalised during the year under review and the GITO assumed duty on 01 May 2016. It is foreseen that the DOD will now be able to make progress with the establishment of an approved Information and Technology Governance Framework and related Strategic Plan during the FY2016/17.

The Chief Director Strategic Management in the Defence Secretariat, Mr Dumisani Dladla, was appointed by the United Nations as the Interim Head of Secretariat of the Arms Trade Treaty in Geneva, Switzerland. The DOD seconded him to the United Nations on 01 March 2016. I want to convey my appreciation to him for the work he did in the areas of Strategic Management, Defence Review 2015 implementation planning and providing a Secretariat to the National Conventional Arms Control Committee (NCACC). This appointment highlights the credibility and integrity of the way in which South Africa manages and accounts for its conventional arms transfers.

I wish to convey my sincere appreciation to the Minister of Defence and Military Veterans, the Honourable Ms N.N. Mapisa-Nqakula, MP, for her leadership and commitment to the DOD and her support to the people of South Africa. I also need to express my gratitude and appreciation to the Chief of the SANDF, General S.Z. Shoke, and all uniformed members, who continued to defend and protect our country, its territorial integrity and its people.

Finally, I attribute the "good stories" in this Report to the continuous support and dedication of my management team.

It is my privilege to present the DOD Annual Report for FY2015/16.



(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 DOD Annual Report for the year FY2015/16 comprises among other subjects performance information on the achievements of the South African National Defence Force (SANDF) and corresponding organisational financial statements. The performance information is carefully crafted to reflect on the level of outputs achieved against the DOD Annual Performance Plan (APP) for the FY2015/16. It is compiled in accordance with the norms and standards provided by government through institutions at the national strategic level such as National Treasury and the Presidency. For selected programmes the performance information in question has further been subjected to an audit process by the Auditor-General of South Africa (AGSA) to provide feedback to oversight institutions such as Parliament and the DOD Audit Committee and the public at large.

Notwithstanding an unfavourable resource situation due to the country's fiscal pressures, the SANDF has registered substantial achievements within and outside the borders of the Republic of South Africa (RSA). In a zealous effort to reduce the porosity of our borders, the SANDF increased its footprint on the borderline by deploying two additional subunits. This contingent of 15 subunits (increased from 13) continued to register tangible operational successes mainly to curb the flow of illicit activities across our borderline. The requirement to complement our forces on the borderline with an appropriate suite of mobility packages cannot be delayed any further. Given the resource constraints, a limited consignment of these packages has been procured. It is our hope that in the next financial year, the budget appropriated to the DOD will give the SANDF command cadre enough leverage to focus on strategic, operational and tactical mobility in particular over and above increasing our footprint on the borders.

Over the reporting period, the SANDF employed creative measures to execute maritime security operations in the Indian Ocean theatre with specific reference to the protection of trade routes, sea lines of communication, the containment of maritime crime (including piracy) and protection of maritime resources.

The SANDF has interacted with its strategic partners in the region, continent and the globe through its 44 Defence Attachés and Joint, Interdepartmental, Interagency, Multinational operations (JIIM) exercises. These exercises were conducted with a host of countries to deepen the country's Multinational arrangements and to keep up with the latest tactics, techniques and procedures. This included participation in Exercise AMANI AFRICA II in which about 4 560 military personnel, police and civilian were involved. The SANDF has also undergone training with other countries like France and South America.

The collateral utility of the SANDF capabilities was once again demonstrated within and outside the borders of the country through the support given to civil authorities and parts of the region in distress. The SA Army engineers constructed low-cost bridges in the Eastern Cape (Mancan, Zazulwana, Bawa and amaZizi) in collaboration with the National Department of Public Works (NDPW). The SANDF also provided water to the drought-stricken Free State province to cite but a few examples of the difference that was made to the people of South Africa. Numerous humanitarian operations were conducted in which relief was given to those in distress. These included a successful search and rescue operation at sea for a missing yacht (MORFA) in the Port Nolloth area and the rescue of a fishing vessel (LINCOLN) at False Bay, as well as a search and rescue operation for a missing civilian aircraft in the Middleburg area.

The assistance of the technical staff of the Cuban Revolutionary Armed Forces gave impetus to the maintenance and repair of military equipment, particularly operational vehicles, over the reporting period. A total of 235 operational vehicles were repaired while 286 are undergoing repairs. A further 850 vehicles have been prepared for preservation and 524 deactivated to be used as a source of spares. Skills transfer and practical training is an ancillary benefit of this cost-saving exercise in which 258 SANDF Apprentices and 48 Reserve Trade workers participated.

SANDF members were continuously deployed in the Democratic Republic of the Congo and Sudan. Due to well-considered strategic reasons, the RSA government has decided to withdraw the SANDF contingent from the Sudan war at the beginning of the next FY2016/17.

I salute the men and women in the country's profession of arms for the courage and operational discipline demonstrated at their places of work and mission areas.



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

STRATEGIC OVERVIEW

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”.

VALUES

Organisational Values

The DOD committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In delivering the defence mission, the DOD continues to pursue and adhere to the following organisational values:

- **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 requirements we make of our people and recognise the unique commitments and contribution they make.
- **Consultation rooted in effective and efficient partnership and collaboration.** We shall encourage and improve links with other Government departments, relevant organs of state and identified stakeholders. We will strengthen partnerships with industry, allies and the community at large. We shall promote collaboration within the DOD, harmonise activities and systems and, where sensible, share knowledge.
- **Discipline.** We shall consistently uphold a high level of discipline. We shall individually and collectively sustain and safeguard the profile and image of the defence establishment as a disciplined profession.
- **Ethics.** We shall adopt and encourage reasonable working practices. We shall not be deflected by the demands of own-vested interests but those of the DOD. We shall foster fairness and trustworthiness in all that we do. We shall not ignore difficult issues or situations.
- **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, where possible, provide appropriate incentives and recognise individual and team contributions.
- **Openness and transparency.** We shall ensure clear communication and better understanding. We shall ensure that our messages and intentions are clearly understood. We shall listen to clients' concerns and make sure we understand and take into consideration what they are saying to us. We shall aim to create a climate of trust and transparency in our decision-making.
- **People.** We shall uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.
- **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.

- **Teamwork.** Within the DOD, we are one team and as such embrace a single 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 department and then to act on them.

Individual Values

The following individual values form the framework through which the individual values of DOD members are pursued in support of the organisational values:

- **Human dignity.** Treating others the way you expect to be treated. Human dignity is governed by respect, tolerance, fairness and communication.
- **Integrity.** Integrity denotes moral uprightness. This requires the execution of duty solely in the organisation's interest and not for personal gain. It is administered by honesty, credibility, trustworthiness and transparency.
- **Leadership.** The art of influencing and directing people to an assigned goal in such a manner as to command obedience, confidence, respect and loyalty.
- **Loyalty.** Loyalty is the sincere support of one's superiors and subordinates. Loyalty does not permit destructive comments in the workplace and towards those with whom one works. It is an attitude of respect and understanding.
- **Patriotism.** To be devoted to one's country, its interests, freedom and independence. Patriotism is the devotion of interests to South Africa above every other consideration.
- **Professionalism.** Those qualities, virtues and behaviour reflecting the uniqueness of the DOD. The ability to correctly perform any duty through striving to constantly excel and improve the organisation and the individual's achievements. The learning culture, civil-military relations, discipline, ethical conduct and excellence govern professionalism.

CONSTITUTIONAL AND LEGISLATIVE MANDATES

The DOD derives its mandate primarily from Section 200(2) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). This mandate is given substance by the Defence Act, 2002 (Act No. 42 of 2002), the Defence Review 2015¹ and delegated legislation. The DOD comprises of the Defence Secretariat, which is established in terms of Section 204 of the Defence Act and the SANDF established in terms of Section 200(2) of the Constitution.

The constitutional and primary legislative mandates governing the DOD are reflected in the table below:

Constitutional and Primary Legislative Mandates Governing the DOD		
Legislation	Responsibilities	
Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	Section 200:	To provide for a structured disciplined military force and the primary objective, which is to defend and protect the Republic, its territorial integrity and its people.
	Section 201:	To provide for the political responsibility and employment of the Defence Force.
	Section 202:	The President as head of the national executive is the Commander-in-Chief of the Defence Force, and must appoint the Military Command of the Defence Force.
	Section 204:	A civilian secretariat for Defence must be established by national legislation to function under the direction of the Cabinet member responsible for Defence.
Defence Act, 2002 (Act No. 42 of 2002)	Section 4A:	Composition of the Military Command.
	Section 5:	Composition of the Department of Defence.
	Section 6:	Establishment of the Defence Secretariat.
	Section 7:	Appointment of the Secretary for Defence as head of the department.
	Section 8:	Functions of the Secretary for Defence.
	Section 9:	Delegation of Powers and Assignment of Duties by the Secretary for Defence.
	Section 10:	Departmental Investigations by the Secretary for Defence.
	Section 11:	Composition and Establishment of the South African National Defence Force.
	Section 14:	Functions of the Chief of the Defence Force.
	Section 33:	Intelligence Division of Defence Force.
	Section 34:	Application of Strategic and Operational Intelligence.
	Section 43:	Establishment and composition of the Council of Defence.
Defence Amendment Act, 2010 (Act No. 22 of 2010)	Section 4:	Appointment of the Military Command Council.
	Section 53/104:	Rendering of service by the Reserve Force.
	Section 53(3A):	Compulsory call-up of reserve force members by the Commander

¹ The Defence Review 2014 was approved by Cabinet on 19 March 2014, endorsed by the National Assembly on 04 June 2015 and the National Council of Provinces on 24 June 2015. The Defence Review 2015 (renamed) provides the defence policy for South Africa that informs the defence trajectory to be pursued over multiple Medium-Term Expenditure Frameworks.

Constitutional and Primary Legislative Mandates Governing the DOD		
Legislation	Responsibilities	
Defence Amendment Act, 2010 (Act No. 22 of 2010)	Section 62: Section 62(A): Section 62(B):	Establishment and Functions of the Defence Force Service Commission. Establishment and Composition of the Defence Force Service Commission. Functions of the Defence Force Service Commission.
Public Service Act, 1994 (Act 103 of 1994)	Section 7(3)(a): Section 7(3)(b):	Each department shall have a head who shall be the incumbent of the post on the establishment bearing the designation mentioned in column 2 of Schedule 1, 2 or 3 opposite the name of the relevant department or component, or the employee who is acting in that post. Subject to the provisions of paragraphs (c) and (d), a head of department shall be responsible for the efficient management and administration of his or her department, including the effective utilisation and training of staff, the maintenance of discipline, the promotion of sound labour relations and the proper use and care of State property, and he or she shall perform the functions that may be prescribed.
Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999)	Section 36	Appointment as the Accounting Officer. Furthermore, among other things, the Accounting Officer is to ensure the provision and maintenance of effective, efficient and transparent systems of financial and risk management and internal control in accordance with sections 13; 29 2 (a)(b); 38; 39; 40; 41; 42; 43; 44; 45; 46; 47(1)(a); 63; 64; 65; 81 and 89.
National Conventional Arms Control, 2002 (Act No. 41 of 2002)	Section 9(2)	Ensure compliance with the policy of the Government in respect of arms control. Ensure that trade in conventional arms are conducted in compliance with the Act and that all regulatory processes of the Act are adhered to.
National Strategic Intelligence, 1994 (Act No. 39 of 1994)	Section 2(3)(4)	Referring to the collection of information.
Defence Special Account Act, 1974 (Act No. 6 of 1974)	Section 2(c)	States that moneys in the account shall be utilised to defray expenditure and purchases of DOD (relates to the Strategic Capital Acquisition Master Plan [SCAMP]).
Military Ombud Act, 2012 (Act No. 4 of 2012)	Provides for the establishment and mandate of the Office of the Military Ombud.	
Castle Management Act, 1993 (Act No. 207 of 1993)	Castle Control Board to govern and manage the Castle of Good Hope on behalf of the Minister of Defence and Military Veterans (MOD&MV).	
Armaments Corporation of South Africa (ARMSCOR) Act, 2003 (Act No. 51 of 2003)	ARMSCOR must 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.	
Non-proliferation of Weapons of Mass Destruction Act, 1993 (Act No. 87 of 1993)	Subject to the Act on Non-proliferation of Weapons of Mass Destruction, which ARMSCOR performs on behalf of the DOD for or on behalf of any sovereign state.	

The following progress regarding the Legislative and other mandates were achieved:

Defence and Related Acts Repeal and Amendment Bill. The repealing and/or amending of Defence laws deemed to be obsolete or unconstitutional according to the Cabinet directive, which is an initiative of the South African Law Reforms Commission as instructed by the Cabinet. The Chief State Law Adviser has finalised this matter and provided the DOD with the precertification opinion as approved by Cabinet on 16 October 2014. Public hearings for public comments on the Bill were conducted on 04 and 11 August 2015. On approval by the National Council of Provinces (NCOP), the Bill has been gazetted on 15 December 2015.

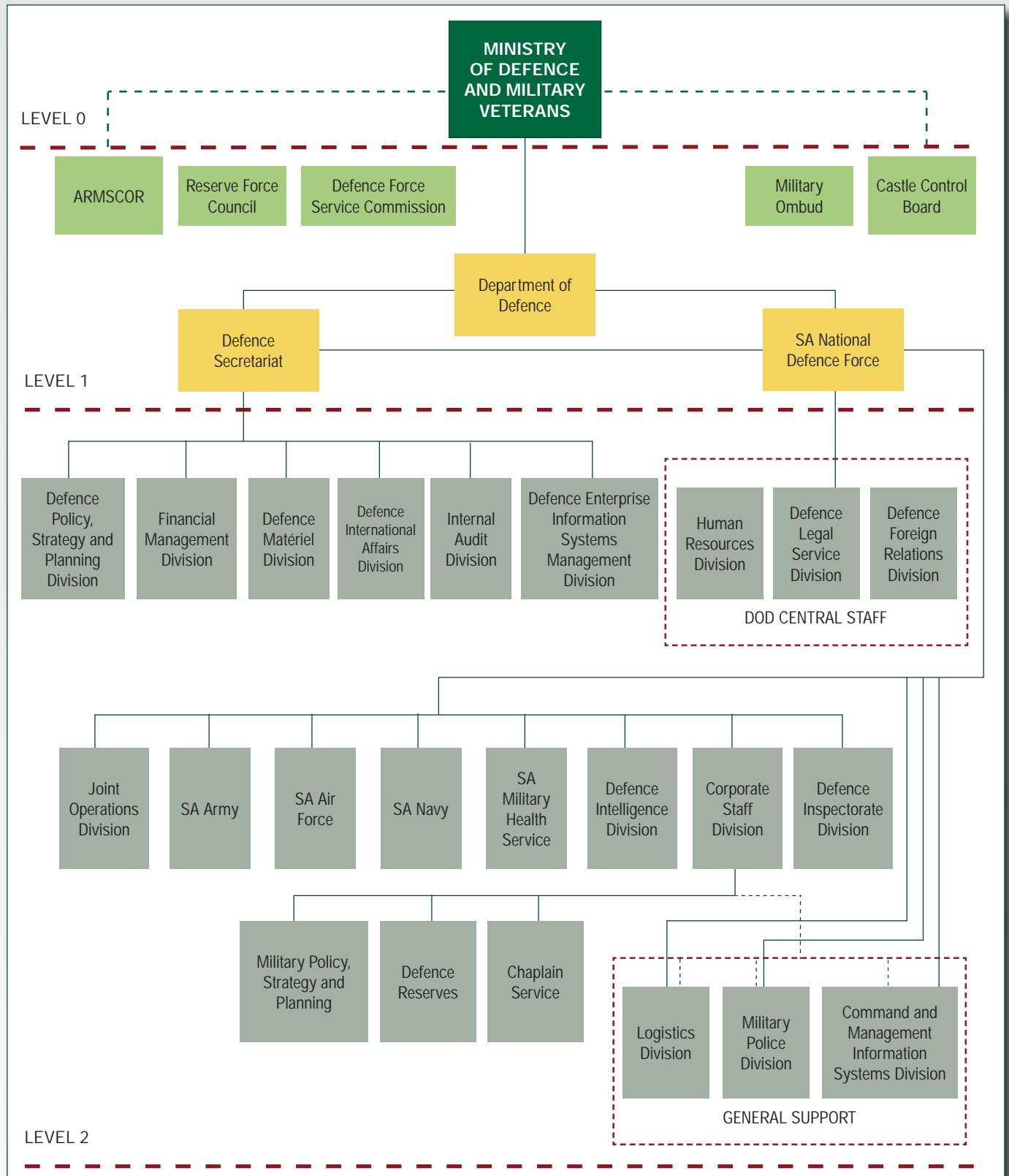
The Military Disciplinary Bill. The Constitution enjoins the State to maintain and structure the SANDF as a disciplined force. The Bill seeks to achieve this Constitutional imperative by providing for the proper administration of the Military Justice system in a manner that achieves the main aim and promotes equality, fairness, transparency and accountability in the Defence Force. A second preliminary opinion together with the returned draft Bill was received by the Military Discipline Bill Task Team from the State Law Advisor. This second preliminary opinion raises issues that merit further attention by the Military Discipline Bill Task Team. The Acting Chief Defence Legal Services, the Military Discipline Bill Task Team leader and a representative from Defence Legal Advisors engaged the Office of the State Law Advisor in order to establish the way forward in terms of the precertification of the Bill. It has been established that a new team of personnel have been identified at the Office of the Chief State Law Advisor to prioritise work on the Bill. The Bill was sent to the Office of the State Law Advisor on 07 November 2014 for precertification. In May 2016, the Office of the State Law Advisor granted a precertification legal opinion. The Bill must now serve before the security Cluster before introduction to cabinet and parliament respectively. The Task Team has in parallel to this, started the Socioeconomic Impact Assessment System process.

Detention Barracks Regulations. Defence Legal Services Division (DLSD) provided assistance and advice to the Provost Marshall General (PMG) to pursue the approval of this Regulation at the MCC and PDSC respectively during March 2016. The Regulation was approved by the command bodies and is now ready for submission to the next COD. PMG is currently attempting to finalise the Socio Economic Impact Assessment System process.

Hydrographic Bill. The Bill provides for the establishment of an Office of Hydrography Services in the South African Navy (SA Navy) to bring about safe and secured navigation within the maritime zone of South Africa. The Bill was forwarded to the Chief State Law Adviser for certification. Precertification was obtained in January 2016, and the draft Bill was approved by the Council on Defence of 19 April 2016. The Defence Legal Advisors are attempting to finalise the Socioeconomic Impact Assessment System, where after it will forward the draft Bill to the relevant cluster committees.

ORGANISATIONAL STRUCTURE

The organisational structure of the Department is provided below.



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, which are accountable to the Executive Authority and categorised within Schedules 2 and 3 of the PFMA, 1999.

The following Public Entities report to the Executive Authority:

Armaments Corporation of South Africa (ARMSCOR)

Purpose

ARMSCOR's legislative 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.

Objectives

The objectives required from ARMSCOR are to manage acquisition and technology projects. The following themes underpin ARMSCOR's current focus:

- Funding and growth.
- People/capabilities.
- Organizational effectiveness and efficiencies.
- Stakeholder relationships.

Castle Control Board

Purpose

The Castle Control Board is a public entity under the PFMA, 1999, Section 1, and has the mandate to manage and govern the Castle of Good Hope on behalf of the MOD&MV, who has the ultimate ownership and responsibility for the Castle.

Objectives

The objectives of the Castle Control Board include the following:

- 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.

The following organs of State report to the Executive Authority:

Office of the Military Ombud

Purpose

The Office of the Military Ombud was established in terms of the Military Ombud Act, 2012 (Act No. 4 of 2012) to investigate and ensure that complaints submitted by members and former members, a member of the public regarding official conduct of a member or a person acting on behalf of a member with regard to their conditions of service are resolved in a fair, economical and expeditious manner.

Reserve Force Council

Purpose

The Reserve Force Council is a statutory body under the Defence Act Section 48(4). The Reserve Force Council is a consultative and advisory body and represents the Reserve Force to promote and maintain the force as an integral part of the Defence Force and must be consulted on any legislation, policy or administrative measures affecting the Reserve Force.

Defence Force Service Commission

Purpose

The Defence Force Service Commission was established under the Defence Amendment Act, 2010 (Act No. 22 of 2010), Section 62(b). The output of the Defence Force Service Commission is to submit recommendations to the MOD&MV on improvements of salaries, service benefits, policies, and general conditions of service as well as the effective and efficient implementation thereof.

MINISTERIAL VISITS ABROAD FOR THE FY2015/16

The Minister engaged in a number of diplomatic activities during the year under review. The purpose of these visits was, amongst others, to:

- Strengthen military relations and cooperation between South Africa and other countries.
- Attendance of defence and security exhibitions.
- Promote the SANDF's defence and security capabilities and systems.
- To focus on the political and security situation in the region.
- Attendance of the United Nations General Assembly.

International engagements took place in the following countries:

- Russia, Indonesia, United Arab Emirates and Turkey (April 2015).
- United Kingdom and the United States of America (September 2015).
- Thailand (November 2015).
- Cuba (December 2015).

In support of Government's Outcome 11, *"Creating a better South Africa and contributing to a better and safer Africa in a better World"*, the Minister had bilateral engagements in the following African countries to discuss political and security-related matters effecting the region and continent:

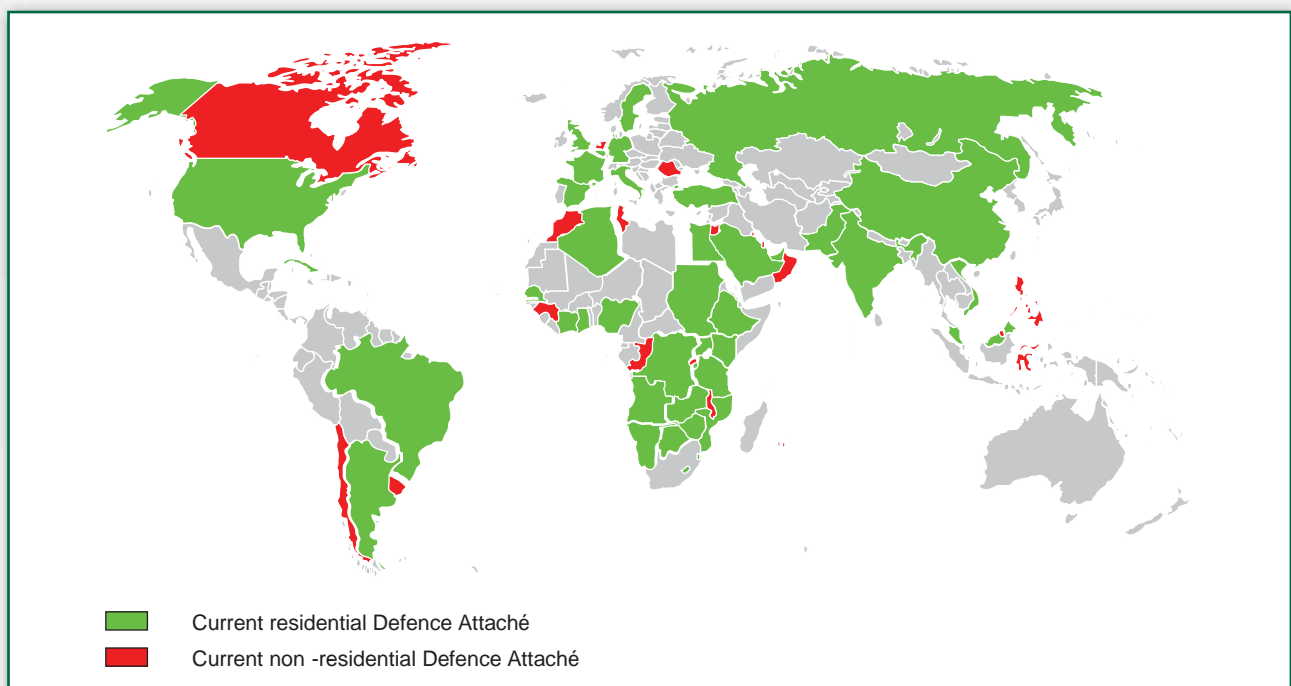
- Democratic Republic of the Congo (DRC) and Kenya (July 2015).
- Burundi and Ethiopia (August 2015).
- Mozambique (September 2015).
- Sudan and DRC (October 2015).
- Ethiopia and Botswana (January 2016).
- Nigeria (March 2016).

DEFENCE DIPLOMACY

Diplomacy actions by the DOD varied between focussed efforts and indirect actions which had a defence diplomacy impact. Focussed efforts included defence representation abroad and bilateral and multilateral meetings. Indirect action included participation in functional and developmental training with foreign defence forces and attendance of conferences and seminars. The benefits of international military cooperation gave impetus to the defence diplomacy drive of the DOD.

SANDF Defence Attaché Representation

The map below indicates the international representation of SANDF Defence Attachés for FY2015/16.



During the FY2015/16, the DOD was represented by means of residential Defence Attachés in the following 44 countries, the African Union (AU) and the United Nations (UN):

Algeria, Angola, Argentina, AU, Belgium, Botswana, Brazil, Burundi, Côte d'Ivoire, Cuba, DRC, Egypt, Ethiopia, France, Germany, Ghana, India, Italy, Kenya, Lesotho, Malaysia, Mozambique, Namibia, Nigeria, Pakistan, People's Republic of China, Russian Federation, Saudi Arabia, Senegal, Spain, South Sudan, Sudan,

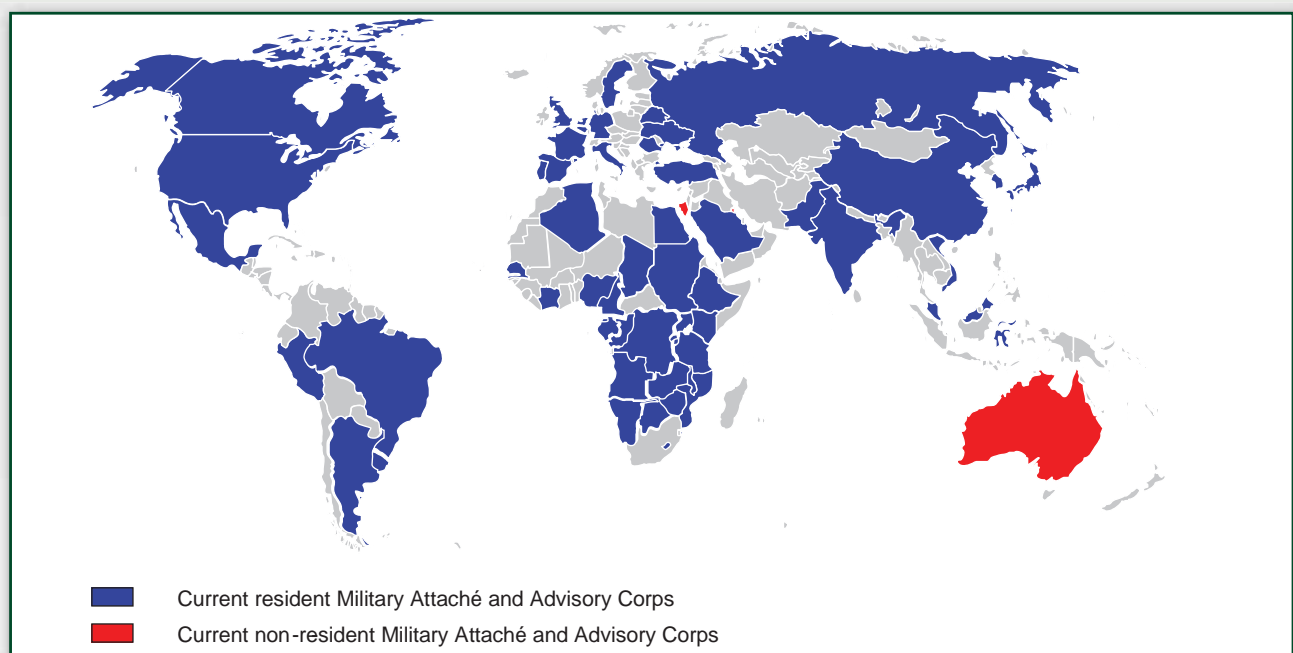
Swaziland, Sweden, Tanzania, Turkey, United Arab Emirates, Uganda, United Kingdom, UN, United States of America, Vietnam, Zambia and Zimbabwe.

During the FY2015/16, the DOD was represented by means of non-residential Defence Attachés in the following 20 countries and the European Union (EU):

Bahrain, Brunei Darussalam, Canada, Chile, European Union, Guinea, Indonesia, Jordan, Kuwait, Malawi, Mauritius, Morocco, Netherlands, Oman, Philippines, Qatar, Romania, Rwanda, Tunisia and Uruguay.

Defence Attaché and Advisory Corps Representation

The map below indicates Defence Attaché and Advisory Corps representation in South Africa for the FY2015/16.



During the FY2015/16, resident Defence Attaché and Advisory Corps representation in South Africa were from the following 59 countries:

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, Niger, Nigeria, Peru, Pakistan, Portugal, Romania, Russian Federation, Rwanda, Saudi Arabia, Senegal, Spain, South Sudan, Sweden, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uruguay, Vietnam, Zambia and Zimbabwe.

During the FY2015/16, non-resident Defence Attaché and Advisory Corps representation in South Africa were from the following three countries:

Australia, Israel and Kuwait.

Bilateral and Multilateral Interaction

The DOD is fully represented at both the South African Development Community (SADC) and African Union (AU). The SADC as a region, together with the African continent as a whole, remained the main focus of the DOD for bilateral and multilateral interaction.

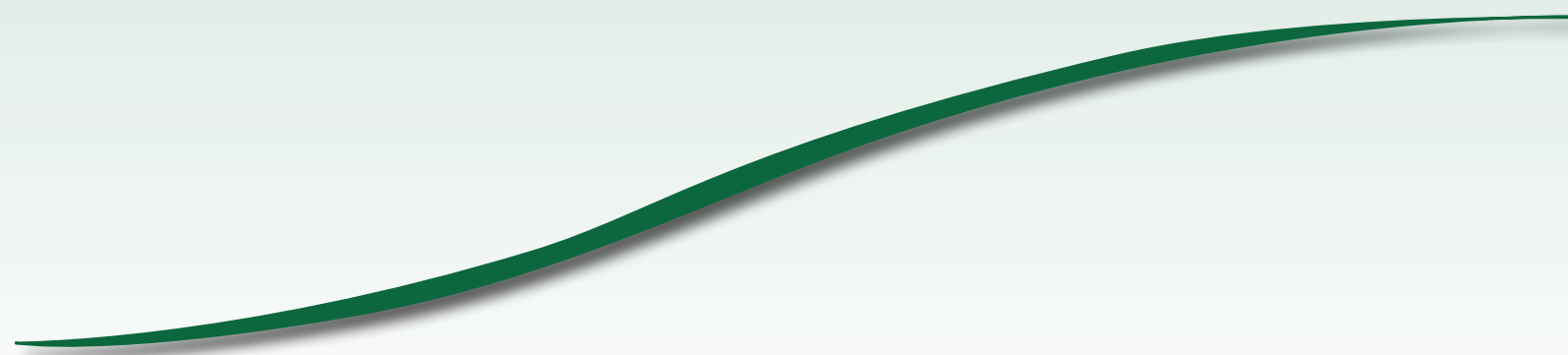


LAUNCH OF THE NATIONAL DEFENCE INDUSTRY COUNCIL. fltr; Mr Simphiwe Hamilton, Executive Director Aerospace, Maritime and Defence Industries Association, Dr Sam Gulube, the Secretary for Defence, Ms Nosiviwe Mapisa-Nqakula, the Minister of Defence and Military Veterans, Ms Lindiwe Zulu, the Minister of Small Business Development, Mr Kebby Maphatsoe, the Deputy Minister of Defence and Military Veterans, Gen Solly Shoke, the Chief of the SANDF, and Ms Minah Sindane-Bloem, Life Coach, Author and Communication Consultant.

2015/16

PART B

Performance Information





Lt Gen Derrick Mgwebi, the outgoing Chief of Joint Operations (now the Force Commander of the United Nations Missions in the Democratic Republic of Congo [MONUSCO]), acknowledging the salute from members on parade.

FINANCIAL PERFORMANCE INFORMATION

THE DEFENCE VOTE

Aim of the Vote

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 force. Provide for military veterans’ benefits”².

Main Programmes

The Defence budget programme structure is indicated in the table below.

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 South Africa.
Programme 4	Air Defence	Provide prepared and supported air defence capabilities for the defence and protection of South Africa.
Programme 5	Maritime Defence	Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.
Programme 6	Military Health Support	Provide prepared and supported health capabilities and services for the defence and protection of South Africa.
Programme 7	Defence Intelligence	Provide a defence intelligence and counterintelligence capability.
Programme 8	General Support	Provide general support capabilities and services to the DOD.

Defence Vote 19

The Defence Vote 19 summary of actual expenditure versus adjusted appropriation for current and prior years, is indicated in the table below.

Summary of Actual Expenditure versus Adjusted Appropriation for Current and Prior Years			
	2013/2014	2014/2015	2015/2016
	R'000	R'000	R'000
Vote	40 658 184	42 856 879	45 088 161
Expenditure	40 447 521	42 842 381	45 071 534
Overexpenditure	0	0	0
Amount overspent as percentage of Vote	0	0	0
Amount surrendered	210 663	14 498	16 627
Amount surrendered as percentage of Vote	0.518%	0.034%	0.037%

² As per the “Estimate of National Expenditure” 2015.

The Defence Vote 19 actual expenditure versus adjusted appropriation for current and prior years at programme level is indicated in the table below.

Actual Expenditure vs. Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	2014/2015			2015/2016		
	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	4 660 587	4 658 985	1 602	4 984 514	4 981 493	3 021
Force Employment	3 631 441	3 631 441	0	3 616 407	3 602 801	13 606
Landward Defence	14 061 981	14 049 116	12 865	15 118 951	15 118 951	0
Air Defence	6 913 523	6 913 523	0	7 085 719	7 085 719	0
Maritime Defence	3 802 369	3 802 369	0	3 732 748	3 732 748	0
Military Health Support	4 053 144	4 053 113	31	4 243 150	4 243 150	0
Defence Intelligence	819 775	819 775	0	830 060	830 060	0
General Support	4 914 059	4 914 059	0	5 476 612	5 476 612	0
TOTAL	42 856 879	42 842 381	14 498	45 088 161	45 071 534	16 627

Transfer Payments

During the period under review, the Department of Defence (DOD) provided transfer payments to the following institutions as indicated below:

- The Armaments Corporation of South Africa (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 matériel, related products and services. Audited financial statements for 2014/15 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, 1998 (No. 97 of 1998). Audited financial statements for FY2014/15 were submitted according to payment conditions.
- The Reserve Force Council to subsidise them in their mission to obtain and secure community and private sector support for the Reserves and to maintain a sound relationship and communication between the Reserves, the Minister of Defence and Military Veterans (MOD&MV) and the South African National Defence Force (SANDF). Audited financial statements for FY2014/15 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 South African Military Health Service (SAMHS) during times of national disaster and emergency. Audited financial statements for FY2014/15 were submitted according to payment conditions.
- The Special Defence Account (SDA) to acquire, procure and develop armament and technology. Audited financial statements form part of the financial statements of the Department.

Part B – Performance Information

- To Defence members that are being separated from the Department 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 dependants, including benefits and entitlements. Payments are made according to amount voted.
- To the South African Broadcasting Corporation (SABC) and other licensing authorities such as the South African Music Rights Organisation (SAMRO) for television and radio permits.
- To municipalities to cover the cost of payments made in terms of the law that requires all vehicles to be licensed annually.

The transfer payments made are indicated in the table below.

Transfer Payments				
Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2015/16	Annual Expenditure 2015/16
			R'000	R'000
Special Defence Account	To acquire, procure and develop armament and technology.	Under control of the Accounting Officer of the Department of Defence.	6 235 061	6 235 061
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 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 (FY) 2014/15 were submitted according to payment conditions.	1 021 900	1 021 900
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, 1998 (Act No. 97 of 1998).	Audited financial statements for the FY2014/15 were submitted according to payment conditions.	25 610	22 589
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 MOD&MV and the SANDF.	The Accounting Officer of the Department is represented in the National Council. 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 FY2014/15 were submitted according to payment conditions.	7 192	7 192
Department of Military Veterans	To provide national policy and standards on socioeconomic support to military veterans and their dependents, including benefits and entitlements.	As approved by the National Treasury and Accounting Officer of the DOD.	582 201	582 201

Transfer Payments				
Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2015/16	Annual Expenditure 2015/16
			R'000	R'000
St John 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 FY2014/15 were submitted according to payment conditions.	889	889
Households – Employer Social Benefits	To cover the cost of employment benefits due to Defence members being separated from the Department through the MEM for uniform members and the Employer-Initiated Severance package for non-uniform members.	As approved by the Minister of Defence.	115 982	115 982
SABC	To provide for the annual payment made to the SABC and other licensing authorities such as SAMRO for television and radio licences.	As approved by the responsible budget holder.	266	266
Municipalities	To provide for the payment made to municipalities to ensure that all vehicles are licensed annually.	As approved by the responsible budget holder.	61	61
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.	16 723	16 723
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.	400	400
TOTAL			8 006 285	8 003 264

Conditional Grants

No conditional grants were received during the FY2015/16.

Donor Funds

No donor funds were received from external sources during the FY2015/16.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Progress Made on Implementing the Capital Investment and Asset Management Plan

The User Assets Management Plan (Immoveable) for financial years 2015 – 2019 was submitted to the National Department of Public Works (NDPW) and National Treasury during November 2015 for inclusion in the national budgetary programme. Various capital-, refurbishment- and maintenance projects were undertaken in FY2015/16 with various degrees of success in each area. The maintenance backlog is increasing due to the low expenditure on planned maintenance by NDPW. The DOD, however, included a clause in the Service Level Agreement (SLA) between the DOD and NDPW in an endeavour to minimise this trend.

Part B – Performance Information

The Capital Investment, Maintenance and Asset Management Plan for FY2015/16 is indicated in the table below.

Capital Investment, Maintenance and Asset Management Plan for FY2015/16						
Infrastructure projects	2014/2015			2015/2016		
	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
New and replacement assets	29 702	24 443	- 5 259	10 855	20 675	9 820
Existing infrastructure assets	365 620	244 124	- 121 496	929 660	513 093	- 416 567
- Upgrades and additions	44 275	14 028	- 30 247	101 902	16 353	- 85 549
- Rehabilitation, renovations and refurbishments	199 418	214 768	15 350	691 782	341 495	- 350 287
- Maintenance and Repairs	121 927	15 328	- 106 599	135 976	155 245	19 269
Infrastructure transfer	0	0	0	0	0	0
- Current	0	0	0	0	0	0
- Capital	0	0	0	0	0	0
TOTAL	395 322	268 567	-126 755	940 515	533 768	-406 747

Infrastructure Projects Completed during FY2015/16

A total of 11 capital works projects were completed out of eight planned for FY2015/16, which represents a 96% achievement of the annual target of 70%. This overachievement is due to the fact that NDPW appointed contractors to assist in completing planned projects. In addition, funds were committed and spent on 32 out of 56 planned refurbishment projects to the value of Rm478,6 which represents a 57% achievement of the annual target. This underachievement is mainly due to supply chain challenges within NDPW as well as challenges experienced with certain appointed contractors.

Capital Infrastructure Projects in Progress

Capital infrastructure projects in progress in FY2015/16 and to be rolled over to FY2016/17 are indicated in the table below.

Capital Infrastructure Projects in Progress for FY2015/16			
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 2017

Capital Infrastructure Projects in Progress for FY2015/16			
Location	Project Description	Progress Status	Expected Completion Date
Simon's Town	Naval Base Simon's Town: Construction of a Maritime Warfare Simulation Centre: Site Clearance	Construction completed	Completed
Pretoria	Air Defence Artillery Group: ADA Fmn: Dequar Road: Barrier-free project for people with disabilities: Building H3	First delivery stage	Expected to be completed in 2016
Pretoria	Northern Military Police HQ: Security Projects: Palisade fence with electric wire on perimeter & upgrading of security stores	Final delivery stage	Expected to be completed in 2016
Middelburg	4 SA Inf Bn: Construction of New Sick Bay	Tender recommendation stage	Expected to be completed in 2017
Durban	South African Navy (SA Navy) Salisbury Island: Refurbishment of main kitchen	Pre-site handover stage	Expected to be completed in 2016.
Cape Town	Air Force Base (AFB) Ysterplaat: Repair and renovations of VIP aircrew and pilot facilities	Construction completed	Completed
Langebaan	4 Special Forces Regt: Salamander Boat Park: Replacement of breakwater	Design stage	Expected to be completed in 2017
Cape Town	Wynberg Military Base: Construction of a new high-level security fence with main entrance canopy, guard house equipped with biometrics, perimeter lighting and early warning system	Tender stage	Expected to be completed in 2017
Saldanha	Saldanha Military Base: Construction of Sickbay facility	Design stage	Expected to be completed in 2018
Bloemfontein	3 Military Hospital: Upgrading and extensions to Hospital: Consultant payments only	Final delivery stage	Completed
Maluti	Maluti Military Base: Upgrading of water reticulation system	Tender stage	Expected to be completed in 2017
Eerste River	9 SA Inf Bn: Upgrading of kitchen equipment	Funds approved stage	Expected to be completed in 2017
Makhado	523 Signal Sqn: Upgrading of kitchen equipment	Construction stage	Expected to be completed in 2016
Pretoria	1 Military Hospital: Upgrading of uninterrupted power supply	First delivery stage	Expected to be completed in 2016
Pretoria	Waterkloof AFB: Major refurbishment project	Construction stage	Expected to be completed in 2017
Kimberley	Diskobolos Military Base: Resurfacing and tarring of access road to Diskobolos Sick Bay	Tender stage	Expected to be completed in 2017
Bloemfontein	AFB Bloemspruit: Upgrading of water reservoir	Design stage	Expected to be completed in 2018
Bloemfontein	1 SA Tank Regt: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2018
Cape Town	Army Support Base (ASB) Western Cape, NCO's Mess Wynberg: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Cape Town	ASB Western Cape, Officers' Mess Wynberg: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Cape Town	ASB Western Cape, Mess at the Castle: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Langebaan	4 SF Regt HQ: Erection of security fence	Design stage	Expected to be completed in 2017
Langebaan	4 SF Regt: Upgrading of mess facilities	Design stage	Expected to be completed in 2018
Cape Town	SAS Wingfield: Replacement of perimeter fence with palisade fence	Design stage	Expected to be completed in 2018
Simon's Town	Naval Base Simon's Town East Yard: Upgrading of water reticulation system	Construction stage	Expected to be completed in 2017

Part B – Performance Information

Capital Infrastructure Projects in Progress for FY2015/16			
Location	Project Description	Progress Status	Expected Completion Date
Durban	ASB Durban: Security installations at Bluff Maisonettes and Essenhurst Estate	Construction stage	Expected to be completed in 2016
Durban	Salisbury Island Navy Base: Upgrading of critical accommodation facilities	Design stage	Expected to be completed in 2018
Durban	Umdloti Signal Base: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2018
Ladysmith	5 SA Inf Bn: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2018
Heidelberg	SA Army Gymnasium: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2019
Dunnotar	1 Construction Regiment: Upgrade of security system at Cash Office	Design stage	Expected to be completed in 2016
Johannesburg	ASB Johannesburg: Site clearance for the construction of a security fence	Predesign stage	Expected to be completed in 2017
Johannesburg	ASB Johannesburg: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Potchefstroom	ASB Potchefstroom: Upgrading of kitchen and kitchen equipment at Shamrock Mess	Design stage	Expected to be completed in 2017
Potchefstroom	ASB Potchefstroom: Upgrading of kitchen equipment at Constand Viljoen Mess	Design stage	Expected to be completed in 2017
Phalaborwa	5 SF Regt: Upgrading of aquatic training facility	Design stage	Expected to be completed in 2017
Phalaborwa	524 Signal Sqn: Upgrading of kitchen equipment.	Funds approved stage	Expected to be completed in 2016.
Phalaborwa	7 SA Inf Bn: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2016.
Polokwane	ASB Polokwane: Upgrading of kitchen equipment at Uitkoms Base Jnr Ranks' Mess	Design stage	Expected to be completed in 2017
Thohoyandou	15 SA Inf Bn: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Port Elizabeth	Area Military Health Units Eastern Cape: Construction of Base Hospital and medical staff housing	Design stage	Expected to be completed in 2022
Pretoria	National Ceremonial Guard: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Pretoria	SA Army Engr Fmn Combined Mess: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Pretoria	JSB Garrison Kiepersol Officers' Mess: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Thaba Tshwane	SA Army College: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Thaba Tshwane	JSB Garrison Gerbera Officers' Mess: Upgrading of kitchen equipment	Design stage	Expected to be completed in 2017
Pretoria	SADIC and ETD College: Site clearance	Predesign planning	Expected to be completed in 2019

Plans to Close down or Downgrade Current Facilities

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

Progress Made on the Maintenance of Infrastructure

As at 31 March 2016, only Rm245,1 of the Rm914,3 paid over to NDPW earmarked for accommodation charges, was actually spent on planned maintenance of facilities utilised by the DOD. This figure represents only 26.8% of the funds paid over to NDPW for this purpose. The DOD spent an additional Rm67,6 on the day-to-day maintenance of its facilities.

Developments relating to the above that are expected to impact on the DOD's current expenditure

The DOD requested a mandate from the Minister of Public Works for the DOD to perform its own planned maintenance tasks and minor capital works. If approved, this mandate will result in an increase in the DOD's infrastructure expenditure.

Changes in Immovable Assets Holdings

No changes took place with regard to immovable asset holdings. During the period under review, measures were taken to ensure that the Department's asset register remained up-to-date. The immovable asset register was verified by the Defence Works Formation and the Regional Works Units by means of a physical verification process. The register was updated with the verified information.

Current State of the Department's Capital Assets

The DOD facilities are generally in a fair state and should not have a significant impact on its service delivery mandate (1% good, 38% acceptable, 55% fair, 4% poor, and 2% very poor). These figures are similar to the previous financial year and will remain as such until the new performance assessment cycle commences in FY2016/17.

Major Maintenance (Refurbishment) Projects undertaken during FY2015/16

The Major Maintenance (Refurbishment) Projects undertaken during FY2015/16 are indicated in the table below.

Major Maintenance (Refurbishment) Projects undertaken during FY2015/16		
Location	Project Description	Status
Pretoria	1 Mil Hosp Ramp: Repair and Maintenance of Mechanical and Electrical Infrastructure	Final delivery
Bloemfontein	1 Par Bn: Major Refurbishment of Facilities and Civil Services	Construction stage
Bloemfontein	1 SA Inf Bn: Major Refurbishment of Facilities and Civil Services	Design stage
Bloemfontein	1 SSB: Major Refurbishment of Facilities and Civil Services	Construction stage
Mmabatho	10 SA Inf Bn: Repair and 36 Months' Maintenance of Civil Building Structural and WET	Construction stage
Umtata	14 SA Inf Bn: Replacement of Kitchen Equipment	Construction stage
Bethlehem	2 Field Engr Regt: Major Refurbishment of Facilities and Civil Services	Construction stage
Cape Town	2 Mil Hosp Ramp: Multidiscipline design and construction	Design stage
Cape Town	2 Mil Hosp: Refurbishment and additions to Hospital	Construction stage
Johannesburg	21 SA Inf Bn: Repair And 36 Months' Maintenance of Civil Building Structural and Wet Services	First delivery stage
Durban	Salisbury Island Naval Base: Refurbishment of facilities	Design stage

Part B – Performance Information

Major Maintenance (Refurbishment) Projects undertaken during FY2015/16		
Location	Project Description	Status
Middelburg	4 SA Inf Bn Ramp: Multidiscipline Design and Construction	Design stage
Middelburg	4 SA Inf Bn: Special Ramp: Repair and Maintenance to Civil Infrastructure	Final delivery stage
Bloemfontein	44 Para Brigade: Major Refurbishment of Facilities and Civil Services	Funds approved.
Grahamstown	6 SA Inf Bn: Repair and 36 Months' Maint for Civil Buildings, Structural Wet Services Infrastructure	Design stage
Upington	8 SA Inf Bn: Major Refurbishment of Facilities and Civil Services	Construction stage
Eerste River	9 SA Inf Bn: Sick Bay Upgrading of Buildings 1, 9, 10, 11, 12, 20, 22, 39 and 84	First delivery stage
Bredasdorp	AFB Overberg: Refurbishment of Sewer Plant	Tender stage
Hoedspruit	AFB Hoedspruit: Repair of Flood Damage	Construction stage
Pretoria	JSB Garrison: Refurbishment of B-Mess	Design stage
Cape Town	The Castle: Repair and Maintenance Phase 2	Construction stage
Pretoria	Defence College: Refurbishment of facilities	Design stage
Kimberley	ASB Kimberley: Renovations of Transport Area	First delivery stage
Saldanha	Military Academy: Repair and Renovations	Construction stage
Bloemfontein	DOD&MV Mob Centre: Upgrade of Electrical Power Supply and Electrical Infrastructure: Replacement of Transformer	Construction stage
Kroonstad	School of Engineers: Major Refurbishment of Facilities and Civil Services	Design stage
Simon's Town	Naval Base Simon's Town: Repair and 36 month' maintenance for civil buildings, structural and wet services	Final delivery stage
Postmasburg	SA Army Combat Training Centre: Major Refurbishment of Facilities and Civil Services	First delivery stage
Pretoria	Pretoria: Refurbishment of A-Mess	Design stage
Bloemfontein	School of Armour: Major refurbishment of facilities	Design stage
Simon's Town	Naval Base Simon's Town: Refurbishment of Sick Bay	Construction stage
Simon's Town	Naval Base Simon's Town: Replacement of kitchen equipment in Job Mashego Mess	Tender stage
Simon's Town	Refurbishment of Pharmacy (Building 70) Institute for Maritime Medicine	Design stage
Bredasdorp	AFB Overberg: Refurbishment of facilities	Design stage
Muizenberg	Naval Staff College: Refurbishment of facilities	Design stage
Langebaan	Refurbishment of Oesterskulp Duplex Flats	Design stage
Bredasdorp	AFB Overberg: Refurbishment and upgrade of Sick Bay complex	Design stage
Oudtshoorn	Infantry School: Installation of centralised ventilation system at the Sick Bay	Design stage
Potchefstroom	1 Tac Int Regt: Refurbishment of facilities	Design stage
Potchefstroom	School of Arty: Refurbishment of facilities	Design stage
Potchefstroom	4 Arty Regt: Refurbishment of facilities	Design stage
Zeerust	2 SA Inf Bn: Refurbishment of kitchen and equipment	Construction stage
Pretoria	AFB Waterkloof: Refurbishment of facilities	Design stage
Pretoria	South African Air Force (SAAF) and Blenny Complex: Refurbishment of facilities	Design stage
Pretoria	Special Forces HQ: Resurface 2 km of road in Swartkop Park	Design stage

Major Maintenance (Refurbishment) Projects undertaken during FY2015/16		
Location	Project Description	Status
Pretoria	Rooiwal Communication Facility: Refurbishment of facilities	Design stage
Thaba Tshwane	JSB Garrison Fin Office: Refurbishment of facilities	Design stage
Dunnotar	35 Engr Sup Regt: Refurbishment of facilities	Final delivery stage

Progress Made in Addressing the Maintenance Backlog during FY2015/16

The current maintenance backlog is estimated at R6,8 billion. The backlog is mainly due to the low expenditure figure by NDPW in executing planned maintenance tasks on facilities utilised by the DOD, resulting in an increase in the maintenance backlog. As a control measure, a clause was included in the SLA between the DOD and NDPW that the Annual Planned Maintenance Programme will be signed off by the DOD before execution. The latter will provide the DOD with an opportunity to interrogate the contents of the Programme before signing it off.

NON-FINANCIAL PERFORMANCE INFORMATION

AUDITOR-GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management with material findings being reported under the 'Predetermined Objectives' heading in the 'Report on other legal and regulatory requirements' section of the auditor's report, if applicable.

Refer to page 177 of the Report of the Auditor-General, in Part E: Financial Information.

STRATEGIC OUTCOME-ORIENTED GOALS

Introduction

The DOD Annual Report for the FY2015/16 is presented herewith. The Report details the ways in which the DOD 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 progressed in many areas against priorities set. The SANDF soldiers 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.

Mandate

The DOD derives its **mandate** from Section 200(2) of the Constitution and is given substance by:

- The Defence Act.
- The White Paper on Defence (1996).
- The Defence Review (1998) – Defence Review 2015³ in future.
- Delegated legislation.

The DOD executed its mandate *“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”* within a constrained budget allocation.

Outcomes

Through the DOD Strategy Map, the DOD's mandate is translated into the following defence **outcomes**:

- The RSA is defended and protected.
- Enhanced Civil Control of Defence.

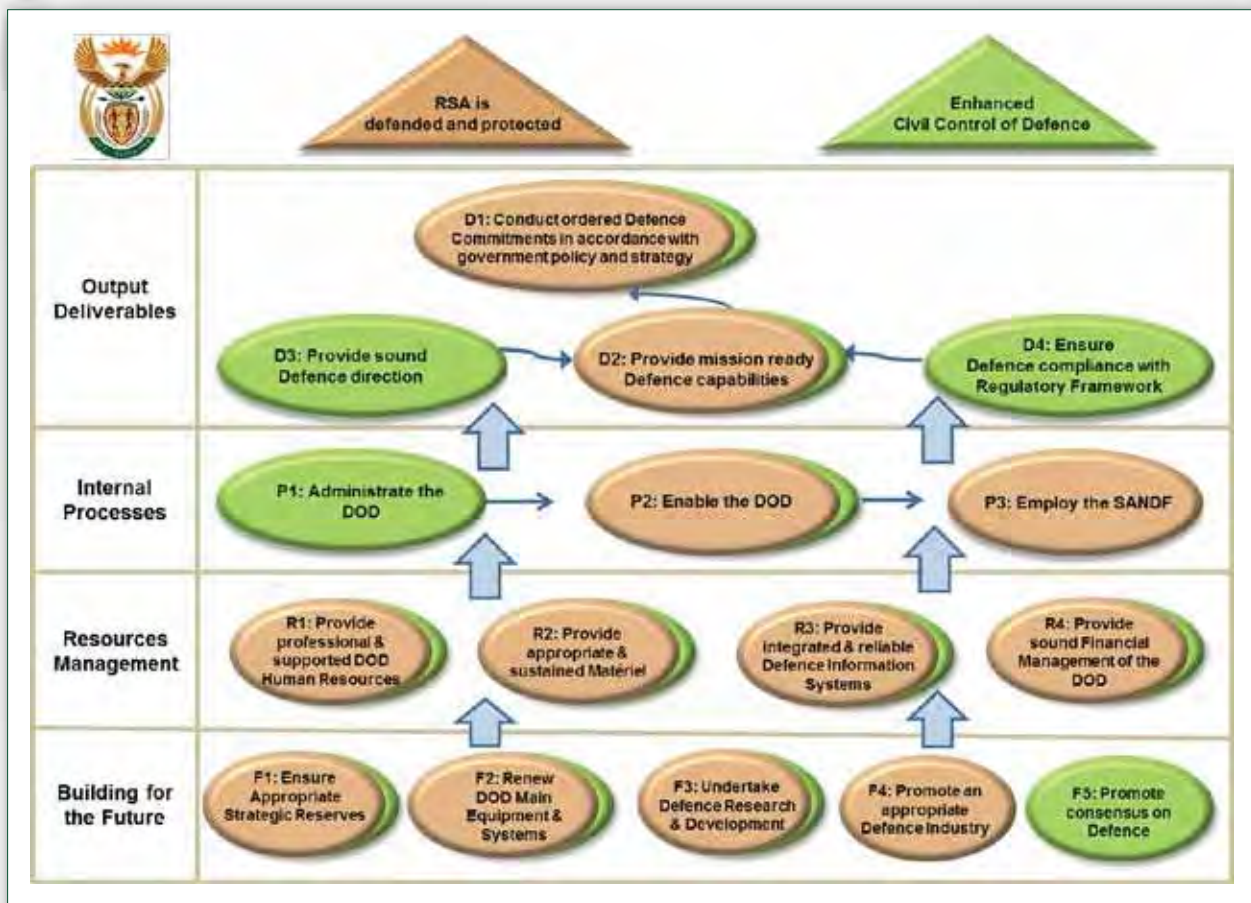
³ The Defence Review 2014 was approved by Cabinet on 19 March 2014, endorsed by the National Assembly on 04 June 2015 and the National Council of Provinces on 24 June 2015. The Defence Review 2015 (renamed) provides the defence policy for South Africa that informs the defence trajectory to be pursued over multiple Medium-Term Expenditure Frameworks.

Outputs

The DOD's **outputs** express aspects of the Medium-Term Strategic Framework (MTSF) in relation to:

- 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"*.

The DOD Strategy Map is indicated below.



Medium-Term Strategic Framework Outcomes and Outputs derived from Government Strategic Outcomes for the FY2015/16 to FY2017/18

In pursuance of its legislative mandate and utilising its inherent defence capabilities, the DOD continued to provide support to the Government's MTSF Outcomes relevant to the Defence mandate.

The MOD&MV is the chairperson and jointly responsible for the coordination of the Justice, Crime Prevention and Security (JCPS) Cluster and member of the Joint International Cooperation Trade and Security (ICTS) Cluster for the MTSF Outcomes 3 and 11 respectively.

The DOD's contributions to the MTSF outcomes are as follows:

Outcome 3: *"All people in South Africa are and feel safe"*

- **Sub-outcome 3: South Africa's borders effectively defended, protected, secured and well managed.**
Improve border security and management by addressing security threats and vulnerabilities such as illegal

cross-border movement of people, goods and services as well as hostile elements that threaten the territorial integrity of the state and the wellbeing of its people.

During the FY2015/16, the DOD contributed towards this sub-outcome through the development of the Border Safeguarding Strategy (substrategy) in support of the overarching strategy to defend, protect, secure and ensure well-managed borders by securing the land, airspace and maritime borders.

This strategy is however dependent on the overarching national strategy to defend, protect, secure and ensure well-managed borders, which is the responsibility of the Border Management Agency Legal Task Team. This Task Team was established in February 2016 and recently finalised its key deliverables, including a draft overarching strategy.

During the MOD&MV's Budget Vote on 19 May 2015, a pronouncement was made that the DOD will increase the number of companies for border safeguarding operations with two additional companies increasing from 13 to 15 companies. During the FY2015/16, the DOD called up two additional Reserve Force companies for border safeguarding operations, giving a total of 15 landward subunits deployed to safeguard and maintain the integrity of the borderline.

- **Sub-outcome 4: Secure Cyberspace.** *The Criminal Justice System needs to improve cybersecurity so as to create a secure, dependable and reliable cyber environment.*

During the FY2015/16, the DOD contributed towards the development of the National Cyberwarfare Strategy and Implementation Plan, by developing and submitting a Cyberwarfare Strategy and Implementation Plan for approval by Chief of the South African National Defence Force (C SANDF). During the FY2016/17, the DOD will implement the Cyberwarfare Implementation Plan, as well as continue to contribute towards capacitating and establishing a Cyberwarfare Command Centre Headquarters by FY2018/19.

- **Sub-outcome 7: Corruption in the Public and Private Sectors Reduced.** *We will build a resilient anti-corruption system to successfully detect and investigate cases of alleged corruption with a view to the prosecution, conviction and incarceration of perpetrators. This will hopefully serve as deterrence and contribute to ensuring a corruption-free society.*

The DOD contributed to this sub-outcome by means of reducing departmental levels of corruption where prevalent, thus contributing to improving investor perception, trust in and willingness to invest in South Africa.

No corruption and fraud cases of Rm5 and over were reported in the DOD during FY2015/16. The DOD presented fraud and corruption awareness roadshows to 10 248 members, including the command cadre of the SANDF. Since July 2015, the DOD has been contributing on a continuous basis towards the development of the National Anti-Corruption Strategy, which is now in the final stages of completion.

Outcome 11: “Creating a better South Africa and contributing to a better and safer Africa in a better world”

- **Sub-outcome 3: Political cohesion in Southern Africa to ensure a peaceful, secure and stable Southern African Region.**

The DOD contributed towards this sub-outcome by means of the deployment of the SANDF for peace support operations on instruction by the Commander-in-Chief, as well as the deployment of 10 Defence Attachés in the Southern African Development Countries (SADC).

During the FY2015/16, the DOD complied 100% with all ordered commitments (external deployments ordered by the Commander-in-Chief in accordance with the Constitution). External operations included:

- Participation in the United Nations (UN) Peace Support Operation in the Democratic Republic of the Congo (DRC).
- Anti-piracy operations in the Mozambique Channel.
- UN/African Union (AU) Hybrid Peace Support Operation in the Sudan⁴.

The DOD also provided forces in the following two General Military Assistance operations which are still ongoing:

- *Mission THEBE*. Eight members are deployed in the DRC for the safe guarding of SANDF equipment.
- *Team BULISA*. Seven members are deployed to the *Forces Armées de la République Démocratique du Congo* (FARDC) to assist them with the publication and popularisation of their Military Strategy.

In conclusion, and in support of this sub-outcome, the DOD was involved in the following Joint, Interdepartmental, Interagency and Multinational military exercises:

- Exercise WAYSIDE I
- Exercise WAYSIDE II
- Exercise OXIDE
- Exercise BLUE ZAMBEZI⁵
- Exercise AMANI AFRICA II
- Exercise IBSAMAR

OVERVIEW OF DEPARTMENTAL PERFORMANCE

Service Delivery Environment

DOD Selected Performance Indicators

The DOD selected performance indicators are derived from the defence mandate and form the basis of the Department's budget allocation from National Treasury. These indicators represent the largest cost drivers in the DOD and are included in the Estimates of National Expenditure.

The table below provides the details of achievements of targets for the DOD Selected Performance Indicators for the FY2015/16.

DOD Selected Performance Indicators for FY2015/16		
Accountability/ Reporting Responsibility	Performance Indicator	Analysis
Defence Intelligence (Defence Foreign Relations)	Total number of defence Attaché Offices	<p>Target 45</p> <p>Actual 44</p> <p>Deviation The 45th Defence Attaché office is to be considered and identified for implementation in the FY2016/17.</p>

⁴ Please note that SANDF forces deployed in Sudan were withdrawn by the Commander-in-Chief as a result of the President's Minute No 45/2016 dated 22 February 2016. Forces commenced withdrawing on 01 April 2016.

⁵ Previously BLUE OKAVANGO.

Part B – Performance Information

DOD Selected Performance Indicators for FY2015/16		
Accountability/ Reporting Responsibility	Performance Indicator	Analysis
Defence Intelligence (Defence Foreign Relations)	Total number of defence Attaché Offices	Comment The 44 Defence Attaché offices comprise of 10 x offices in the SADC region, 13 x offices in the rest of Africa and 21 x offices in the rest of the world.
Administration (Human Resources Support Services)	Number of Military Skills Development members in the system per year	Target 3 863 Actual 3 944 Comment More Military Skills Development System (MSDS) members absorbed by the SA Air Force, SA Navy and SAMHS than planned for FY2015/16.
Administration (Human Resources Support Services)	Number of Reserve Force person days ⁶	Target 2 442 792 Actual 2 768 982 Comment Two additional Reserve Force companies were called up for border safeguarding operations.
Force Employment	Compliance with Southern African Development Community (SADC) standby force agreements and South African pledge ^{7&8}	Target 100% Actual 100%
Force Employment Landward Defence Defence Intelligence	Percentage compliance with number of ordered commitments (external operations ⁹)	Target 100% Actual 100%
Force Employment	Percentage compliance with number of ordered commitments (internal operations ¹⁰)	Target 100% Actual 100%
Force Employment	Number of joint, interdepartmental and multinational (JIM) military exercises conducted per year	Target 5 Actual 6 Comment Exercises: 2 x WAYSIDE, 1 x OXIDE, 1 x BLUE ZAMBEZI, 1 x AMANI AFRICA II and 1 x IBSAMAR Ex IBSAMAR was planned for FY2016/17 but on request from India the exercise took place in FY2015/16.

⁶ Performance indicator name change: previously read as "Number of Reserves utilised per year".

⁷ Performance indicator name change: previously read as "Percentage Compliance with SADC Standby Force Agreement and South African Pledge".

⁸ The pledge was revised and now refers to the new approved pledge.

⁹ External operations include Peace Support Operations.

¹⁰ Internal operations include border safeguarding operations and operations in support of other government departments.

DOD Selected Performance Indicators for FY2015/16		
Accountability/ Reporting Responsibility	Performance Indicator	Analysis
Force Employment	Number of landward subunits deployed on border safeguarding per year	<p>Target 13</p> <p>Actual 15</p> <p>Comment The planned target for border safeguarding was to deploy 13 x subunits in the FY2015/16. In the MOD&MV's budget vote for FY2015/16, the SANDF was instructed to deploy 2 x additional subunits for border safeguarding operations.</p>
Air Defence	Number of force employment hours flown per year	<p>Target 6 500</p> <p>Actual 4 785</p> <p>Deviation The number of force employment hours flown per year depends on taskings from Chief Joint Operations (CJ Ops) and the serviceability of aircraft. Some of these taskings include search and rescue, flood relief and humanitarian aid. These taskings do not always materialise, hence fewer hours flown. VIP hours were slightly higher than the prediction due to more flight requests.</p> <p>Comment 893 hours were flown as VIP operations and 3 893 in support of joint force requirements.</p>
Maritime Defence	Number of hours at sea per year	<p>Target 12 000</p> <p>Actual 10 710.70</p> <p>Deviation Due to unavailability of vessels as a result of Human Resources constraints and limited Dockyard capacity, fewer sea hours could be achieved.</p>

Service Delivery Improvement Plan

In line with the Public Service's Batho Pele "*People First*" principles, introduced on 01 October 1997, the DOD FY2015/16 MTEF Service Delivery Improvement Plan (SDIP) was developed to promote and enable this national imperative.

The DOD SDIP locates itself within the departmental vision "*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 central theme of the evolving DOD SDIP is the enabling of ordered defence commitments and will inform and direct the development of subsequent Departmental SDIPs.

The Departmental internal service delivery improvement areas are as follows:

- Promotion of Access to Information.
- Procurement.

Part B – Performance Information

- HR Public Service Act Personnel (PSAP) Staffing.
- Disciplinary cases.

The table below highlights the Main Services and Improved Service Standards to date.

Main Services and Improved Service Standards for FY2015/16		
Main Services	Improved Service Standard	Analysis
Promotion of Access to Information	Complete all requests in terms of the Promotion of Access to Information Act within the prescribed standards.	<p>Desired Standard of Service Publish and distribute the DOD Promotion of Access to Information Manual.</p> <p>Actual Achievement Promotion of Access to Information Manual translated in three official languages, English version published on Intranet and Internet, isiXhosa and Sesotho versions in process of being published on Intranet and Internet and request submitted to the Government Printers printed 1 000 copies of each language for distribution.</p>
		<p>Desired Standard of Service Prepare the Section 15 notification for publication in the Government Gazette.</p> <p>Actual Achievement Government Gazette No 39411 dated 13 November 2015 printed and published on Intranet and Internet.</p>
Procurement	Effective, efficient and economical Procurement Processes.	<p>Desired Standard of Service Update Edition 5 of the Procurement delegation.</p> <p>Actual Achievement Edition 5 of the Procurement delegation is in the process of being updated.</p> <p>Desired Standard of Service Update Procurement policy.</p> <p>Actual Achievement In process of updating the Procurement policy. Draft policy was discussed by stake holders.</p>
		<p>Desired Standard of Service Standardise Standard Operating Procedures/Standard Work Procedures.</p> <p>Actual Achievement The Logistics Division will issue an instruction to guide the standardisation of Standard Working Procedures (SWPs).</p>
Human Resources Acquisition	PSAP staffing process completed in 90 days.	<p>Desired Standard of Service Plan the devolution of functions from the Head Office to the Services and Divisions.</p> <p>Actual Achievement Planning for the devolution of functions from the Head Office to the Services and Divisions was done and is awaiting Ministerial approval.</p>

Main Services and Improved Service Standards for FY2015/16		
Main Services	Improved Service Standard	Analysis
Human Resources Acquisition	PSAP staffing process completed in 90 days.	<p>Desired Standard of Service Seek approval of delegations according to the Delegation Directive received from the Department of Public Service and Administration (DPSA) to guide the delegations from the Executive Authority to the Head of Department and all relevant performer levels.</p> <p>Actual Achievement Delegations according to the Delegation Directive received from the DPSA to guide the delegations from the Executive Authority to the Head of Department and all relevant performer levels was implemented.</p>
Disciplinary Cases	Finalisation of disciplinary cases within 90 days.	<p>Desired Standard of Service Submit a requirement for a dedicated structure.</p> <p>Actual Achievement A requirement for a dedicated structure was not submitted due to the moratorium on the creation of new structures in the DOD.</p>

Organisational Environment

Minister of Defence and Military Veterans' Priorities for the FY2015/16 to FY2017/18

The MOD&MV provides the DOD with strategic direction and sets out priorities to be pursued by the DOD over a given period of time. The execution of these priorities enhances the effective realisation of the Defence mandate.

The MOD&MV's priorities for FY2015/16 were directly related to the Defence Review 2015 and gave impetus to the implementation thereof. The MOD&MV's priorities for FY2015/16 were as follows:

- Strategic Leadership.
- Defence Funding Model.
- Organisational Renewal.
- Human Resources Renewal.
- Capability Renewal.
- Defence Industry and Technology Development.
- Defence Commitments.

These priorities have directed the comprehensive Defence Review Milestone 1 planning done during the FY2015/16 for envisaged implementation in FY2016/17 onwards, within allocated resources.

The DOD devoted FY2015/16 to the planning for the incremental implementation of the Defence Review 2015 (Milestone 1) to '*arrest the decline*' (refer to the figure below for the planning trajectory). To this end, the DOD created a Defence Review Project Implementation Team to develop these plans and to manage the focus areas of both the Defence Secretariat and the SANDF respectively within the implementation context.

The Defence Review 2015 (Milestone 1) Implementation Plan consists of two primary work packages. The first package being those interventions that can be pursued **within the current Defence budget allocation** and which will improve organisational efficiency and effectiveness and the second package, being those interventions that **need additional funding** and which will improve operational performance. On the former,

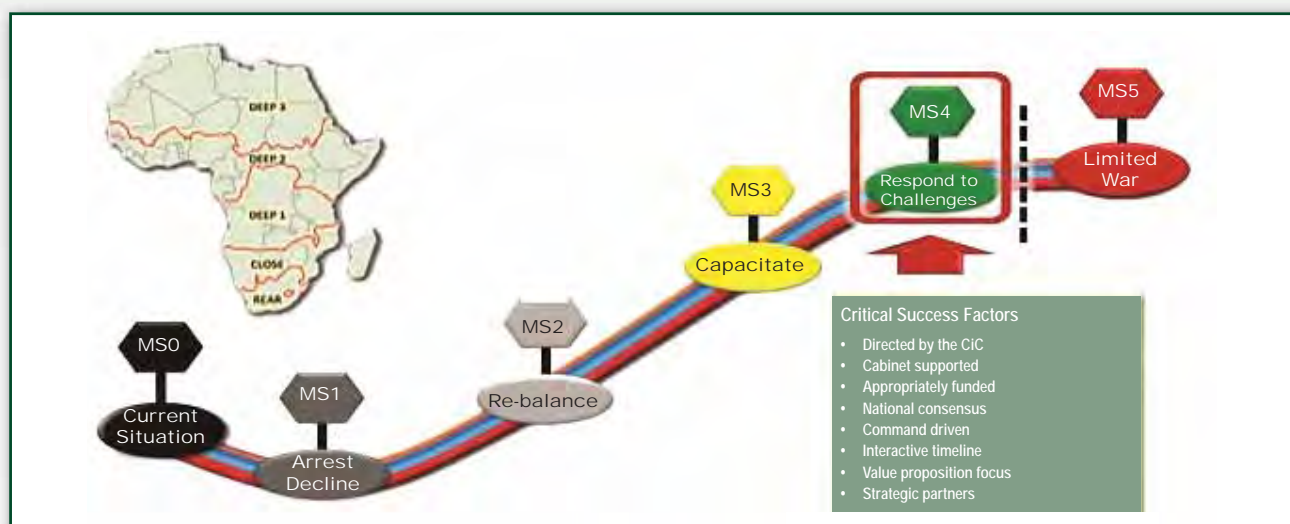
the Planning Team identified the following 12 End States/Outcomes¹¹ that were included in the DOD's Annual Performance Plan 2016¹² :

- Sustained Ordered Defence Commitments.
- Capability sustainment and renewal.
- Defence Facilities maintained.
- Restructuring of the SANDF.
- DOD Human Resources Management.
- Defence Academy established.
- Military discipline enhanced.
- Relationship between the DOD Education, Training and Development programmes and accredited tertiary institutions for civilian and military members.
- Defence Funding Model developed.
- Defence Industry engagements established.
- Strategic direction for the implementation of the SA Defence Review Milestone 1.
- Strategic communication intervention.

Services and Divisions adjusted their plans accordingly and will be reporting against these 12 End States/Outcomes in a narrative form on a quarterly basis. Quarterly reporting will allow the Parliamentary oversight committees to obtain an indication of progress made with the implementation of the Milestone 1 Implementation Plan as well as any improvements/challenges that may arise as it unfolds. Quarterly performance reporting will be done through the Departmental reporting process¹³ for FY2016/17.

The planning team is finalising the cost-driven component to the Defence Review 2015 (Milestone 1) Implementation Plan which will be included in the Planning Instruments of the financial year 2017/18 onwards should the required additional funding be contained in the 2017/18 appropriation to Defence.

The figure below indicates the planning of the DOD's development trajectory.



Note: CiC – Commander-in-Chief

¹¹ DOD Consolidated List.

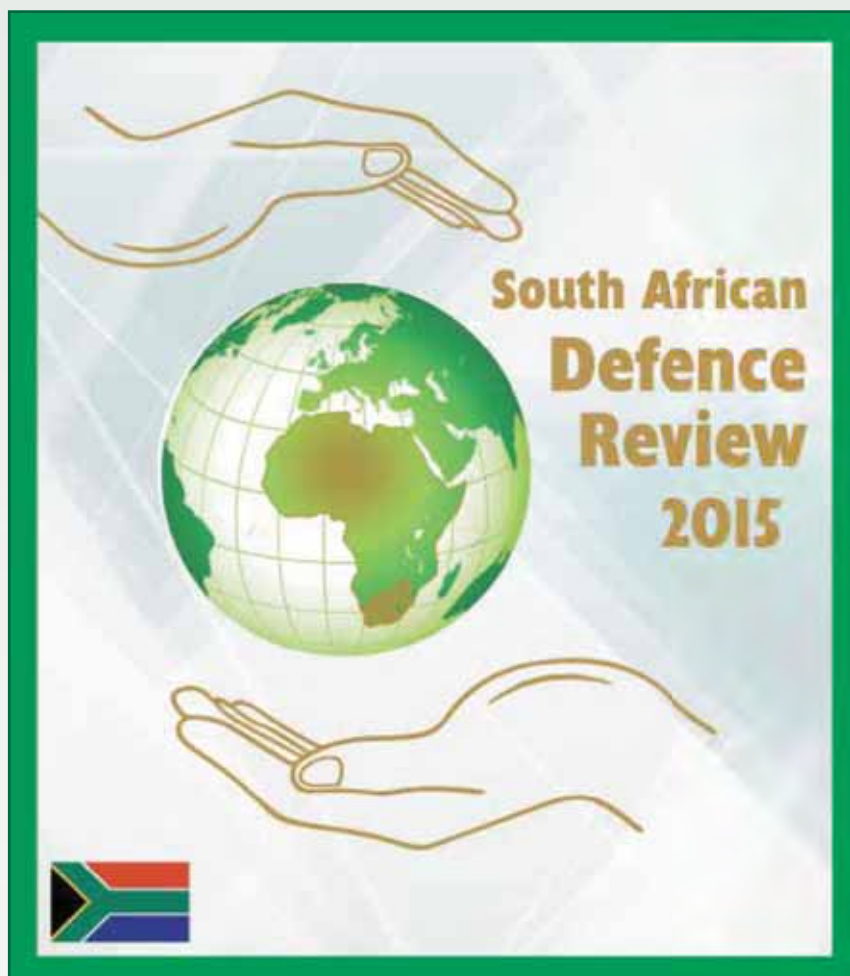
¹² Refer DOD Annual Performance Plan for 2016, page 191.

¹³ DOD Instruction 001/2016: Guidelines for the Preparation of Quarterly Performance Reports on Performance against the DOD Annual Performance Plan for FY2016/17.

Key Policy Developments and Legislative Changes

During the period under review, the adoption and approval of the Defence Review 2015 was the most significant key policy development within the Department.

The Defence Review 2015 is the second comprehensive defence policy review of this nature in the democratic South Africa and maps out the direction defence will be taking over the next 20 to 30 years.



PERFORMANCE INFORMATION BY PROGRAMME

Programme 1: Administration

Overview

This Administration programme is aimed at facilitating the overall management of the Department. The provision of services in the form of Ministerial direction emanating from the office of the MOD&MV as well as Departmental direction from the office of the Secretary for Defence and the C SANDF. The Administration programme provides centralised Human Resources Support, Defence Legal Services and Defence Foreign Relations Support functions to the DOD. Furthermore, the Administration function includes centralised governance, risks and compliance functions, the determination of working methods and procedures that improve internal controls, as well as the veracity of information provided.

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 Resources Support Services¹⁴.
- Legal Services¹⁵.

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.

Purpose

The purpose of the Administration programme is to provide strategic leadership, management and support services to the DOD and provide for military veterans' benefits through the Department of Military Veterans.

¹⁴ Central Staff.

¹⁵ Central Staff.

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 to the DOD to ensure the democratic defence of South Africa 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 South Africa 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.

The Minister constituted the Defence Review Committee and mandated it to look critically at SA's Defence Policy. The Defence Review 2014 was approved by Cabinet on 19 March 2014, endorsed by the National Assembly on 04 June 2015 and the National Council of Provinces on 24 June 2015. The Defence Review 2015 (renamed) provides the defence policy for South Africa that informs the defence trajectory to be pursued over multiple Medium-Term Expenditure Frameworks. The Minister's priorities for FY2015/16 were directly related to the Defence Review 2015 and gave impetus to the implementation thereof.

Outputs

The table below provides details of the Ministerial Direction Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan (APP) of FY2015/16.

Ministerial Direction Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents. (DOD APP tabled in Parliament)	Target 100% (1 DOD APP submitted in line with National Prescripts). Actual 100% (1 DOD APP tabled on 11 March 2016).
	Percentage compliance with submission dates of DOD statutory documents. (DOD Annual Report tabled in Parliament)	Target 100% (1 DOD Annual Report submitted in line with National Prescripts). Actual 100% (1 DOD Annual Report tabled on 29 September 2015).

Ministerial Direction Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD statutory documents. (ARMSCOR APP tabled in Parliament).	Target 100% (1 ARMSCOR APP submitted in line with National Prescripts). Actual 100% (1 ARMSCOR APP tabled on 11 March 2016).
	Percentage compliance with submission dates of DOD statutory documents. (ARMSCOR Annual Report tabled in Parliament)	Target 100% (1 ARMSCOR Annual Report submitted in line with National Prescripts). Actual 100% (1 ARMSCOR Annual Report tabled on 29 September 2015).
	Percentage compliance with submission dates of DOD statutory documents. (Castle Control Board APP tabled in Parliament)	Target 100% (1 Castle Control Board APP submitted in line with National Prescripts). Actual 100% (1 Castle Control Board APP tabled on 11 March 2016).
	Percentage compliance with submission dates of DOD statutory documents. (Castle Control Board Annual Report tabled in Parliament)	Target 100% (1 Castle Control Board Annual Report submitted in line with National Prescripts). Actual 100% (1 Castle Control Board Annual Report tabled on 29 September 2015).
	Percentage compliance with submission dates of DOD statutory documents. (Military Ombud APP tabled in Parliament)	Target 100% (1 Military Ombud APP submitted in line with National Prescripts). Actual 100% (1 Military Ombud APP tabled on 11 March 2016).
	Percentage compliance with submission dates of DOD statutory documents. (Military Ombud Annual Report tabled in Parliament)	Target 100% (1 Military Ombud Annual Report submitted in line with National Prescripts). Actual 100% (1 Military Ombud Annual Report tabled on 29 September 2015).

Subprogramme: Office of the Military Ombud

Purpose

The Office of the Military Ombud was established in terms of the Military Ombud Act, 2012 (Act No. 4 of 2012) to investigate and ensure that complaints submitted by members and former members, a member of the public regarding official conduct of a member or a person acting on behalf of a member with regard to their conditions of service are resolved in a fair, economical and expeditious manner.

Objectives

The objectives of the Military Ombud are as follows:

- Submit an Annual Report to the Minister within one month after the end of the financial year.
- Investigate as well as resolve complaints lodged in writing by:
 - A member regarding his or her service conditions.
 - 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 of the Defence Force.

Overview

During the period under review, the Military Ombud Complaints Regulations were approved by the Minister and promulgated in the Government Gazette on 16 November 2015.

The Office of the Military Ombud received 250 new cases in FY2015/16, and 233 cases were carried over from the previous financial year. From these 483 active complaints a total of 365 cases were assessed and finalised in the FY2015/16 whilst the remaining 113 cases will be carried over to the next financial year (FY2016/17).

Outputs

The table below provides details of the Military Ombud Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Ministerial Direction Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD accountability documents. (Military Ombud APP submitted to the Executive Authority)	Target 100% (1 APP submitted in line with National Prescripts) Actual 100% (1 APP submitted in line with National Prescripts)
	Percentage compliance with submission dates of DOD accountability documents. (Military Ombud Annual Report submitted to the Executive Authority)	Target 100% (1 Annual Report submitted in line with National Prescripts) Actual 100% (1 Annual Report submitted in line with National Prescripts)
	Percentage of written complaints finalised.	Target 60% Actual 76% (365 out of 483 active complaints were assessed and finalized, 113 cases will be carried over to the next financial year)

Subprogramme: Reserve Force Council

Purpose

The Reserve Force Council is a statutory body under the Defence Act, Section 48(4). The Reserve Force Council is a consultative and advisory body and represents the Reserve Force to promote and maintain the force as an integral part of the Defence Force and must be consulted on any legislation, policy or administrative measures affecting the Reserve Force.

Objectives

The objectives of the Reserve Force Council are as follows:

- Provide inputs to Reserve Force policy formulation.
- Assist stakeholders in the development of legislation, policies and strategies for Reserves in accordance with its legislative mandate.
- Advise the MOD&MV, Secretary for Defence, C SANDF and other elements in the DOD as appropriate.
- Communication and marketing of Reserves and Reserve Force System.
- Co-manage joint projects in shooting and military skills.
- Establishment and maintenance of both bilateral and multilateral links with international Reserve Officers' Associations.
- Identifying and advancing international opportunities for young Reserve Force leaders, both officers and non-commissioned officers.

Overview

During the period under review, the Reserve Force Council continued to direct, support and market the Reserves.

The Council provided comprehensive inputs to policy and regulatory matters, such as Reserve Force Council Regulations, Reserve Force Regulations, the Defence Amendment Bill 2015, as well as the Legal Status of the Reserve Force Council as an Organ of State and status of Reserve membership of Military Trade Unions.

Outputs

The table below provides details of the Reserve Force Council Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Ministerial Direction Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD accountability documents. (2 Reports on RFC Activities submitted in line with National Prescripts)	Target 100% (2 Reports on RFC Activities submitted in line with National Prescripts). Actual 100% (2 Reports on RFC Activities submitted in line with National Prescripts).

Subprogramme: Defence Force Service Commission

Purpose

The Defence Force Service Commission was established under the Defence Amendment Act, 2010 (Act No. 22 of 2010), Section 62(b). The outputs of the Defence Force Service Commission are to submit recommendations to the MOD&MV on improvements of salaries, service benefits, policies and conditions of service as well as the effective and efficient implementation thereof.

Objectives

The objectives of the Defence Force Service Commission are as follows:

- Provide annual salary/service benefits recommendations.
- Provide recommendations on conditions of service policies.
- Ensure the effective and efficient implementation of policies on conditions of service within the Defence Force.

Overview

The Defence Force Service Commission (DFSC) signed a memorandum of understanding (MOU) with the Reserve Force Council on 05 October 2015, which will provide a platform for strategic engagement on issues pertaining to Reserve Force members, and to further foster the relationship between the two State Organs.

The Commission published the DFSC Regulations on the DOD Intranet on 05 August 2015. This will facilitate accessibility for the broader DOD and SANDF members to DFSC publications.

The Commission ensured that, in terms of section 62B (1) (a) of the Defence Amendment Act 22 of 2010, four recommendations were tabled to the MOD&MV at the end of the FY2015/16 regarding Military Uniforms, Military Skills Development System, Utilisation of Asbestos and the Cost of Living Adjustment for FY2016/17 for members of the SANDF.

Outputs

The table below provides details of the Defence Force Service Commission Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Ministerial Direction Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence in compliance with Regulatory Framework	Percentage compliance with submission dates of DOD accountability documents. (Annual Report submitted to the MOD&MV regarding DFSC Activities)	Target 100% (1 Annual Report on DFSC Activities submitted in line with National Prescripts). Actual 100% (1 Annual Report on DFSC Activities submitted in line with National Prescripts).

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

Purpose

In terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) the Accounting Officer is to ensure the provision and maintenance of effective, efficient and transparent systems of financial and risk management and internal control.

Overview

During the period under review, the Secretary for Defence provided strategic direction to the DOD through various governance activities and interventions. These included timeous decision-making on strategic and defence diplomacy matters, the effective management and processing of official Departmental documents, the chairing of various DOD management bodies, as well as the attendance of Director-Generals' meetings, Cabinet Legotlas and Government Clusters.

The Secretary for Defence ensured that the DOD implemented all decisions and pronouncements by the Minister, Cabinet and Parliament. As the Head of the Department and Accounting Officer, the Secretary for Defence honoured the DOD's obligations to Parliamentary Committees and oversight bodies, including the National Treasury, Department of Planning, Monitoring and Evaluation (DPME) in the Presidency and the AGSA.

During the launch of the National Defence Industry Council (NDIC) on 03 March 2016, the Secretary for Defence was named as chairperson of the NDIC. A challenging agenda was set for the NDIC and work streams. Due to *"the reality of a reduction of the defence budget"*, the NDIC will investigate alternative funding models (aligned with the Defence Review 2015), expediting armament acquisitions and optimising cash flow, amongst others.

Output Details

The table below provides details of the Departmental Direction Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction (Office of the Secretary for Defence) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (Defence Review 2014 Implementation status) ¹⁶	<p>Target Submission of the SA Defence Review Implementation Plan for MOD&MV approval.</p> <p>Actual SA Defence Review Implementation Plan in progress.</p> <p>Deviation The SA Defence Review 2015 adoption by the National Assembly took place on 04 June 2015 and by the National Council of Provinces on 24 June 2015. The submission of the Defence Review (Milestone 1) Implementation Plan for the MOD&MV approval is planned to take place during the 2nd quarter of FY2016/17 and subsequent monitoring to commence through the departmental quarterly performance reporting process in FY2016/17¹⁷.</p>

¹⁶ This was changed to the Defence Review 2015, after the adoption by the National Assembly and the National Council of Provinces during June 2015.

¹⁷ DOD Instruction 001/2016: Guidelines for the Preparation of Quarterly Performance Reports on Performance against the DOD Annual Performance Plan for FY2016/17.

Departmental Direction (Office of the Secretary for Defence) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	External Statutory Responses to Requests Received, status	<p>Target 100%</p> <p>Actual 66% (61 requests received of which 40 requests were fully processed).</p> <p>Deviation External statutory responses to requests received were processed within their timelines, except for some cases where responses required lengthy consultations with other State departments.</p>
Ensure Defence compliance with Regulatory Framework	Percentage compliance with submission dates of DOD accountability documents (DOD Annual Report submitted to the Executive Authority)	<p>Target 100% (1 DOD Annual Report submitted in line with National Prescripts).</p> <p>Actual 100% (1 DOD Annual Report tabled on 29 September 2015).</p>
	Percentage compliance with submission dates of DOD accountability documents (DOD APP submitted to the Executive Authority)	<p>Target 100% (1 DOD APP submitted in line with National Prescripts).</p> <p>Actual 100% (1 DOD APP tabled on 11 March 2016).</p>
Administrate the DOD	Established DOD strategic research capability status	<p>Target Policy Research Unit Concept document approved</p> <p>Actual The DOD Strategic Research Capability will be incorporated into the structure and function of the Chief Defence Scientist. A position paper was compiled and submitted to the Defence Review Implementation Planning Team for inclusion in the Defence Review 2015 (Milestone 1) Implementation Plan.</p> <p>Comment The draft Policy Research Unit Concept document will be completed during the FY2016/17 to give substance to the Chief Defence Scientist capability.</p>

Subprogramme: Government Information Technology Officer (GITO)

Purpose

The 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

During the period under review, the Defence Enterprise Information System Architecture Division ensured that the DOD remained in line with government priorities, national policy and related prescripts for information and communication systems.

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Progress was made with the staffing of various vacant senior management posts within this establishment. The appointment of the GITO was finalised and he assumed his duty on 01 May 2016. The Director Enterprise Information System Architecture and the Deputy Director Promotion of Access to Information Nodal were also staffed during the period under review.

In terms of Section 15(1)(a) of the Promotion of Access to Information Act (PAIA), (Act No. 2 of 2000) the DOD published a list of records automatically available from the DOD in the Government Gazette No. 1118, promulgated on 13 November 2015.

The PAIA manuals were translated into English, isiXhosa and Sesotho for the DOD. These manuals were printed and distributed throughout the DOD and published on the DOD official webpage and Intranet.

Outputs

The table below provides details of the GITO Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction (GITO) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (Department of Defence Information Strategy status)	Target 100% Monitor and Review. Actual 100% Monitored and Reviewed. Comment Although this target relates to the monitoring and reviewing of adherence to the Department of Defence's Information Strategy, the Strategy itself is being reviewed concurrently and 89% of the activity has already been completed.
	Percentage adherence to DOD governance promulgation schedule (Information and Communication Systems Policy Development Plan status)	Target 100% Monitor and Review. Actual 100% Monitored and Reviewed.

Subprogramme: Policy and Planning

Defence Policy, Strategy and Planning Division

Purpose

The purpose of the Subprogramme is to give advice on defence policy matters and coordinate the departmental strategic direction process in accordance with national policy through defence policy, strategy and planning to enable the effective, efficient and proper conduct of Defence activities as well as secretariat and administrative support to the National Conventional Arms Control Committee (NCACC).

Overview

During the period under review, the Division facilitated the compilation and tabling of the SA Defence Review 2015, which was adopted by both Houses of Parliament during June 2015. To this end, the SA Defence Review 2015 was printed and distributed during March 2016. The Milestone 1 deliverables were included as Appendix D in the DOD APP for FY2016/17 and will be reported on during the year of execution.

As the Secretariat of the JCPS Cluster (including the subcommittees and the Inter Ministerial Committee) the Division planned, convened and supported the JCPS Ministers' and Directors-General Fora in various actions, events and activities.

The DOD's Performance Information Management System was developed and rolled out on 09 August 2015. This system facilitates the electronic management of Performance Indicator Technical Datasheets and will contribute towards improving the management and audit on predetermined objectives.

The DOD Annual Report for FY2014/15 and DOD APP for 2016 were tabled in Parliament on 29 September 2015 and 11 March 2016 respectively. The DOD Quarterly Performance Reports for FY2015/16 were compiled and approved by the Accounting Officer and submitted to the Executive Authority, DPME in the Presidency, National Treasury and AGSA in line with statutory requirements.

Management Performance Assessment Tool (MPAT) provides an analysis of current management practices across a range of key performance areas and identifies where further interventions are required for improvement. The systematic implementation of MPAT leads to a growing understanding of the ways in which management practices contribute to improved performance. The DOD utilises the MPAT results to improve its management practices and to strengthen its internal controls. During the MPAT 1.5 assessment cycle, the Department received an average score of 2.7, which was an improvement on the MPAT 1.4 average score of 2.1¹⁸.

In executing the responsibility of effective regulation of arms transfer in South Africa, administrative and secretariat support were provided to the NCACC and 5 546 permits were issued.

Effective risk management is key to the achievement of predetermined objectives. To this end, the DOD managed to establish and maintain a system of risk management consistent with statutory prescripts.

Outputs

The table below provides details of the Policy and Planning Subprogramme (*Defence Policy, Strategy and Planning Division*) outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Policy and Planning Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance schedule	Target 100% Actual 100%

¹⁸ Refer Part C: Governance, for detail on the DOD's MPAT 1.5 results.

Policy and Planning Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	Percentage compliance with submission dates of DOD accountability documents	Target 100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts). Actual 100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts).
Administrate the DOD	DOD Enterprise Risk Management maturity level achieved	Target Level 6 Actual Level 5 achieved Deviation (1) DOD risk assessments were not enriched by advanced techniques to enhance decision making, (2) risks were not monitored against the approved risk tolerance levels and (3) the DOD did not encouraged a culture of innovation and risk taking within the approved tolerance levels.
	DOD Management Performance Assessment Tool, assessment level	Target Level 2.5 Actual Level 2.7 achieved

Military Policy, Strategy and Planning Office

Purpose

The purpose of the subprogramme is to give advice on military policy matters and to coordinate the military strategic direction process. This process includes developing policy, formulating strategies and plans, monitoring the execution of plans and the reporting thereof.

Overview

During the period under review, this Office continued to support the C SANDF through strategic advice in preparation for the Council on Defence and for the attendance of the various cluster meetings. The Office coordinated the SANDF's participation in bilateral and multilateral defence diplomacy activities. Of significance was the attendance of the United Nations (UN) Special Committee on Peacekeeping Operations (C34) to review and make recommendations to address challenges experienced in these operations.

Through the Defence Review Implementation Project Team, progress made with the implementation of the Defence Review 2015 milestones was monitored. C SANDF's strategic intent and support options as well as the revision of the military strategy will support the implementation of the Defence Review Milestone 1 Implementation Plan and guide the future role of the SANDF in peace support operations on the continent.

Outputs

The table below provides details of the Policy and Planning Subprogramme (*Military Policy, Strategy and Planning Office*) outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction: Military Policy, Strategy and Planning Office Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	Percentage compliance with submission dates of DOD accountability documents (SANDF quarterly reports submitted to the Executive Authority)	<p>Target 100% (4)</p> <p>Actual 100% (4)</p> <p>Comment Accountability documents were submitted in line with National Prescripts.</p>

Subprogramme: Financial Services (Chief Financial Officer)

Purpose

The purpose of the Subprogramme is to provide an innovative, cost-effective financial management Departmental service for the MOD&MV, Secretary for Defence and C SANDF within the regulatory framework.

Overview

As the Chief Financial Officer (CFO) and head of the Financial Management Division, the CFO assisted the Accounting Officer with his PFMA Section 38 responsibilities. This ensured compliance with all legislative prescripts relating to budget preparation and execution, financial reporting and the development and maintenance of internal control practices and policies.

The Division played a pivotal role in ensuring that the DOD upholds 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. Financial reports, such as the Estimate of National Revenue and Expenditure, Annual Financial Statements, Drawings to the National Revenue Fund, 30-day payment of suppliers, Early Warning Reports on expenditure and cash-flow reports were submitted according to legislative prescripts and time lines.

Through appropriate budget control measures, the Division ensured that 99.99% of the allocated General Vote was spent. A concerted effort was made to enhance the ability to pay DOD suppliers within the prescribed 30-day period (after receipt of a legitimate invoice). Performance in this regard improved significantly from 72% payment of suppliers within 30 days in quarter one to 85% in quarter four (average of just over 80% for FY2015/16).

The absence of an Integrated Financial Management System, with a lack of appropriate technical support for the out-dated Financial Management System, remained a threat to sound financial management and integrated financial monitoring systems. This complicated and limited the scope of credible, accurate and timely management information for reporting and decision-making. The Division continued to refine Departmental financial processes, systems and policies with the view to ensure alignment with the Public Finance Management Regulatory Framework in order to improve service delivery. The Division played an

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integral role in implementing financial reforms within expenditure control and accounting practices, as directed by the Accounting Officer.

Outputs

The table below provides details of the Financial Services Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Financial Services Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	Number of Audit Findings	Target 0 Actual 1 Deviation Audit qualification received on the SDA due to the nature of the SDA regarding sensitive projects.
	Percentage compliance with submission dates of DOD accountability documents (Percentage compliance with DOD financial management products)	Target 100% (37 Financial management products submitted in line with National Prescripts). Actual 100% (37 Financial management products submitted in line with National Prescripts).
Administrate the DOD	Percentage payments within 30 days from receipt of legitimate invoices	Target 75% Actual 80.09% Comment 370 654 out of 462 797 legitimate invoices received were paid within 30 days. Invoices not paid were due to non-integration of legacy DOD Information systems.
Administrate the DOD	Provide sound Financial Management of the DOD	Target <8% Actual 1.4%

Subprogramme: Human Resources Support Services (DOD Central Staff)

Purpose

The purpose of the Subprogramme is to provide full human resources support services to the DOD.

Overview

During the period under review, the National Youth Service Programme was supported, amongst others, by means of participating in the National Rural Youth Service Corps Programme (NARYSEC). Three National Rural Youth Service Corps intakes with a total of 1 839 youth participants were supported during FY2015/16.

The Division implemented (with the exception of some outstanding cases to be finalised during FY2016/17) the housing allowance increase for DOD officials in line with the DPSA Instruction and timelines and saw the increase of allowance to home owners increasing from R900 to R1 200 per month.

Outputs

The table below provides details of the Human Resources Support Services Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Human Resources Support Services (DOD Central Staff) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (Human Resources Development (HRD) Strategy status)	Target Approved Strategy & Implementation Plan. Actual The HRD Strategy & Implementation Plan was approved on 13 April 2016.
	Percentage adherence to DOD governance promulgation schedule (National Youth Service Policy status)	Target Policy Approved and Promulgated. Actual Policy discontinued. Deviation The Policy on National Youth Service was discontinued due to the fact that the DOD is not the leading department. The DOD supported this programme. 1 364 National Youth Service participants were trained during the FY2015/16.
Ensure Defence compliance with Regulatory Framework	Percentage compliance with submission dates of DOD accountability documents (SMS financial disclosures submitted)	Target 100% (294) Actual 93% of 255 SMS members (as on 31 March 2016) submitted. Deviation Internal control measures are in place to address non-compliance during FY2016/17.
	Percentage compliance with submission dates of DOD accountability documents (SMS performance agreements submitted)	Target 100% (294) Actual 84% of 255 SMS members (as on 31 March 2016) submitted. Deviation Internal control measures are in place to address non-compliance during the FY2016/17.
Administrate the DOD	Percentage collective grievances and disputes resolved	Target 85% Actual 71% Deviation The complexity of some grievances required more time for finalisation.

Human Resources Support Services (DOD Central Staff) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Administrate the DOD	Number of disciplinary cases in the DOD finalised within 90 days (PSAP disciplinary cases)	Target 39 Actual 20 Deviation The complexity of some cases required more time for finalisation.
	DOD Ethics Management status	Target DOD Ethics Policy Approved. Actual Policy in progress. Deviation The development of the policy on DOD Ethics was delayed due to the unavailability of a specialist to facilitate the policy development. A chaplain who is a specialist in ethics will facilitate the policy development in the FY2016/17.
Enable the DOD	Percentage compliance with DOD training targets (Number of PSAP training programmes)	Target 100% (2 587) Actual 99.88% (2 584) Deviation 0.12% within acceptable level.
Provide professional and supported DOD Human Resources	Percentage compliance with planned staffing of funded posts	Target 100% (79 445) Actual 96% (76 386) Deviation The PSAP attrition rate was higher than anticipated.
Provide sound Defence direction	Number of positions filled vs. allocated quota for international institutions	Target 12 Actual 8 Deviation The DOD identified eight posts and only filled those eight posts.
Enable the DOD	Percentage compliance with DOD training targets (non-combat professional military development courses)	Target 100% (1 934) Actual 142% (2 744) Comment Additional ad hoc training programmes were presented during the FY2015/16.

Human Resources Support Services (DOD Central Staff) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Enable the DOD	Percentage compliance with DOD training targets (Reskilling)	Target 70% (50) Actual 174% (124) Comment An effective marketing drive was conducted by the DOD (Human Resources Division), which made more members aware of the opportunities available in terms of reskilling. The increase in the attrition rate, which was mainly due to retirement of members, also contributed to an increase in the number of members undergoing reskilling during the FY2015/16.
	Percentage compliance with DOD training targets (National Youth Service Programme)	Target 100% (2 000) Actual 68% (1 364) Deviation NYS participants, who were medically unfit to undergo training at SANDF units, attended a similar leadership development programme at the Thaba Nchu NARYSEC College with the DOD's support. Since the DOD had not trained those young people, the figures were not included in the output for FY2015/16.
Provide professional and supported DOD Human Resources	Number of military skills development members in the system per year	Target 3 863 Actual 3 944 Comment More MSDS members absorbed by the SA Air Force, SA Navy and SAMHS than planned for FY2015/16.
	Number of Reserve Force Person Days	Target 2 442 792 Actual 2 768 982 Comment Two additional Reserve Force companies were called up for border safeguarding operations.
	Percentage compliance with SANDF battle fitness requirements	Target 85% Actual 0%

Human Resources Support Services (DOD Central Staff) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide professional and supported DOD Human Resources	Percentage compliance with SANDF battle fitness requirements	<p>Deviation</p> <p>The Performance Indicator <i>“Percentage compliance with SANDF Battle fitness requirements”</i> consists out of three main components, being Standard fitness evaluations (battery test), Concurrent Health Assessment and Battlefield fitness. Two of the three components (fitness evaluations and Concurrent Health Assessment) have been attended to. However, the battlefield fitness component is still outstanding and as a result thereof the target set for the achievement of the Performance Indicator could not be achieved. Due to the complexity of the measurement instrument used to measure the performance in terms of battlefield fitness, the Human Resource Division was unable to report on the performance achieved regarding the performance indicator <i>“Percentage compliance with SANDF Battle fitness requirements”</i>. The measurement instrument is currently under review so as to test the validity thereof, which will require the participation from the Services.</p>

Subprogramme: Legal Services (DOD Central Staff)

Purpose

The purpose of the Subprogramme is to provide professional, legitimate and deployable Defence legal services and support commensurate with the needs of the DOD.

Overview

During the period under review, Defence Legal Services provided legal services and advice to the DOD through various activities and interventions. The Division provided legal advice and litigation: a total of 142 litigation cases were received and all these cases were attended to. A total of 27 x cases were finalized: 24 x cases were settled in the best interest of the DOD whilst 3 x cases were lost. The Division continued to work in partnership with the office of the State Attorney, other Government departments and the State Law Advisor to ensure that all litigation is effectively attended to in the best interest of the DOD.

This Division was not in a position to perform to its full capacity to ensure that backlog litigation cases were effectively attended to in the best interest of the DOD due to the non-appointment of Military Judges. The lack of Military Judges had a carry-through effect on all other systems in the Military Justice System and compromised the support regarding ‘zero tolerance’ on all forms of ill-discipline and abuse of power, as required by the Minister.

The Division complied with the SANDF requirements with respect to operational legal support and advice, legislative legal advice, drafting of all Legal Instruments and training for all internal and external operations and exercises for combat readiness to all predeployed and deployed members of the SANDF.

The Division provided positive negotiation and support in respect of cooperation with international, regional and subregional organisations (e.g. the UN, AU, SADC, as well as foreign armed forces e.g. Ex IBSAMAR (India and Brazil) and Ex OXIDE (France)).

Outputs

The table below provides details of the Legal Services Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Legal Services (DOD Central Staff) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence compliance with the Regulatory Framework	Percentage of cases of corruption and fraud prosecuted (Conviction rate of persons R5 million and over)	Target 0 Actual 0 (No cases of Rm5 and over were reported).
	Percentage litigation cases finalised in the best interest of the DOD	Target 50% Actual 88.87% (24 out of 27 cases finalised).
Ensure Defence compliance with Regulatory Framework	Percentage of cases of corruption and fraud prosecuted	Target 40% (70) Actual 9 (5%) Deviation Due to non-appointment of Military Judges ¹⁹ .
Administrate the DOD	Percentage reduction of military court cases outstanding (backlog)	Target 60% Actual 20% Deviation Due to non-appointment of Military Judges.
	Percentage military court cases finalised (in-year)	Target 40% Actual 3% Deviation Due to non-appointment of Military Judges.
	Number of disciplinary cases in the DOD finalised within 90 days (military disciplinary cases)	Target 600 Actual 70 Deviation Due to non-appointment of Military Judges.

¹⁹ Military Judges were assigned on 07 June 2016. Extended court hours will be instituted to address the backlog.

Subprogramme: Inspection and Audit Services

The subprogramme Inspection Services consists of two components, namely Inspection Services (Inspector-General) and Internal Audit Services.

Inspection Services (Inspector-General)

Purpose

The Inspection Services (Inspector-General) Subprogramme ensures the validity and veracity of management information of the DOD.

Overview

During the reporting period, internal performance and compliance audits were conducted in line with approved internal audit schedules and ad hoc investigations as per C SANDF's request.

Qualitative and quantitative perception surveys were conducted and the level of DOD morale, the level of communication and the implementation of the grievance procedure in the DOD were found to be positive.

The Defence Inspectorate Division was involved with the training of 27 military inspectors of the Namibian Defence Force as per Defence Committee instruction. Subsequently, similar requests for training were received from the Malawian and Botswana Defence Forces to be presented during the FY2016/17.

Fraud and corruption awareness roadshows were presented to 10 248 DOD members, including the command cadre of the SANDF. A total of 51 incidents were reported via the Whistleblowing Hotline, of which 19 were investigated for corruption and/or fraud during FY2015/16. Twelve incidents from the backlog of the previous year were finalised. Fifteen incidents were reported on the National Anti-Corruption Hotline and 12 of these incidents were finalised.

Outputs

The table below provides details of the Inspection and Audit Services (Inspector-General) Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Inspection and Audit Services (Inspection Services) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	Number of detection investigations of corruption and fraud conducted ²⁰	Target 19 Actual 19

²⁰ Performance indicator name change. Previously read as "Percentage reduction of incidents of corruption and fraud reported for detection".

Inspection and Audit Services (Inspection Services) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Administrate the DOD	Number of detected National Anti-corruption Hotline cases conducted	Target 10 Actual 12 Comment Two more incidents than were reported and concluded.
	Number of corruption and fraud awareness activities	Target 48 Actual 86 Comment Owing to a renewed drive to combat corruption and fraud in the DOD, more activities were conducted (units visited) than planned, especially in Gauteng. 27 x unplanned activities were completed in response to <i>ad hoc</i> requests by Services and Divisions for briefings to the command cadre on the management of corruption and fraud. 11 x awareness education activities were completed in Gauteng as part of a renewed drive by DACAF to reach as many people and units as possible.
Provide professional and supported DOD Human Resources	Level of communication in the DOD	Target Positive Actual Positive

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 did not achieve its targets in terms of the approved Audit Plan for FY2015/16. The non-compliance was mainly due to the prolonged staffing process, specifically relating to vetting requests.

In order to ensure that the Internal Audit Division is sufficiently capacitated, the Minister approved three Chief Director's posts (under Alternative Service Delivery) to assist with the review and development of an appropriate structure. The review of the structure is still underway and will contribute towards resolving the structural and skills challenges currently experienced.

The Division managed to add value to the DOD on other issues of internal audit through providing 'add-value service' and remained on track in effectively coordinating audit committee activities and assisting the DOD in reducing the turnaround time in submission of information, responding to AGSA enquiries and action plans.

Outputs

The table below provides details of the Inspection Services (Internal Audit Services) Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Inspection and Audit Services (Internal Audit Services) Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	Percentage progress of DOD Annual Audit Plan	<p>Target 100%</p> <p>Actual 32% (20 out of 63 audit activities)</p> <p>Deviation The Internal Audit Plan was oversubscribed due to the expectation of the finalisation of the staffing process. The verification and vetting procedures prolonged the staffing process.</p>

Subprogramme: Acquisition Services (Chief Defence Matériel)

Purpose

The purpose of the Subprogramme is to direct and manage Defence Matériel Acquisition and Governance optimally by means of appropriate resources to deliver solutions effectively, efficiently and transparently within the applicable regulatory frameworks.

Overview

During the period under review, the 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 approvals of project milestone documents was experienced and can be ascribed to managerial intervention that enabled an improved approval process. This resulted in improved cash flow and fewer roll-overs within the approved governance framework.

The NDIC's launch took place on 03 March 2016 and created a balanced domain for all Arms Control matters. The working groups within the NDIC will be responsible for the implementation of the NDIC objectives, which includes, amongst others, the National Defence Industry Support Strategy.

During FY2015/16, the following strategically important acquisition, technology development and supply chain Governance, Risk and Compliance related highlights were achieved:

- Delivery of medium and light graders, tracked and wheeled dozers, wheeled loaders, tractor loader backhoes and tracked excavators were completed during the reporting period. This equipment will enhance the SA Army's Engineering capability, i.e. construction of landing strips, roads, etc. and will also increase the readiness of the SANDF with respect to its conventional and border protection capabilities.
- The first major milestone in the production process of the SA Army's Infantry Combat Vehicles was made during January 2016. The majority of the vehicle platforms will be completely manufactured in South Africa. All technologies have been transferred from Patria (Finland) to Denel Land Systems, the main contractor, and the first locally produced platform hull was completed. This project is the single largest project handled by Denel. The final delivery of all the vehicles is expected at the end of 2022.

- The Water Provisioning System for the SA Army, which is a priority project for the SANDF, delivered the first water purifier for technical tests eight months ahead of schedule. This will assist in meeting timescales for the delivery of all the water purifiers. Delivery of the Water Provisioning System will enhance the SA Army's Operational and Support Capabilities. It will also contribute towards humanitarian aid (i.e. floods) to other State departments.
- The first Oryx helicopter flew in SA on 18 September 1987. The Oryx helicopter fleet forms the backbone of the SA Air Force's rotary wing transport fleet. After 29 years, the Oryx fleet was upgraded in terms of on-board avionics and navigation systems. During the reporting period, the upgrades on all the Oryx helicopters were completed, and the aircraft were delivered to the SA Air Force.
- The SA Navy has taken delivery of two new harbour tug boats. The two existing harbour and coastal tugs, De Neys (52-years old) and De Mist (40-years old), were replaced by two Damen Azimuth Tractor Drive 2909 tug boats. Imvubu (meaning hippo) was delivered to the SA Navy on 09 July 2015 and Inyathi (meaning buffalo), was delivered on 04 February 2016. The two new tug boats will be deployed for towing, mooring and fire-fighting operations for the SA Navy's current and future fleet of vessels under all weather, heavy sea and restricted visibility in day and night conditions.
- Square Kilometre Array/Department of Defence (including Alkantpan Test Range) Coexistence - work between the relevant departments continued in the spirit of assured collaborative coexistence conversant with the conditions as stipulated in the Astronomy Geographic Advantage Act and its regulations. The Secretary for Defence directed the project team to find a solution that will not require amendments to the Act, but rather that the DOD will recommend to the Department of Science and Technology a change to the Draft Regulations that seeks to regulate the radio frequency activities in the area. The recommendation should protect the DOD's interest in this regard. The Council for Scientific and Industrial Research and the square kilometre array arranged a radio frequency measurement campaign during the former part of the year to initiate the characterisation of the radio frequency environment at Alkantpan. It was found that in some instances the levels of radio frequency measurements exceeded the levels required by the square kilometre array. The Secretary for Defence directed an amendment to the regulations for this issue as well as other mutual interests.
- On Tuesday, 22 September 2015 the first successful ballistic firing of a locally developed dual-pulse rocket motor, radar-guided missile (Air-to-Air variant), was launched. This is a flagship project within the DOD's Technology Development environment. It is also the first launch of such a missile from African soil and puts SA and South African capabilities in an elite group of countries who are able to develop an Air-to-Air radar-guided missile. The team from the DOD, ARMSCOR and Denel (with subcontractors), performed this feat within budget, with only a four month delay on the four year programme schedule. Even though the launch is termed 'ballistic', many more objectives were achieved during the launch and flight than during a clinical ballistic launch and flight.
- Of the 178 submissions recommended for screening by the Departmental Commercial Procurement Board, 33 submissions were awarded with a contract estimated value of R1 597 216 696.
- The Joint Project Officers' Course is presented three times per year by Defence Matériel Division. Each course accommodates 24 learners of which a total of 72 learners completed the course. The aim of the course is to orientate and familiarise learners with the Defence Acquisition Management policy and assisted attendees to conceptualise the policy.

Outputs

The table below provides details of the Acquisition Services Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Acquisition Services Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (Defence Intangible Capital Assets Management Policy status)	Target A functioning Defence Intangible Capital Assets Management Organisation (Policy Implementation and Monitoring). Actual A policy has been implemented and is currently being reviewed to align with National Policy.
Renew DOD Main Equipment and Systems	Percentage armament acquisition commitments approved	Target ≥75% by 31 March of each year. Actual 98%
Undertake Defence Research and Development	Percentage technology development commitments approved	Target 85% – 100% by 31 March of each year. Actual 98%

Subprogramme: Defence International Affairs

Purpose

The purpose of the Subprogramme is to formulate and provide policy advice on the determination and conduct of Defence Foreign Relations and the attendant Defence diplomatic engagement and to ensure that such a policy accords with the evolving and emerging foreign policy of the country.

Overview

Defence International Affairs Division is mandated to provide defence international affairs policy and strategic direction to establish bilateral and multilateral relations in the field of defence, as well as to manage international legal instruments within the DOD.

During the period under review, the Division achieved its intended outputs by providing policy direction to its stakeholders by means of requisite policies and related policy instruments. This policy direction was provided with the assistance of The Department of International Relations and Cooperation and keeping the DOD's international defence engagements with partner countries and international organisations in mind.

The Defence International Affairs Policy is still in the process of development, and the draft policy is now under stakeholder's consultative process for review and will be completed and promulgated during the FY2016/17.

Outputs

The table below provides details of the Defence International Affairs Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Defence International Affairs Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (Policy products in pursuit of Defence Diplomacy)	Target Ensure 100% relevant, quality policy products. Actual Ensured 100% relevant, quality policy products.
	Percentage adherence to DOD governance promulgation schedule (Defence Foreign Relations Policy ²¹ status)	Target Policy Monitor Implementation. Actual Policy in progress. Deviation The approval for promulgation of the policy was delayed due to matters relating to the finalisation of the Minister of Defence's Directive for the <i>'Execution of Defence Diplomacy Policy in the DOD'</i> ²² .
Ensure Defence compliance with Regulatory Framework	Percentage deployments including training exercises, where applicable, supported with appropriate legal instruments	Target 100% Appropriate approved legal instrument be in place. Actual 100% Appropriate approved legal instrument in place.

Subprogramme: Communication Services

Purpose

The purpose of the Subprogramme is to provide Defence Communication, Policy, Strategy and Plans in accordance with DOD policy and national (Government Communication and Information system) policy, and a decentralised corporate implementation, services and products in order to enable effective, efficient, asymmetric two-way communication between the DOD and its stakeholders in support of DOD outputs.

Overview

During the period under review, the Division, as the custodian of the management and protection of the reputation and image of the DOD, continued with its efforts to ensure stronger public awareness, understanding and support for Defence amongst its key stakeholders.

Liaison with the media ensured that several DOD events were covered to showcase the capabilities of the SANDF and portray the DOD as a disciplined, dedicated organisation and 'pride of the nation'. These events included amongst others, the Armed Forces Day Parade held in Port Elizabeth during February 2016, The Freedom Day Parade held during April 2015 and National Heritage Day Parade held in September 2015, as well as the Rand Easter Shows in 2015 and 2016.

²¹ The policy will be renamed to "Defence International Affairs Policy".

²² The MODD/00002/2016 (Edition 1) was approved by the Secretary for Defence on 13 April 2016 and submitted to the MOD&MV for final approval and promulgation.

Outputs

The table below provides details of the Communication Services Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Communication Services Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Promote consensus on Defence	Status of public opinion of the DOD	Target 77% Actual 72% ²³ Comment Deviation from target is within acceptable norms for public opinion status (70% and above).

Subprogramme Administration: SANDF Command and Control

Purpose

The purpose of the subprogramme is to command the SANDF.

Overview

The office of C SANDF continued to provide military strategic direction to the SANDF entities through instructions and orders to ensure that the SANDF's constitutional mandate, as directed by Government, is successfully executed.

Outputs

The table below provides details of the SANDF Command and Control Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction: SANDF Command and Control Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Number of Strategic Activities per annum	Target 10 Actual 10

Subprogramme: Religious Services

Purpose

The purpose of the subprogramme is to provide a chaplain service that cares for all DOD members and their dependants and promotes spiritual growth, social support and ethical conduct.

²³ Refer to Appendix A for details regarding the survey's outcome.

Overview

During the period under review, the Chaplain Service supported the DOD by proactively enhancing the spiritual, moral and ethical level of members of the DOD. The Chaplain Service continued to contribute to SADC chaplains' development agenda. The Chaplain-General was elected as the chairperson of the Spiritual and Moral Support Workgroup of the Operations Sub-subcommittee of SADC during FY2015/16.

Ministry and support were given during research missions at South African National Antarctic Expedition bases, namely Gough Island, Marion Island and Antarctica. These voyages were supported by the Religious Services in such a way that each had a chaplain to support the expedition.

Twenty-four chaplains were deployed on a continuous basis externally and internally. Regular and Reserve chaplains were deployed to SA borders where SANDF soldiers were deployed. The Chaplain General's staff accompanied the official team on goodwill visits to internal and external deployment areas.

Outputs

The table below provides details of the Religious Services Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction: Religious Services Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Administrate the DOD	Number of Covenantal relationships with Religious Stake holders (Religious Advisory Boards)	Target 5 Actual 5

Subprogramme: Defence Reserve Direction

Purpose

The purpose of the subprogramme is to direct the development and maintenance of the Reserve system, to provide specialist advise on Reserve matters and to promote/market 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 Services and Divisions. The total strength of the Reserves at the end of FY2015/16 was 22 917, of which a total of 14 891 were called up during FY2015/16. A total of 2 768 982 person days were served by the Reserves with an average call-up duration of 184 days per person.

The external deployment of Reserve members in Peace Support Operations continued and Reserves were also employed up to battalion strength in border safeguarding duties.

The following activities (amongst others) were achieved in order to promote and market the Reserve Force System:

- The Reserve Force Volunteer magazine was published twice during FY2015/16 and was widely distributed. The website (www.rfdiv.mil.za) is continuously updated and has 246 416 hits to date.

- The most recent activity in support of the SA Army was the Freedom of Entry Parade into Ladysmith, KwaZulu-Natal. Provincial Office KwaZulu-Natal played an important role during the planning and execution phases of the Pietermaritzburg Royal Show. This was utilised as a vehicle to market and promote the Reserve Force system with the intention of creating a broader awareness amongst the spectators of the Royal Show.
- The Provincial Office Eastern Cape was part of the Bathurst Show where it manned a stall with the aim of promoting and marketing the Reserve Force system. This office also created awareness of the Reserve Force system amongst business delegates who attended the World Hydrography Week in Mdantsane by manning a stall and distributing promotional items that related to the Reserve Force system.
- The Provincial Office North West, supported by the Reserve Force Council and the SA Army, presented the 10th Military Skills Competition in Potchefstroom to select a seven-member team to represent the RSA in next year's Inter-allied Confederation of Reserves Officers (CIOR) Military Competition in Toledo, Spain. One hundred and seventy-five members participated in the event. International competitors were from Botswana, Denmark, UK and the Netherlands.
- The Provincial Office Eastern Cape participated in the Armed Forces Day Celebrations in Port Elizabeth. It manned a stall to promote and market the Reserve Force system amongst the participants. This office also launched its Defence Provincial Liaison Council during the same period to garner support for the Reserve Force from all stakeholders within the Eastern Cape.
- The Provincial Office Gauteng South and the Defence Reserves Division Headquarters staff participated in the Rand Easter Show that is held annually to promote and market the Reserve Force system. Promotional items relating to the Reserve Force system were handed to participants.

Outputs

The table below provides details of the Defence Reserve Direction Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction: Defence Reserve Direction Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Administrate the DOD	Number of marketing events to promote the Reserves	<p>Target 36</p> <p>Actual 24</p> <p>Deviation A number of marketing events were cancelled or postponed due to overlapping with priority activities. Budget constraints had a hampering effect on a number of planned activities.</p>

Subprogramme: Defence Foreign Relations

Purpose

The purpose of the subprogramme is to provide a DOD and MOD&MV foreign relations capability and service.

Overview

During the year under review, the Defence Foreign Relations Division was involved in various defence diplomacy activities and events, such as:

Joint, Interagency, Interdepartmental and Multinational Exercises

- Ex OXIDE took place in Richards Bay in September/October 2015. The primary objective of the Ex was to develop and maintain maritime cooperation at the operational and tactical levels between the SA Navy and the French forces stationed in Reunion.
- Ex WAYSIDE was conducted during May and August 2015 with the aim of maintaining the provincial chemical, biological and radiological response teams and Interdepartmental cooperation for the management of chemical, biological and radiological incidents.
- Ex BLUE ZAMBEZI was conducted in Botswana in September 2015. This was a humanitarian aid Ex between SADC air force components aimed at achieving readiness for humanitarian aid operations and related supporting operations.
- From 19 October 2015 to 08 November 2015, the SANDF participated in Ex AMANI AFRICA II, a continental capacity-building field training exercise under the auspices of the AU which took place at the SA Army Combat Training Centre in Lohatla.

Bilateral and Multinational Meetings. Bilateral and Multinational meetings took place during the FY2015/16, such as the 9th Session of the RSA/Democratic Republic of the Congo (DRC) Binational Commission, the RSA/Mozambique BNC and the Nigeria/RSA BNC meetings.

SADC or Interstate Defence and Security Committee (ISDC) Meetings. At least 14 SADC or ISDC meetings were attended during the period under review. In January 2016, the Extraordinary Double Troika Summit held in Botswana considered the political and security situation in the SADC region. South Africa is the outgoing chairperson of the SADC Organ on Politics, Defence and Security Cooperation. South Africa continues to play a constructive role in contributing to creating an environment conducive to peace, security, stability and prosperity in the SADC region, as these are prerequisites for SADC's long-term socioeconomic development.

AU Meetings. AU meetings were attended, such as the 26th Ordinary Session of the Assembly of the Union, the Meetings of the African Chiefs of Defence Staff and Heads of Security and the 5th Ordinary Meeting of the Specialized Technical Committee on Defence, Safety and Security (STCDSS). In addition, the 1st and 2nd Extraordinary Meeting of the STCDSS took place.

UN Meetings. UN meetings, the UN Special Committee Meeting on Peacekeeping Operations (C34) in June 2015 and the 60th Session of the UN Commission on the Status of Women in New York City in March 2016, were attended and the DOD's commitments in this regard were confirmed.

Foreign Learning Opportunities (FLOs). Seventy-five FLOs were attended by foreign learners in the RSA, while South Africa utilised 23 joint staff courses and 61 Service-specific foreign learning opportunities abroad.

Outputs

The table below provides details of the Defence Foreign Relations Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction: Defence Foreign Relations Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Employ the SANDF	Total number of Defence Attaché Offices	<p>Target 45</p> <p>Actual 44</p> <p>Deviation The 45th office is in the approval process.</p> <p>Comment The 44 Defence Attaché offices comprises of 10 x offices in the SADC region, 13 x offices in the rest of Africa and 21 x offices in the rest of the world.</p>

Subprogramme: Office Accommodation

Purpose

The purpose of the subprogramme is to manage the payment of accommodation charges, leases and municipal services as a direct result of the devolution of a portion of the National Department of Public Works' budget to national departments (Managed within General Support Programme [Joint Logistic Services]).

Overview

Chief of Logistics continued to manage the payment of accommodation charges, leases and municipal services.

Outputs

The table below provides details of the Office Accommodation Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Departmental Direction: Office Accommodation Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide appropriate and sustained Matériel	Percentage of expenditure in accordance with facilities plan (payment of leases)	<p>Target 100%</p> <p>Actual 133%</p> <p>Comment The over expenditure, in terms of the annual target, was due to new leases acquired through NDPW (that were not planned for).</p>

Departmental Direction: Office Accommodation Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide appropriate and sustained Matériel	Percentage of expenditure in accordance with facilities plan (payment of municipal services)	Target 100% Actual 97% Deviation The under expenditure, in terms of the annual target, was due to the fact that invoices from March 2016 were only received for payment in the 1st quarter of FY2016/17.
	Percentage of expenditure in accordance with facilities plan (payment of accommodation charges)	Target 100% Actual 100%



Ms Nosiviwe Mapisa-Nqakula, the Minister of Defence and Military Veterans (left) and Dr Sam Gulube, the Secretary for Defence (right).

Programme 2: Force Employment

Purpose

The purpose of the programme is to provide and employ defence capabilities, including an operational capability, to conduct all operations, as well as joint, interdepartmental, interagency and multinational military exercises, successfully.

Objectives

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 15 joint, interdepartmental, interagency and multinational military force preparation exercises from FY2015/16 to FY2017/18, excluding Special Forces exercises.
- 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 mandate for employment of joint forces is drawn from the Constitution, the Defence Act and the Defence Review 2015. In terms of these documents, the SANDF is mandated to be employed for the following functions:

- Service in defence of the RSA for the protection of its sovereignty and territorial integrity.
- Service in fulfillment of the RSA's international obligations to international bodies and other states.
- Service in the preservation of life, health or property.
- Service in the provision or maintenance of essential services.
- Upholding law and order in the RSA in cooperation with the South African Police Service (SAPS), under circumstances set out in legislation, where the SAPS is unable to maintain law and order.
- Service in support of any department or state for the purpose of socioeconomic upliftment.

During the period under review, the SANDF supported the political, diplomatic and economic initiatives of Government, internally and externally, as well as other Government departments.

In support of the MTSF's Outcome 11, Sub-outcome 3 *"Political cohesion in Southern Africa to ensure a peaceful, secure and stable Southern African Region"*, the SANDF ensured regional security by supporting peace, security and stability in the region. During these missions/operations, approximately 2 211 members were deployed in two UN/AU-mandated peace support operations in the DRC and Sudan. The SANDF also deployed in a general military assistance operation by giving support to the Mozambique government to curb piracy in the Mozambique Channel.

The Division planned, coordinated and directed five joint, interdepartmental, interagency and multinational force preparation activities, excluding Special Forces exercises, in accordance with the joint force employment concept and existing bilateral/multilateral agreements.

In support of the MTSF's Outcome 3, Sub-outcome 3 *"South Africa's borders effectively defended, protected, secured and well managed,"* the SANDF continued to execute border safeguarding operations by deploying 15 subunits along the borders in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West provinces. Operational successes included: 41 weapons recovered, 16 812 illegal

foreigners apprehended, 447 criminals arrested, 93 stolen vehicles recovered, 5 220 kg dagga confiscated, 259 Mandrax tablets confiscated, 776 Ecstasy tablets confiscated, 48 Tik tablets confiscated, 812 head of livestock recovered, 72.7 kg copper recovered and contraband goods to the value of R68 145 277,00 confiscated.

The SANDF supported “*the people of South Africa*” in the following ways:

- Provided safety and security-related support in cooperation with the SA Police Service (SAPS), e.g. during the 2nd Summit of the Forum on China-Africa Cooperation in Sandton, the hosting of the UN High Commissioner for Refugees Conference on Nationality and Statelessness in Cape Town and the State of the Nation Address by the President in Parliament, Cape Town.
- Provided VIP protection to foreign government visitors and military dignitaries from Pakistan, Zimbabwe, India, Tanzania, Jordan, Benin, Zambia, Brazil, Sweden, Chad and Nigeria. VIP protection was also provided for high-level meetings, festivities, tours, etc.
- Provided humanitarian assistance by supplying helicopters to fight field fires in the Magaliesberg Range, Red Hill in Simon’s Town, Barkley East/Lady Grey area, Overberg area, Stellenbosch area and St Francis Bay area.
- Rescued a snake-bite patient at Swartkops River outside Port Elizabeth and seven hypothermic hikers stranded in the Uitenhage area.
- The SANDF supported the Free State Provincial Disaster Management Centre by delivering water to the areas affected by drought.
- Executed search and rescue operations for a missing yacht (MORFA) in the Port Nolloth area, a civilian aircraft in the Middelburg area, a capsized yacht in the East London area and a missing aircraft in the Jeffreys Bay/Humansdorp area. The SANDF assisted the National Sea Rescue Institute with search and rescue operations for a fishing vessel’s (LINCOLN) crew who had jumped overboard after the ship took on water in False Bay, rescued 17 crew members from a sinking crayfish trawler in the Port Elizabeth area, rescued survivors of a sinking crayfish trawler in St Helena Bay, conducted a search and rescue operation for an overturned crayfish vessel in the Paternoster area, evacuated a woman with appendicitis from the drill ship, Joides Resolution, to St George’s Hospital and rescued a micro light pilot who had crashed in the Bulwer area in KwaZulu-Natal and evacuated a critically injured sailor from a fishing vessel in Cape Town and a patient who had a heart attack from the cargo vessel, Ore CHINA, in Cape Town.

Outputs

The table below provides details of the Force Employment programme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Force Employment Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Percentage compliance with number of ordered commitments (external operations) (DRC Peace Support Operations and Anti-Piracy Operations)	Target 100% Actual 100%
	Percentage compliance with force levels for external operations	Target <i>Information Classified</i> ²⁴
	Percentage compliance with serviceability of main equipment for external operations	Target <i>Information Classified</i>

²⁴ Where the report refers to “*Information Classified*”, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly audited/made available for audit.

Part B – Performance Information

Force Employment Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Percentage of the value of reimbursement by the UN/AU recognised	Target <i>Information Classified</i>
	Percentage compliance with self-sustainment of personnel	Target <i>Information Classified</i>
Support to the People	Number of landward subunits deployed on border safeguarding per year (Border Safeguarding Operations)	Target 13 Actual 15 Comment The planned target for border safeguarding was to deploy 13 x subunits in the FY2015/16. In the MOD&MV's budget vote for FY2015/16, the SANDF was instructed to deploy two additional subunits for border safeguarding operations.
	Percentage compliance with number of ordered commitments (internal operations) (Safety and Security Operations)	Target 100% Actual 100%
	Percentage compliance with number of ordered commitments (internal operations) (Disaster Aid and Disaster Relief Operations)	Target 100% Actual 100%
	Percentage compliance with number of ordered commitments (internal operations) (Search and Rescue Operations)	Target 100% Actual 100%
Provide mission-ready Defence capabilities	Percentage compliance Joint Force Employment requirements as resourced	Target <i>Information Classified</i>
	Percentage compliance with the South African Development Community standby force Pledge	Target 100% Actual 100%
Employ the SANDF	Number of joint, interdepartmental, interagency and Multinational military exercises conducted per year	Target 5 Actual 6 Comment Exercise (Ex) WAYSIDE in May and August 2015 (two exercises) and Exs OXIDE, BLUE ZAMBEZI, AMANI AFRICA II and Ex IBSAMAR = 6 exercises executed. Excluding Special Forces exercises. Ex IBSAMAR was planned for the FY2016/17 but on request from India the exercise took place in FY2015/16.

The table below provides details on force employment JIM exercises for FY2015/16.

Force Employment JIM Exercises for FY2015/16		
Exercise Name	Aim	Analysis
Interdepartmental Exercises		
Ex WAYSIDE	The maintenance of provincial chemical, biological and radiological response teams and Interdepartmental cooperation for the management of chemical, biological and radiological incidents.	Target 2 Actual 2
Multinational Exercises		
EX AMANI AFRICA II	The primary aim of the exercise was to build a continental capacity which will be able to respond to any crisis within the AU arena.	Target 1 Actual 1
Ex OXIDE	The primary aim of the exercise was to develop and maintain maritime cooperation at the operational and tactical levels between the SA Navy and the French forces.	Target 1 Actual 1
Ex BLUE ZAMBEZI	The primary aim of the exercise was to promote the readiness of the SADC air forces in terms of the response to humanitarian aid support.	Target 1 Actual 1
Ex IBSAMAR	Ex IBSAMAR is a multinational maritime exercise held between the navies of SA, Brazil and India. This exercise is in existence since 2008 and is an extension of the IBSA agreement between the three mentioned countries. The aim was to execute the exercise in Indian waters to coincide with the international fleet review.	Target 0 Actual 1 Comment Ex IBSAMAR was planned for the FY2016/17 but on request from India the exercise took place in FY2015/16.

Programme 3: Landward Defence

Purpose

The purpose of the programme is to provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

Objectives

Defend and protect South Africa and its territory by:

- Providing an infantry capability, including C SANDF Reaction Force, for external deployment and internal safety and security, including border safeguarding.
- Exercising a tank and armoured car capability and providing a squadron for internal deployment per year.
- Exercising a composite artillery capability and providing a battery for internal deployment per year.
- Exercising an air defence artillery capability and providing a battery for internal deployment per year.
- Providing a sustained composite engineer capability for external deployment, as well as for internal safety and security and exercising a field engineer capability per year.
- Providing a signal capability for external deployment and internal signal support and exercising a composite signal capability per year.
- Providing Strategic Direction by directing, orchestrating and controlling the South African Army to achieve its mission to prepare and provide supported landward capabilities.
- Providing an operational intelligence capability for external deployment, internal operational intelligence support and exercising one composite intelligence troop per year.
- Providing combat-ready tactical command and control capabilities for integrated forces during force preparation exercises and force employment.
- Providing a support capability for external and internal deployment through first-, second- and fourth-line support by two first- and second-line maintenance units and two field workshops and fourth-line depots.
- Providing general training capabilities through basic military training, junior leader training, common landward training, command and management training, force preparation exercises and training courses.

Overview

During FY2015/16, the SA Army contributed to the MTSF's Outcome 11: *"Creating a better South Africa and contributing to a better and safer Africa in a better world"* by maintaining a footprint on the African continent in support of the joint force employment schedule requirements. The focus remained on preparing, providing and supporting combat-ready (CR) force structure elements (FSEs) as part of the external operations in the DRC and Sudan in support of UN missions. At the end of FY2015/16, 18 SA Army members (no instructors) were deployed as part of Mission THEBE to safeguard the training equipment in the mission area.

Support to the MTSF's Outcome 11: *"Creating a better South Africa and contributing to a better and safer Africa in a better world"* manifested in joint, interdepartmental, interagency and multinational exercises presented on South African soil. The SA Army successfully conducted Ex YOUNG EAGLE to prepare and exercise the SANDF's African Capacity for Immediate Response to Crises (ACIRC) Force in Bloemfontein from 19 July to 24 August 2015. The objectives included assessing the combat readiness (CR) of all elements, correcting CR shortfalls as far as possible, integrating the Joint Task Group (JTG) into an organised structure, training and exposing the force to realistic training scenarios mainly at subunit level, enhancing low-level command and

control and practising and exercising specific tactics, techniques and procedures (TTPs). The ACIRC Force was declared CR. The presentation of Ex AMANI AFRICA II at SA Army CTC in Lohatla in the Northern Cape from 12 October to 07 November 2015 was regarded as a success. Four thousand six hundred and fifty military troops, police and civilians participated in the exercise. Ex AMANI AFRICA II evaluated the state of readiness of the African Standby Force (ASF) and exercised the rapid deployment capability (RDC). The exercise accommodated major troop-contributing countries, namely Algeria, Angola, Botswana, Burkina Faso, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Namibia, Niger, Nigeria, Rwanda, Uganda, Zambia and Zimbabwe.

The SA Army's contribution to the MTSF's Outcome 3: *"All people in South Africa are and feel safe"* manifested in the form of support to internal deployment for border safeguarding. The SA Army increased the number of subunits for deployment from 13 to 15 subunits to execute border safeguarding and used SA Army Reserves to supplement the Regulars who are deployed externally in peace support operations and internally in support of border safeguarding. The SA Army deployed water bunkers to wanting communities to provide water relief in drought-stricken Free State areas as part of its contribution to humanitarian assistance and disaster relief. During FY2015/16, the SA Army's contribution to the upliftment of the people of South Africa manifested in the planning and building of four low-cost bridges in the Eastern Cape (Mancam, Zazulwana, Bawa and Amazizi) supported by the NDPW that provided the financial resources. The SA Army engineer capability provided the labour to execute this government initiative.

During the reporting period, the SA Army compiled an MOU between the DOD and the North West provincial government regarding the roll-out of the rural development plan. The MOU was finalised and signed by the MOD&MV and the Premier of North West in Mahikeng on 27 August 2015. A Ministerial directive was also signed in which the Secretary for Defence and C SANDF were tasked with implementing the pilot project in North West. The SA Army made good progress towards compiling service level agreements (SLAs) between the parties and/or partners involved in the pilot project roll-out in the North West, namely the North West University in Potchefstroom and Mahikeng and the North West Cooperative in Lichtenburg. The first phase of the pilot project will be implemented in FY2016/17.

The SA Army supported the MTSF's Outcome 5: *"Skilled and capable workforce to support an inclusive growth path"*. Support manifested itself through the Government's National Youth Strategy by means of the following initiatives in FY2015/16:

- The SA Army assisted with the presentation of the Youth Leadership Development Programme (YLDP) training during 2015. The training was presented at various intervals at 3 South African Infantry Battalion (3 SAI Bn) in Kimberley. Nine hundred thirty-six members graduated. This initiative formed part of the continuous DOD support to the DRDLR. The SA Army also assisted the Department of Social Development with the presentation of a youth camp hosted by 3 SAI Bn in Kimberley. Eight hundred and ten young people reported for training.
- Reserve units presented induction training to 202 Young Lions during the reporting period. The training was presented to scholars in the disciplines of leadership skills, physical training, exposure to simulation, lectures on the SA Army and the Infantry, fire prevention and firefighting, inspections, subject selection at schools, code of conduct, practical field craft and demographics, personal hygiene, drill, mess etiquette, navigation, musketry, swimming, map reading and social issues.
- The SA Army hosted a North West youth entrepreneurship training camp (304 young people attended) in Potchefstroom at different periods during the year under review. The aim of the youth camp was to expose the youth to job opportunities and empowerment programmes in all departments, state-owned entities and the private sector. The SA Army supported the initiative by means of accommodation, messing and training facilities and military personnel for command and control purposes. The SA Army also assisted Transnet in

Kimberley, Northern Cape with the presentation of a Teenage Health Camp to 715 young people from 25 to 28 February 2016. Presentations on the importance of patriotism and discipline in modern life were given to the young people.

- MSDS training was presented at 3 SAI Bn, Kimberley and at the Infantry School, Oudtshoorn. One thousand four hundred and ninety-four learners were found competent in the basic military training (BMT) course.

The SA Army continued to forge military relationships with foreign militaries. Those military training activities and goodwill interactions enhanced defence diplomacy and mutual military cooperation that promoted the image of the SA Army and the SANDF.

The SA Army participated in the Annual Armed Forces Week in Port Elizabeth from 14 to 22 February 2016. The event was the largest celebratory event on the SANDF's calendar. It is held each year to commemorate all the patriots who had died in service of their country. The SA Army maximised its participation in the parade, community band concerts, capability demonstrations, coaching clinics, gala concerts, static displays/exhibitions and career exhibitions undertaken by various elements within the SA Army to reach out to the intended audiences. The intention of the initiative was to allow the SA Army and other Services to interact with the communities, educate and build the public's understanding of the military's role and purpose in society, showcase the military equipment and technology in use on a daily basis and demonstrate the CR of the SA Army to face any adversary it might come across.

Outputs

The table below provides details of the Landward Defence programme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Landward Defence Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Percentage compliance with number of ordered commitments (external operations) (GMA operations) (Mission THEBE)	Target 100% Actual 100%
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	Target <i>Information Classified</i> ²⁵
Enable the DOD	Percentage compliance with DOD training targets ²⁶	Target 80% (3 146) Actual 84% (3 315) Comment More learners were found to be competent during FY2015/16.

²⁵ Where the report refers to '*Information Classified*', it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly audited/made available for audit.

²⁶ Performance indicator name change. Previously read as '*Percentage compliance with DOD formal training targets (number of learners on planned courses)*'

Programme 4: Air Defence

Purpose

The purpose of the programme is to provide prepared and supported air defence capabilities for the defence and protection of South Africa.

Objectives

Defend and protect South Africa and its airspace by providing:

- Four helicopter squadrons and one combat-support squadron per year.
- Three medium transport squadrons which will include one VIP squadron, one maritime and transport squadron, one light transport squadron and nine reserve squadrons per year.
- One air combat squadron per year.
- Twenty-four-hour air command and control capability.

Overview

The SAAF remained committed to its mandate to prepare, provide and support air defence capabilities for the defence and protection of the RSA, its territorial integrity and the people of South Africa and by doing so, gave expression to its vision which is “an air force that inspires confidence”.

During the period under review, a total of 4 785 internal (including VVIP hours) force employment hours were flown as well as 3 892.58 hours funded by the Joint Operational Division. The SA Air Force made a concerted effort and managed to support the joint force employment requirements and gave limited force preparation support to other Services and Divisions.

In support of the MTSF's Outcome 11: “Creating a better South Africa and contributing to a better and safer Africa in a better world” the SA Air Force managed to generate a higher frequency of operational flying hours, specifically during the sustainment flights to the DRC peace support operation.

The SA Air Force contributed towards the MTSF's Outcome 3: “All people in South Africa are and feel safe” by supporting Anti-Piracy Operations, Disaster Aid and Disaster Relief Operations and Border Safeguarding Operations with logistic support flights. As part of its mandate, the SA Air Force is also responsible for undertaking missions in cooperation with the SAPS to enhance peace and stability when the SAPS require such support. This cooperation was successful, specifically relating to aviation safety.

The SA Air Force continued its cooperation with Air Traffic and Navigation Services (ATNS) and made progress in various areas, such as common airspace management, joint training, airspace tariff payment regulatory framework and infrastructure harmonisation.

During the year under review, the SA Air Force participated in a number of exercises and demonstrations, such as Ex BLUE ZAMBEZI in Botswana in July 2015, Ex WINTER SOLSTICE V in August 2015 and Ex AMANI AFRICA II in Lohatla from 07 to 08 November 2015. A mass fly-past was performed at the Union Buildings during the Freedom Day celebrations on 27 April 2015.

During the Armed Forces Day Parade held in Port Elizabeth from 17 to 21 February 2016, the SA Air Force performed several fly-pasts and participated in the live demonstrations.

Outputs

The table below provides details of the Air Defence programme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Air Defence Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Number of force employment hours flown per year	<p>Target 6 500</p> <p>Actual 4 785.18</p> <p>Deviation The number of force employment hours flown per year depends on taskings and the serviceability of aircraft. Some of these taskings include search and rescue, flood relief and humanitarian aid. These taskings do not always materialise, hence fewer hours are flown. VIP hours were slightly higher than predicted, due to more flight requests.</p> <p>Comment 893 hours were flown as VIP operations and 3 893 in support of joint force requirements.</p>
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	<p>Target <i>Information Classified</i>²⁷</p>
Enable the DOD	Percentage compliance with DOD training targets	<p>Target 80% (834)</p> <p>Actual 119% (1 241)</p> <p>Comment More learners were found competent and more courses were held during FY2015/16.</p>

²⁷ Where the report refers to "*Information Classified*", it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly audited/made available for audit.

Programme 5: Maritime Defence

Purpose

The purpose of the programme is to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

Objectives

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

- A surface combat and patrol capability of three frigates, one combat-support vessel, two offshore patrol vessels and three inshore patrol vessels in each annual operational cycle.
- A subsurface combat capability of two submarines in each annual operational cycle.
- A mine warfare capability of two vessels in each annual operational cycle to ensure safe access to South Africa's harbours and mine clearance where required²⁸.
- A maritime reaction squadron capability, comprising an Operational Boat Division, an Operational Diving Division and a Naval Reaction Division in each annual operational cycle.
- A hydrographic survey capability to ensure safe navigation by charting areas and to meet international obligations.

Overview

During the reporting period, the SA Navy's focus was directed towards preparing ships and submarines for deployment and participation in planned internal and external exercises and operations as directed by the Joint Operations Division. The SA Navy continued to develop its personnel to ensure that a pool of trained personnel was available for deployment as mandated. Assistance to other government departments was given, i.e. YLDP training to the DRDLR.

As part of the SADC Maritime Security Strategy, the SA Navy progressed well with its intention to escalate its presence in Durban during the year under review. The symbolic start of the escalation from a naval station to a naval base was marked by a sod-turning ceremony on 08 December 2015, presided over by the MOD&MV.

The SA Navy continued to engage in international maritime cooperation to ensure the enhancement of regional defence cooperation to comply with the national political direction and foreign policy.

The SA Navy managed to comply fully with the joint force employment requirements. The SA Navy achieved 10 710.70 sea hours for FY2015/16. The underachievement was due to the unavailability of vessels, mainly due to delays in maintenance cycles and/or operational defects.

Outputs

The table on the next page provides details of the Maritime Defence programme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

²⁸ Currently there is no mine warfare capability. The operationalisation of Project MOTSU is awaited.

Part B – Performance Information

Maritime Defence Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Conduct ordered defence commitments in accordance with government policy and strategy	Number of hours at sea per year	Target 12 000 Actual 10 710.70 Deviation Due to unavailability of vessels as a result of Human Resources constraints and limited Dockyard capacity, fewer sea hours could be achieved.
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	Target <i>Information Classified</i> ²⁹
Enable the DOD	Percentage compliance with DOD training targets	Target 80% (422) Actual 100.85% (532) Comment Additional Reserve training combined with more learners been found competent than anticipated.



One of the SA Navy's new harbour tug boats, Imvubu (meaning hippo).

²⁹ Where the report refers to "*Information Classified*", it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly audited/made available for audit.

Programme 6: Military Health Support

Purpose

The purpose of the programme is to provide prepared and supported health capabilities and services for the defence and protection of South Africa.

Objectives

Ensure prepared and supported health capabilities and services by providing:

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

Overview

During the period under review, the SA Military Health Services (SAMHS) provided health-support services for the full range of internal and external military deployments and operations during force health protection and sustained the health of members of the armed forces, their families and other clientele, eligible for health care at static military healthcare facilities as part of force health sustainment.

The SAMHS achieved successes in arresting the decline of health care capabilities. The collaborative project between the RSA and Cuba, Project THUSANO, increased the serviceability of the Mfezi operational ambulance fleet and medical equipment. The operational ambulance fleet for Border Safeguarding Operations was renewed with the assistance of CJ Ops and the repair of 20 SAMIL 20 ambulances. The refurbishment of the health care facilities at Eersterivier was completed. Progress was made with the refurbishment of the health care facility at Mtubatuba and the construction phase commenced at the health care facility in Saldanha.

The operational readiness of the SAMHS improved significantly during the year under review. Most of the demands for HR in external and internal missions were satisfied. Six 4x4 field ambulances were procured through donor funding and converted into fully equipped mobile clinics. Two mobile clinics were delivered to each of the Area Military Health Units KwaZulu-Natal, Eastern Cape and Mpumalanga to improve healthcare service delivery to border safeguarding (Border Safeguarding Operations).

The SAMHS gave medical support to the heads of states during international summits, i.e. amongst others, the AU Summit from 07 to 11 June 2015. The SAMHS also gave real-time medical support and participated in force preparation exercises, i.e. Ex AMANI AFRICA II.

The SAMHS formed part of the Department of Health Site Improvement Through Monitoring Systems quality assurance visits to sites that provide HIV and AIDS treatment. The independent team visited eight SAMHS healthcare facilities in the Western Province and Gauteng. Interventions in the fight against HIV and AIDS and tuberculosis continued in line with Government initiatives. The SAMHS took the lead in the World Aids Day celebrations that took place at the Pretoria Military Sports Club on 01 December 2015. Several courses were facilitated by the Foundation for Professional Development in Pretoria in the management of sexually transmitted diseases, HIV and AIDS and tuberculosis.

The SAMHS contributed to *“Support to the People”* through various military community building projects and community outreach initiatives.

Outputs

The table below provides details of the Military Health Support programme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Military Health Support Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	Target <i>Information Classified</i> ³⁰
Enable the DOD	Broader SANDF health status	Target <i>Information Classified</i>
	Trend of deployable status of concurrent health assessment (CHA)	Target <i>Information Classified</i>
	Number of health care activities per year	Target 2 140 550 Actual 2 257 785 Comment The target is a projected target and is based on the demands for health care services.
	Percentage compliance with DOD training targets ³¹	Target 80% (648) Actual 102% (829) Comment Additional courses were presented in the 4 th quarter to address the demand for and backlog of military courses. An additional 159 members successfully completed the courses during the 4 th quarter.
Provide appropriate and sustained Matériel	Percentage availability of medical stock	Target 50% Actual 45% Deviation The slow delivery and availability of pharmaceuticals and medical consumables is a national challenge. The lead time for delivery increased from six weeks to twelve weeks.

³⁰ Where the report refers to *‘Information Classified’*, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly audited/made available for audit.

³¹ Performance indicator name change. Previously read as *‘Percentage compliance with DOD formal training targets (number of learners on planned courses)’*

Programme 7: Defence Intelligence

Purpose

The purpose of the programme is to provide defence intelligence and counterintelligence capability.

Objectives

Ensure prepared and supported intelligence services by providing:

- An Intelligence Capability.
- A Counterintelligence Capability.
- A Defence Foreign Relations Capability.

Overview

During the period under review, the Defence Intelligence Division responded to intelligence requirements received from clients and strategic partners and conducted intelligence assessments to satisfy the requirements by clients.

Intelligence products were continuously re-evaluated through client feedback and constant reassessment of products, ensuring the quality management of intelligence products. The Division participated in compiling the National Intelligence estimate in cooperation with the National Intelligence Coordinating Committee (NICOC) and the rest of the intelligence community.

Outputs

The table below provides details of the Defence Intelligence programme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Defence Intelligence Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Conduct ordered defence commitments in accordance with government policy and strategy	Percentage compliance with number of ordered commitments (external operations) (GMA operation) (Team BULISA)	Target 100% Actual 100%
Provide sound Defence direction	Percentage compliance with DOD governance promulgation schedule (Develop Cyber Warfare strategy)	Target Approved Cyber Warfare Strategy Actual Strategy not approved Deviation Strategy was presented to the MCC. Awaiting final approval.
Enable the DOD	Number of defence intelligence products	Target 448 Actual 622 Comment Owing to increased reports on increased conflict on the African continent.

Defence Intelligence Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Enable the DOD	Number of vetting decisions taken in accordance with requirements	Target 5 000 Actual 4 234 Deviation Approval of Confidential Clearances in process.
	Level of implementation of the Cyber Warfare plan	Target Partial implementation (establish Cyber Warfare Command Centre HQ) Actual Cyber Warfare Command Centre HQ not implemented but in process Deviation Establishment of the Cyber Warfare Command Centre HQ was not achieved due to monetary constraints. Additional funds were allocated for the Cyber Command Centre in FY2016/17.



UN Troops armed and ready for escort duties.

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, i.e. Joint Logistics Services, Command and Management Information Services, and the Military Police.

Objectives

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

The purpose of the Subprogramme is to provide logistic support capabilities and services to the Department.

Objectives

Provide ongoing general support capabilities and services by providing appropriate, ready and sustained matériel, facilities, movement and logistic services focusing on supply chain and life-cycle management of infrastructure assets to enable the Defence Mandate by:

- Providing new and replacing old infrastructure assets through 16 projects.
- Carrying out maintenance and repairs of infrastructure through 36 projects.
- Operationalising and capacitating the Defence Works Capability that will enable the DOD to assume selected custodian responsibilities from the NDPW.

Overview

During the period under review, the Division progressed with the establishment of the Defence Works Formation which will enable the DOD to maintain and repair its own facilities. A mandate is being sought from the Minister of Public Works for the DOD to perform planned maintenance tasks and minor capital works. This mandate, if approved, will result in an increase in infrastructure expenditure.

A Memorandum of Agreement for the devolvement of immovable asset management functions on Defence endowment property was signed on 02 September 2015 by both Ministers of Defence and Public Works. A joint task team was established by the DOD and NDPW to manage the devolvement process which will be phased in over a three-year period.

Ammunition disposal was done according to plan. Ten auctions were held which generated a revenue of R23 902 157.32. Tender sales generated R25 560 681.38 for specialised military assets and R1 365 196.50 for wildlife.

Outputs

The table below provides details of the Joint Logistic Services Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Joint Logistic Services Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (Overarching Logistic Strategy)	Target Completed Actual Not completed Deviation The Overarching Log Strategy is based on the Military Strategy. The provisional approval of the Military Strategy only took place on 11 November 2015.
Provide appropriate and sustained Matériel	Percentage compliance with the DOD Refurbishment Programme Annual Schedule	Target 100% (56) Actual 57% (32) Deviation Mainly owing to supply chain challenges within NDPW and challenges experienced with certain appointed contractors.
	Percentage of approved Capital Works Plan projects completed as scheduled per year	Target 70% (8) Actual 96% (11) Comment Owing to a conservative target of 70% (8 x projects) that was set.
	Percentage compliance with DOD codification requirements	Target 100% Actual 64% Deviation The National Codification Bureau is not properly structured and capacitated.
	Percentage requests approved for disposal vs. requests received	Target 100% Actual 89% Deviation 5 disposal requests are in the approval process.
	Percentage ammunition disposed of vs. the number of disposed tonnes planned	Target 100% (1 000) Actual 197% (1 972)

Joint Logistic Services Output Details for FY2015/16

Output	Performance Indicator	Analysis
Provide appropriate and sustained Matériel	Percentage ammunition disposed of vs. the number of disposed tonnes planned	Comment The marketing of obsolete ammunition (vs conventional disposal methods) caused an unexpected increase in the amount of disposal tonnage.
	Percentage procurement requests fully completed within 90 days	Target 100% Actual 94% Deviation Certain procurement requests took longer than 90 days due to the complexity of some requests.
Ensure Appropriate Strategic Reserves	Level of strategic reserves (ammunition)	Target <i>Information Classified</i> ³²

Subprogramme: Command and Management Information Systems**Purpose**

The purpose of the Subprogramme is to provide command and management information system support capabilities and services to the Department.

Objectives

Provide key information and communication systems by:

- Ensuring that the Defence Information and Communications Infrastructure (DICI)³³ is available 98 per cent of the time.
- Providing information and communication systems solutions in accordance with the portfolios of the defence enterprise information systems master plan.

Overview

During the reporting period, the Division ensured that the Information and Communications Infrastructure was available to the DOD at a rate of 98% of the time.

The Division participated in discussions held on the C-band and S-band radio spectrum requirements for the utilisation by International Mobile Technology. The SANDF's requirements were defended and inputs were provided to the World Radio Conference.

During the period under review, a proposal was submitted to the South African National Space Association (SANSA) for the provision of the HF propagation prediction service contract. The proposal was received back from SANSA and is in the process of being evaluated by the DOD/SANDF.

A DOD Records Management Forum was held to ensure the DOD's compliance with national legislation on records management and the preservation of information.

³² Where the report refers to "*Information Classified*", it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly audited/made available for audit.

³³ The DICI consists of the DOD mainframe service, the wide area network (WAN), the telecommunication backbone and the distribution server computing.

Part B – Performance Information

The Division provided support during the installation of the Metro Ethernet capability in Parliament. This capability contributed to more information and communication technology capacity and services available in Parliament.

Outputs

The table below provides details of the Command and Management Information Systems Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Command and Management Information Systems Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Provide integrated and reliable Defence Information Systems	Percentage compliance with the DOD ICT portfolios of the Defence Enterprise Information Systems Master Plan	Target 100% Actual 256% Comment The planned expenditure for the year was exceeded as a result of additional funds for the upgrade of the DOD bank server system, the renewal of the Microsoft Enterprise agreement, the procurement of additional Active Directory 2012 for DOD Isolated Network Licenses and the procurement of equipment and software licenses in preparation for the implementation of Active Directory 2012 at 10 x sites.
	Percentage availability of the Defence Information and Communications Infrastructure (DICI) at all times ³⁴	Target 98% Actual 98%

Subprogramme: *Military Police*

Purpose

The purpose of the Subprogramme is to provide military police support capabilities and services to the Department.

Objectives

Provide a military policing capability by:

- Reducing the backlog of criminal cases finalised by 20 per cent.
- Finalising 10 per cent of new criminal cases.
- Conducting 248 deliberate crime-prevention operations per year.
- Investigation of 80 corruption and fraud cases per year.
- Sustaining a provost company for operational deployment on an ongoing basis.
- Sustaining four regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases.
- Sustaining two military correctional facilities for detention and rehabilitation.

³⁴ Performance indicator name change. Previous indicator, namely "Supported DOD ICT and joint command and control product system capability" was consolidated in one performance indicator.

Overview

During the reporting period, the Military Police Division managed to finalise 926 criminal cases out of the backlog of 4 718. The backlog of 4 682 cases are to be carried forward to the next financial year.

The Division managed to finalise 607 of the reported 1 497 criminal cases and executed 282 deliberate crime-prevention operations for the year.

Outputs

The table below provides details of the Military Police Subprogramme outputs, performance indicators and an analysis of target achievement as specified in the DOD APP of FY2015/16.

Military Police Output Details for FY2015/16		
Output	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	Percentage of cases of corruption and fraud investigated	<p>Target 100% (80)</p> <p>Actual 66% (53)</p> <p>Deviation Fewer cases reported than were planned for. The MP Division relies on the number of cases reported by DACAF and other stakeholders for investigation.</p> <p>Comment A total number of 53 cases were received, registered and reported for final investigation. The target for cases received was amended in the FY2016/17 APP to only % cases investigated.</p>
Administrate the DOD	Projected number of deliberate crime-prevention operations	<p>Target 248</p> <p>Actual 282</p> <p>Comment Crime-Prevention Operations were conducted by the MP Division with the aim of cleaning up criminal and illegal activities at military bases and in residential areas.</p>
	Percentage reduction of criminal cases finalised (backlog)	<p>Target 20%</p> <p>Actual 20%</p>
	Percentage criminal cases finalised (in-year)	<p>Target 10%</p> <p>Actual 36.55%</p> <p>Comment The MP Division investigators put in more effort to collaborate with the prosecution to ensure that new cases were finalised.</p>



Ceremonial escort duties by the Military Police Division.

CRIME-LINE TOLL-FREE NUMBER
FOR **MILITARY POLICE DIVISION** TO
REPORT ANY CRIMINAL ACTIVITIES.

0800 222 091



the sandf

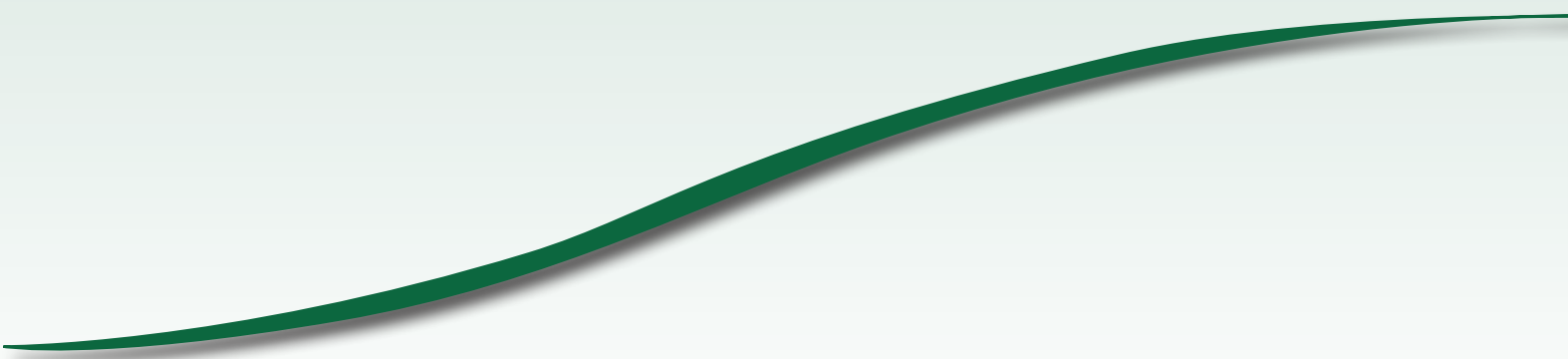
Department:
Defence
REPUBLIC OF SOUTH AFRICA

a challenge, a commitment, a future



2015/16

PART C
Governance



Dr Sam Gulube, the Secretary for Defence (second from left) with the Minister of Home Affairs, Mr Malusi Gigaba (centre), during the launch and implementation of Operation PYRAMID, in support of the Border Management Authority.



INTRODUCTION

The Department of Defence (DOD) managed and maintained effective, efficient and transparent systems of financial and risk management and internal controls³⁵ to ensure optimised utilisation of DOD resources. In pursuit of good 'Corporate Governance' the DOD continually strives to enhance its internal controls and to be more efficient and effective in the application of management practices and adherence to the regulatory framework. Internal controls are regularly monitored and reviewed in order to ensure timely mitigation of emerging risks.

In line with the King III Report requirements relating to the public sector, the DOD's Internal Audit Division, under direction of the DOD Audit Committee, provided assurance to management that the internal controls are effective and efficient. The Strategic Risk Management Committee monitored the management of risks throughout the DOD.

The Chief Compliance Officer assisted the Head of the Department/Accounting Officer with compliance with the regulatory frameworks to ensure that the DOD maintains favourable audit outcomes at the end of the Financial Year (FY) 2015/16 audit cycle.

The Management Performance Assessment Tool (MPAT) seeks to move departments beyond compliance with the regulatory frameworks of the public service in order to improve the quality of management practices. The DOD utilised MPAT results to enhance its internal controls.

MANAGEMENT PERFORMANCE ASSESSMENT TOOL

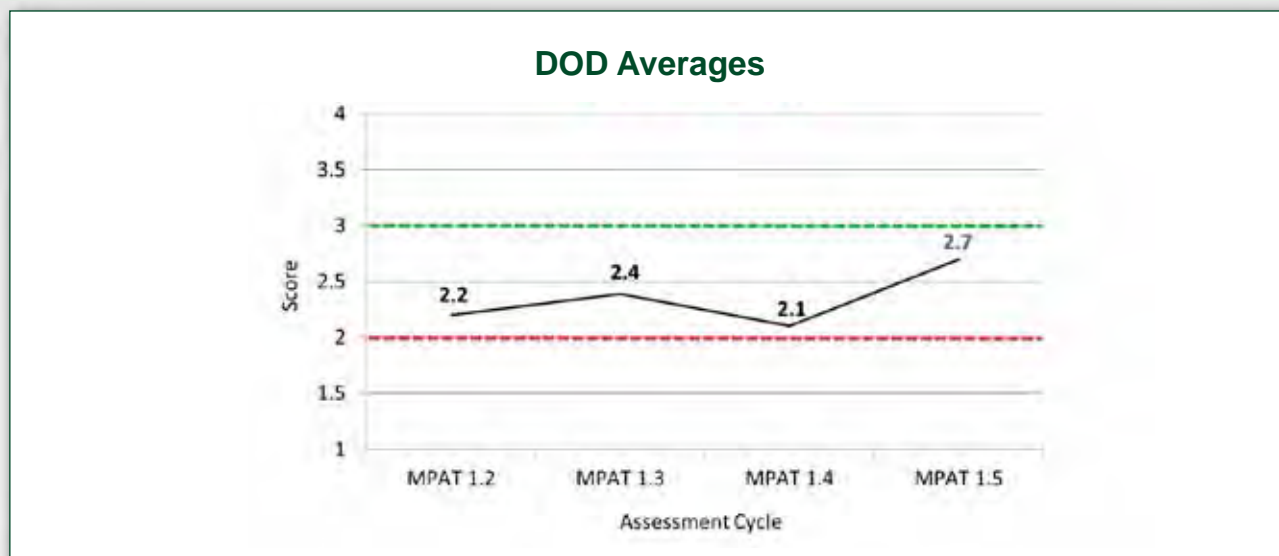
The MPAT 1.5 self-assessment took place on 28 September 2015 and involved the Head of the Department (Secretary for Defence), the Chief of the SA National Defence Force and Service and Divisional Chiefs. The self-assessment was verified by the Internal Audit Division.

After the MPAT 'Challenge Phase' towards the end of February 2016, the DOD received its MPAT 1.5 final results on 03 May 2016 with an average score of 2.7³⁶. This represents a year-on-year improvement from an average score of 2.1 during the MPAT 1.4 assessment period to an average score of 2.7 during the MPAT 1.5 assessment period.

³⁵ PFMA Sec 38(1)(a)

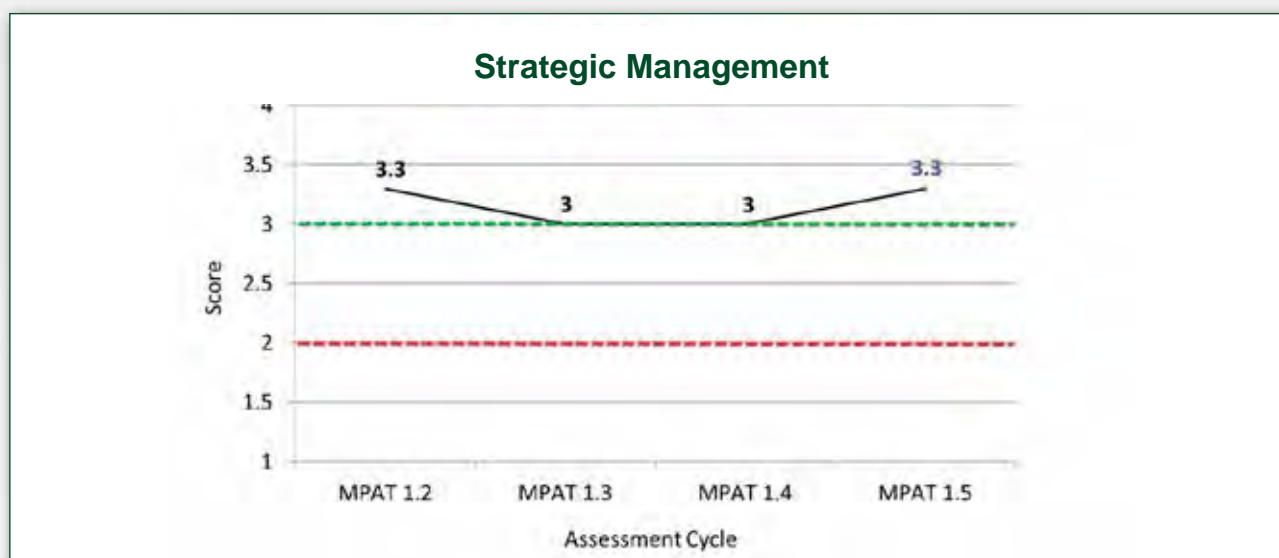
³⁶ Level 1: Department is non-compliant with legal/regulatory requirements.
Level 2: Department is partially compliant with legal/regulatory requirements.
Level 2+: Department is compliant with basic legal/regulatory requirements but non-compliant with one or more level 3 requirements.
Level 3: Department is fully compliant with legal/regulatory requirements.
Level 4: Department is fully compliant with legal/regulatory requirements and is doing things SMARTLY.

The figure below indicates the **DOD average score** over a four-year period:



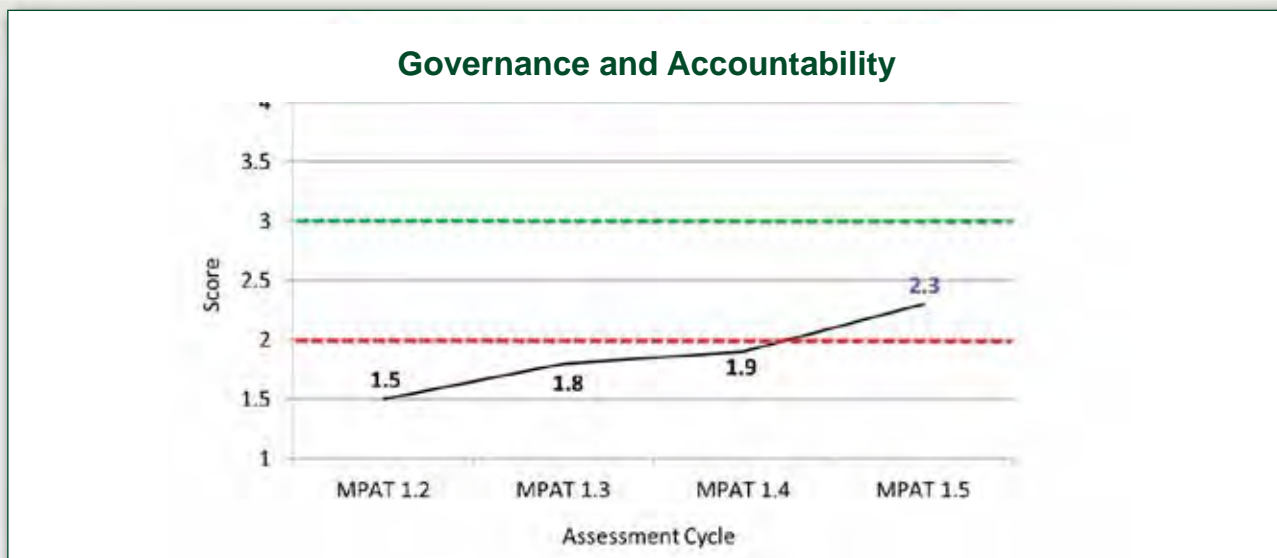
Since the MPAT 1.2 assessment period, the DOD's average score for the '*Strategic Management*' Key Performance Area (KPA) has been at a level of 3 and above. The '*Strategic Planning*' standard received a score of 4 for the MPAT 1.5 assessment period.

The figure below indicates the **Strategic Management average score** over a four-year period:



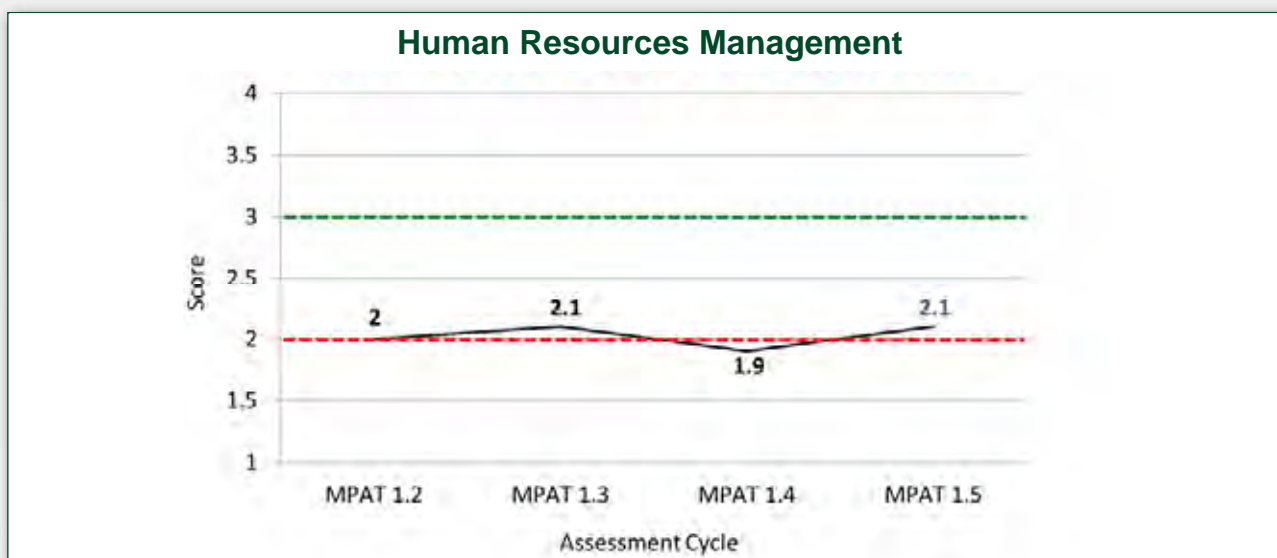
The DOD was initially underperforming in standards relating to the '*Governance and Accountability*' KPA. Since the MPAT 1.5 assessment period, good progress has been made, specifically relating to the following standards: '*Service Delivery Improvement Mechanisms*' – 2.5, '*Functionality of Management Structures*' – 3, '*Assessment of Accountability Mechanisms (Audit Committee)*' – 3 and '*Assessment of Risk Management Arrangements*' – 4.

The figure below indicates the **Governance and Accountability average score** over a four-year period:



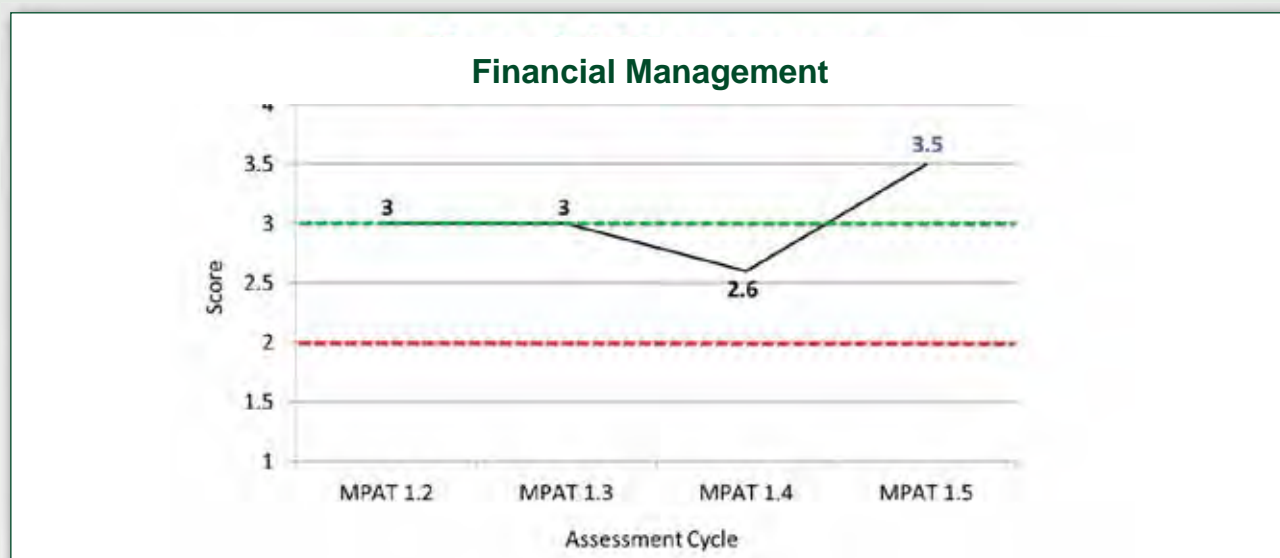
Similarly, standards relating to the *'Human Resources Management'* KPA were under/partially performing since the MPAT 1.2 assessment period. The DOD is committed to improve performance on these standards. Improvement Plans are in place and progress made will be monitored on a quarterly basis. In terms of the *'Organisational Design and Implementation'* standard, the DOD received a MPAT 1.5 score of 3, which is positive for a department of the size and complexity of the DOD.

The figure below indicates the **Human Resources Management average score** over a four-year period:



During the MPAT 1.2 and MPAT 1.3 assessment periods, the DOD's average score for the *'Financial Management'* KPA was at a level 3. The DOD managed to turn around the MPAT 1.4 score of 2.6 by means of improved internal controls and Departmental processes. The average score received for MPAT 1.5 is 3.5. Of significance are average scores of 4 for the following standards: *'Demand Management'*, *'Acquisition Management'*, *'Logistics Management'*, *'Asset Management'* and *'Management of Cash flow and Expenditure vs. Budget'*.

The figure below indicates the **Financial Management average score** over a four-year period:



The Departmental Instruction 003/2016 “*Development of Management Performance Assessment Tool 1.5 Improvement Plans*” provides guidance to KPA Standard Owners on the development of improvement plans for non/partially compliant standards and the monitoring and reporting thereof. Progress made with these standards will be reported on during the FY2016/17 reporting cycle.

RISK MANAGEMENT

The DOD’s risk management approach and practices are consistent with the approved DOD Instruction (DODI) 00099/2013 (Edition 2) “*Policy, Process and Procedures for Risk Management in the Department of Defence*” and the Public Sector Risk Management Framework.

During the year under review, the DOD continued to dedicate and commit its efforts towards an improved and effective enterprise risk management approach. The transversal enterprise risks impacting the DOD from the strategic output and outcome perspective, continued to be subjected to regular monitoring and scrutiny by relevant Management/Command Councils and oversight governance structures such as the Accountability Management Committee, Strategic Risk Management Committee and the DOD Audit Committee.

The risk management process is aligned with the planning and budgeting process of the DOD. Risk Management in the DOD is substantially institutionalised and embedded in the strategic management process of the DOD, thus striving towards the optimal achievement of its outputs. Regular risk assessments continue to be conducted whereby the strategic and operational risk registers are maintained and monitored.

The table on the next page provides the risk responses and progress made with DOD Enterprise Risks in line with the DOD Annual Performance Plan of FY2015/16.

DOD Enterprise Risk Management and Mitigation for FY2015/16	
Risk Response	Progress and Intervention
Disconnect between the Defence Mandate and the Budget Vote Inability to fully execute the constitutional mandate due to limited budget allocation and increasing ordered Defence commitments.	
DOD to engage the National Treasury in the planning and implementation of the Defence Review to ensure that the funding requirements and the National Treasury allocations are aligned.	The basis and underlying concepts for a Departmental funding model has been completed and will be rolled out with the implementation of the Defence Review. The funding model will endeavour to align the implementation of the Defence Review and the budget allocation available to the Department. It will address the budget vote both by the National Treasury and the internal allocation and distribution to align resource allocation with military strategic capabilities. The development of the Funding Model will commence during the FY2016/17.
DOD to ensure that the current budget allocation and utilisation of budget is optimised and demonstrate economical utilisation of available resources by: <ul style="list-style-type: none"> Reassessing the current deployment levels and international commitments to ensure alignment with available resources. Maintaining the current deployment levels. Requesting the decrease of international commitments. Renegotiating the South African Development Community (SADC) Standby Force Pledge. Reappreciating current Joint Force Employment (JFE) Requirement. 	<ul style="list-style-type: none"> Guidelines for the reassessment of deployment levels were issued in the DOD at the end of August 2015. Analysis of the guidelines was completed in this reporting period. The DOD completed the analyses of the current deployment levels to ensure that the Defence Mandate is not compromised. The outcome of the above reassessments and analyses have led to the decision of the DOD to terminate the United Nations/Africa Union (UN/AU) Hybrid Peace Mission in the Sudan. All operations in Sudan ceased with effect from 31 March 2016. The requirement to revise the SADC Standby Force Pledge was approved. A letter with this requirement was drafted to the Executive Secretary SADC Secretariat. The Joint Force Employment (JFE) Requirement was appreciated and DOD guidelines for Planning and Budgeting were issued for FY2017/18. The JFE Requirement determination for FY2018/19 Planning and Budgeting Cycle is in progress.
Inadequate DOD Organisational Structure Inadequate and insufficiently funded DOD structure may compromise the achievement of expected Defence outputs.	
Develop a DOD-approved Military Strategy.	The Military Strategy was conditionally approved in the South African National Defence Force (SANDF) as work in progress that is aligned with the Defence Review Guidelines.
Develop a DOD-approved Force Design.	The SANDF Force Design is dependent on the approval of the Military Strategy. Both processes are running concurrently and are work in progress.
DOD to engage the National Treasury in the planning and implementation of the Defence Review to ensure that the funding requirements and the National Treasury allocations are aligned.	The funding of the DOD Organisational Structure is directly related to the roll-out of the Defence Review and the related strategies to address the shortages on the budget for compensation of employees. The funding of the organisational structure will form an integrated part of the strategies to be addressed by the funding model, which will commence in FY2016/17.
Structural review to ensure that the structure is optimised and productivity maximised by reassessing the ratio between Human Resources (HR) and Operating budget to measure the funding allocation against international best practice.	Pending the execution of a structural review which is based on the finalisation of the Defence Review Implementation Plan (work in progress), HR expenditure and the DOD HR strength continued to be monitored monthly in order to optimise the ratio between the HR and Operational budget/expenditure.

DOD Enterprise Risk Management and Mitigation for FY2015/16	
Risk Response	Progress and Intervention
Impaired Force Rejuvenation Absence of an effective feeder system for the Reserve Force and ineffective exit mechanism for the Regular Force may compromise force preparation and employment.	
Approve and implement the DOD HR Charter Implementation Framework.	The implementation of the DOD HR Charter continued as work in progress in terms of the Instruction with regard to the DOD HR Charter Implementation Framework as approved on 31 July 2015.
Enhance the Reserve Force feeder system through adequate funding.	The DOD HR budget continued to experience a shortfall which hampered the expansion of the Reserve Force feeder system. Additional funding to the amount of Rm40 was received from the National Treasury. Rm20 per year was allocated in FY2017/18 and FY2018/19 respectively to address the Reserve Force revitalisation specifically in the SA Army.
Develop and approve an exit strategy for the DOD.	A DOD Exit Strategy will be developed following the approval of an appropriate Exit Mechanism by Cabinet as well as the approval of the Defence Review Implementation Plan in the DOD, which is work in progress.
Reassess the personnel component to ensure optimal HR resources to execute the Defence Mandate in consultation with the Department of Public Service and Administration (DPSA) to ensure that the administrative system can support the entry and exit mechanisms required to optimise the personnel structures.	The DOD continued to reassess and plan for the rejuvenation of the DOD personnel component for FY2016/17 and beyond through succession planning and determining the affordable number of new appointments, which will address the projected personnel that exits through natural attrition. This was done as an integral part of the DOD's HR Planning and Budgeting process.
Deteriorating DOD Facilities and Infrastructure Deteriorating DOD facilities and infrastructure has morale implications and may therefore result in possible litigation and non-compliance with Occupational Health and Safety Act.	
Develop a new logistic strategy and process framework.	The Overarching Log Strategy is based on the Military Strategy. The provisional approval of the Military Strategy only took place on 11 November 2015. The draft concept of the logistic strategy and process framework is in process and implementation is planned for FY2017/18.
Monitor and report on the implementation of the DOD User Assets Management Plan (UAMP).	The DOD utilises the UAMP to assist in decision-making regarding the management of the DOD's immovable assets. The planned maintenance requirements contained in the UAMP will be used to influence National Department of Public Works (NDPW) Annual Planned Maintenance Programme.
Execute the function shift from NDPW to DOD Works Formation together with the utilisation of the devolved NDPW budget.	The Memorandum of Agreement for the function shift of the Defence Endowment Property Portfolio from NDPW to the DOD was signed on 02 September 2015. The devolvement of facility life-cycle management functions on Defence Endowment Property is being managed by a Joint Task Team headed by the Logistics Division of the DOD together with a NDPW counterpart. The devolvement process is intended to take approximately three years.
DOD to engage the National Treasury to ensure the budget allocation is aligned with the MTEF planning to implement the plans to optimise Asset Management and Facilities maintenance plans.	The alignment of the budget with the funding requirements for Facilities and Infrastructure is managed during the Budget and Planning Process within the Department.
Ensure that internal budget allocations are reprioritised and aligned with the priorities to address the medium-term requirements through the DOD quarterly reporting process.	The budget prioritisation for the MTEF 2016 was submitted to the National Treasury but no additional allocation was possible due to overall departmental budget constraints. The requirement will be reassessed in the MTEF 2017 planning and budgeting process, which is currently in progress.

DOD Enterprise Risk Management and Mitigation for FY2015/16	
Risk Response	Progress and Intervention
Non verifiable DOD Performance Information The non-integration of Information and Communication Technology (ICT) systems and non-availability of source documentation may lead to unreliable DOD financial and non- financial information.	
Develop an Integrated Defence Enterprise system and engage with National Treasury to ensure that this development addresses the transversal integration of the Integrated Financial Management system (IFMS) of Government.	In the absence of guidelines from National Treasury on the renewal and integration of DOD corporate core information systems, the Department has initiated the Integrated Defence Enterprise System (IDES) in line with the Defence Review.
Establish the Performance Information Management System (PIMS) to ensure effective reporting.	The PIMS, which forms part of the Integrated Strategic Management Enabler (ISME), is a multifunctional system that automates the manual process required in the management of Performance Indicators within the DOD Performance Management environment. The PIMS was implemented in the DOD on 05 August 2015 with continuous training being provided to all existing and new role-players.
Develop a DOD Performance Monitoring and Evaluation Policy.	Information on performance reporting in the DOD is managed in terms of the Interim Department of Defence Instruction (IDODI) POL&PLAN00001/2011 <i>"Policy on the Reporting of Performance Information against Plan"</i> as approved on 29 February 2012. This policy remains valid and ensures the directing, management and reporting of departmental performance information and associated activities. This Policy is under review and will be replaced by a comprehensive policy covering monitoring and evaluation reforms. Updating and aligning the 1 st draft of the Policy with the Defence Review 2015 is work in progress.
Empower staff with emphasis on financial management and performance reporting skills.	PFMA Section 45 in terms of the financial management responsibilities of other officials was incorporated into departmental training courses. A program to present financial management training with reference to financial misconduct management commenced and will continue to be presented to non-financial managers in the department.
Increase in Fraud and Corruption Weaknesses in key internal controls may increase the opportunity for fraud and corruption thus resulting in losses.	
Develop and implement a Corruption and Fraud combating plan.	The DOD Corruption and Fraud Prevention Plan was redistributed for implementation in FY2016/17. Corruption and fraud awareness and prevention training, as an intervention to prevent reoccurrence and an increase in fraud and corruption, was provided to 10 248 members during this reporting period.
Fraud and corruption cases to be continuously monitored and reported on at the DOD Defence Anti-Corruption and Anti-Fraud (DACAF) Forum meetings.	All corruption and fraud incidents/cases are monitored and reported on at the monthly DACAF Forum meetings. An initiative that was taken was the establishment of multidisciplinary teams to speed up the process of combatting corruption and fraud in the DOD. The testing phase already commenced.
Optimal utilisation of the Whistleblowing Hotline.	Reporting via the DOD Whistleblowing Hotline is encouraged during awareness road shows. All incidents reported were assigned for further investigations. A total of 53 incidents were reported in FY2015/16 and 19 detection investigations were finalised.

DOD Enterprise Risk Management and Mitigation for FY2015/16	
Risk Response	Progress and Intervention
High Prevalence of Litigation Inability of the DOD to abide by its prescribed policies and procedures may result in costly litigation and losses to the Department.	
Intensify the recruitment and retention of scarce skills through refinement and amendment of Occupation Specific Dispensation for Military Law Practitioners.	This risk response was mitigated. The refinement and amendment of the OSD was institutionalised.
Continue with negotiation between the DPSA and the Department to amend the Occupation Specific Dispensation of civilian law practitioners in the DOD in line with that of Military Law Practitioners.	A decision was taken that the negotiations between the DPSA and the DOD would take too long with no guarantee of the end result. An investigation was undertaken within the DOD to mitigate the matter internally.
Funding and staffing of 37 vacant posts on the structure of the Defence Legal Services Division (DLSD).	The funding requirement for 37 unfunded vacant posts was requested through the Departmental Planning and Budgeting processes. Due to the extensive HR Budget cuts for the MTEF period, no funding for the mentioned posts was received. As an interim measure, 86 Reserve Force members were utilised on rotation basis.
Finalisation of the drafting and promulgation process of the Military Disciplinary Bill in order to transform the Military Justice system as directed.	A second preliminary opinion, followed by the returned draft Bill from the State Law Advisor, was received by the Military Discipline Bill Task Team. Discussions were held between the DOD and the State Law Advisor in order to establish the way forward in terms of the precertification of the Bill.
Develop a plan to implement the Military Disciplinary Bill when promulgated as an act.	Development of a Military Disciplinary Implementation Plan is in progress. The proposed Plan will only be considered for approval by the DOD once the Bill passes through the prescribed legislative process of approval.
The expansion of the DLSD Reserve Force component and continuation with the call-up of specialised Reserve Force members to facilitate litigation, legal advice and general support more effectively.	Currently, the DLSD is dependent on the utilisation of Reserve Force members to address the capacity challenges. To date, DLSD has utilised 86 Reserve Force members on a rotational basis to supplement the inadequate structures and personnel shortages.
Expand, fund and staff the structure of the DLSD in line with the Ministerial Legal Audit Committee final report recommendations.	The review of the DLSD existing structure to determine the need and the extent of expansion will be directed through the roll-out of the Implementation of the Defence Review which is in progress.
Forfeited rights on DOD Property Possible land claims relating to DOD facilities may impact on Defence readiness and deployment capabilities in support of the Defence mandate.	
DOD to engage with NDPW on alternative facilities and properties regarding the identified areas of possible land claims.	The DOD, as the land user in the land restitution process, meets quarterly with the Regional Land Claims Commissioners and the NDPW to discuss the way forward regarding the land restitution claims affecting the DOD's properties.
DOD to engage the National Treasury and to reassess the budget requirements that may result from land claims to provide for required facilities for force preparation and force employment.	Potential funding requirements as a result of successful land claims will be managed through the Departmental planning and budget processes. No funding requirements for successful land restitution claims have been registered for this reporting or the next MTEF period.

CORRUPTION AND FRAUD PREVENTION

The custodianship for corruption and fraud prevention in the DOD is the responsibility of the Defence Inspectorate Division and more specifically the Directorate Anti-Corruption and Anti-Fraud (DACAF).

The Directorate is mandated to provide the DOD with anti-corruption and anti-fraud prevention services, including serving as a nodal point for forensic auditing, provided that evidence of corruption and fraud is handed over to the Military Police Division for further investigation in terms of and in accordance with applicable laws.

In response to government's approach to the eradication of corruption and fraud, the following DOD documents aim to align the DOD with the wider governmental approach:

- Corruption and Fraud Prevention Plan.
- Departmental Anti-Criminality Strategy.

These documents aim to address the DOD's collective response to identified and envisaged corruption and fraud risks, as well as aligning the DOD with the minimum anti-corruption capacity requirements for the Public Service.

The Directorate manages the DOD's anti-corruption efforts through the attendance of various DOD and external forums. The two main interfaces for the receiving and dissemination of information are:

- Attendance of the Justice, Crime Prevention and Security (JCPS) Cluster Anti-Corruption Workgroup where information is exchanged between government's Anti-Corruption Coordinating Committee and JCPS departments; and
- Chairpersonship of the DOD Anti-Corruption Nodal Point Forum where information is exchanged between DACAF and DOD Services and Divisions.

Achievements for FY2015/16

Detection Investigations. The target for the finalisation of detection investigations received was 10 for the National Anti-Corruption Hotline cases and 19 for the DOD Anti-Corruption Hotline cases, which amounted to a total of 29 cases. DACAF managed to finalise 12 National Anti-Corruption Hotline cases and 19 DOD Anti-Corruption Hotline cases, which amounted to a total of 31 corruption and fraud cases that were finalised.

Awareness Education. The target in terms of awareness education was to reach an audience of 10 000 DOD personnel. A total of 10 248 individuals were educated on corruption and fraud.

New Corruption and Fraud Cases Reported: 137³⁷

Convictions of Corruption and Fraud-Related Cases: 3³⁸

Disciplinary of Corruption and Fraud-Related Cases Finalised: 6

Corruption and Fraud Awareness Education: 10 248 Attendees

³⁷ 15 x cases via National Crime hotline, 51 x cases via Directorate Anti-Corruption and Fraud Hotline and 71 x cases via the Military Police.

³⁸ 3 x cases were found guilty, 3 x cases not found guilty and 42 x cases were withdrawn.

Minimizing Conflict of Interest

Minimising conflict of interest receives priority in the DOD's Supply Chain Management (SCM) framework. In all related SCM fora and bidding processes, members were required to sign a declaration of interest. DOD personnel/members were made aware of the requirement for them to obtain approval to undertake remunerative work outside the Department. In addition to the awareness initiatives, the following instructions were implemented:

- Chief Logistics Instr 43/2013: Enhancing Compliance Monitoring and Improving Transparency and Accountability in SCM.
- Log Div Instruction 50/2015: Management of Standard Bid Document 4 in the DOD.

CODE OF CONDUCT

The DOD committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. In delivering the defence mission, the DOD continued to pursue and adhere to the following organisational values:

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 requirements we make of our people and recognise the unique commitments and contribution they make.

Consultation rooted in effective and efficient partnership and collaboration. We shall encourage and improve links with other Government Departments, relevant organs of state and identified stakeholders. We will strengthen partnerships with industry, allies and the community at large. We shall promote collaboration within the DOD, harmonise activities and systems and, where sensible, share knowledge.

Discipline. We shall consistently uphold a high level of discipline. We shall individually and collectively sustain and safeguard the profile and image of the defence establishment as a disciplined profession.

Ethics. We shall adopt and encourage reasonable working practices. We shall not be deflected by the demands of own vested interests but those of the DOD. We shall foster fairness and trustworthiness in all that we do. We shall not ignore difficult issues or situations.

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, where possible, provide appropriate incentives and recognise individual and team contributions.

Openness and transparency. We shall ensure clear communication and better understanding. We shall ensure that our messages and intentions are clearly understood. We shall listen to clients' concerns and make sure we understand and take into consideration what they are saying to us. We shall aim to create a climate of trust and transparency in our decision making.

People. We shall uphold the values as espoused in the founding principles of the Constitution and further expressed in the Bill of Rights.

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.

Teamwork. Within the DOD, we are one team and as such embrace a single 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 department and then to act on them.

HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

The DOD's mainstream response to HIV and AIDS, Sexually Transmitted Infections (STIs) and Tuberculosis (TB) epidemics is in line with the National Strategic Plan for 2012 – 2016. The DOD is committed to joining hands as it deepens and strengthens its response and seeks innovative ways to sustain its interventions in the short, medium and long-term. The DOD is fully cognisant of the fact that all efforts contribute to the global vision of an AIDS-free world. This vision is attainable, and the DOD will continue to strive to work towards it.

The DOD adopted the *'Eight Principles of Commitment to the HIV and AIDS Mainstreaming'* in the Public Service as described below:

Provision of Leadership. Commit to the provision of leadership and be a champion in gender-sensitive, rights-based HIV and AIDS mainstreaming.

Providing a Service Delivery Environment Free of Stigma and Discrimination. Commit to a working and service delivery environment free of stigma and discrimination.

A Safe and Healthy World of Work. Commit to a safe and healthy workplace.

Rights-based and Gender-sensitive Programming. Commit to rights-based and gender-sensitive programming.

Review and Use of the Review Report. Use the review report in operational strategic planning and negotiations of a service delivery agreement.

Allocation of Resources. Ensure allocation of resources for the implementation of a gender-sensitive, rights-based HIV and AIDS mainstreamed operational plan.

Monitoring and Evaluation. Ensure monitoring and evaluation for the implementation of a gender-sensitive, rights-based HIV and AIDS mainstreaming programme and projects.

Improving Governance of HIV and AIDS. Commit to the improvement of the governance of HIV and AIDS response at cluster and Forum of South African Director-General's levels.

The DOD identified the health of the military population as a priority. The following issues were addressed:

- Increase in the number of antiretroviral sites.
- Healthy lifestyle programmes and an increase in the number of prevention and health promotion programmes.
- Increase in the number of health-related policies and instructions.
- Development of a FY2015/16 HIV and AIDS, STI and TB Operational Plan in accordance with Department of Public Service and Administration guidelines for the public sector.
- Ensuring an updated DOD HIV and AIDS policy in line with the NSP for 2012 – 2016.

PORTFOLIO COMMITTEES

Appearances before Parliamentary Committees

The Minister appeared before the Portfolio Committee on Defence and Military Veterans on one occasion during the reporting year.

The Department of Defence appeared on nine occasions before the Portfolio Committee on Defence and Military Veterans and on five occasions before the Joint Standing Committee on Defence during the reporting period.

Parliamentary Questions

The Minister replied to 113 Parliamentary questions from the National Assembly, whilst the Minister replied to nine questions from the National Council of Provinces during the period under review.

SCOPA RESOLUTIONS

SCOPA Appearances

The DOD appeared before SCOPA on 03 March 2015 for its Annual Report **FY2013/14**, and additional information requested during the hearing was submitted to SCOPA on 23 March 2015. The SCOPA Resolutions (Fifth Report) on the DOD's Annual Report FY2013/14 were adopted by Parliament on 20 May 2015, and the DOD submitted its corrective action plans on these resolutions to SCOPA on 21 July 2015.

The DOD was not invited to appear before SCOPA for the Annual Report **FY2014/15**.

Matters reported on by the Auditor-General of South Africa (AGSA) in the FY2014/15

The table below provides details with respect to progress made in resolving AGSA Audit Report matters during the FY2015/16.

Progress made in Resolving AGSA Audit Report Matters during the FY2015/16		
FY2014/15 AGSA Audit Report Reference	FY First Reported	Progress made in clearing / resolving the matter
GENERAL DEFENCE ACCOUNT (GDA)		
Emphasis of Matter; Page 181, Par. 10 – Payables. Payables which exceed the payment term of 30 days as required in Treasury Regulation 8.2.3 amount to R209 981 317. This amount, in turn, exceeds the voted funds to be surrendered of R14 498 000 according to 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.	FY2014/15	The FMD is preparing and promulgating a Standard Operating Procedure which will illustrate the procedures that will prevail during financial year-end closure. Clear communication channels will be established between the directorate budget control and the accountants whether to proceed or terminate payments based on the availability of funds in the bank account.

Progress made in Resolving AGSA Audit Report Matters during the FY2015/16		
FY2014/15 AGSA Audit Report Reference	FY First Reported	Progress made in clearing / resolving the matter
<p>Other Matter: Page 183, Par. 25 – Expenditure Management.</p> <p>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.</p>	FY2014/15	<p>The Strategy to prevent irregular, fruitless and wasteful expenditure was reviewed and is in process to be presented for approval. A detailed policy was developed to inform DOD members to the lowest level how and where to report irregular and fruitless and wasteful expenditure. Prosecution and Recovery Committee members are continuously informed on what irregular, fruitless and wasteful expenditure entails and how to identify such expenditure. The prevention, detection and reporting of irregular, fruitless and wasteful expenditure is presented on the Budget Management courses to create awareness among Budget Managers in performing daily financial management tasks. The FMD is currently in the process of developing a curriculum to present formal courses with regard to the management of irregular, fruitless and wasteful expenditure.</p>
<p>Other Matter: Page 183, Par. 27 – Internal Control: Leadership.</p> <p>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.</p>	FY2012/13	<p>Tangible Assets / Goods & Services</p> <p>The Logistics Division reviews the Asset Registers weekly in the Logistics Division Operational Centre. The Logistics Division is continuously following up on reconciling items through the Log Div Ops Centre Representatives and a dedicated appointed individual at Directorate Asset Management. Monthly Logistics and Finance meetings are conducted between the Log Div and FMD to follow up on differences on the Log and Fin systems. Asset Registers are issued to the Service and Divisional Chiefs for review and sign-off bimonthly.</p> <p>Performance Information</p> <p>Controls are in place on corporate level to ensure that Non-Financial Performance Information is accurate and complete. The following Departmental Instructions refers:</p> <ul style="list-style-type: none"> • No 07/2014: Development of DOD Standard Operating Procedures for Performance Information Management. • No 20/2015: Performance Indicator Technical Datasheet for FY2016/17 Submission. • No 01/2016: Guidelines for the Preparation of Quarterly Performance Reports on Performance against the DOD Annual Performance Plan for FY2016/17. • No 02/2016: Guidelines for the Preparation of the DOD Annual Report for the year ending 31 March 2016.
<p>Other Matter: Page 183, Par. 28 – Internal Control: Financial and Performance Management.</p> <p>Existing controls were not designed to ensure adequate recordkeeping supporting accurate and complete financial and performance reporting and compliance with laws and regulations.</p>	FY2012/13	<p>Review of Financial Statements</p> <p>Standard Operating Procedure, which includes the planned dates of review by management and the Audit Committee was revised during Feb/Mar and signed off prior to 31 March 2016. Proactive involvement of the Internal Audit Division will assist with ensuring that information submitted for inclusion in financial statements is accurate and complete. Corrective action plans are monitored by the Logistics Division at different forums on a monthly basis (Asset Management Reporting Forum, Ops Centre Reporting Forum, etc.).</p>

Progress made in Resolving AGSA Audit Report Matters during the FY2015/16		
FY2014/15 AGSA Audit Report Reference	FY First Reported	Progress made in clearing / resolving the matter
		Performance Information Director Planning held a session with SANDF Planners and the AGSA on 05 Feb 2016 to discuss, amongst other things, reporting challenges on performance indicators and targets as indicated in the AGSA's Interim Audit Report for FY2015/16.
Other Matter: Page 183, Par. 29 – Internal Control: Governance. The Department is still in the process of capacitating the internal audit component.	FY2009/10	The process of resourcing the Internal Audit Division commenced with first appointment made in January 2014. The CAE is in discussion with the Institute of Internal Auditors to put these potential internal auditors through their Internship Programme under the DOD IAD. This is being costed in order to request funds through the Departmental Programme and Budget Evaluation Committee process to fund this 3-year initiative that will also contribute to the national priority of reducing unemployment and improving skills development. The Minister has put the resourcing in IAD as one of her priorities and approved the appointment of three staff members at Chief Director Level on a one-year contract basis to assist the CAE primarily with the review of the currently approved structure (which was not in line with the requirement of the IA Standards). The resourcing of the Internal Audit division is still in process. Presently, the staff compliment is forty two. During the 2015/16 financial year, the Secretary for Defence has provided the Chief Audit Executive with the delegated powers to approve positions up to deputy – director level, and this was instrumental in speeding up the appointment process accordingly. Internal processes, such as the vetting process of the external candidates, are delaying the appointment of new officials. For the 2015/16 financial year the Internal Audit Division should have ninety filled posts. Interviews were held and the resourcing is still in progress for the remainder of forty eight positions. The reviewing of the structure of IAD by the three Chief Directors is in the finalisation stage.
SPECIAL DEFENCE ACCOUNT (SDA)		
Qualification: Page 357, Par. 6 – Special Defence Activities. 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 Special Defence Account Act, 1974 (Act No. 6 of 1974), as amended. I was unable to obtain sufficient appropriate audit evidence regarding sensitive projects expenditure and related financial assets due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. In addition, material classes of sensitive projects expenditure were not separately classified per nature as required by GRAP 1, <i>Presentation of financial statements</i> . 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.	FY2014/15	The DOD is participating in a work group created by the State Security Cluster to influence changes to the current legislation that is contradictory with the Public Audit Act.

INTERNAL AUDIT AND AUDIT COMMITTEES

INTERNAL AUDIT

Key activities and objectives

The Internal Audit Division (IAD) provided independent assurance and consulting services which are reactive and proactive in nature respectively, as a tool to improve operations by providing recommendations intended to assist the Executive Authority (EA), Accounting Officer, Chief of South African Defence Force (C SANDF), Audit Committee, members of the Plenary Defence Staff Council (PDSC) and management towards achievement of objectives of the DOD.

As per the internal audit charter, the IAD plays an important role in giving assurance by reactively reviewing, conducting analyses of internal control, risk management and governance and give appropriate recommendations. The Division also proactively provided value adding advisory services for improvement of operations, and coordinated with other assurance providers to ensure that risks of the Department are adequately covered in order to improve achievement of objectives including audit outcome of the DoD.

The IAD had the following five key objectives for the FY2015/16:

- Providing effective and efficient internal audit assurance services in compliance with the Standards and accepted practices according to the approved Risk-Based Internal Audit Plan to ensure that DOD outcomes and outputs are achieved.
- Providing relevant internal audit consulting and add value services intended to improve organisation's operations in compliance with the Standards and accepted practices according to the approved Risk-Based Internal Audit Plan in order to support the achievement of DOD outcomes and outputs.
- Providing comprehensive Anti-Fraud and Anti-Corruption services in compliance with the Institute of Forensic Auditors and best practice according to the Association of Certified Fraud Examiners to ensure that fraud and corruption is reduced to a minimum.
- Coordinating with other assurance providers including external auditors (Auditor-General South Africa) according to the National Treasury Regulations, Standards and accepted practices to ensure adequate coverage of risks and minimisation of duplication of efforts towards cost effectiveness of assurance services.
- Continuously co-ordinating and facilitating Audit Committee activities and are up to date with internal audit and accepted governance practices and developments according to the Standards and Audit Committee Charter.

Summary of audit work done

Assurance Activities

In the 2015/16 financial year the audit plan was based on the expectation that the audit staff would be increased, however the staffing of the Division (which started in July 2014 (2014/15 financial year) when the first three auditors assumed duties) took longer than anticipated with total number of auditors only growing to 27 by the end of the 2015/16 financial year. As a consequence of this provided limited assurance, as only 32% of the approved plan was achieved.

Consulting Activities

Audit (internal and external) matters were discussed during the Audit Management Team (AMT) meetings. An annual Audit Orientation Workshop (attended by representatives from the DOD's Public Entities and organs of state, AGSA, Audit Committee, National Treasury and DPME in the Presidency) was held where a platform was provided to clear all accounting and auditing concerns raised in both the internal and external audit reports for the preparation and readiness for the next external audit cycle. The Division provided trend analysis reports on internal control, risk management and governance (including external audit opinions) through the making of presentations to management and roadshows to Services and Divisions.

Coordination with other assurance providers

The Division has coordinated its activities with the Services' Inspector-Generals.

Coordination and facilitation of Audit Committee Activities

The Division, as the secretariat of the Audit Committee, has effectively facilitated and coordinated all the meetings of the Audit Committee. As a result the committee was able to hold eight meetings during the financial year, including quarterly and special meetings.



Chairperson of the Audit Committee, Mr V. Nondabula (left) and ordinary member, R Adm (retired) A.G. Green (right).

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

BACKGROUND

- The Audit Committee (the Committee) is established as a statutory committee in terms of section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13.
- The Committee has adopted formal terms of reference as its audit committee charter and has fulfilled its responsibilities for the year, in compliance with its terms of reference.

MEMBERSHIP AND ATTENDANCE

- The Committee consists solely of independent members who provide an array of skills, expertise and experience to execute the required oversight responsibilities.
- The Committee met eight times during the financial year.
- The following is a list of its members, qualifications and a record of their attendance:

Information on the Audit Committee Members						
Name	Qualifications	Internal or external member	If internal, position in the department	Date Appointed	Date Resigned	Number of Meetings attended
Mr V. Nondabula (Chairperson)	BA, BA Hons, MA, MBA, UED, Dip Fin Mgmt	External	N/A	01 Oct 2011	Current	8
Mr S. Radebe	BComm Honours in Accounting Science	External	N/A	2009 (Exact date not clear)	01 Dec 2015 (Term Expired)	4
Ms O. Matloa	B.Comm (Hons), CTA, CA(SA)	External	N/A	01 Apr 2013	Current	7
Mr A. Amod	BComm, MBA, CIA, CRMA, CGAP	External	N/A	01 Apr 2013	Current	7
Mr P. Dala	Masters Information Technology, CISA, CISM, CRISC, CGEIT, CISSP, CEH, CHFI, ISO27001, COBIT 5	External	N/A	01 Apr 2013	Current	8
R Adm A.G. Green (Retired)	Grade 12	External	N/A	01 Nov 2015	Current	2

AUDIT COMMITTEE'S RESPONSIBILITIES

The Committee is satisfied that it has discharged its responsibilities in assisting the Accounting Officer with the following:

- The safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards.
- Overseeing the activities of, and ensuring coordination between, the activities of internal and external audit.
- Providing a forum for discussing financial, enterprise-wide, regulatory and other risks in relation to the controls and mitigation plans to minimise these risks as well as the identification of control issues.

- Reviewing the department's quarterly financial and performance information as well as the annual performance information and annual financial statements including the annual report, and any other public reports or announcements containing financial and performance information.
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements or related matters.
- Annually reviewing the committee's work and charter making recommendations to the Accounting Officer to ensure its effectiveness.

INTERNAL AUDIT

Internal Audit is independent and positioned to provide objective assurance and consulting activities designed to add value and improve the Department's operations. As a result, the Committee approved an annual Internal Audit plan for the period 01 April 2015 to 31 March 2016 that included 70 planned audit engagements. However, as at 31 March 2016, Internal Audit had only completed 32% of the planned audit engagements. This underperformance is partly due to long delays in HR recruitment processes. The Committee had continuously raised its concerns regarding these challenges of underperformance and the long delays in appointments, both in the quarterly and special meetings within the department with no avail.

Due to the non-completion of the 2015/16 audit plan, a limited level of assurance was provided by Internal Audit to the Committee. However, going forward interventions have been put in place by the Committee and the progress thereof will be closely monitored.

EXTERNAL AUDIT

- The Committee has reviewed the independence and objectivity of the external auditors.
- The external auditors attended eight meetings of the Committee.
- The Committee also had in-camera meetings with the external auditors and we are satisfied that there are no unresolved issues of concern.
- The Committee reviewed and approved the external audit report and several accounting and auditing concerns were noted from their reports.

RISK MANAGEMENT

- Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and internal controls.
- Internal Audit was guided by the consolidated risk profile, critical audit areas and managements inputs in the formulation of its annual audit plan.
- The Department has a Compliance Officer and a Risk Management Committee which is chaired by management.
- A risk register is updated at least annually to ensure that all the major risks including emerging risks facing the organisation are identified and managed in an adequate and effective manner.

INTERNAL CONTROL

- The Committee considered all the reports issued by the various assurance providers - internal and external auditors, risk management as well as management and remains concerned with the progress made in addressing the internal control weaknesses.

- In light of the above we are of the opinion that the system of internal control for the period under review is considered to be partially effective.

THE DEPARTMENT'S COMPLIANCE WITH LEGAL AND REGULATORY PROVISIONS

- The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and the Division of Revenue Act.
- The Committee also noted managements' policies and procedures and measures put in place to ensure compliance with applicable laws and regulations.

THE ADEQUACY, RELIABILITY AND ACCURACY OF FINANCIAL INFORMATION

- The Committee is of the opinion, based on the information and explanations provided by management as well as the results of audits performed by the internal auditors, and the Auditor-General, that the financial information provided by management to users of such information is adequate, reliable and accurate.

EVALUATION OF FINANCIAL STATEMENTS AND ANNUAL REPORT

- The Committee has evaluated the annual financial statements and performance information for the year ended 31 March 2016 and duly recommended for the Accounting Officer's approval prior to being submitted to the Auditor-General for audit. The Committee reviewed the Auditors' management report and concurs with their conclusions. Thus we accept the audit opinion expressed by the external auditors on the annual financial statements, and annual report.

CONCERNS IDENTIFIED BY THE COMMITTEE

The Committee noted the following areas of concern:

- The overall control environment within the Department requires drastic improvement and the initiatives by management and the progress thereof will continue to be reviewed on a quarterly basis by the Committee.
- Inadequate performance of Internal Audit function which impacts on the Committee's ability to receive independent and objective assurance on risk management, governance and internal control.
- Several control weaknesses as it relates to Assets, Irregular Expenditure as well as Fruitless and Wasteful expenditure; and compliance to Supply Chain Management prescripts.
- Significant challenges within the department's IT environment.

We would like to express our appreciation 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 consistent value-adding contributions.



(MR V. NONDABULA)
CHAIRPERSON OF THE AUDIT COMMITTEE
08 August 2016

LET'S HELP
SAVE
THE RHINO
FROM
EXTINCTION



The South African National Defence Force is a pillar in the reactive physical campaign being fought against poaching on the ground and in the skies. We also engage in proactive educational campaigns to spread awareness about the intrinsic value of this magnificent animal.

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Medicinal myths and a lack of care for our natural environment will be the forces behind the extinction of this magnificent animal.



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA



2015/16

PART D

Human Resources Management



The Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula (centre), the Secretary for Defence, Dr Sam Gulube (left), and the Chief of Corporate Staff, Lt Gen Vusi Masondo (right), with some of the SA Army engineers and their Cuban tutors (in blue work suits) at the workshop at Army Support Base Potchefstroom.



OVERVIEW

During the period under review, the South African National Defence Force (SANDF) continued with the finalisation of the deliverables that are key to the institutionalisation of the new defence policy direction, as derived from the South African Defence Review 2015. The Military Strategy in particular continued to set the tone for enabling the revitalisation of the country's military resources, and provide a balance between ends, ways and means to achieve the Defence Review 2015 objectives.

The Department of Defence (DOD) Overarching Human Resource Strategy has essentially been '*overtaken*' by the DOD Human Resources Charter, which was approved by the Military Command Council in February 2013 and the implementation instruction no 35/2015 authorised by Chief Human Resources (C HR) on 31 July 2015. Furthermore, the objectives of the Human Resources (HR) Charter have been incorporated into the South African Defence Review 2015. Following the approval of the South African Defence Review 2015, specific human resources objectives were identified during Milestone 1. This allowed for an opportunity to deal with the challenges in a systematic and decisive way. The implementation of some strategic objectives is work in progress with minimum financial implications. However, the execution of certain objectives will require an additional fund allocation.

In pursuing the interim achievements of the DOD Human Resources Agenda, the Department's human resources practices continues to deliver professional human resources services in all domains of the human resources management value chain. The challenges, however, are in the cost driver objectives where an appropriate exit mechanism is required to align person and post profiles to achieve maximum output and the implementation of learning pathways to develop all ranks, including Defence Civilians.

The South African Defence Review 2015 also gives specific attention to the strategic challenges that have arisen over the past two decades and will position the SANDF strategically to deal with peace and security on the continent. In pursuance of its mandate, the SANDF will continue to strive for a young and fit human resources component. This rejuvenation will be accomplished through a decentralised recruitment process. To this end, the Military Skills Development System (MSDS) served as the feeder system for the Regular Force. 1 979 MSDS members were recruited during FY2015/16.

The trend in personnel attrition reflected a slight increase in the number of employees whose service terminated and were transferred out of the Department. Statistics shows that a total of 3 280 exited during FY2013/14, 3 331 during FY2014/15 and 3 278 during FY2015/16. Apart from resignations, normal retirements are the second largest portion of service terminations representing 19.7% in FY2013/14, 25.19% in FY2014/15 and 24.22% for FY2015/16.

The total number of human resources appointments was 3 261 during the FY2013/14. 2 633 for FY2014/15 and 2 862 for FY2015/16. This culminated in a steady negative trend in the Department's Human Resources turnover rate over the past three years which reflects -0.02% for FY2013/14, -0.89% for FY2014/15 and -0.53% for FY2015/16.

At the end of FY2015/16, the full-time human resources composition of the Department comprised of 73.6% Africans, 12.3% Coloureds, 1.2% Indians and 12.9% Whites.

In pursuance of gender mainstreaming, the Department witnessed an increase in the number and percentage of female employees. The number increased from 22 687 in FY2014/15 to 22 867 in FY2015/16. This represents a slight increase from 29.08% in the FY2014/15 to 29.46%. The number of employee's with disabilities has remained relatively constant over the past three years with 440 in FY2013/14, 439 in FY2014/15 and 434 for FY2015/16.

The Ministerial priority to revitalise the Reserves has steadily increased with a total of 14 891 Reserve Force members being trained, utilised and deployed during FY2015/16 compared to 14 613 during FY2014/15. The ongoing utilisation of the Reserve Force with a total of 2 768 982 person days continues to fill the required Regular Force staffing shortages.

In order to strengthen the Departments human resources value chain, significant progress was made in the renewal of the education, training and development system. The new learning path for Warrant Officers, Non-Commissioned Officers and Defence Civilians are in various stages of development. This initiative will continue to enhance a culture of military professionalism.

The Performance Management and Development System (PMDS) in the DOD is intended to deal with performance management issues in a consultative, supportive and non-discriminatory manner in order to achieve the strategic objectives of the DOD and to deliver on its mandate. The PMDS is based on measuring and evaluating the tasks inherent to the official's post (Key Responsibility Areas – KRA's) together with identified Generic Assessment Factors (GAF's). The main focus of this system is the development of all officials. The PMDS assessment cycle 2015/16 is in the process of finalisation.

The DOD presents employee wellness programs throughout the department as part of its core business. On an annual basis Defence Inspectorate executes morale surveys at identified units or per request where it is deemed necessary and provide feedback in terms of the outcome to the relevant role players for action. To enable the DOD to execute and achieve its mandate it is expected of military personnel to adhere to the physical fitness requirements of the DOD. Members are allocated physical training periods and sport periods to prepare for physical fitness evaluations conducted on quarterly basis. Medical health facilities are available to members within the DOD and the necessary support to social and psychological wellbeing is provided. The DOD also deploys chaplains throughout the department to provide guidance on spiritual, ethical and social support to all DOD members and their dependents and also promotes ethical conduct.

In summary, during the FY2015/16 the Department continued to pursue a human resources composition of appropriate quality, quantity, composition, cost and accountable human resources administration in meeting its commitments in pursuance of Governments' Human Resources Development Strategy for South Africa 2010 – 2030.

HUMAN RESOURCES OVERSIGHT STATISTICS

The tables below provide the Human Resources Oversight Statistics of the DOD during the FY2015/16.

MACRO-PERSONNEL STRENGTH

DOD Planned Average Strength for FY2015/16 and Actual Strength on 31 March 2016		
Budget Holder	Planned	Actual
SA Army	40 599	40 215
SA Air Force	10 414	10 443
SA Navy	7 651	7 575
SA Military Health Service	8 202	8 145
Defence Legal Service Division	409	390
Defence Corporate Communication	65	53

DOD Planned Average Strength for FY2015/16 and Actual Strength on 31 March 2016		
Budget Holder	Planned	Actual
Defence Reserves	29	27
Defence Foreign Relations Division	166	148
Corporate Staff Division	477	460
Military Policy, Strategy and Planning	30	29
Human Resources Division	1 428	1 455
Ministry of Defence	71	73
Chief of the SANDF Office	21	19
Defence Inspectorate Division	138	125
Chaplain General	18	18
Defence Policy, Strategy and Planning Division	96	91
Financial Management Division	934	832
Defence Secretariat	62	43
Defence International Affairs	21	17
Logistics Division	3 635	3 094
Command and Management Information Systems Division	159	140
Military Police Division	1 591	1 609
Defence Intelligence Division	897	884
Military Ombudsman	61	45
Internal Audit Division	122	32
Joint Operations Division	2 063	1 966
Defence Matériel Division	87	83
TOTAL	79 446	77 597

Complaints Mechanism	
Complaints Mechanism	Actual achievements
DOD Grievance System	<ul style="list-style-type: none"> The DOD Grievance System has been successfully rolled out in the DOD. All members have access to log a grievance if/when required. Training is presented at unit level on an annual basis.

EXPENDITURE

Personnel Costs by Programme for FY2015/16						
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	4 981 493 056	1 704 971 744	37 542 006	15 029 282	34%	446 796
Landward Defence	15 118 950 847	10 624 762 254	31 035 735	53 763 656	70%	263 995
Air Defence	7 085 719 426	3 338 752 756	26 312 018	67 115 147	47%	325 383
Maritime Defence	3 732 748 223	2 117 408 276	6 978 634	10 995 928	57%	283 076
Military Health Support	4 243 149 937	3 150 977 932	5 419 111	406 120 749	74%	393 774
Defence Intelligence	830 060 341	350 652 726	1 348 069	313 519	42%	398 469
General Support	5 476 611 422	1 712 849 129	117 571 785	22 146 116	31%	342 228
Force Employment	3 602 800 748	1 903 630 872	2 045 393	8 270 230	53%	998 233
TOTAL	45 071 534 000	24 904 005 688	228 252 751	583 754 627	55%	320 940

Note: Personnel expenditure includes payments to the value of R115 982 205.77, which were made to Households in respect of attrition.

Personnel Costs by Salary Bands for FY2015/16			
Salary Bands	Personnel Expenditure	% of Total Personnel Cost	Average Personnel Cost per Employee
Senior Management	373 107 014	2%	1 211 386
Senior Professionals	259 102 568	1%	1 864 047
Highly Skilled Supervision	6 124 155 208	25%	613 458
Highly Skilled Production	8 431 531 963	34%	347 549
Skilled	8 972 169 244	36%	247 065
Lower Skilled	336 811 650	1%	127 339
Military Skills Development System	291 145 835	1%	73 764
TOTAL	24 788 023 482	100%	319 446

Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme for FY2015/16								
Programme	Salaries		Overtime		Home Owners Allowance (HOA)		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	1 121 663 483	66%	4 165 721	0.2%	24 536 985	1.5%	22 054 246	1.3%
Landward Defence	7 342 721 819	69%	85 312 427	0.8%	241 422 192	2.3%	55 752 653	0.5%

Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme for FY2015/16

Programme	Salaries		Overtime		Home Owners Allowance (HOA)		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
Air Defence	2 254 759 904	68%	14 135 259	0.4%	61 158 561	1.8%	23 380 002	0.7%
Maritime Defence	1 484 769 672	71%	31 470 412	1.5%	40 914 543	1.9%	17 178 583	0.8%
Military Health Support	2 088 256 479	67%	215 481 180	6.9%	39 218 516	1.3%	10 878 790	0.3%
Defence Intelligence	253 484 860	73%	1 283 584	0.4%	6 427 701	1.8%	1 173 928	0.3%
General Support	1 142 291 008	67%	10 778 082	0.6%	32 770 515	1.9%	7 024 262	0.4%
Force Employment	476 483 880	25%	1 823 946	0.1%	10 308 162	0.5%	2 550 185	0.1%
TOTAL	16 164 431 105	65%	364 450 611	1.5%	456 757 173	1.8%	139 992 650	0.6%

Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands for FY2015/16

Salary Bands	Salaries		Overtime		Home Owners Allowance (HOA)		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	210 446 055	56%	-85 899	0.0%	0	0.0%	0	0.0%
Senior Professionals	130 569 293	50%	45 626 920	17.6%	0	0.0%	0	0.0%
Highly Skilled Supervision	3 983 635 376	65%	120 465 625	2.0%	55 531 172	0.9%	6 130 150	0.1%
Highly Skilled Production	5 600 676 801	66%	78 695 163	0.9%	161 513 537	1.9%	42 489 463	0.5%
Skilled	5 808 513 167	65%	115 498 294	1.3%	220 808 368	2.5%	63 309 370	0.7%
Lower Skilled	209 946 272	62%	1 427 201	0.4%	18 893 297	5.6%	28 063 668	8.3%
Military Skills Development System	220 644 140	76%	2 823 307	1.0%	10 800	0.0%	0	0.0%
TOTAL	16 164 431 105	65%	364 450 611	1.5%	456 757 173	1.8%	139 992 650	0.6%

EMPLOYMENT AND VACANCIES**Employment and Vacancies by Programme on 31 March 2016**

Programme	Number of Funded Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Defence Administration	4 915	3 816	9.89%	419
Landward Defence	44 212	40 246	0.87%	353
Air Defence	12 901	10 261	1.47%	153
Maritime Defence	7 211	7 480	2.24%	171
Military Health Service	9 952	8 002	2.44%	200
Defence Intelligence	1 125	880	1.90%	17
General Support	6 068	5 005	7.06%	380
Force Employment	2 430	1 907	7.56%	156
TOTAL	88 814	77 597	2.33%	1 849

Employment and Vacancies by Salary Band on 31 March 2016

Salary Band	Number of Funded Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior Management (L13-17)	298	308	-3.36%	-10
Highly Skilled Supervision (L9-12)	526	139	11.79%	387
Highly Skilled Production (L6-8)	3 116	9 983	6.39%	-6 867
Skilled (L3-5)	5 544	24 260	13.26%	-18 716
Lower Skilled (L1-2)	2 580	36 315	-2.52%	-33 735
OSD and Military Rank	63 470	2 645	1.52%	60 825
Military Skills Development System	3 862	3 947	-2.20%	-85
Interns	50	0	100.00%	50
TOTAL	79 446	77 597	2.33%	1 849

Employment and Vacancies by Critical Occupation on 31 March 2016

Critical Occupation	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Air Space Control	537	518	3.54%	19
Aircrew	612	466	23.86%	146
Anti-Aircraft	970	1 050	-8.25%	-80
Artillery	1 291	1 425	-10.38%	-134
Combat Navy	662	648	2.11%	14

Employment and Vacancies by Critical Occupation on 31 March 2016				
Critical Occupation	Number of Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Engineer	179	101	43.58%	78
Medical Professional*	1 668	1 525	8.57%	143
Nursing	1 659	1 573	5.18%	86
Technical	8 575	7 235	15.63%	1 340
TOTAL	16 153	14 541	9.98%	1 612

Take Note:

- Occupations included in the Medical Professional category are Medical Practitioners, Pharmacists, Specialists and Ancillary Health.
- Posts refer only to approved production posts captured on the post establishment. There are currently 691 MSDS members undergoing training. Seventy members are in the Artillery Occupation resulting in an additional figure of 64 members on the establishment.
- It should be noted that the measurement of vacancies is against the actual number of posts on the post establishment and not against the planned posts. The DOD will change this measure to read planned posts but only from 01 April 2016 for the FY2016/17 and will report on it accordingly in the future.

FILLING OF SMS POSTS

SMS Posts Information as on 31 March 2016					
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director General/ Head of Department	2	6	-200%	-4	-200%
Salary Level 16	8	5	38%	3	38%
Salary Level 15	15	17	-13%	-2	-13%
Salary Level 14	63	58	8%	5	8%
Salary Level 13	210	209	0%	1	0%
TOTAL	298	295	1%	3	1%

Note: It should be noted that the SMS total includes PSAP and Military personnel. Military posts are not advertised. Members are promoted during the annual succession planning process of the department.

SMS Posts Information as on 30 September 2015

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director General/Head of Department	2	6	-200%	-4	-200%
Salary Level 16	8	5	38%	3	38%
Salary Level 15	15	17	-13%	-2	-13%
Salary Level 14	63	58	8%	5	8%
Salary Level 13	210	209	0%	1	0%
TOTAL	298	295	1%	3	1%

Advertising and filling of SMS posts for the period 01 April 2015 and 31 March 2016

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 06 months of becoming vacant	Number of vacancies per level filled in 06 months of becoming vacant	Number of vacancies per level not filled in 06 months but filled in 12 months
Director General/Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
TOTAL	0	0	0

Reasons for not having complied with the filling of funded vacant SMS – Advertised within 06 months and filled within 12 months after becoming vacant for the period 01 April 2015 and 31 March 2016

Reasons for vacancies not advertised within six months

Insufficient funds, restructuring, change of strategy

Reasons for vacancies not filled within twelve months

Lengthy vetting period, posts not advertised as soon as it become vacant

Note: The long vetting process as prescribed by the DPSA is one of the main reasons the DOD is unable to staff vacant funded posts within six months.

Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 01 April 2015 and 31 March 2016

Reasons for vacancies not advertised within six months

N/A

Reasons for vacancies not filled within twelve months

N/A

JOB EVALUATION

Job Evaluation for the period 01 April 2015 to 31 March 2016							
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	323	9	2.79%	0	0%	0	0%
Senior Professionals	322	0	0.00%	0	0%	0	0%
Highly Skilled Supervision	12 039	302	2.51%	0	0%	0	0%
Highly Skilled Production	30 169	168	0.56%	0	0%	2 655	1 580%
Skilled	35 384	169	0.48%	663	392%	0	0%
Lower Skilled	10 746	16	0.15%	110	688%	0	0%
Military Skills Development System	0	0	0.00%	0	0%	0	0%
Interns	0	0	0.00%	0	0%	0	0%
TOTAL	88 983	664	0.75%	773	116%	2 655	400%

Note: The % is calculated based on the number of posts evaluated and not on the number of approved posts.

Profile of Employees whose Salary Positions were Upgraded due to their Posts being Upgraded for the period 01 April 2015 to 31 March 2016					
Beneficiaries	African	Asian	Coloured	White	TOTAL
Female	91	37	0	2	130
Male	101	26	2	7	136
TOTAL	192	63	2	9	266
Employees with a disability					0

Note: The number of employees may differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the upgraded posts could be vacant.

Employees whose Salary Level Exceed the Grade Determined by Job Evaluation for the period 01 April 2015 to 31 March 2016 (in terms of PSR 1.V.C.3)			
Occupation	Number of employees	Job evaluation level	Remuneration level
Accounting Clerk Chief	17	07	08
Accounting Clerk Grade III Senior	238	05	06
Accounting Clerk: Supervisor	1	05	07
Administration Clerk Chief	6	07	08
Administration Clerk Senior Grade III	231	05	06
Administration Clerk Snr Grd 5	111	05	07
Administration Clerk Snr Grd 6	4	06	07

Employees whose Salary Level Exceed the Grade Determined by Job Evaluation for the period 01 April 2015 to 31 March 2016 (in terms of PSR 1.V.C.3)			
Occupation	Number of employees	Job evaluation level	Remuneration level
Administrative Official Senior	2	07	08
Personnel Management Assistant Direct	30	07	08
Personnel Official Grd III	36	05	07
Personnel Official Principal	14	07	08
Personnel Official Senior Grade III	59	05	06
Personnel Practitioner Senior	1	07	08
Prov Admin Clerk Snr Grd III	83	05	07
Prov Admin Clerk Snr Grd III	2	06	07
Provisioning Admin Clerk Chief	1	05	08
Provisioning Admin Clerk Chief	8	07	08
Provisioning Admin Clerk Senior Grade III	122	05	06
Provisioning Administration Officer	1	07	08
Provisioning Administration Officer Senior	3	07	08
Registry Clerk Senior Grade III	34	05	06
Registry Clerk Senior Grd III	26	05	07
Secretary Grade III Senior	1	06	07
Senior Accounting Clerk	29	05	07
Store Keeper Grade III Senior	2	06	07
Grand Total	1 062	07	08
Total Number of Employees whose salaries exceeded the level determined by job evaluation in FY2015/16			1 062
Percentage of Total employment			1,37%

Note: Reason for deviation is due to implementation of the grading levels of clerks

Profile of Employees whose Salary Level Exceed the Grade Determined by Job Evaluation for the period 01 April 2015 to 31 March 2016 (in terms of PSR 1.V.C.3)					
Profile of employees whose salary level exceed the grade determined by job evaluation	African	Asian	Coloured	White	TOTAL
Female	223	3	70	22	318
Male	293	8	101	342	744
TOTAL	516	11	171	364	1062
Employees with a disability					0

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in FY2015/16	None
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Take Note: No cases where the remuneration bands exceeded the grade determined by job evaluation.

EMPLOYMENT CHANGES

Annual turnover Rates by Salary Band for the period 01 April 2015 to 31 March 2016				
Salary Bands	Number of Employees per Occupation as at 01 April 2015	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Minister/Deputy/Advisors	5	1	0	20.00%
Senior Management Service band D	6	0	1	-16.67%
Senior Management Service band C	18	0	1	-5.56%
Senior Management Service band B	56	4	10	-10.71%
Senior Management Service band A	209	7	20	-6.22%
Senior professionals	129	5	10	-3.88%
Highly skilled supervision	9 882	165	657	-4.98%
Highly skilled production	24 252	177	881	-2.90%
Skilled	37 067	181	1244	-2.87%
Lower skilled	2 456	343	108	9.57%
Military Skills Development System	3 931	1 979	346	41.54%
Interns	0	0	0	0.00%
TOTAL	78 011	2 862	3 278	-0.53%

Note: When the start strength of 78 011 was calculated two members (uniform) were seconded at the Department of Military Veterans. One returned in September 2015 and one in January 2016. They are included in the end strength. They were not an appointment.

Annual turnover Rates by Critical Occupation for the period 01 April 2015 to 31 March 2016				
Critical Occupation	Number of Employees per Occupation as at 01 April 2015	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	515	12	7	0.97%
Aircrew	484	15	27	-2.48%
Anti-Aircraft	1 007	74	33	4.07%
Artillery	1 432	1	18	-1.19%
Combat Navy	628	2	27	-3.98%
Engineer	114	4	16	-10.53%
Medical Prof	1 481	185	181	0.27%
Nursing	1 674	9	107	-5.85%
Technical	7 084	304	247	0.80%
TOTAL	14 419	606	663	-0.40%

Take Note: 392 MSDS members are included in the total appointment figure for all critical occupations.

Reasons why Staff are Leaving the Department for FY2015/16		
Termination Type	Number	% of Total
Death	448	13.67%
Resignation	1 154	35.20%
Contract Expiry	486	14.83%
Transfer	53	1.62%
Dismiss – Ops Req	0	0.00%
Dismiss – Ill Health	72	2.20%
Dismiss – Misconduct	170	5.19%
Discharge – Incapacity	62	1.89%
Retirement	794	24.22%
MEM/EISP/VSP	39	1.19%
Total Number of Employees who left as a % of the Total Employment as at 31 March 2016	3 278	4.20%

Promotions by Critical Occupation for FY2015/16					
Occupation	Employees as at 01 April 2015	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Air Space Control	515	83	16.12%	323	62.72%
Aircrew	484	123	25.41%	229	47.31%
Anti-Aircraft	1 007	76	7.55%	679	67.43%
Artillery	1 432	74	5.17%	1 157	80.80%
Combat Navy	628	116	18.47%	386	61.46%
Engineer	114	20	17.54%	54	47.37%
Medical Professional	1 481	303	20.46%	701	47.33%
Nursing	1 674	228	13.62%	1 175	70.19%
Technical	7 084	949	13.40%	4 347	61.36%
TOTAL	14 419	1 972	13.68%	9 051	62.77%

Promotions by Salary Band for FY2015/16					
Salary Band	Employees as at 01 April 2015	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	294	16	5.44%	189	64.29%
Senior professionals	129	20	15.50%	60	46.51%
Highly skilled supervision	9 882	1 296	13.11%	6 687	67.67%
Highly skilled production	24 252	2 523	10.40%	18 635	76.84%

Promotions by Salary Band for FY2015/16					
Salary Band	Employees as at 01 April 2015	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
Skilled	37 067	2 525	6.81%	23 962	64.65%
Lower skilled	2 456	0	0.00%	1 662	67.67%
Military Skills Development System	3 931	0	0.00%	0	0.00%
Interns	0	0	0.00%	0	0.00%
TOTAL	78 011	6 380	8.18%	51 195	65.63%

EMPLOYMENT EQUITY

Total Number of Employees in Each of the Following Occupational Categories as at 31 March 2016									
Occupational Category (SASCO)	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, Senior Officials and Managers	1	0	0	0	1	0	0	0	2
Professionals	854	78	124	405	817	85	213	524	3 100
Technicians and Associate Professionals	3 184	66	399	1 030	1 714	52	292	502	7 239
Clerks	5 724	108	1 357	942	4 178	75	724	1 702	14 810
Service and Sales Workers	20 707	194	2 757	1 597	4 963	35	801	420	31 474
Craft and Related Trades Workers	5 403	170	1 039	1 964	1 734	11	262	220	10 803
Plant and Machine Operators and Assemblers	212	2	52	18	10	0	1	1	296
Elementary Occupations	4 866	25	956	496	2 749	22	593	166	9 873
TOTAL	40 951	643	6 684	6 452	16 166	280	2 886	3 535	77 597
Employees with disabilities	202	3	58	97	18	0	5	51	434

Total Number of Employees in Each of the Following Occupational Bands as at 31 March 2016									
Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	20	1	0	2	6	0	0	1	30
Senior Management	175	17	14	97	65	11	8	30	417
Professionally qualified and experienced specialists and mid-management	3 251	182	904	2 655	1 435	106	300	1 150	9 983

Total Number of Employees in Each of the Following Occupational Bands as at 31 March 2016

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	11 310	259	2 734	2 674	4 273	91	904	2 015	24 260
Semi-skilled and discretionary decision making	23 158	133	2 610	858	7 923	44	1 316	273	36 315
Unskilled and defined decision making	958	2	173	15	1 210	10	239	38	2 645
Military Skills Development System	2 079	49	249	151	1 254	18	119	28	3 947
Interns	0	0	0	0	0	0	0	0	0
TOTAL	40 951	643	6 684	6 452	16 166	280	2 886	3 535	77 597

Recruitment for the period 01 April 2015 to 31 March 2016

Occupational Bands	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior management	4	1	0	1	10	0	0	0	16
Professionally qualified and experienced specialists and mid-management	43	5	7	22	39	13	15	21	165
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	50	1	6	6	87	1	4	22	177
Semi-skilled and discretionary decision making	68	0	4	6	86	3	10	4	181
Unskilled and defined decision making	145	0	18	5	155	0	18	2	343
Military Skills Development System	1 080	23	140	94	559	9	61	13	1 979
Interns	0	0	0	0	0	0	0	0	0
TOTAL	1 391	30	175	134	936	26	108	62	2 862
Employees with disabilities	1	0	0	0	0	0	0	0	1

Promotions for the Period 01 April 2015 to 31 March 2016									
Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	11	3	1	11	4	3	0	1	34
Professionally qualified and experienced specialists and mid-management	500	21	112	159	281	30	58	135	1 296
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1 272	16	210	122	620	11	108	164	2 523
Semi-skilled and discretionary decision making	1 446	23	147	91	708	3	88	19	2 525
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	3 231	63	470	383	1 613	47	254	319	6 380
Employees with disabilities	17	0	5	6	0	0	0	4	32

Terminations for the Period 01 April 2015 to 31 March 2016									
Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	19	0	2	14	3	0	0	2	40
Professionally qualified and experienced specialists and mid-management	169	16	54	220	82	15	20	81	657
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	377	10	121	90	108	5	25	145	881
Semi-skilled and discretionary decision making	808	1	118	52	199	1	49	16	1 244
Unskilled and defined decision making	53	0	9	1	29	0	15	1	108
Military Skills Development System	128	6	36	20	117	2	31	6	346
Interns	0	0	0	0	0	0	0	0	0
TOTAL	1 556	33	340	397	538	23	140	251	3 278
Employees with disabilities	14	1	2	8	1	0	1	3	30

Disciplinary Action for the Period 01 April 2015 to 31 March 2016

Disciplinary Action	Male				Female				TOTAL
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Verbal Warning	1	0	0	0	1	0	0	0	2
Written Warning	1	1	0	0	3	0	0	1	6
Final Written Warning	10	0	0	0	3	0	0	0	13
Suspended without Pay	2	0	0	0	0	0	0	0	2
Dismissal	7	3	0	0	3	2	0	0	15
Not Guilty	1	0	0	0	0	0	0	0	1
Case Withdrawn	1	0	0	0	1	0	0	0	2
TOTAL	23	4	0	0	11	2	0	1	41

Skills Development for the Period 01 April 2015 to 31 March 2016

Occupational Categories	Male				Female				TOTAL
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Legislators, senior officials and managers	1	0	0	0	0	0	0	0	1
Professionals	224	32	3	73	320	49	5	114	820
Technicians and associate professionals	1 701	261	25	511	563	348	15	515	3 939
Clerks	2 573	404	32	912	2 392	371	34	804	7 522
Service and sales workers	8 740	1 477	155	3 432	2 731	434	48	1 001	18 018
Craft and related trades workers	2 839	373	46	889	978	181	16	296	5 618
Plant and machine operators and assemblers	32	5	0	12	4	1	0	1	55
Elementary occupations	1 916	319	29	743	935	136	14	274	4 366
TOTAL	18 026	2 871	290	6 572	7 923	1 520	132	3 005	40 339
Employees with disabilities	0	0	0	0	0	0	0	0	0

Signing of Performance Agreements by SMS members as on 31 May 2015

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director General/ Head of Department	2	2	0	0%
Salary Level 16	8	7	2	29%
Salary Level 15	15	17	12	71%

Signing of Performance Agreements by SMS members as on 31 May 2015

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Salary Level 14	63	60	60	100%
Salary Level 13	210	212	190	90%
TOTAL	298	298	264	89%

Reasons for not having concluded Performance Agreements
Reasons

Non compliance by members

Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2016
Reasons

Members forfeit pay progression for the specific year

PERFORMANCE REWARDS
Performance Rewards by Race, Gender and Disability for Personnel below Senior Management Service for the Period 01 April 2015 to 31 March 2016

Beneficiary Profile					Cost	
Race	Gender	Number of beneficiaries	Total number of employees in group on 01 April 2015	% of total within group	Cost	Average Cost per employee
African	Male	8 097	40 957	19.77%	68 533 401	8 464
	Female	3 308	15 729	21.03%	27 016 869	8 167
African Total		11 405	56 686	20.12%	95 550 270	8 378
Asian	Male	171	639	26.76%	1 943 172	11 364
	Female	67	276	24.28%	738 439	11 021
Asian Total		238	915	26.01%	2 681 611	11 267
Coloured	Male	1 630	6 837	23.84%	15 005 139	9 206
	Female	788	2 908	27.10%	6 375 218	8 090
Coloured Total		2 418	9 745	24.81%	21 380 358	8 842
White	Male	1 760	6 659	26.43%	21 535 984	12 236
	Female	1 113	3 712	29.98%	12 425 580	11 164
White Total		2 873	10 371	27.70%	33 961 564	11 821
Grand Total		16 934	77 717	21.79%	153 573 804	9 069
Employees with Disabilities		105	439	23.92%	1 043 935	9 942

Performance Rewards by Salary Bands for Personnel below Senior Management Service for the Period 01 April 2015 to 31 March 2016

Salary Bands	Beneficiary Profile			Cost (Rand)		
	Number of beneficiaries	Number of employees on 01 April 2015	% of Total within salary bands	Total Cost (Rand)	Average Cost per employee	Total Cost as a % of the Total personnel expenditure
Senior Professionals	20	129	15.50%	370 401	18 520	0.14%
Highly Skilled Supervision	2 643	9 882	26.75%	40 479 013	15 316	0.66%
Highly Skilled Production	6 191	24 252	25.53%	61 623 899	9 954	0.73%
Skilled	7 269	37 067	19.61%	49 272 283	6 778	0.55%
Lower Skilled	399	2 456	16.25%	1 828 209	4 582	0.54%
Military Skills Development System	0	3 931	0.00%	0	0	0.00%
TOTAL	16 522	77 717	21.26%	153 573 804	9 295	0.62%

Performance Rewards by Critical Occupations for Personnel below Senior Management Service for the Period 01 April 2015 to 31 March 2016

Critical Occupation	Beneficiary Profile			Cost (Rand)	
	Number of beneficiaries	Number of employees on 01 April 2015	% of total within occupation	Total Cost	Average Cost per Employee
Air Space Control	122	511	23.87%	1 400 050	11 476
Aircrew	88	477	18.45%	1 300 354	14 777
Anti-Aircraft	216	1 004	21.51%	1 925 877	8 916
Artillery	291	1 429	20.36%	2 605 616	8 954
Combat Navy	93	618	15.05%	1 132 487	12 177
Engineer	12	109	11.01%	156 381	13 032
Medical Professional	293	1 474	19.88%	3 995 024	13 635
Nursing	310	1 672	18.54%	3 418 932	11 029
Technical	1 393	7 072	19.70%	14 802 679	10 626
TOTAL	2 818	14 366	19.62%	30 737 400	10 908

Performance related Rewards, by Salary Band, for Senior Management Service for FY2015/16

Salary Band	Beneficiary Profile			Cost (Rand)		
	Number of beneficiaries	Number of employees on 01 April 2015	% of total within band	Total Cost	Average Cost per Employee	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Management Service Band A	0	209	0.00%	0	0	0.00%

Performance related Rewards, by Salary Band, for Senior Management Service for FY2015/16						
Salary Band	Beneficiary Profile			Cost (Rand)		
	Number of beneficiaries	Number of employees on 01 April 2015	% of total within band	Total Cost	Average Cost per Employee	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Management Service Band B	0	56	0.00%	0	0	0.00%
Senior Management Service Band C	0	18	0.00%	0	0	0.00%
Senior Management Service Band D	0	6	0.00%	0	0	0.00%
Minister/Deputy/Advisors	0	5	0.00%	0	0	0.00%
TOTAL	0	294	0.00%	0	0	0.00%

Take Note: SMS members' performance incentives for the assessment period were not paid in FY2015/16 but in FY2016/17.

FOREIGN WORKERS

Foreign Workers for the period 01 April 2015 to 31 March 2016 by salary band						
Salary Band	01 April 2015		31 March 2016		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%

Foreign Worker for the period 01 April 2015 to 31 March 2016 by major occupation						
Major Occupation	01 April 2015		31 March 2016		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 FOR THE PERIOD 01 JANUARY 2015 TO 31 DECEMBER 2015

Sick leave for the period 01 January 2015 to 31 December 2015						
Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (Rand)
Senior Management	1 005	94%	159	52%	6	2 494 272
Senior Professionals	291	79%	60	43%	5	1 032 297

Sick leave for the period 01 January 2015 to 31 December 2015

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (Rand)
Highly Skilled Supervision	37 396	88%	5936	59%	6	55 776 187
Highly Skilled Production	104 349	85%	15 813	65%	7	90 481 167
Skilled	132 400	94%	19 422	53%	7	80 768 410
Lower Skilled	14 369	87%	1 873	71%	8	4 539 424
Military Skills Development System	805	100%	179	5%	4	294 881
TOTAL	290 614	85%	43 442	56%	7	235 386 638

Disability Leave (Temporary and Permanent) for the period 01 January 2015 to 31 December 2015

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (Rand)
Senior Management	193	100%	17	6%	11	492 909
Senior Professionals	35	100%	4	3%	9	133 439
Highly Skilled Supervision	15 732	100%	793	8%	20	23 405 182
Highly Skilled Production	42 895	100%	2 108	9%	20	38 541 080
Skilled	40 190	100%	2 015	6%	20	25 522 513
Lower skilled	515	100%	26	1%	20	164 857
Military Skills Development System	0	0%	0	0%	0	0
TOTAL	99 560	100%	4 963	6%	20	88 259 981

Annual Leave for the period 01 January 2015 to 31 December 2015

Salary Bands	Total days taken	Average per employee
Senior Management	7 277	28
Senior Professionals	3 119	27
Highly Skilled Supervision	265 991	28
Highly Skilled Production	642 408	27
Skilled	815 311	24
Lower Skilled	52 700	21
Military Skills Development System	35 093	19
Interns	0	0
TOTAL	1 821 899	25

Capped leave for the period 01 January 2015 to 31 December 2015			
Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2015
Senior Management	179	8	81
Senior Professionals	14	4	40
Highly Skilled Supervision	3 133	6	35
Highly Skilled Production	4 350	4	20
Skilled	3 567	5	22
Lower skilled	2	2	20
TOTAL	11 246	5	24

Leave Payouts for the period 01 April 2015 to 31 March 2016			
Reason	Total Amount (Rand)	Number of Employees	Average payment per employee
Leave Payout for FY2015/2016 due to non-utilisation of leave for previous cycle	468 205	29	16 145
Leave Payout for FY2015/2016 due to discounting of Leave	99 670 953	5 527	18 033
Leave Payout for FY2015/2016 on Termination of Service	94 644 481	2 183	43 355
TOTAL	194 783 639	7 739	25 169

HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES

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	<ul style="list-style-type: none"> HIV and AIDS related prevention programmes including mass awareness and workplace programmes. Peer education programmes. Gender Equity programme. Combating HIV and Aids through Spiritual and Ethical Conduct (CHATSEC) programme (moral, ethical and value-based programme) Availability of first aid kits and personal protective equipment. Condom distribution points for both males and females. Health promotion programmes before and after deployments. Education on Voluntary Male Medical Circumcision and appropriate referral to be circumcised. Education on Prevention of Mother-to-Child Transmission.

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
Medium risk: Members on deployment (internal to RSA) ie RSA border protection bases/posts and members on military courses	<ul style="list-style-type: none"> All the above programmes and interventions apply. HIV and AIDS lectures given during all military courses. Trained Operational Emergency Care Practitioners in HIV and AIDS, TB and STIs that deploy with other military personnel. Mobile clinics deployed to support borders with HIV education and ARV and TB treatment. HIV Training provided pre-deployment and mass awareness programmes in deployed regions. All members undergo comprehensive health assessments before they deploy to ensure they are put on appropriate care, treatment and support during deployments (treatment as prevention). Specific health promotion programmes during 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. Specific HIV prevention programmes aimed at reducing high-risk behaviour eg targeting abuse of alcohol and other drugs/substance use.

Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)			
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. SANDF HIV and 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 and AIDS formulates strategy policies and plans and give advice from the Surgeon General's office and provides the capabilities required by the Chief of the South African National Defence Force (C SANDF).</p> <p>Two members manage the monitoring and evaluation of the DOD HIV and AIDS programme at headquarters level. In addition, at a provincial level, Regional HIV and AIDS Programme Managers and healthcare professionals are trained in monitoring and evaluation to ensure reliable and valid data.</p> <p>HIV prevention and health promotion programmes are planned and implemented throughout the organisation by Regional Programme Managers based in the nine provinces of South Africa.</p> <p>Wellness programmes are executed at unit level in the SA Army, SA Air Force, SA Navy and South African Military Health Service (SAMHS) through the Military Community Wellness Committees (MCWCs). All Officers Commanding in the SANDF have the responsibility to ensure that wellness programmes take place in their respective units as part of HIV and AIDS Workplace Programmes.</p> <p>Health care practitioners at primary health care level provide HIV prevention, health promotion and curative HIV and AIDS programmes to all patients/clients throughout the organisation.</p> <p>The HIV and AIDS Programme of the DOD is funded through the health service delivery and operating budget of the SAMHS.</p>

Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)			
Question	Yes	No	Details, if Yes
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		<p>The DOD 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 and AIDS to the Surgeon General (SG) through the C SANDF. The SG has developed a comprehensive plan to manage the HIV and AIDS and TB epidemics assisted by Director HIV and AIDS Programmes and Director Medicine. The Military Health Support Programme is continuing to play a role in intensifying the campaign against communicable diseases and the treatment of patients through the Comprehensive Plan for Care, Management and Treatment of HIV and AIDS in the DOD. The programmes, interventions and/or activities include prevention of HIV and health promotion programmes.</p> <p>Progress has been made with the plan to increase treatment of HIV members. The number of Antiretroviral sites has increased to 66 and 100% of all planned sites are operational.</p> <p>The challenge still remains that the prevalence of HIV and AIDS is highest in the sub-Saharan 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 SG has to ensure that all the deploying troops undergo a comprehensive health assessment and that all HIV positive members are managed appropriately according to the policies and clinical guidelines being executed. On-going training is provided to medical officers, nursing officers, pharmacists, psychologists, social work officers, dentists and operational emergency care practitioners. More than 56 000 DOD members were reached during health promotion and prevention programmes, including the Knowledge, Attitudes and Practices Survey of 2014. The results of the KAP survey completed August 2015 has been utilised to inform programme development and management.</p> <p>The key elements of the HIV Prevention and Health Promotion Programme are:</p> <ul style="list-style-type: none"> • HIV Counselling and Testing. • Provider-Initiated Counselling and Testing. • Male and female condom provision and distribution. • Peer education training. • Gender based violence training. • Spiritual and ethical, moral and value-based prevention programmes such as CHATSEC provided by Chaplains. • HIV and AIDS workplace programmes (includes condom provision, behaviour modification programmes, peer education training, gender-based training, CHATSEC, mass awareness and occupational health and safety). • Mass awareness campaigns. • Management of occupational transmission eg supply of personal protective equipment. • Post-Exposure Prophylaxis (PEP). • Prevention of vertical transmission previously known Prevention of Mother-to-Child Transmission. • Prevention of opportunistic infections. • Utilisation of all awareness opportunities (eg National Health Days, Health Month, World AIDS Day, Condom Week, Youth Day, etc). • Management of sexually transmitted infections. • Health education, HIV and ARV training and development. • Voluntary Male Medical Circumcision.

Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)			
Question	Yes	No	Details, if Yes
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		<ul style="list-style-type: none"> Prevention with positives. Prevention and treatment of alcohol and drug abuse substance abuse. Comprehensive health assessments. Health programmes targeting women of child bearing age. Development and provision of HIV related Information and Educational Communication material. Awareness programmes with involvement of non-governmental organisations eg Society for Family Health. Health Walks.
4. Has the Department established (a) committee(s) as contemplated in Part VI(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 DOD: 2012–2016 is coordinated through the Directorate HIV and AIDS Programmes. Coordination within the SANDF through bilateral meetings between the SAMHS and the SA Army, the SA Navy and the SA Air Force. The Director HIV and AIDS Programmes coordinate matters through the SAMHS HIV and AIDS Coordinating Committee. The committee consists of members representing formations and units that provide health care services. At Military Unit level, HIV prevention and health promotion programmes are addressed via the MCWCs.
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 Strategic Plan for Non-Communicable Diseases for 2013–2016 as well as the SA National Strategic Plan for HIV and AIDS, TB and STIs 2012–2016. There are numerous policies that address the issues of discrimination including human resources strategy documents. All HIV infected uniformed members of the DOD&MV are managed according to <i>'The DOD Instruction on the Management of HIV and AIDS in the DOD'</i> and <i>'The Department of Defence Directive on the Health Classification and Deployability of SA National Defence Force Members with HIV and AIDS'</i>. Joint Defence Publication: <i>'Policy on Health Care Delivery'</i>. DOD Directive: <i>'Transformation Management in the Department of Defence'</i>. DOD Instruction: <i>'Policy on Transformation Management in the Department of Defence'</i>. Joint Defence Publication: <i>'Process and Procedures for Transformation Management in the Department of Defence'</i>.
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 principles 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 stigma and discrimination within the department. <p>Policy Documents</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 as governed by the Medical Standards for the SANDF and as required by the SG in terms of Regulation 15 of the Defence Act. HIV testing is voluntary and done with written consent, confidentiality and pre-and post-test counselling procedures. Officials with HIV and AIDS may not be unfairly discriminated against in the allocation of employment benefits and are treated like any other official with a comparable life-threatening illness/chronic disease with regard to access to benefits.

Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)			
Question	Yes	No	Details, if Yes
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"> Grievance procedures are confidential and do not result in the disclosure of a person's HIV status. Respecting the privacy and confidentiality of those living with HIV is a priority.
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 DOD are required to undergo voluntary HIV counselling and testing as part of the Comprehensive Health Assessments and Concurrent Health Assessments. In addition the military participates in the National Department of Health HIV Counselling and Testing Campaign.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health programme? If so, list these measures/indicators.	x		<p>Sources of data are:</p> <ul style="list-style-type: none"> Monthly Mortality Analysis Knowledge Attitude and Practice (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 have been developed. Information obtained from staff visits to the various units.
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"> The Roles and Responsibilities of Health Care Workers in the Management of TB and Drug Resistant-TB have been established at all military health facilities. Legal action is taken for non-compliance. The Nursing Officers: <ul style="list-style-type: none"> Maintains a close relationship with the patient. Administers treatment to the patients. Provides on-going nursing care. Completes the patient treatment card for treatment dosages given to the patient. Provides counselling for HIV testing. Conducts HIV testing on patients who give written consent. Provides educational talks to patients on a one-on-one basis or in group sessions. Plans awareness campaigns within the hospital addressing different topics. Assists the doctor in contact tracing and occupational exposure in workplaces. Is responsible for Infection Control measures in the health facilities. The Doctor (Medical Officer) is responsible for: <ul style="list-style-type: none"> Assessing patients for co-morbidities and requesting baseline tests. Ensures the notification of TB patients as TB infection is a notifiable disease. Initiating TB/Drug Resistant -TB treatment regimen for the patient or referring to relevant facility. Clinical monitoring of patients treatment for adverse events. Prompt management of adverse events. Reviews treatment of patients and makes necessary adjustments. Presents difficult or complicated patients to the clinical management committee or provincial review committee.

Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)			
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"> - Ensures follow-up smears and cultures are conducted and results available on time. - Reports all adverse events to the Military Command Council. • The pharmacists in SAMHS facilities: <ul style="list-style-type: none"> - Ensures availability of TB drugs and ancillary drugs for co-morbidities. - Monitors drug stock levels. - Ensures correct storage of the drugs. - Dispatches drugs to patients who have been discharged to 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. - Refers patients who need expert opinion timeously. • The SAMHS Psychiatrist: <ul style="list-style-type: none"> - Conducts baseline evaluation of all patients with a history of mental illness and initiates treatment for mental illness. - Regularly monitors patients on psychiatric drugs or those with a history of mental illness. - Evaluates all patients who develop psychiatric symptoms as a result of treatment. - Manages patients who develop psychiatric symptoms whilst on Drug Resistant -TB treatment. • The Dietician: <ul style="list-style-type: none"> - Conducts the 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 supplement. - Monitors progress of patients started on a specific diet. - Ensures that the hospital meals meet the nutritional requirements for patients with TB/ Drug Resistant -TB. - Reviews the hospital menu at determined intervals. - Reports to the hospital management on a regular basis. - Established a feedback system for patients on the meals provided in the hospital. • The Social Worker: <ul style="list-style-type: none"> - Conducts the initial assessment of patients and their home environment. - Assists patients and their families with social support required whilst in and out of the hospital. - Provides liaison with employers regarding employee benefits whilst in hospital. - Refers patients or families with special needs to relevant service providers. - Provides on-going counselling of patients and their families.

Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)			
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"> • The Occupational Therapist: <ul style="list-style-type: none"> - Conducts the initial assessment of patient's psycho-social status in relation to job evaluations. - Develops patient's 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. - Plans pre-vocational training programmes. • The SAMHS audiologist: <ul style="list-style-type: none"> - Conducts baseline assessment for all patients prior to initiation of treatment. - Advises the treating doctor where a patient already has hearing impairment at baseline before TB treatment started. - Monitors patients monthly for hearing impairment from baseline. - Recommends and refers management of patients 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 the individual patients. - Monitors patient's progress. - Assists patients with expectoration for monitoring culture conversion. - Trains patients on cough etiquette. • Remote Military Health Sickbays and Clinics: <ul style="list-style-type: none"> - Monitors Patients on TB treatment. - Ensures treatment compliance that may include directly observed treatment. - Continues psycho-social support. - Trace treatment Interrupters and address reasons for interruption and ensure they remain on treatment. - Arranges transport for monthly follow-up at the date of patient treatment follow-up card. - Completes the patient treatment follow-up cards.

LABOUR RELATIONS

Collective Agreements for the period 01 April 2015 to 31 March 2016	
Subject Matter	Date
Agreement on Salary Adjustments 2015/16 – 2017/18	20 May 2015
Agreement on Government Employees Medical Scheme (GEMS)	20 May 2015
Agreement on the Review of Danger Allowance	20 May 2015
Agreement on the New Danger Dispensation	20 May 2015

Collective Agreements for the period 01 April 2015 to 31 March 2016	
Subject Matter	Date
Agreement on the Review of Post Retirement	20 May 2015
Agreement on the Establishment of Government Employees Housing Scheme (GEHS)	20 May 2015

Misconduct and Disciplinary Hearings Finalised for the period 01 April 2015 to 31 March 2016		
Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	2	5%
Written warning	6	15%
Final written warning	13	32%
Suspended without pay	2	5%
Fine	0	0%
Demotion	0	0%
Dismissal	15	37%
Not guilty	1	2%
Case withdrawn	2	5%
TOTAL	41	100%

Grievances Lodged for the period 01 April 2015 to 31 March 2016	
Grievances	Number
Number of Grievances Resolved	126
Number of Grievances not Resolved	314
Total Number of Grievances Lodged	440

Take Note 1: The number of grievances that were resolved in the FY2015/16 was 4.

Grievances Lodged for the period 01 April 2015 to 31 March 2016	
Disputes	Number
Number of disputes upheld	6
Number of disputes dismissed	23
Total number of disputes lodged	51

Take Note: 22 Disputes pending and have not been finalised.

Strike Actions for the period 01 April 2015 to 31 March 2016

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

Precautionary Suspensions for the period 01 April 2015 to 31 March 2016 – Military Personnel

Subject Matter	Number
Number of people suspended	26
Number of people whose suspensions exceeded 30 days	26
Average number of days suspended	1 422
Cost of suspensions	R6 395 735.25

Take Note: 16 members suspended with pay and 10 without pay.

Precautionary Suspensions for the period 01 April 2015 to 31 March 2016 – Public Service Act Personnel

Subject Matter	Number
Number of people suspended	5
Number of people whose suspensions exceeded 30 days	5
Average number of days suspended	447
Cost of suspensions	R409 720.25

SKILLS DEVELOPMENT
Training Needs Identified for the period 01 April 2015 to 31 March 2016

Occupational Categories	Gender	Number of Employees as at 01 April 2015	Training Needs Identified at Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	TOTAL
Legislators, senior officials and managers	Female	1	0	0	0	0
	Male	1	0	1	0	1
Professionals	Female	1 566	0	12	0	12
	Male	1 409	0	34	0	34
Technicians and associate professionals	Female	2 650	0	109	4 319	4 428
	Male	4 893	0	104	10 075	10 179
Clerks	Female	6 697	0	95	3 861	3 956
	Male	8 293	0	109	9 007	9 116

Training Needs Identified for the period 01 April 2015 to 31 March 2016						
Occupational Categories	Gender	Number of Employees as at 01 April 2015	Training Needs Identified at Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	TOTAL
Service and sales workers	Female	6 132	0	366	8 886	9 252
	Male	25 332	0	536	20 733	21 269
Craft and related trades workers	Female	2 132	260	54	3 180	3 494
	Male	8 600	390	43	7 420	7 853
Plant and machine operators and assemblers	Female	10	0	0	508	508
	Male	320	0	1	1 184	1 185
Elementary occupations	Female	3 499	0	115	1 600	1 715
	Male	6 476	0	161	3 731	3 892
Subtotal	Female	22 687	260	751	22 354	23 365
	Male	55 324	390	989	52 150	53 529
TOTAL		78 011	650	1 740	74 504	76 894

Training Provided for the period 01 April 2015 to 31 March 2016						
Occupational Categories	Gender	Number of Employees as at 01 April 2015	Training Provided within Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	TOTAL
Legislators, senior officials and managers	Female	1	0	0	0	0
	Male	1	0	1	0	1
Professionals	Female	1 566	0	12	476	488
	Male	1 409	0	34	298	332
Technicians and associate professionals	Female	2 650	0	109	1 332	1 441
	Male	4 893	0	103	2 395	2 498
Clerks	Female	6 697	0	95	3 506	3 601
	Male	8 293	0	109	3 812	3 921
Service and sales workers	Female	6 132	0	235	3 979	4 214
	Male	25 332	0	504	13 300	13 804
Craft and related trades workers	Female	2 132	141	54	1 276	1 471
	Male	8 600	400	43	3 704	4 147
Plant and machine operators and assemblers	Female	10	0	0	6	6
	Male	320	0	1	48	49

Training Provided for the period 01 April 2015 to 31 March 2016						
Occupational Categories	Gender	Number of Employees as at 01 April 2015	Training Provided within Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	TOTAL
Elementary occupations	Female	3 499	0	133	1 226	1 359
	Male	6 476	0	157	2 850	3 007
Subtotal	Female	22 687	141	638	11 801	12 580
	Male	55 324	400	952	26 407	27 759
TOTAL		78 011	541	1 590	38 208	40 339

INJURY ON DUTY

Injury on duty for the period 01 April 2015 to 31 March 2016		
Nature of Injury on Duty	Number	% of Total
Required basic medical attention only ¹	321	85%
Temporary total Disablement ²	28	7%
Permanent Disablement ³	20	5%
Fatal ⁴	10	3%
TOTAL	379	100%

Take Note:

- Required Basic Medical Attention Only.** This is the action or manner of treating an individual medically or surgically to stabilise and promote healing.
- Temporary Total Disablement.** This is the temporary alteration of an individual's physical or mental status that limits activity. Medical or surgical treatment may stabilize the condition and restore the health of an individual to normal within a defined period.
- 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.
- Fatal.** An injury, disease or condition causing or ending in organ or multi-organ failure and death.

UTILISATION OF CONSULTANTS³⁹

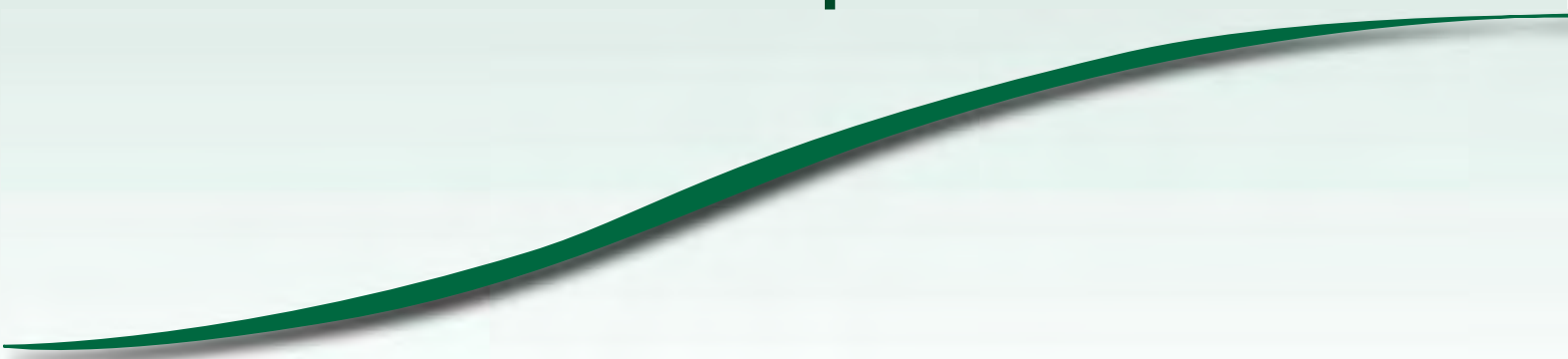
Services Rendered and Paid for FY2015/16		
Service/ Division	Total paid against Consultants on the FMS System	Description of Services
SA Army	R4 380 005.00	SABS Quality Assurance
SA Air Force	R16 934.56	Boards and Commissions
	R592 311.48	SABS Quality Assurance
SA Navy	R98 423.65	SABS Services
SAMHS	R712 605.52	SABS Quality Assurance
Human Resources Division	R69 008.41	South African Board for People Practices
Defence Inspectorate Division	R39 959.28	SABS Quality Control and Inspections
Def Pol, Strat and Plan Division	R2 858 707.91	Armaments Corporation of South Africa (ARMSCOR) Services (DDSI: Defence Review)
Log Division	R19 699 200.00	SAFI Feasibility Study
	R206 510 123.78	PWC Asset Verification
Defence International Affairs	R135 923.40	Translation and Transcripts Services
Military Ombud	R46 349.50	SAQA and Competency Testing
Military Police Division	R1 700.00	Business & Advisory Service : Human Resources
Defence Secretariat	R29 089 058.16	Defence Operational Research
	R1 193 693.45	Business & Advisory Service : Human Resources
Defence Legal Services Division	R71 375.40	Translation and Transcripts Services
Defence Matériel Division	R19 999 797.83	Business & Advisory Services : Project Management
Chief Joint Operations	R433 941.57	Interpretation Service
British Peace and Support Technical Team	R14 645 127.17	British Military Advisory Technical Team Capitation fees
Total value paid against the Item 35 Budget on Consultants	R300 594 245.70	

Take Note: Some Services and Divisions did not make use of consultants during the FY2015/16, however some services rendered, were funded from the consultants' series under the Item 35 Budget.

³⁹ Services rendered and paid under the Standard Chart of Accounts (SCoA) classification, "Consultants: Business Advisory Services".

2015/16

APPENDIX A
Public Opinion





STATUS OF PUBLIC OPINION OF THE DEPARTMENT OF DEFENCE⁴⁰

In early 2015 the Human Sciences Research Council (HSRC) conducted an independent, nationally representative survey of attitudes towards the SANDF. The results indicated that the public generally places high confidence in the SANDF. Almost three quarters (72%) of South Africans are proud of the SANDF, rising from 62% in 2003, while 68% believed that it is performing well.

The public expresses resolute support for conventional defence goals and tasks, but is also broadly favourable towards some of the expanded roles outlined in the Defence Review 2015. Almost three quarters (71%) favour peace support operations in Africa.

Large shares of South Africans feel a sense of moral alignment with the SANDF, seeing it as representing values that are deemed important to them. There is a well-developed sense of felt obligation or duty among the adult public, with 67% believing that a willingness to serve in the SANDF in times of need is an essential part of being a good citizen.

From a performance perspective, almost two-thirds of South Africans rate the SANDF as fair, successful, professional and disciplined.

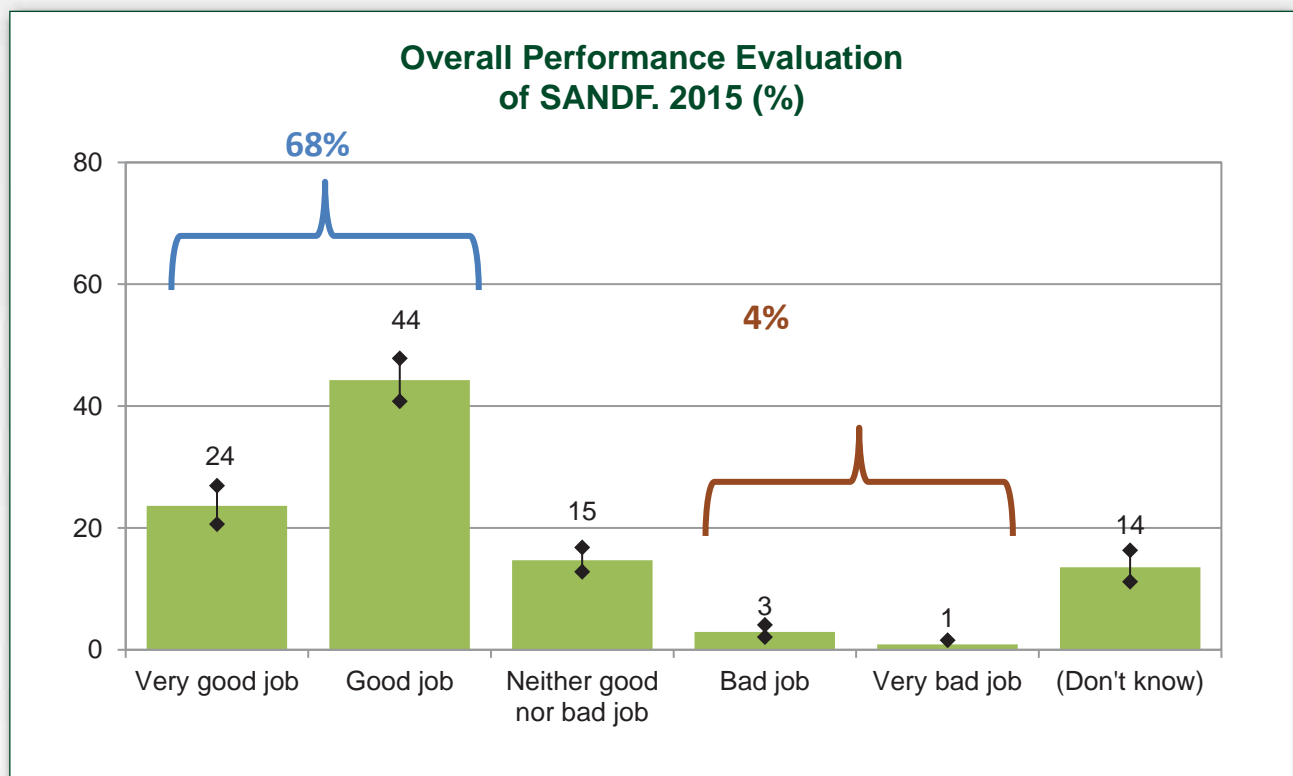
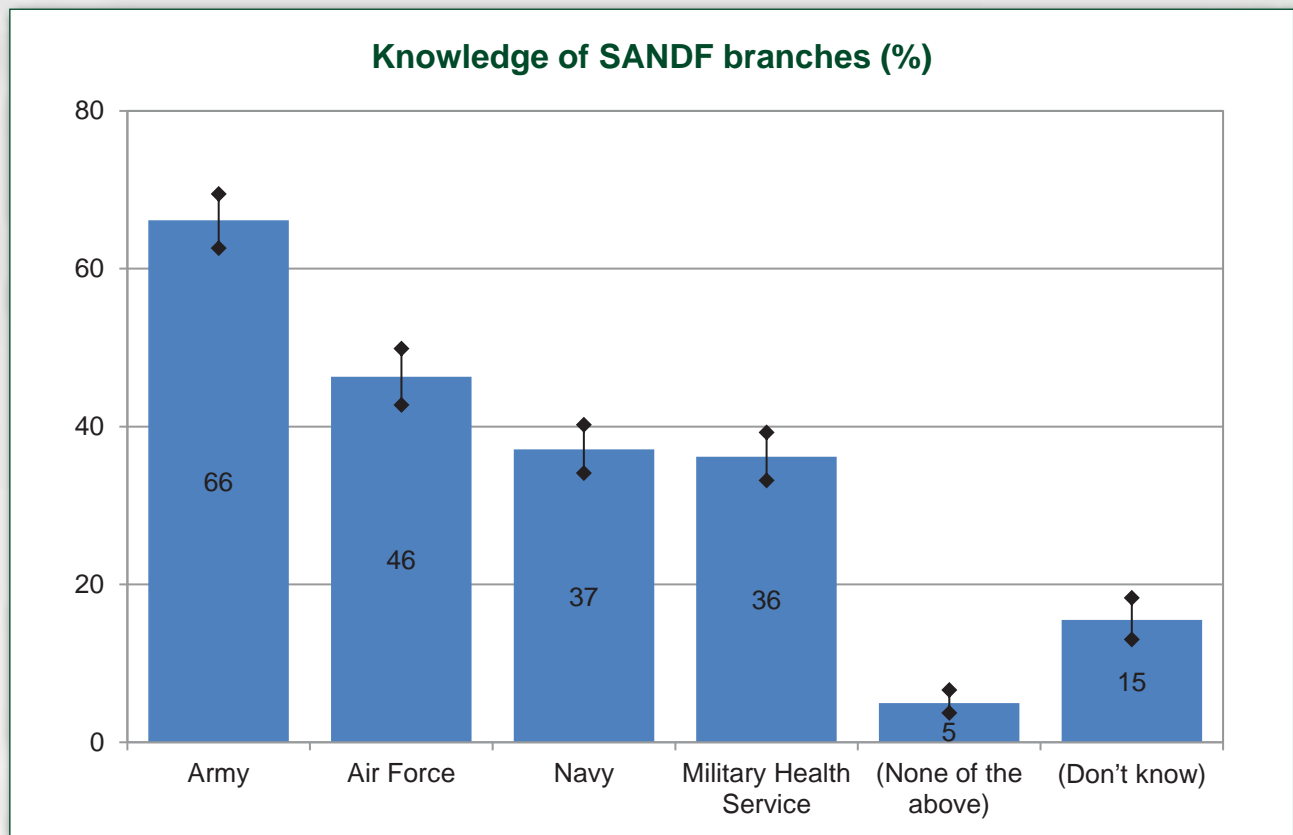
The majority of South Africans believe that the SANDF represents all South Africans and that transformation is progressing well. Irrespective of gender, there is also strong support for a role for women in the military. South Africans also pledge their support for the SANDF by supporting military spending. Over two-fifths (42%) lend their support for increased military and defence expenditure, regardless of the tax implications.

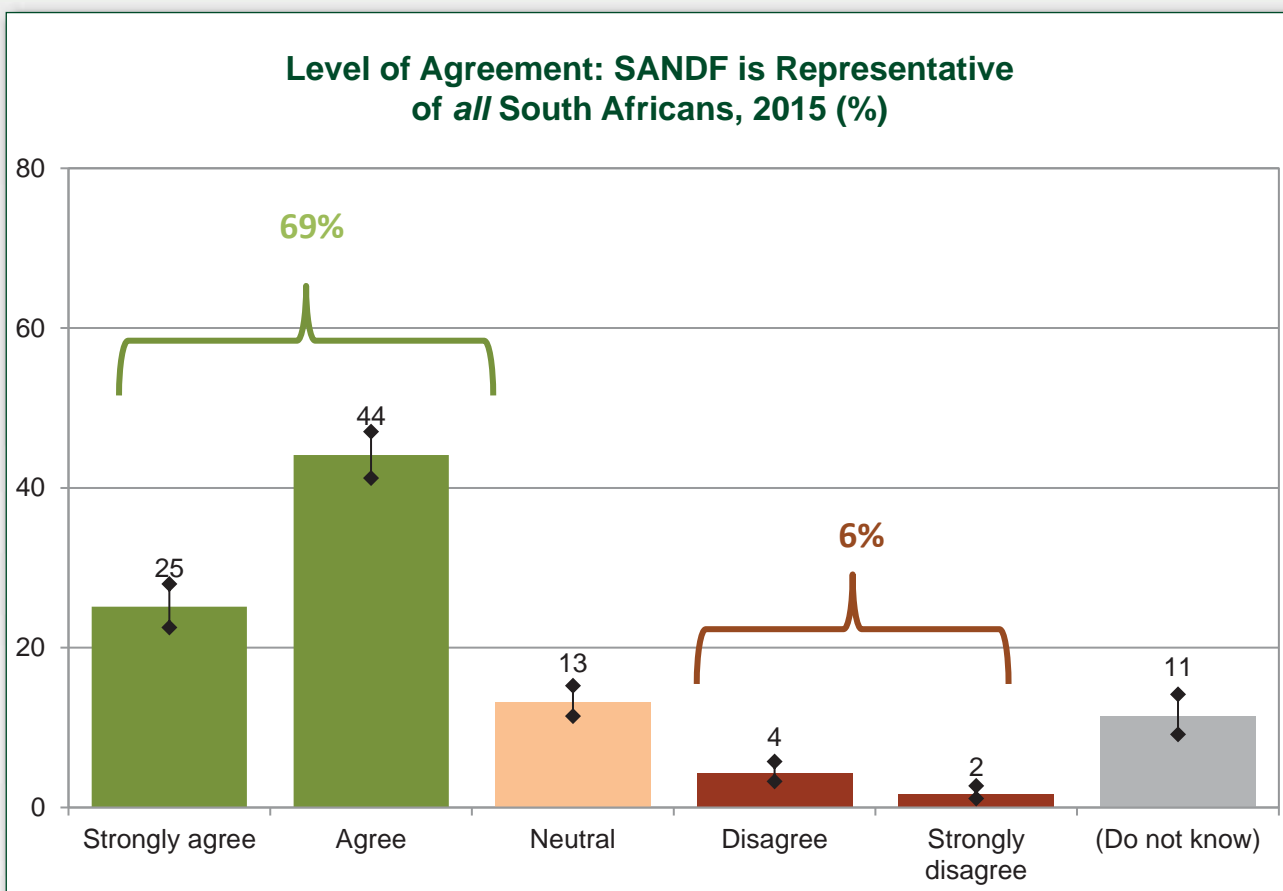
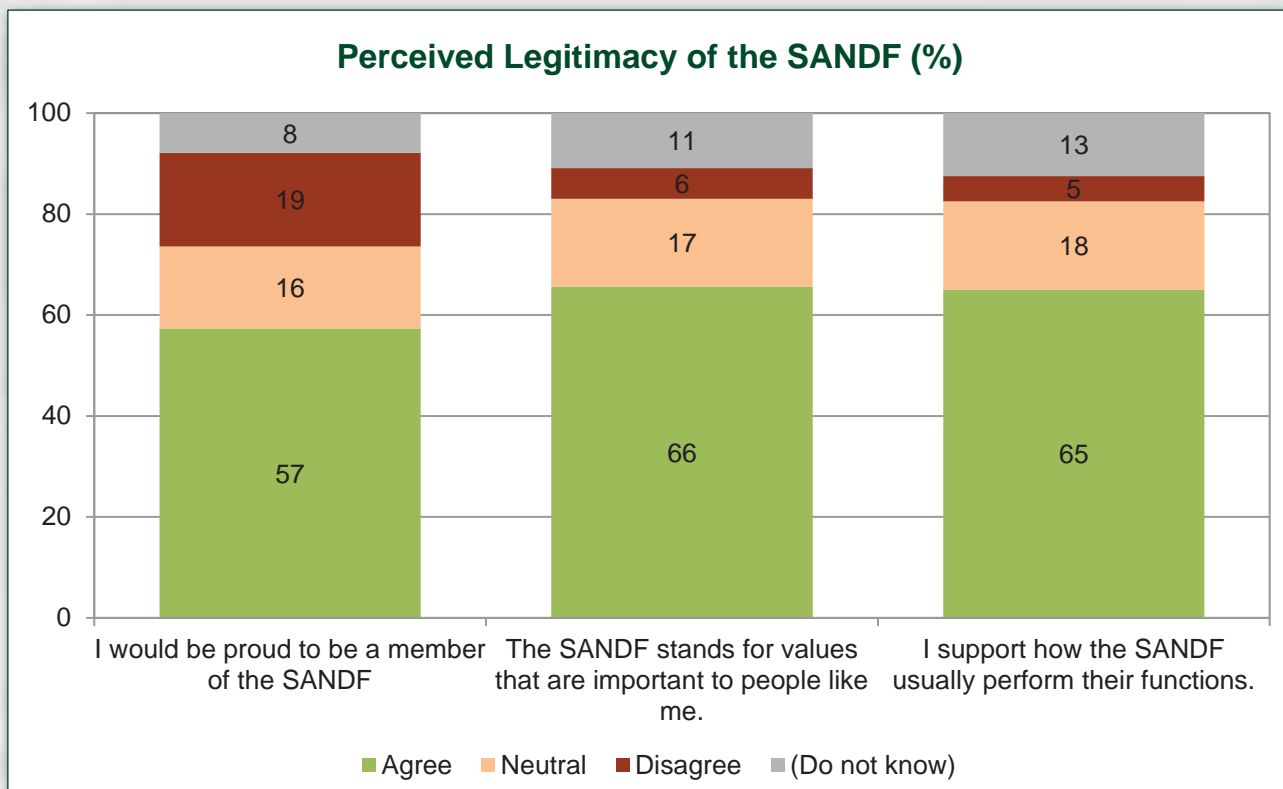
The findings from this baseline survey provide clear evidence that South Africans hold the SANDF in high regard as one of the most trusted institutions in South Africa.

Photograph on page 154: The Commander-in-Chief of the SA National Defence Force (SANDF) and President of South Africa, Mr Jacob Zuma, and the Chief of the SANDF, Gen Solly Shoke, attending Armed Forces Day.

⁴⁰ Refer to Part B: Performance Information, page 69

The figures below indicate public opinion in different areas of the survey.







ARMED FORCES DAY

21 February 2016





2015/16

PART E

Financial Information



Exercise AMANI AFRICA II at SA Army
Combat Training Centre in Lohatlha.



DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**REPORT BY THE ACCOUNTING OFFICER, DR S.M. GULUBE, FOR THE PERIOD
01 APRIL 2015 TO 31 MARCH 2016**

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

As directed by the Minister of Defence and Military Veterans (MOD&MV), the Department of Defence (DOD) devoted the financial year 2015/16 to planning for the incremental implementation of the Defence Review 2015 (Milestone 1) to 'arrest the decline'. To this end, the DOD created a Defence Review Project Implementation Team to develop these plans.

The Defence Review 2015 (Milestone 1) Implementation Plan is made up of two primary work packages. The first package being those interventions that can be pursued within the current Defence budget allocation and which will improve organisational efficiency and effectiveness, and the second package being those interventions that would need additional funding and which will enhance operational performance. On the former, the Planning Team identified 12 End-States/Outcomes that were included in the DOD's Annual Performance Plan 2016 as Annexure D.

Services and Divisions have adjusted their plans accordingly and will be reporting against these 12 End States/Outcomes in a narrative form so as to allow the Parliamentary oversight committees to obtain an indication of improvements/challenges as it unfold.

The planning team is finalising the cost-driven component to the Defence Review 2015 (Milestone 1) Implementation Plan which will be included in the Planning Instruments of the financial year 2017/18 onwards should the required additional funding be contained in the 2017/18 appropriation to Defence (Refer Part B, pages 42 to 44).

INFORMATION ON PREDETERMINED OBJECTIVES

Process to record performance information. A DOD Instruction 07/2014 "Development of DOD Standard Operating Procedures for Performance Information Management" was developed to ensure that standing operating procedures (SOPs) are implemented to support the compiling and development of technical datasheets. Based on this DOD Instruction, the SANDF issued an instruction to develop SOPs on levels 2 to 4.

Process adopted to achieve predetermined objectives. The DOD Planning, Budgeting and Reporting Cycle, which is aligned with the National Planning, Budgeting and Reporting Cycle, amongst others, is utilised to report and record performance information. The purpose of the DOD Planning, Budgeting and Reporting Cycle (hereafter referred to as the DOD Cycle) is to ensure alignment between the National Planning, Budgeting and Reporting Cycle with the DOD 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.

Reporting on performance information. Information on performance reporting in the DOD is managed in terms of the Interim Department of Defence Instruction (IDODI) POL&PLAN00001/2011 "Policy on the Reporting of Performance Information against Plan" as approved on 29 February 2012. This policy remains valid and ensures the directing, management and reporting of Departmental performance information and associated activities. The IDODI is available on the DOD Intranet for utilisation by lower levels. The DOD is in the process of reviewing this policy to align it with monitoring and evaluation reforms received from the Department of Planning, Monitoring and Evaluation in the Presidency, amongst others. The IDODI is supplemented on an annual basis with Departmental Instructions on Quarterly Performance Reporting, Annual Reports and Management Performance Assessment Tool self-assessments.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

The following Departmental Instructions were issued for performance reporting on FY2015/16 performance information:

- DOD Instruction 0015/2015: Management Performance Assessment Tool 1.5 Self-Assessment.
- DOD Instruction 002/2015: Guidelines for the Preparation of Quarterly Performance Reports on Performance against the DOD Annual Performance Plan for FY2015/16.
- DOD Instruction 02/2016: Guidelines for the Preparation of the Department of Defence Annual Report for the year ending 31 March 2016.
- DOD Instruction 003/2016: Development of Management Performance Assessment Tool 1.5 Improvement Plans.

These DOD instructions provide roles and responsibilities of different stakeholders in the context of performance reporting. In addition, functional responsibility owners develop their own procedures and instructions to ensure compliance with the DOD instructions and monitor the activities.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Introduction

During the financial year 2015/16, the DOD received an appropriation of Rb45,088, a 5.2% increase on the financial year 2014/15's appropriation. The DOD managed to spend 99.96% of its appropriated funds and surrendered Rm16,627 to the National Revenue Fund.

Within the limited financial resources, the DOD ensured the achievement of its operational mandate and related Ministerial priorities, as indicated in the Minister's Budget Vote of 19 May 2015.

In the Supply Chain Management area, the DOD endeavoured to ensure that its processes are aligned and compliant with legislation, policies and directives.

Irregular, Fruitless and Wasteful Expenditure

For the period under review, the DOD focused on the prevention of irregular, fruitless and wasteful expenditure. The "Financial Misconduct Policy" and the "DOD Irregular, Fruitless and Wasteful Expenditure Prevention Strategy" were revised and will be implemented during the FY2016/17.

The Prosecution and Recovery Committee, a subcommittee of the Accountability Management Committee, continued its operations of ensuring that the Accounting Officer secures accountability by officials responsible for financial misconduct in the Department. This resulted in the balance on irregular expenditure decreasing from Rm820, in FY2014/15 to Rm633 in FY2015/16 and fruitless and wasteful expenditure decreasing from Rm359 in FY2014/15 to Rm308 in FY2015/16. Decreases in irregular expenditure and fruitless and wasteful expenditure can also be attributed to Chiefs of Services and Divisions taking responsibility for the management of the incidents within their respective areas of responsibility.

As reported-on in previous reporting periods, included in the fruitless and wasteful expenditure of Rm308 is an amount of Rm303 which was previously submitted to the Minister of Public Service and Administration (PSA) for a recommendation / decision on possible disciplinary steps to be taken. The DOD will resubmit this case to the Minister of PSA and the State Law Advisors, for determination of liability.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

Departmental Receipts

Revenue management reports are provided on a monthly basis to top management. The Department continued to enhance its internal controls, by providing focussed training opportunities to DOD members, amongst others. Revenue procedures and instructions were reviewed and updated where appropriate.

Defence identified 76 revenue streams which are covered by numerous Departmental policies, procedures and instructions for timeous collection of departmental revenue through salary deductions, cash collections and bank transfers. Revenue management is decentralised to 488 Force Structure Elements (FSEs).

The credibility of revenue data carried on the Financial Management System (FMS) is reliant on the inputs received from non-integrated, legacy logistic and personnel systems. The FMS was enhanced to improve the budgeting, accounting and reporting of revenue, while links between systems are inadequate and prevents credible cross-referencing and validation of information. The development of the national Integrated FMS prohibits the development of a fully integrated resource management system within Defence to effectively manage revenue.

Minor enhancements to systems and the appraisal of supporting policies are in progress to provide credible revenue information. Additional management reports and an automated revenue reconciliation capability are under development to improve revenue management. Training and empowerment of finance functionaries and line managers is a high priority and is continuously provided to enhance revenue management.

All FSEs capture their estimates of revenue on the FMS that are evaluated by the Departmental Planning and Budget Evaluation Committee (DPBEC). Revenue collected is accounted for at the point where it originated, while a system generated report assists FSEs in managing revenue collection. As a result revenue collected increased by 26.8% over the last three financial years. Various policies were updated and promulgated to ensure that revenue due to the Department is collected. Despite progress made, even more will be done to ensure a comprehensive and credible revenue management system within Defence.

The following revenue tariffs were approved during the financial year:

- Noonday gun.
- Marketing support.

The following revenue tariffs were not updated in the financial year:

- Aircraft flights against payment tariffs.
- Hiring of equipment.
- Hiring of DOD vehicles.

The Department undercollected on the following items:

- Fine, penalties and forfeits due to the non-appointment of judges.
- Sale of capital assets decreased due to less unserviceable equipment available to be sold on auctions.
- Financial transactions in assets and liabilities due to less exchange rate profits being collected than estimated.

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The Department overcollected on the following items:

- Sale of goods and services other than capital assets due to large increases in services rendered to other state departments.
- Transfers received due to large increases in United Nations reimbursements as a result of amounts in arrears that were collected.
- Interest, dividends and rent on land due to an increase in interest on debtor accounts. The sources of revenue for the FY2015/16 are indicated below.

Sources of Revenue						
Departmental Receipts	2014/2015			2015/2016		
	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
– Liquor license	0	0	0	0	0	0
– Motor vehicle license	0	0	0	0	0	0
Sale of goods and services other than capital assets	319 061	305 855	13 206	292 432	442 016	(149 584)
Transfers received	174 508	525 926	(351 418)	185 153	524 130	(338 977)
Fines, penalties and forfeits	3 851	1 733	2 118	4 086	600	3 486
Interest, dividends and rent on land	2 635	3 558	(923)	2 796	3 890	(1 094)
Sale of capital assets	56 125	42 507	13 618	59 549	36 212	23 337
Financial transactions in assets and liabilities	258 728	44 213	214 515	274 150	75 775	198 375
Total	814 908	923 792	(108 884)	818 166	1 082 623	(264 457)

Departmental Expenditure

The table below indicates DOD Spending Trends and Adjustment Estimates for FY2015/16.

Summary of Actual Expenditure versus Adjusted Appropriation for Current and Prior Years			
	2013/2014	2014/2015	2015/2016
	R'000	R'000	R'000
Vote	40 658 184	42 856 879	45 088 161
Expenditure	40 447 521	42 842 381	45 071 534
Over Expenditure	0	0	0
Amount overspent as percentage of Vote	0	0	0
Amount surrendered	210 663	14 498	16 627
Amount surrendered as percentage of Vote	0.518%	0.034%	0.037%

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The table below indicates actual expenditure versus the adjusted appropriation for FY2015/16 at programme level.

Actual Expenditure versus Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	2014/2015			2015/2016		
	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	4 660 587	4 658 985	1 602	4 984 514	4 981 493	3 021
Force Employment	3 631 441	3 631 441	0	3 616 407	3 602 801	13 606
Landward Defence	14 061 981	14 049 116	12 865	15 118 951	15 118 951	0
Air Defence	6 913 523	6 913 523	0	7 085 719	7 085 719	0
Maritime Defence	3 802 369	3 802 369	0	3 732 748	3 732 748	0
Military Health Support	4 053 144	4 053 113	31	4 243 150	4 243 150	0
Defence Intelligence	819 775	819 775	0	830 060	830 060	0
General Support	4 914 059	4 914 059	0	5 476 612	5 476 612	0
Total	42 856 879	42 842 381	14 498	45 088 161	45 071 534	16 627

Reasons for Over-/Under Expenditure

The underspending of Rm16,627 consists of the following:

- **Administration Programme.** Under expenditure was mainly within the transfer payment to Safety and Security Sector Education and Training Authority (SASSETA) (Rm3,021). It was as a result of the payroll amount on which the calculations were based to determine the amount payable to SASSETA being less than what was anticipated.
- **Force Employment Programme.** Under expenditure was mainly within the Peace Support Operations (Rm13,606). It was due to delays in the procurement of mobility packages utilised for border safeguarding operations.

Additions to Main Appropriation

The Defence Vote was increased with Rm508,771 to Rm45 088,161 through the Adjustments Vote for the following:

- **Significant and Unforeseeable Economic and Financial Events.** Rm295,420 to cover for a portion of the compensation of employees' budget shortfall emanating from the 2015 public sector wage agreement.
- **Self-financing amounts.** Rm213,351 for the following:
 - Rm182,188 in revenue generated from reimbursement from the United Nations for South Africa's contribution towards peace support operations. It will be used for defence activities within Programme 2: Force Employment.
 - Rm31,163 in revenue generated from selling equipment and spares procured through the Special Defence Account (SDA). It will be used for defence activities within Programme 3: Landward Defence.

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Virements/Shifts within the Vote

The following virements/shifts were addressed after the Adjustments Estimate of Expenditure (AENE) process:

- **Approved by the National Treasury (NT).**
 - Rm3,994 was reallocated within the Force Employment Programme from Transfers and Subsidies (Public Corporations and Private Entities) to Goods and Services. This was due to a saving as a result of ARMSCOR not being capacitated to deliver the required Research & Development services.
 - Rm155,958 self-financing received during the AENE was reallocated within the Force Employment Programme from Goods and Services to Transfers and Subsidies (Departmental Agencies and Accounts). This reallocation allowed for the procurement of aircraft spares and components required to ensure the serviceability of helicopters deployed as part of the Force Intervention Brigade in the Democratic Republic of the Congo (DRC) Peace Support Operations.
 - Rm3,532 was reallocated within the Administration Programme from Goods and Services to Transfers and Subsidies (Departmental Agencies and Accounts). This reallocation increased the transfer payment to the SASSETA. It was as a result of higher than anticipated cost of living increases which had an effect on the payroll amount. The payroll amount is used for calculating the transfer amount due to SASSETA.
 - Rm0,089 was reallocated within the Military Health Support Programme from Goods and Services to Transfers and Subsidies to Non-profit Institutions in order to honour the agreement between the Military Health Services and St John Ambulance Brigade.
- **Approved by the Accounting Officer.**
 - Rm20,000 was reallocated from the Landward Defence Programme (Departmental Agencies and Accounts) to the Administration Programme (Goods and Services). The reason for the reallocation was to partially fund the Through-Life Capability Management (TLCM) within the DOD.
 - Rm9,900 was reallocated from the Landward Defence Programme (Departmental Agencies and Accounts) to the Landward Defence Programme (Goods and Services) to procure radio batteries used in operational vehicles.
 - Rm60,000 was reallocated from the General Support Programme (Joint Logistic Services) to the Administration Programme (Office Accommodation) for the payment of leases.
 - Rm8,355 was reallocated from the Air Defence Programme to the Landward Defence Programme in order to reimburse the SA Army for expenses relating to Project THUSANO.
 - Rm1,622 was reallocated from the Force Employment Programme to the Administration Programme (Human Resources Support Services) for services rendered by the Centre for Conflict Simulation.
 - Rm31,555 was reallocated within the Maritime Defence Programme from Transfers and Subsidies (Departmental Agencies and Accounts) to Goods and Services. The reallocation was to augment the operating allocation of the SA Navy to attend to the urgent operational requirements regarding the procurement of spares.
 - The reallocation of funds between Programmes within the Defence Budget was executed in order to defray expenditure in respect of Authorised Losses, Compensation of Employees as well as Goods and Services to balance the expenditure for the 2015/16 financial year.

Roll-Overs

The Department did not submit a request for funds to be rolled-over from FY2014/15, hence no roll-overs were received during FY2015/16.

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Donor Funds

No donor funds were received from external sources for operations during the financial year.

Transfer Payments

Transfer payments were made to entities as reflected in the table below.

Transfer Payments made during FY2015/16				
Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2015/16	Annual Expenditure 2015/16
			R'000	R'000
Special Defence Account	To acquire, procure and develop armament and technology.	Under control of the Accounting Officer of the Department of Defence	6 235 061	6 235 061
Armaments Corporation of South Africa	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 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 2014/15 were submitted according to payment conditions.	1 021 900	1 021 900
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, 1998 (Act No. 97 of 1998)	Audited financial statements for the financial year 2014/15 were submitted according to payment conditions.	25 610	22 589
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 the SA National Defence Force.	The Accounting Officer of the Department is represented in the National Council. 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 2014/15 were submitted according to payment conditions.	7 192	7 192
Department of Military Veterans	To provide national policy and standards on socioeconomic 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.	582 201	582 201
St John 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 2014/15 were submitted according to payment conditions.	889	889

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Transfer Payments made during FY2015/16				
Transferee	Reason for Payment	Accountability Arrangements	Budget Vote 2015/16	Annual Expenditure 2015/16
			R'000	R'000
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.	115 982	115 982
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.	266	266
Municipalities	To provide for the payment made to municipalities to ensure that all vehicles are licensed annually.	As approved by the responsible budget holder.	61	61
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.	16 723	16 723
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.	400	400
Total			8 006 285	8 003 264

Public/Private Partnerships

The DOD did not enter into any public/private partnerships during FY2015/16.

Discontinued Activities/Activities to be Discontinued

There were no discontinued activities/activities to be discontinued that affected operations of, and service delivery by the DOD or financial implications of such discontinued activities.

New/Proposed Activities

As directed by the MOD&MV, the DOD devoted the financial year 2015/16 to the incremental implementation planning of the Defence Review 2015 (Milestone 1) to '*arrest the decline*' (Refer Part B, pages 42 to 44).

The Defence Review 2015 (Milestone 1) Implementation Plan is made up of two primary work packages. The first package being those interventions that could be pursued within the current Defence budget allocation and the second package those that would need additional funding. In respect of the former, the Planning Team identified 12 End States/Outcomes that were included in the DOD's Annual Performance Plan for 2016.

Quarterly performance reporting to Parliamentary oversight committees will be done during the reporting cycle of FY2016/17.

OVERVIEW ON ASSET MANAGEMENT

Introduction

The DOD is disclosing capital components and technical publications as assets in the financial statements of the FY2015/16. Previously, capital components and technical publications were disclosed as inventory due to a departure received from National Treasury. The DOD endeavoured to ensure compliance with the “Asset Management Framework” during the reporting period. This momentum will be sustained to ensure that the benefits gained are maintained in future.

The Asset Management Operations Centre, established during the previous reporting period, remained operational to ensure the reliability and accuracy of DOD information on assets.

Intangible Assets

The ‘fair value’ methodology developed in the previous period is still being utilised without any changes to it. As regards the asset items, the opening balances were adjusted due to additional information available in the current financial period. This situation can unfortunately be expected to prevail until the acquisition projects from where intellectual property emanates are finalised. Consequently, the DOD is preparing a position paper to ensure that the peculiarities of the DOD are taken into account within the Regulatory Framework.

Inventory

Due to the fact that there is currently not a requirement to include ‘Inventory’ as a note and/or in the annual financial statements, inventory was reported as an annexure to the annual financial statements. Planning for the implementation of inventory reporting is underway and the plan is being reviewed. The DOD plans to achieve full inventory reporting on a piecemeal basis over a number of years in agreement with the National Treasury.

Challenges

The logistics systems continue to pose a challenge to the DOD. These systems were developed for a cash-basis of accounting whilst the DOD is moving towards reporting on an accrual basis. The DOD is currently investigating the feasibility of procuring a single logistics system. Such a system will ensure that the DOD complies with the regulatory framework with limited human intervention and manual processes.

GENERAL COMMENTS

Events after the reporting date

The 507 soldiers placed on special leave in 2009 after they marched at the Union Buildings demanding salary increases, were instructed to return to work on 23 May 2016. The C SANDF indicated that the Military Command, with legal advice, decided to recall the special leave in terms of conditions provided for in the Defence Act, Act No. 42 of 2002, and other applicable policies. As on July 2016, some members applied for leave to be granted to institute a class action for “possible loss of benefits” during the period of special leave, as on the date of this Report, no liabilities have yet been determined.

SANDF members were continuously deployed in the Democratic Republic of the Congo and Sudan. Due to well-considered strategic reasons, the RSA government has decided to withdraw the SANDF contingent from the Sudan war at the beginning of the next FY2016/17.

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Condonements awaiting approval from National Treasury

National Treasury was approached to condone expenditure incurred on contracts placed by ARMSCOR on behalf of the DOD, which did not comply with the Preferential Procurement Policy Framework Act, Act No. 5 of 2000, requirements. The irregular expenditure incurred and reported on from 01 July 2015 to 31 March 2016 is awaiting National Treasury's decision.

Interim Financial Statements

Interim Financial Statements were submitted for the first three quarters of the financial year under review.

APPROVAL

The Annual Financial Statements set out on pages 188 to 339 and 348 to 376 were approved by the Accounting Officer.

A handwritten signature in black ink, appearing to read 'Dr S.M. Gulube', is positioned above the printed name and title.

(DR S.M. GULUBE)


SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

29 July 2016

2015/16

PART E

Department of Defence and Military Veterans



(General Defence Account)

Annual Reports and Financial Statements
for the year ended 31 March 2016

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

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Report of the auditor-general to Parliament on vote no. 19: 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 180 to 324, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, 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 and fair presentation of these financial statements in accordance with the Modified Cash Standards (MCS) prescribed by 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 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.

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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 2016 and its financial performance and cash flows for the year then ended, in accordance with MCS prescribed by National Treasury 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.

Restatement of corresponding figures

8. As disclosed in notes 4 (notes to the appropriation statement), 26.7, 27.4, 32.3.1, 32.4.1, 33.4.1 and 35 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of errors discovered during 31 March 2016 in the financial statements of the Department of Defence at, and for the year ended, 31 March 2015.

Payables

9. Payables which exceed the payment term of 30 days as required by treasury regulation 8.2.3 amount to R176 696 000. This amount, in turn, exceeds the voted funds to be surrendered of R16 627 000 as per the statement of financial performance by R160 069 000. The amount of R160 069 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.

Additional matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

11. The supplementary information set out on pages 325 to 339, 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

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of 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

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

do not express an opinion or conclusion on these matters.

Predetermined objectives

I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:

- Programme 2: Force employment on pages 38 to 40 and 75 to 78.
- Programme 3: Landward defence on pages 38 to 40 and 79 to 81.
- Programme 4: Air defence on pages 38 to 40 and 82 to 83.

13. 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* (FMPPI).

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

15. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Force employment
- Landward defence
- Air defence

Additional matters

16. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

17. Refer to the annual performance report on pages 38 to 40; and 45 to 94 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing.

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These material misstatements were in the reported performance information of 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.

Compliance with legislation

19. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on 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

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of tangible capital assets identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

21. Effective steps were not taken to prevent irregular expenditure of R671 889 000 and fruitless and wasteful expenditure of R7 180 000 as disclosed in notes 26 and 27 of the annual financial statements respectively, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.
22. Contractual obligations and money owed by the department were not always met and paid within 30 days, as required by section 38(1)(f) of PFMA and treasury regulation 8.2.3.

Contract and procurement management

23. Contracts were extended or modified without the approval of a properly delegated official, as required by national treasury instruction note 32.
24. Goods and services with a transaction value of more than R500 000 were procured through an unfair competitive bidding process, in contravention of treasury regulation 16A.3.2 (a).

Internal control

25. 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 compliance with legislation included in this report.

Leadership

26. The accounting officer did not exercise sufficient oversight of financial reporting in respect of capital assets, compliance and related internal controls, which resulted in material adjustments to the financial statements. The accounting officer did not ensure sufficient monitoring of controls over the overall process of reporting on performance information, which resulted in material adjustments to the performance report.

Financial and performance management

27. Existing controls were not designed to ensure adequate record keeping to support accurate and complete reporting.

Other reports

28. I draw attention to the following engagements that could potentially impact on the department's financial, performance and compliance-related matters. My opinion is not modified in respect of these engagements, which are either in progress or have been completed.

Investigations

29. The auditors were informed of 20 significant investigations conducted by the department / investigative units relating to supply chain management, as well as procurement and contract management, which were in progress at the time of compiling this report.

Auditor-General

Pretoria

29 July 2016



DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ACCOUNTING POLICIES for the year ended 31 March 2016

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

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.

6. Comparative information

6.1 Prior period comparative information

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.

6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

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7. Revenue

7.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against the National Revenue Fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the National Revenue Fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

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 relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 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.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 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.

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.

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8.2 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.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services when they are rendered to the department.

Accrued expenditure payable is measured at cost.

8.4 Payables not recognised

Payables not recognised is recorded in the notes to the financial statements when invoices are received at year end but remain unpaid at the reporting date.

8.5 Leases**8.5.1 Operating leases**

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.

8.5.2 Finance leases

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.

9. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

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.

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10. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments are expensed where a contract / agreement requires that a payment for goods and services be made before actual delivery of those goods and services take place.

Prepayments and advances are initially and subsequently measured at cost.

11. 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. Write-offs are made according to the department's write-off policy.

12. Investments

Investments are recognised in the statement of financial position at cost.

13. Financial assets

13.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

14. Payables

Loans and payables are recognised in the statement of financial position at cost.

15. Capital assets

15.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements 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.

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Immovable capital assets 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 capital nature is recorded in the statement of financial performance as “expenditure of capital assets”. On completion, the total cost of the project is included in the assets register of the department.

15.2 Movable capital assets

Movable capital assets are recorded in the asset register of the department on receipt. The measurement of the carrying amount of the different classes of movable capital assets is described below:

Biological assets comprising of dogs and horses are valued at cost or R100.

Heritage assets are valued at R1.

Specialised Military Assets (SMA) and Transport Assets (TPT) acquired:-

1. before 1 April 2002 are valued at R1;
2. between 1 April 2002 and 31 March 2010 are valued at cost or fair value; and
3. from 1 April 2010 are valued at cost.

Other Machinery and Equipment acquired:-

1. before 1 April 2002 are valued at R1;
2. between 1 April 2002 and 31 March 2012 are valued at cost or fair value; and
3. from 1 April 2012 are valued at cost.

Movable assets acquired through a non-exchange transaction from non-government entities are carried at fair value as at the date of acquisition.

Any subsequent expenditure incurred on an existing capital asset (owned or to be owned by the department) that is of a capital nature is capitalised to the cost of that asset.

Capital components are recognised when they are not installed onto the main asset. Where the spare component (i.e. engine) is installed to the main asset e.g. air craft or vessel it is capitalised to the cost of the main asset. The department shall disclose all engines (excluding related components) related to military assets of the systems that are operational as capital components.

Technical publications are recognised as library materials when they have been separately contracted for and separately identifiable. Where they are not separately contracted for or separately identifiable, the cost is capitalised to the main asset.

15.3 Minor assets

Minor assets acquired before 1 April 2013 are valued at R1 and subsequently acquired assets are valued at cost.

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15.4 Intangible assets

All assets acquired before November 2012 and through the Armscor process are fair valued, and those acquired subsequent to that are valued at contract price, where contract price can be determined.

All other assets acquired before April 2002 are valued at R1 and subsequently acquired assets are valued at cost or fair value.

Any subsequent expenditure incurred on an existing capital asset is valued at cost or fair value, if it meets the capitalisation criteria.

16. Provisions and Contingents

16.1 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 at the best estimate of the funds required to settle the present obligation at the reporting date.

16.2 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.

16.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

16.4 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

17. 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.

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18. 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.

19. 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.

20. Changes in accounting policies, accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively 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 change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

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 balance of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

21. 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.

22. 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.

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23. 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.

24. 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 within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

25. Inventories

At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements.

Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and replacement value.

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Appropriation per programme		2015/16					2014/15	
Voted funds and Direct charges	Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
	1. Administration	4 862 401	-	122 113	4 984 514	4 981 493	3 021	99.9%
	2. Force Employment	3 813 309	-	(196 902)	3 616 407	3 602 801	13 606	99.6%
	3. Landward Defence	15 202 376	-	(83 425)	15 118 951	15 118 951	-	100.0%
	4. Air Defence	7 167 594	-	(81 875)	7 085 719	7 085 719	-	100.0%
	5. Maritime Defence	3 769 147	-	(36 399)	3 732 748	3 732 748	-	100.0%
	6. Military Health Support	4 069 261	-	173 889	4 243 150	4 243 150	-	100.0%
	7. Defence Intelligence	831 459	-	(1 399)	830 060	830 060	-	100.0%
	8. General Support	5 372 614	-	103 998	5 476 612	5 476 612	-	100.0%
	Total	45 088 161	-	-	45 088 161	45 071 534	16 627	99.96%
Reconciliation with Statement of Financial Performance								
Add:								
	Departmental receipts				1 082 623			923 792
	NRF Receipts				-			-
	Aid assistance				-			-
					46 170 784			43 780 671
Actual amounts per Statement of Financial Performance (Total Revenue)								
Add:								
	Aid assistance				-			-
	Prior year unauthorised expenditure approved without funding				-			-
					45 071 534			42 842 381
Actual amounts per Statement of Financial Performance								

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Appropriation per economic classification	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Economic classification								
Current payments	36 607 562	-	(379 966)	36 227 596	36 227 596	-	100.0%	34 356 338
Compensation of employees	24 890 389	-	(102 365)	24 788 024	24 788 024	-	100.0%	23 005 809
Salaries and wages	22 615 844	-	(466 844)	22 149 000	22 149 000	-	100.0%	20 577 544
Social contributions	2 274 545	-	364 479	2 639 024	2 639 024	-	100.0%	2 428 265
Goods and services	11 717 173	-	(277 601)	11 439 573	11 439 573	-	100.0%	11 350 529
Administrative fees	6 030	-	5 351	11 381	11 381	-	100.0%	12 254
Advertising	7 171	-	1 260	8 431	8 431	-	100.0%	12 463
Minor assets	150 881	-	(56 675)	94 206	94 206	-	100.0%	127 732
Audit costs: External	69 821	-	(8 842)	60 979	60 979	-	100.0%	73 179
Catering: Departmental activities	17 784	-	9 433	27 217	27 217	-	100.0%	20 874
Communication (G&S)	107 847	-	(18 884)	88 963	88 963	-	100.0%	91 480
Computer services	996 996	-	58 997	1 055 993	1 055 993	-	100.0%	988 433
Consultants: Business and advisory services	170 528	-	130 066	300 594	300 594	-	100.0%	274 352
Infrastructure and planning services	66 026	-	(33 093)	32 933	32 933	-	100.0%	19 220
Laboratory services	26 541	-	5 528	32 069	32 069	-	100.0%	26 855
Scientific and technological services	-	-	97 713	97 713	97 713	-	100.0%	56 221
Legal services	10 191	-	44 662	54 853	54 853	-	100.0%	30 016
Contractors	2 705 827	-	(498 033)	2 207 794	2 207 794	-	100.0%	2 748 394
Agency and support / outsourced services	380 292	-	203 463	583 755	583 755	-	100.0%	490 354
Entertainment	3 657	-	1 128	4 785	4 785	-	100.0%	2 917
Fleet services (including government motor transport)	122 650	-	13 457	136 107	136 107	-	100.0%	96 765
Housing	1	-	(1)	-	-	-	-	-
Inventory: Clothing material and accessories	189 650	-	(29 612)	160 038	160 038	-	100.0%	208 087
Inventory: Farming supplies	7 200	-	187	7 387	7 387	-	100.0%	5 709
Inventory: Food and food supplies	732 796	-	153 734	886 530	886 530	-	100.0%	872 380

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Appropriation per economic classification									
	2015/16						2014/15		
	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: Fuel, oil and gas	561 111	-	78 076	639 187	639 187	-	100.0%	455 660	455 660
Inventory: Materials and supplies	262 610	-	(154 717)	107 893	107 893	-	100.0%	138 448	138 448
Inventory: Medical supplies	74 068	-	24 645	98 713	98 713	-	100.0%	75 396	75 396
Inventory: Medicine	136 182	-	17 909	154 091	154 091	-	100.0%	167 932	167 932
Inventory: Other supplies	91 331	-	(32 892)	58 439	58 439	-	100.0%	110 974	110 974
Consumable supplies	122 864	-	10 620	133 485	133 485	-	100.0%	122 769	122 769
Consumable: Stationery, printing and office supplies	72 483	-	(14 183)	58 300	58 300	-	100.0%	57 804	57 804
Operating leases	407 657	-	910 941	1 318 598	1 318 598	-	100.0%	1 197 157	1 197 157
Property payments	2 755 911	-	(1 290 159)	1 465 752	1 465 752	-	100.0%	1 369 715	1 369 715
Travel and subsistence	699 456	-	291 888	991 344	991 344	-	100.0%	883 799	883 799
Training and development	194 618	-	33 635	228 253	228 253	-	100.0%	256 804	256 804
Operating payments	551 542	-	(234 949)	316 593	316 593	-	100.0%	342 033	342 033
Venues and facilities	15 378	-	(2 938)	12 440	12 440	-	100.0%	14 018	14 018
Rental and hiring	73	-	4 684	4 757	4 757	-	100.0%	335	335
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7 893 698	-	112 587	8 006 285	8 003 264	3 021	100.0%	7 401 813	7 400 180
Provinces and municipalities	33	-	29	61	61	-	100.0%	54	54
Municipalities	33	-	29	61	61	-	100.0%	54	54
Municipal bank accounts	33	-	(5)	28	28	-	100.0%	54	54
Municipal agencies and funds	-	-	34	34	34	-	100.0%	-	-
Departmental agencies and accounts	6 745 225	-	97 913	6 843 138	6 840 117	3 021	100.0%	6 145 868	6 144 266
Departmental agencies (non-business entities)	6 745 225	-	97 913	6 843 138	6 840 117	3 021	100.0%	6 145 868	6 144 266
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	5 805	-	(1)	5 804	5 804	-	100.0%	-	-
Public corporations and private enterprises	1 025 893	-	(3 514)	1 022 379	1 022 379	-	100.0%	1 114 145	1 114 145

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Appropriation per economic classification									
	2015/16						2014/15		
	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	1 025 893	-	(3 540)	1 022 353	1 022 353	-	100.0%	1 112 862	1 112 862
Subsidies on products and production (pc)	-	-	-	-	-	-	-	1 096 252	1 096 252
Other transfers to public corporations	1 025 893	-	(3 540)	1 022 353	1 022 353	-	100.0%	16 610	16 610
Private enterprises	-	-	26	26	26	-	100.0%	1 283	1 283
Subsidies on products and production (pe)	-	-	-	-	-	-	-	20	20
Other transfers to private enterprises	-	-	26	26	26	-	100.0%	1 263	1 263
Non-profit institutions	7 992	-	89	8 081	8 081	-	100.0%	7 940	7 909
Households	108 750	-	18 071	126 821	126 821	-	100.0%	133 806	133 806
Social benefits	108 750	-	7 231	115 981	115 981	-	100.0%	87 532	87 532
Other transfers to households	-	-	10 840	10 840	10 840	-	100.0%	46 274	46 274
Payments for capital assets	586 901	-	264 702	851 603	837 997	13 606	98.4%	1 081 225	1 081 225
Buildings and other fixed structures	122 599	-	(40 002)	82 597	82 597	-	100.0%	64 877	64 877
Buildings	122 599	-	(40 061)	82 538	82 538	-	100.0%	64 855	64 855
Other fixed structures	-	-	59	59	59	-	100.0%	22	22
Machinery and equipment	451 167	-	259 094	710 261	696 655	13 606	98.1%	1 010 517	1 010 517
Transport equipment	251 643	-	(26 309)	225 334	211 728	13 606	94.0%	479 830	479 830
Other machinery and equipment	199 524	-	285 403	484 927	484 927	-	100.0%	530 687	530 687
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	12 143	-	45 955	58 098	58 098	-	100.0%	4 386	4 386
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	992	-	(345)	647	647	-	100.0%	1 445	1 445
Payment for financial assets	-	-	2 677	2 677	2 677	-	100.0%	17 503	17 503
Total	45 088 161	-	-	45 088 161	45 071 534	16 627	99.96%	42 856 879	42 842 381

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 1: Administration

	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Subprogramme								
1. Ministry	75 875	-	36 088	111 963	111 963	-	100.0%	81 987
2. Departmental Direction	53 596	-	13 384	66 980	66 980	-	100.0%	43 673
3. Policy and Planning	110 514	-	(16 081)	94 433	94 433	-	100.0%	93 673
4. Financial Services	322 998	-	1 268	324 266	324 266	-	100.0%	325 176
5. Human Resources Support Services	741 812	-	(2 421)	739 391	736 370	3 021	99.6%	715 960
6. Legal Services	287 291	-	(8 695)	278 596	278 596	-	100.0%	266 262
7. Inspection Services	139 834	-	(23 886)	115 948	115 948	-	100.0%	106 914
8. Acquisition Services	64 137	-	18 055	82 192	82 192	-	100.0%	58 828
9. Communication Services	40 975	-	2 851	43 826	43 826	-	100.0%	48 486
10. South African National Defence Force Command and Control	145 064	-	(9 337)	135 727	135 727	-	100.0%	143 742
11. Religious Services	13 175	-	5 082	18 257	18 257	-	100.0%	12 736
12. Defence Reserve Direction	26 204	-	(1 012)	25 192	25 192	-	100.0%	24 575
13. Defence Foreign Relations	216 489	-	45 710	262 199	262 199	-	100.0%	255 538
14. Office Accommodation	2 042 236	-	61 107	2 103 343	2 103 343	-	100.0%	1 978 877
15. Military Veterans Management	582 201	-	-	582 201	582 201	-	100.0%	504 160
Total	4 862 401	-	122 113	4 984 514	4 981 493	3 021	99.9%	4 660 587
Economic classification								
Current payments	4 222 646	-	86 934	4 309 580	4 309 580	-	100.0%	4 029 089
Compensation of employees	1 741 921	-	(52 344)	1 689 577	1 689 577	-	100.0%	1 535 000
Salaries and wages	1 565 176	-	(69 966)	1 495 210	1 495 210	-	100.0%	1 363 255
Social contributions	176 745	-	17 622	194 367	194 367	-	100.0%	171 745
Goods and services	2 480 725	-	139 278	2 620 003	2 620 003	-	100.0%	2 494 089

Programme 1: Administration

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 1: Administration

	2015/16					2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Property payments	1 791 757	-	(944 984)	846 773	846 773	-	100.0%
Travel and subsistence	100 060	-	40 933	140 993	140 993	-	100.0%
Training and development	38 709	-	(1 167)	37 542	37 542	-	100.0%
Operating payments	24 860	-	19 633	44 493	44 493	-	100.0%
Venues and facilities	4 540	-	(816)	3 724	3 724	-	100.0%
Rental and hiring	24	-	934	958	958	-	100.0%
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies	623 837	-	7 471	631 308	628 287	3 021	99.5%
Provinces and municipalities	26	-	(2)	24	24	-	100.0%
Municipalities	26	-	(2)	24	24	-	100.0%
Municipal bank accounts	26	-	(2)	24	24	-	100.0%
Departmental agencies and accounts	604 360	-	3 452	607 812	604 791	3 021	99.5%
Departmental agencies (non-business entities)	604 360	-	3 452	607 812	604 791	3 021	99.5%
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-
Non-profit institutions	7 192	-	-	7 192	7 192	-	100.0%
Households	12 259	-	4 021	16 280	16 280	-	100.0%
Social benefits	12 259	-	3 136	15 395	15 395	-	100.0%
Other transfers to households	-	-	885	885	885	-	100.0%
Payments for capital assets	15 918	-	27 455	43 373	43 373	-	100.0%
Buildings and other fixed structures	-	-	17	17	17	-	100.0%
Buildings	-	-	-	-	-	-	-

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 1: Administration

	2015/16						2014/15		
	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 fixed structures	-	-	17	17	17	-	100.0%	-	-
Machinery and equipment	15 918	-	26 866	42 784	42 784	-	100.0%	58 780	58 780
Transport equipment	9 566	-	7 185	16 751	16 751	-	100.0%	32 596	32 596
Other machinery and equipment	6 352	-	19 681	26 033	26 033	-	100.0%	26 184	26 184
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	572	572	572	-	100.0%	851	851
Payment for financial assets	-	-	253	253	253	-	100.0%	13 162	13 162
Total	4 862 401	-	122 113	4 984 514	4 981 493	3 021	99.9%	4 660 587	4 658 985

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.1: Ministry

Economic classification	2015/16					2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
Current payments	74 602	-	37 015	111 617	111 617	-	100.0%
Compensation of employees	42 476	-	(1 825)	40 651	40 651	-	100.0%
Goods and services	32 126	-	38 840	70 966	70 966	-	100.0%
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies	99	-	(872)	(773)	(773)	-	100.0%
Provinces and municipalities	20	-	(7)	13	13	-	100.0%
Departmental agencies and accounts	79	-	(79)	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	(786)	(786)	(786)	-	100.0%
Payments for capital assets	1 174	-	(84)	1 090	1 090	-	100.0%
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	1 174	-	(84)	1 090	1 090	-	100.0%
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payment for financial assets	-	-	29	29	29	-	100.0%
Total	75 875	-	36 088	111 963	111 963	-	100.0%
						81 987	
							81 987

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.2: Departmental Direction

	2015/16						2014/15		
	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	52 660	-	12 956	65 616	65 616	-	100.0%	40 941	40 941
Compensation of employees	33 655	-	(10 244)	23 411	23 411	-	100.0%	23 540	23 540
Goods and services	19 005	-	23 200	42 205	42 205	-	100.0%	17 401	17 401
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	133	-	94	227	227	-	100.0%	399	399
Provinces and municipalities	3	-	1	4	4	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	130	-	93	223	223	-	100.0%	399	399
Payments for capital assets	803	-	334	1 137	1 137	-	100.0%	2 333	2 333
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	803	-	334	1 137	1 137	-	100.0%	2 333	2 333
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	53 596	-	13 384	66 980	66 980	-	100.0%	43 673	43 673

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.3: Policy and planning

	2015/16						2014/15		
	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	109 034	-	(16 920)	92 114	92 114	-	100.0%	87 612	87 612
Compensation of employees	74 511	-	(1 149)	73 362	73 362	-	100.0%	70 055	70 055
Goods and services	34 523	-	(15 771)	18 752	18 752	-	100.0%	17 557	17 557
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	661	-	847	1 508	1 508	-	100.0%	2 943	2 943
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	661	-	847	1 508	1 508	-	100.0%	2 943	2 943
Payments for capital assets	819	-	(8)	811	811	-	100.0%	3 118	3 118
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	819	-	(8)	811	811	-	100.0%	3 118	3 118
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	110 514	-	(16 081)	94 433	94 433	-	100.0%	93 673	93 673

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.4: Financial Services

	2015/16						2014/15		
	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	321 409	-	(11 172)	310 237	310 237	-	100.0%	305 458	305 458
Compensation of employees	296 244	-	(25 446)	270 798	270 798	-	100.0%	262 877	262 877
Goods and services	25 165	-	14 274	39 439	39 439	-	100.0%	42 581	42 581
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 226	-	3 168	4 394	4 394	-	100.0%	2 763	2 763
Provinces and municipalities	-	-	1	1	1	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	23	23
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 226	-	3 167	4 393	4 393	-	100.0%	2 740	2 740
Payments for capital assets	363	-	9 118	9 481	9 481	-	100.0%	3 833	3 833
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	363	-	9 118	9 481	9 481	-	100.0%	3 833	3 833
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	154	154	154	-	100.0%	13 122	13 122
Total	322 998	-	1 268	324 266	324 266	-	100.0%	325 176	325 176

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.6: Legal Services

	2015/16						2014/15		
	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	285 369	-	(14 633)	270 736	270 736	-	100.0%	254 587	254 587
Compensation of employees	249 316	-	(9 980)	239 336	239 336	-	100.0%	216 906	216 906
Goods and services	36 053	-	(4 653)	31 400	31 400	-	100.0%	37 681	37 681
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	38	-	1 075	1 113	1 113	-	100.0%	1 403	1 403
Provinces and municipalities	3	-	-	3	3	-	100.0%	3	3
Departmental agencies and accounts	1	-	(1)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	4	4
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	34	-	1 076	1 110	1 110	-	100.0%	1 396	1 396
Payments for capital assets	1 884	-	4 860	6 744	6 744	-	100.0%	10 271	10 271
Buildings and other fixed structures	-	-	6	6	6	-	100.0%	23	23
Machinery and equipment	1 884	-	4 363	6 247	6 247	-	100.0%	9 397	9 397
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	491	491	491	-	100.0%	851	851
Payment for financial assets	-	-	3	3	3	-	100.0%	1	1
Total	287 291	-	(8 695)	278 596	278 596	-	100.0%	266 262	266 262

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.7: Inspection Services

	2015/16						2014/15		
	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	137 706	-	(27 625)	110 081	110 081	-	100.0%	99 075	99 075
Compensation of employees	106 091	-	(13 926)	92 165	92 165	-	100.0%	70 024	70 024
Goods and services	31 615	-	(13 699)	17 916	17 916	-	100.0%	29 051	29 051
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	435	-	147	582	582	-	100.0%	385	385
Provinces and municipalities	-	-	3	3	3	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	10	10
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	435	-	144	579	579	-	100.0%	375	375
Payments for capital assets	1 693	-	3 592	5 285	5 285	-	100.0%	7 454	7 454
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 693	-	3 592	5 285	5 285	-	100.0%	7 454	7 454
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	139 834	-	(23 886)	115 948	115 948	-	100.0%	106 914	106 914

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.8: Acquisition Services

	2015/16						2014/15		
	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	61 137	-	17 587	78 724	78 724	-	100.0%	54 739	54 739
Compensation of employees	53 506	-	(504)	53 002	53 002	-	100.0%	48 040	48 040
Goods and services	7 631	-	18 091	25 722	25 722	-	100.0%	6 699	6 699
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 101	-	423	2 524	2 524	-	100.0%	2 803	2 803
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	6	6
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 101	-	423	2 524	2 524	-	100.0%	2 797	2 797
Payments for capital assets	899	-	45	944	944	-	100.0%	1 286	1 286
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	899	-	45	944	944	-	100.0%	1 286	1 286
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	64 137	-	18 055	82 192	82 192	-	100.0%	58 828	58 828

Subprogramme: 1.10: South African National Defence Force Command and Control

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.11: Religious Services

	2015/16						2014/15		
	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	12 094	-	5 882	17 976	17 976	-	100.0%	12 202	12 202
Compensation of employees	9 428	-	5 817	15 245	15 245	-	100.0%	9 401	9 401
Goods and services	2 666	-	65	2 731	2 731	-	100.0%	2 801	2 801
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	767	-	(767)	-	-	-	-	2	2
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	2	2
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	767	-	(767)	-	-	-	-	-	-
Payments for capital assets	314	-	(33)	281	281	-	100.0%	532	532
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	314	-	(33)	281	281	-	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	13 175	-	5 082	18 257	18 257	-	100.0%	12 736	12 736

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.12: Defence Reserve Direction

Economic classification	2015/16						2014/15		
	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	18 904	-	(1 248)	17 656	17 656	-	100.0%	17 195	17 195
Compensation of employees	15 888	-	(834)	15 054	15 054	-	100.0%	14 482	14 482
Goods and services	3 016	-	(414)	2 602	2 602	-	100.0%	2 713	2 713
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7 192	-	222	7 414	7 414	-	100.0%	7 187	7 187
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	7 192	-	-	7 192	7 192	-	100.0%	7 140	7 140
Households	-	-	222	222	222	-	100.0%	47	47
Payments for capital assets	108	-	14	122	122	-	100.0%	184	184
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	108	-	14	122	122	-	100.0%	184	184
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	9	9
Total	26 204	-	(1 012)	25 192	25 192	-	100.0%	24 575	24 575

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.13: Defence Foreign Relations

Economic classification	2015/16						2014/15		
	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	211 588	-	44 021	255 609	255 609	-	100.0%	246 577	246 577
Compensation of employees	151 807	-	15 448	167 255	167 255	-	100.0%	137 398	137 398
Goods and services	59 781	-	28 573	88 354	88 354	-	100.0%	109 179	109 179
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 056	-	119	1 175	1 175	-	100.0%	367	367
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	93	93
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 056	-	119	1 175	1 175	-	100.0%	274	274
Payments for capital assets	3 845	-	1 570	5 415	5 415	-	100.0%	8 594	8 594
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 845	-	1 570	5 415	5 415	-	100.0%	8 594	8 594
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	216 489	-	45 710	262 199	262 199	-	100.0%	255 538	255 538

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.14: Office Accommodation

Economic classification	2015/16						2014/15		
	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	2 042 236	-	61 107	2 103 343	2 103 343	-	100.0%	1 978 877	1 978 877
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	2 042 236	-	61 107	2 103 343	2 103 343	-	100.0%	1 978 877	1 978 877
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	2 042 236	-	61 107	2 103 343	2 103 343	-	100.0%	1 978 877	1 978 877

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 1.15: Military Veterans Management

Economic classification	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	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	582 201	-	-	582 201	582 201	-	100.0%	504 160
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	582 201	-	-	582 201	582 201	-	100.0%	504 160
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	582 201	-	-	582 201	582 201	-	100.0%	504 160

Programme 2: Force Employment

Department of Defence – Annual Report – 2015/16

Programme 2: Force Employment

Department of Defence – Annual Report – 2015/16

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 2: Force Employment

	2015/16						2014/15		
	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
Higher education insitutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	5 805	-	(1)	5 804	5 804	-	100.0%	-	-
Public corporations and private enterprises	11 994	-	(3 994)	8 000	8 000	-	100.0%	8 086	8 086
Public corporations	11 994	-	(3 994)	8 000	8 000	-	100.0%	8 000	8 000
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	11 994	-	(3 994)	8 000	8 000	-	100.0%	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	86	86
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 653	-	1 746	5 399	5 399	-	100.0%	3 096	3 096
Social benefits	3 653	-	1 715	5 368	5 368	-	100.0%	3 083	3 083
Other transfers to households	-	-	31	31	31	-	100.0%	13	13
Payments for capital assets	267 949	-	(121 417)	146 532	132 926	13 606	90.7%	290 252	290 252
Buildings and other fixed structures	4 900	-	5 074	9 974	9 974	-	100.0%	491	491
Buildings	4 900	-	5 074	9 974	9 974	-	100.0%	491	491
Machinery and equipment	262 056	-	(125 498)	136 558	122 952	13 606	90.0%	289 761	289 761
Transport equipment	154 804	-	(100 954)	53 850	40 244	13 606	74.7%	141 258	141 258
Other machinery and equipment	107 252	-	(24 544)	82 708	82 708	-	100.0%	148 503	148 503
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	993	-	(993)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	13	13	13	-	100.0%	45	45
Total	3 813 309	-	(196 902)	3 616 407	3 602 801	13 606	99.6%	3 631 441	3 631 441

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 2.1: Strategic Direction

	2015/16						2014/15		
	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	139 848	-	(13 106)	126 742	126 742	-	100.0%	110 881	110 881
Compensation of employees	98 661	-	3 531	102 192	102 192	-	100.0%	92 046	92 046
Goods and services	41 187	-	(16 637)	24 550	24 550	-	100.0%	18 835	18 835
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 610	-	155	1 765	1 765	-	100.0%	103	103
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 610	-	155	1 765	1 765	-	100.0%	103	103
Payments for capital assets	1 840	-	(427)	1 413	1 413	-	100.0%	3 436	3 436
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 840	-	(427)	1 413	1 413	-	100.0%	3 436	3 436
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	18	18
Total	143 298	-	(13 378)	129 920	129 920	-	100.0%	114 438	114 438

Subprogramme: 2.2: Operational Direction

Department of Defence – Annual Report – 2015/16

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 2.3: Special Operations

Economic classification	2015/16					2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
Current payments	555 480	-	(18 575)	536 905	536 905	-	100.0%
Compensation of employees	425 985	-	6 937	432 922	432 922	-	100.0%
Goods and services	129 495	-	(25 512)	103 983	103 983	-	100.0%
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies	181 685	-	1 443	183 128	183 128	-	100.0%
Provinces and municipalities	-	-	-	-	-	-	-
Departmental agencies and accounts	180 159	-	-	180 159	180 159	-	100.0%
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	1 526	-	1 443	2 969	2 969	-	100.0%
Payments for capital assets	17 223	-	19 204	36 427	36 427	-	100.0%
Buildings and other fixed structures	400	-	(400)	-	-	-	-
Machinery and equipment	15 830	-	20 597	36 427	36 427	-	100.0%
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	993	-	(993)	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payment for financial assets	-	-	9	9	9	-	100.0%
Total	754 388	-	2 081	756 469	756 469	-	100.0%
						708 723	708 723

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 2.4: Regional Security

Economic classification	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments	1 458 111	-	(165 745)	1 292 366	1 292 366	-	100.0%	1 389 879
Compensation of employees	618 033	-	(42 403)	575 630	575 630	-	100.0%	592 694
Goods and services	840 078	-	(123 342)	716 736	716 736	-	100.0%	797 185
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies	76 230	-	155 958	232 188	232 188	-	100.0%	108 440
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	76 230	-	155 958	232 188	232 188	-	100.0%	108 440
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Payments for capital assets	64 921	-	(16 480)	48 441	48 441	-	100.0%	140 317
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	64 921	-	(16 480)	48 441	48 441	-	100.0%	140 317
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	1 599 262	-	(26 264)	1 572 998	1 572 998	-	100.0%	1 638 636

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 2.5: Support to the People

Economic classification	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments	810 670	-	(28 380)	782 290	782 290	-	100.0%	794 846
Compensation of employees	462 586	-	61 014	523 600	523 600	-	100.0%	546 265
Goods and services	348 084	-	(89 394)	258 690	258 690	-	100.0%	248 581
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	1
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	1
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Payments for capital assets	178 342	-	(124 243)	54 099	40 493	13 606	74.8%	106 313
Buildings and other fixed structures	4 500	-	5 474	9 974	9 974	-	100.0%	-
Machinery and equipment	173 842	-	(129 717)	44 125	30 519	13 606	69.2%	106 313
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	3
Total	989 012	-	(152 623)	836 389	822 783	13 606	98.4%	901 163

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 2.6: Defence Capability Management

Economic classification	2015/16					2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments	6 486	-	11 268	17 754	17 754	-	100.0%	2 418
Compensation of employees	-	-	12 920	12 920	12 920	-	100.0%	-
Goods and services	6 486	-	(1 652)	4 834	4 834	-	100.0%	2 418
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies	17 799	-	(3 995)	13 804	13 804	-	100.0%	8 000
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	5 805	-	(1)	5 804	5 804	-	100.0%	-
Public corporations and private enterprises	11 994	-	(3 994)	8 000	8 000	-	100.0%	8 000
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Payments for capital assets	3 177	-	(340)	2 837	2 837	-	100.0%	1 062
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	3 177	-	(340)	2 837	2 837	-	100.0%	1 062
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-
Total	27 462	-	6 933	34 395	34 395	-	100.0%	11 480
								11 480

Programme 3: Landward Defence

Department of Defence – Annual Report – 2015/16

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 3: Landward Defence

	2015/16						2014/15		
	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
Computer services	77 595	-	(5 579)	72 016	72 016	-	100.0%	81 649	81 649
Consultants: Business and advisory services	5 406	-	(1 026)	4 380	4 380	-	100.0%	6 699	6 699
Infrastructure and planning services	25 944	-	(4 808)	21 136	21 136	-	100.0%	11 346	11 346
Scientific and technological services	-	-	3	3	3	-	100.0%	800	800
Contractors	542 554	-	(185 393)	357 161	357 161	-	100.0%	365 368	352 503
Agency and support / outsourced services	11 906	-	41 859	53 765	53 765	-	100.0%	8 740	8 740
Entertainment	286	-	(132)	154	154	-	100.0%	109	109
Fleet services (including government motor transport)	66 646	-	18 216	84 862	84 862	-	100.0%	48 491	48 491
Inventory: Clothing material and accessories	116 310	-	(28 275)	88 035	88 035	-	100.0%	148 071	148 071
Inventory: Farming supplies	3 643	-	(137)	3 506	3 506	-	100.0%	4 411	4 411
Inventory: Food and food supplies	402 386	-	74 527	476 913	476 913	-	100.0%	473 441	473 441
Inventory: Fuel, oil and gas	198 556	-	12 684	211 240	211 240	-	100.0%	152 000	152 000
Inventory: Materials and supplies	32 992	-	773	33 765	33 765	-	100.0%	50 977	50 977
Inventory: Medical supplies	26	-	4	30	30	-	100.0%	17	17
Inventory: Medicine	5	-	(1)	4	4	-	100.0%	2	2
Inventory: Other supplies	2 928	-	12 189	15 117	15 117	-	100.0%	5 638	5 638
Consumable supplies	35 910	-	2 868	38 778	38 778	-	100.0%	39 734	39 734
Consumable: Stationery, printing and office supplies	22 903	-	(4 365)	18 538	18 538	-	100.0%	16 026	16 026
Operating leases	19 609	-	(16 702)	2 907	2 907	-	100.0%	3 511	3 511
Property payments	57 794	-	(15 366)	42 428	42 428	-	100.0%	62 635	62 635
Travel and subsistence	177 604	-	99 709	277 313	277 313	-	100.0%	251 415	251 415
Training and development	37 513	-	(6 477)	31 036	31 036	-	100.0%	49 130	49 130
Operating payments	20 037	-	(24 462)	(4 425)	(4 425)	-	100.0%	(1 864)	(1 864)
Venues and facilities	4 282	-	539	4 821	4 821	-	100.0%	4 631	4 631
Rental and hiring	19	-	(3)	16	16	-	100.0%	60	60

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 3: Landward Defence

	2015/16						2014/15		
	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
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 549 032	-	(20 477)	2 528 555	2 528 555	-	100.0%	2 251 766	2 251 766
Provinces and municipalities	5	-	(3)	2	2	-	100.0%	2	2
Municipalities	5	-	(3)	2	2	-	100.0%	2	2
Municipal bank accounts	5	-	(3)	2	2	-	100.0%	2	2
Departmental agencies and accounts	2 481 195	-	(29 975)	2 451 220	2 451 220	-	100.0%	2 158 389	2 158 389
Departmental agencies (non-business entities)	2 481 195	-	(29 975)	2 451 220	2 451 220	-	100.0%	2 158 389	2 158 389
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	33 117	-	454	33 571	33 571	-	100.0%	50 185	50 185
Public corporations	33 117	-	454	33 571	33 571	-	100.0%	49 728	49 728
Subsidies on products and production (pc)	-	-	-	-	-	-	-	49 728	49 728
Other transfers to public corporations	33 117	-	454	33 571	33 571	-	100.0%	-	-
Private enterprises	-	-	-	-	-	-	-	457	457
Other transfers to private enterprises	-	-	-	-	-	-	-	457	457
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	34 715	-	9 047	43 762	43 762	-	100.0%	43 190	43 190
Social benefits	34 715	-	6 077	40 792	40 792	-	100.0%	29 509	29 509
Other transfers to households	-	-	2 970	2 970	2 970	-	100.0%	13 681	13 681
Payments for capital assets	38 487	-	66 412	104 899	104 899	-	100.0%	144 478	144 478
Buildings and other fixed structures	100	-	(33)	67	67	-	100.0%	925	925
Buildings	100	-	(47)	53	53	-	100.0%	925	925
Other fixed structures	-	-	14	14	14	-	100.0%	-	-
Machinery and equipment	34 621	-	70 211	104 832	104 832	-	100.0%	143 547	143 547
Transport equipment	2 785	-	7 160	9 945	9 945	-	100.0%	52 553	52 553

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 3: Landward Defence

	2015/16						2014/15		
	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 machinery and equipment	31 836	-	63 051	94 887	94 887	-	100.0%	90 994	90 994
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	3 766	-	(3 766)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	6	6
Payment for financial assets	-	-	1 296	1 296	1 296	-	100.0%	760	760
Total	15 202 376	-	(83 425)	15 118 951	15 118 951	-	100.0%	14 061 981	14 049 116

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.1: Strategic Direction

	2015/16						2014/15		
	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	355 843	-	76 671	432 514	432 514	-	100.0%	413 117	413 117
Compensation of employees	290 447	-	82 791	373 238	373 238	-	100.0%	333 394	333 394
Goods and services	65 396	-	(6 120)	59 276	59 276	-	100.0%	79 723	79 723
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5 565	-	2 452	8 017	8 017	-	100.0%	4 203	4 203
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	4	4	4	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	200	200
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	5 565	-	2 448	8 013	8 013	-	100.0%	4 003	4 003
Payments for capital assets	-	-	2 298	2 298	2 298	-	100.0%	1 632	1 632
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	2 298	2 298	2 298	-	100.0%	1 632	1 632
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	20	20
Total	361 408	-	81 421	442 829	442 829	-	100.0%	418 972	418 972

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.2: Infantry Capability

	2015/16					2014/15			
	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	4 509 464	-	6 765	4 516 229	4 516 229	-	100.0%	4 145 098	4 145 098
Compensation of employees	4 370 371	-	(26 234)	4 344 137	4 344 137	-	100.0%	3 978 251	3 978 251
Goods and services	139 093	-	32 999	172 092	172 092	-	100.0%	166 847	166 847
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 607 788	-	(29 998)	1 577 790	1 577 790	-	100.0%	1 248 309	1 248 309
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 597 775	-	(29 961)	1 567 814	1 567 814	-	100.0%	1 231 661	1 231 661
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	44	44
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	10 013	-	(37)	9 976	9 976	-	100.0%	16 604	16 604
Payments for capital assets	1 452	-	6 717	8 169	8 169	-	100.0%	10 353	10 353
Buildings and other fixed structures	100	-	(100)	-	-	-	-	165	165
Machinery and equipment	1 352	-	6 817	8 169	8 169	-	100.0%	10 188	10 188
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	281	281	281	-	100.0%	195	195
Total	6 118 704	-	(16 235)	6 102 469	6 102 469	-	100.0%	5 403 955	5 403 955

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.3: Armour Capability

	2015/16						2014/15		
	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	398 457	-	(659)	397 798	397 798	-	100.0%	373 446	373 446
Compensation of employees	386 858	-	(616)	386 242	386 242	-	100.0%	360 202	360 202
Goods and services	11 599	-	(43)	11 556	11 556	-	100.0%	13 244	13 244
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	105	-	564	669	669	-	100.0%	352	352
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	105	-	564	669	669	-	100.0%	352	352
Payments for capital assets	49	-	811	860	860	-	100.0%	838	838
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	49	-	811	860	860	-	100.0%	838	838
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%	49	49
Total	398 611	-	725	399 336	399 336	-	100.0%	374 685	374 685

Subprogramme: 3.4: Artillery Capability

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.5: Air Defence Artillery Capability										
Economic classification		2015/16					2014/15			
		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		324 056	-	(19 509)	304 547	304 547	-	100.0%	272 905	272 905
Compensation of employees		311 256	-	(19 753)	291 503	291 503	-	100.0%	260 500	260 500
Goods and services		12 800	-	244	13 044	13 044	-	100.0%	12 405	12 405
Interest and rent on land		-	-	-	-	-	-	-	-	-
Transfers and subsidies		256 276	-	238	256 514	256 514	-	100.0%	204 652	204 652
Provinces and municipalities		-	-	-	-	-	-	-	-	-
Departmental agencies and accounts		256 193	-	(4)	256 189	256 189	-	100.0%	203 010	203 010
Higher education institutions		-	-	-	-	-	-	-	-	-
Foreign governments and international organisations		-	-	-	-	-	-	-	-	-
Public corporations and private enterprises		-	-	-	-	-	-	-	-	-
Non-profit institutions		-	-	-	-	-	-	-	-	-
Households		83	-	242	325	325	-	100.0%	1 642	1 642
Payments for capital assets		121	-	413	534	534	-	100.0%	493	493
Buildings and other fixed structures		-	-	-	-	-	-	-	-	-
Machinery and equipment		121	-	413	534	534	-	100.0%	493	493
Heritage assets		-	-	-	-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Land and sub-soil assets		-	-	-	-	-	-	-	-	-
Software and other intangible assets		-	-	-	-	-	-	-	-	-
Payment for financial assets		-	-	13	13	13	-	100.0%	5	5
Total		580 453	-	(18 845)	561 608	561 608	-	100.0%	478 055	478 055

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.6: Engineering Capability

	2015/16						2014/15		
	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	739 981	-	(67 386)	672 595	672 595	-	100.0%	619 438	619 438
Compensation of employees	712 348	-	(67 022)	645 326	645 326	-	100.0%	591 795	591 795
Goods and services	27 633	-	(364)	27 269	27 269	-	100.0%	27 643	27 643
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 318	-	(694)	1 624	1 624	-	100.0%	1 958	1 958
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	2	-	(2)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 316	-	(692)	1 624	1 624	-	100.0%	1 958	1 958
Payments for capital assets	698	-	995	1 693	1 693	-	100.0%	1 669	1 669
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	698	-	995	1 693	1 693	-	100.0%	1 669	1 669
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	30	30	30	-	100.0%	8	8
Total	742 997	-	(67 055)	675 942	675 942	-	100.0%	623 073	623 073

Subprogramme: 3.7: Operational Intelligence

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.8: Command and Control Capability

	2015/16					2014/15			
	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	197 486	-	(8 836)	188 650	188 650	-	100.0%	177 379	177 379
Compensation of employees	182 409	-	(9 768)	172 641	172 641	-	100.0%	161 617	161 617
Goods and services	15 077	-	932	16 009	16 009	-	100.0%	15 762	15 762
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	364	-	(357)	7	7	-	100.0%	37	37
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	363	-	(356)	7	7	-	100.0%	37	37
Payments for capital assets	213	-	79	292	292	-	100.0%	394	394
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	213	-	79	292	292	-	100.0%	394	394
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	198 063	-	(9 114)	188 949	188 949	-	100.0%	177 810	177 810

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.9: Support Capability

	2015/16					2014/15			
	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	3 835 411	-	(41 439)	3 793 972	3 793 972	-	100.0%	3 601 714	3 588 849
Compensation of employees	2 273 610	-	46 628	2 320 238	2 320 238	-	100.0%	2 170 403	2 170 403
Goods and services	1 561 801	-	(88 067)	1 473 734	1 473 734	-	100.0%	1 431 311	1 418 446
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	550 096	-	2 004	552 100	552 100	-	100.0%	727 411	727 411
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	505 574	-	(3)	505 571	505 571	-	100.0%	667 869	667 869
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	33 117	-	454	33 571	33 571	-	100.0%	49 941	49 941
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	11 405	-	1 553	12 958	12 958	-	100.0%	9 601	9 601
Payments for capital assets	29 081	-	38 875	67 956	67 956	-	100.0%	111 621	111 621
Buildings and other fixed structures	-	-	14	14	14	-	100.0%	24	24
Machinery and equipment	25 376	-	42 566	67 942	67 942	-	100.0%	111 591	111 591
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	3 705	-	(3 705)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	6	6
Payment for financial assets	-	-	792	792	792	-	100.0%	287	287
Total	4 414 588	-	232	4 414 820	4 414 820	-	100.0%	4 441 033	4 428 168

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.10: General Training Capability

	2015/16						2014/15		
	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	501 476	-	(111 051)	390 425	390 425	-	100.0%	403 716	403 716
Compensation of employees	463 736	-	(104 724)	359 012	359 012	-	100.0%	375 062	375 062
Goods and services	37 740	-	(6 327)	31 413	31 413	-	100.0%	28 654	28 654
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	236	-	3 748	3 984	3 984	-	100.0%	5 091	5 091
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	8	-	(7)	1	1	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	228	-	3 755	3 983	3 983	-	100.0%	5 091	5 091
Payments for capital assets	2 962	-	327	3 289	3 289	-	100.0%	2 624	2 624
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 962	-	327	3 289	3 289	-	100.0%	2 624	2 624
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	1	1	1	-	100.0%	91	91
Total	504 674	-	(106 975)	397 699	397 699	-	100.0%	411 522	411 522

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 3.11: Signal Capability

	2015/16						2014/15		
	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	1 129 705	-	51 287	1 180 992	1 180 992	-	100.0%	1 102 142	1 102 142
Compensation of employees	1 055 777	-	49 922	1 105 699	1 105 699	-	100.0%	1 029 503	1 029 503
Goods and services	73 928	-	1 365	75 293	75 293	-	100.0%	72 639	72 639
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 623	-	1 899	5 522	5 522	-	100.0%	3 140	3 140
Provinces and municipalities	3	-	(1)	2	2	-	100.0%	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	3 620	-	1 900	5 520	5 520	-	100.0%	3 130	3 130
Payments for capital assets	3 403	-	15 230	18 633	18 633	-	100.0%	13 673	13 673
Buildings and other fixed structures	-	-	53	53	53	-	100.0%	736	736
Machinery and equipment	3 403	-	15 177	18 580	18 580	-	100.0%	12 937	12 937
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%	57	57
Total	1 136 731	-	68 465	1 205 196	1 205 196	-	100.0%	1 119 012	1 119 012

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 4: Air Defence

	2015/16						2014/15		
	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
Subprogramme									
1. Strategic Direction	16 783	-	4 047	20 830	20 830	-	100.0%	18 298	18 298
2. Operational Direction	177 686	-	77 646	255 332	255 332	-	100.0%	183 763	183 763
3. Helicopter Capability	801 494	-	(181 811)	619 683	619 683	-	100.0%	817 145	817 145
4. Transport and Maritime Capability	794 867	-	(110 421)	684 446	684 446	-	100.0%	1 138 780	1 138 780
5. Air Combat Capability	1 437 203	-	(68 392)	1 368 811	1 368 811	-	100.0%	1 108 324	1 108 324
6. Operational Support and Intelligence Capability	286 425	-	11 305	297 730	297 730	-	100.0%	270 938	270 938
7. Command and Control Capability	901 454	-	(16 868)	884 586	884 586	-	100.0%	508 715	508 715
8. Base Support Capability	1 818 545	-	5 189	1 823 734	1 823 734	-	100.0%	1 848 057	1 848 057
9. Command Post	54 827	-	5 701	60 528	60 528	-	100.0%	57 395	57 395
10. Training Capability	184 394	-	307 830	492 224	492 224	-	100.0%	200 584	200 584
11. Technical Support Services	693 916	-	(116 101)	577 815	577 815	-	100.0%	761 524	761 524
Total	7 167 594	-	(81 875)	7 085 719	7 085 719	-	100.0%	6 913 523	6 913 523
Economic classification									
Current payments	5 262 942	-	(116 460)	5 146 482	5 146 482	-	100.0%	5 162 868	5 162 868
Compensation of employees	3 321 093	-	4 076	3 325 169	3 325 169	-	100.0%	3 148 889	3 148 889
Salaries and wages	3 005 429	-	(61 471)	2 943 958	2 943 958	-	100.0%	2 792 076	2 792 076
Social contributions	315 664	-	65 547	381 211	381 211	-	100.0%	356 813	356 813
Goods and services	1 941 849	-	(120 536)	1 821 313	1 821 313	-	100.0%	2 013 979	2 013 979
Administrative fees	-	-	14	14	14	-	100.0%	11	11
Advertising	9	-	566	575	575	-	100.0%	318	318
Minor assets	4 851	-	2 543	7 394	7 394	-	100.0%	6 996	6 996
Catering: Departmental activities	1 196	-	1 972	3 168	3 168	-	100.0%	2 797	2 797
Communication (G&S)	5 866	-	5 081	10 947	10 947	-	100.0%	9 961	9 961

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 4: Air Defence

	2015/16					2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Computer services	47 204	-	(8 618)	38 586	38 586	-	100.0%	28 000
Consultants: Business and advisory services	1 589	-	(980)	609	609	-	100.0%	482
Infrastructure and planning services	4 013	-	(910)	3 103	3 103	-	100.0%	2 436
Laboratory services	30	-	(30)	-	-	-	-	-
Scientific and technological services	-	-	540	540	540	-	100.0%	1 152
Contractors	1 302 957	-	(216 428)	1 086 529	1 086 529	-	100.0%	1 329 425
Agency and support / outsourced services	8 697	-	58 418	67 115	67 115	-	100.0%	75 886
Entertainment	-	-	77	77	77	-	100.0%	65
Fleet services (including government motor transport)	6 138	-	(138)	6 000	6 000	-	100.0%	5 991
Inventory: Clothing material and accessories	20 902	-	9 326	30 228	30 228	-	100.0%	21 526
Inventory: Farming supplies	201	-	274	475	475	-	100.0%	374
Inventory: Food and food supplies	1 455	-	75 997	77 452	77 452	-	100.0%	78 481
Inventory: Fuel, oil and gas	166 063	-	78 225	244 288	244 288	-	100.0%	154 052
Inventory: Materials and supplies	16 656	-	(91 230)	(74 574)	(74 574)	-	100.0%	(61 067)
Inventory: Medical supplies	96	-	27	123	123	-	100.0%	53
Inventory: Medicine	-	-	5	5	5	-	100.0%	3
Inventory: Other supplies	27 515	-	(9 947)	17 568	17 568	-	100.0%	49 732
Consumable supplies	11 907	-	4 280	16 187	16 187	-	100.0%	16 220
Consumable: Stationery, printing and office supplies	9 462	-	(3 253)	6 209	6 209	-	100.0%	5 948
Operating leases	7 640	-	(6 181)	1 459	1 459	-	100.0%	996
Property payments	17 026	-	1 583	18 609	18 609	-	100.0%	16 995
Travel and subsistence	55 767	-	47 473	103 240	103 240	-	100.0%	86 605
Training and development	51 368	-	(25 057)	26 311	26 311	-	100.0%	45 055
Operating payments	173 156	-	(44 543)	128 613	128 613	-	100.0%	135 377
Venues and facilities	85	-	7	92	92	-	100.0%	31

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 4: Air Defence

	2015/16					2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
Rental and hiring	-	-	371	371	371	-	100.0%
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies	1 855 054	-	(2 120)	1 852 934	1 852 934	-	100.0%
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	1 837 617	-	-	1 837 617	1 837 617	-	100.0%
Departmental agencies (non-business entities)	1 837 617	-	-	1 837 617	1 837 617	-	100.0%
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	17 435	-	(2 120)	15 315	15 315	-	100.0%
Social benefits	17 435	-	(3 852)	13 583	13 583	-	100.0%
Other transfers to households	-	-	1 732	1 732	1 732	-	100.0%
Payments for capital assets	49 598	-	36 530	86 128	86 128	-	100.0%
Buildings and other fixed structures	-	-	12 746	12 746	12 746	-	100.0%
Buildings	-	-	12 746	12 746	12 746	-	100.0%
Other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	42 986	-	30 396	73 382	73 382	-	100.0%
Transport equipment	40 810	-	(3 754)	37 056	37 056	-	100.0%
Other machinery and equipment	2 176	-	34 150	36 326	36 326	-	100.0%
Heritage assets	-	-	-	-	-	-	-

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 4: Air Defence

	2015/16						2014/15		
	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
Specialised military assets	6 612	-	(6 612)	-	-	-	-	157	157
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	175	175	175	-	100.0%	576	576
Total	7 167 594	-	(81 875)	7 085 719	7 085 719	-	100.0%	6 913 523	6 913 523

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.1: Strategic Direction

	2015/16						2014/15		
	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	16 781	-	3 012	19 793	19 793	-	100.0%	17 760	17 760
Compensation of employees	11 255	-	873	12 128	12 128	-	100.0%	11 294	11 294
Goods and services	5 526	-	2 139	7 665	7 665	-	100.0%	6 466	6 466
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2	-	19	21	21	-	100.0%	102	102
Provinces and municipalities	2	-	-	2	2	-	100.0%	2	2
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	100	100
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	19	19	19	-	100.0%	-	-
Payments for capital assets	-	-	1 016	1 016	1 016	-	100.0%	436	436
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	1 016	1 016	1 016	-	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	-	-	-	-	-	-	-	-	-
Total	16 783	-	4 047	20 830	20 830	-	100.0%	18 298	18 298

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.2: Operational Direction

Economic classification	2015/16						2014/15		
	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	177 163	-	77 641	254 804	254 804	-	100.0%	182 684	182 684
Compensation of employees	-	-	9	9	9	-	100.0%	-	-
Goods and services	177 163	-	77 632	254 795	254 795	-	100.0%	182 684	182 684
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	523	-	5	528	528	-	100.0%	1 076	1 076
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	523	-	5	528	528	-	100.0%	1 076	1 076
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	3	3
Total	177 686	-	77 646	255 332	255 332	-	100.0%	183 763	183 763

Subprogramme: 4.3: Helicopter Capability

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Subprogramme: 4.4: Transport and Maritime Capability

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Subprogramme: 4.5: Air Combat Capability

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.6: Operational Support And Intelligence Capability

	2015/16						2014/15		
	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	274 266	-	13 159	287 425	287 425	-	100.0%	267 092	267 092
Compensation of employees	264 453	-	8 516	272 969	272 969	-	100.0%	255 725	255 725
Goods and services	9 813	-	4 643	14 456	14 456	-	100.0%	11 367	11 367
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7 195	-	(970)	6 225	6 225	-	100.0%	1 706	1 706
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	6 486	-	-	6 486	6 486	-	100.0%	1 500	1 500
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	709	-	(970)	(261)	(261)	-	100.0%	206	206
Payments for capital assets	4 964	-	(944)	4 020	4 020	-	100.0%	2 099	2 099
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 964	-	(944)	4 020	4 020	-	100.0%	1 942	1 942
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	157	157
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	60	60	60	-	100.0%	41	41
Total	286 425	-	11 305	297 730	297 730	-	100.0%	270 938	270 938

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.7: Command And Control Capability

	2015/16						2014/15		
	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	366 635	-	(45 080)	321 555	321 555	-	100.0%	306 161	306 161
Compensation of employees	171 441	-	10 885	182 326	182 326	-	100.0%	179 068	179 068
Goods and services	195 194	-	(55 965)	139 229	139 229	-	100.0%	127 093	127 093
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	531 164	-	(214)	530 950	530 950	-	100.0%	142 323	142 323
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	530 876	-	-	530 876	530 876	-	100.0%	142 095	142 095
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	288	-	(214)	74	74	-	100.0%	228	228
Payments for capital assets	3 655	-	28 426	32 081	32 081	-	100.0%	60 200	60 200
Buildings and other fixed structures	-	-	12 725	12 725	12 725	-	100.0%	-	-
Machinery and equipment	3 655	-	15 701	19 356	19 356	-	100.0%	60 200	60 200
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	31	31
Total	901 454	-	(16 868)	884 586	884 586	-	100.0%	508 715	508 715

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.8: Base Support Capability

	2015/16						2014/15		
	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	1 773 486	-	1 735	1 775 221	1 775 221	-	100.0%	1 739 520	1 739 520
Compensation of employees	1 629 757	-	(58 272)	1 571 485	1 571 485	-	100.0%	1 530 737	1 530 737
Goods and services	143 729	-	60 007	203 736	203 736	-	100.0%	208 783	208 783
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	14 059	-	(3 091)	10 968	10 968	-	100.0%	73 864	73 864
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	63 380	63 380
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	14 059	-	(3 091)	10 968	10 968	-	100.0%	10 484	10 484
Payments for capital assets	31 000	-	6 481	37 481	37 481	-	100.0%	34 625	34 625
Buildings and other fixed structures	-	-	21	21	21	-	100.0%	55	55
Machinery and equipment	31 000	-	6 460	37 460	37 460	-	100.0%	34 570	34 570
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	64	64	64	-	100.0%	48	48
Total	1 818 545	-	5 189	1 823 734	1 823 734	-	100.0%	1 848 057	1 848 057

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.9: Command Post

	2015/16						2014/15		
	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	54 802	-	4 448	59 250	59 250	-	100.0%	57 275	57 275
Compensation of employees	45 311	-	4 678	49 989	49 989	-	100.0%	45 518	45 518
Goods and services	9 491	-	(230)	9 261	9 261	-	100.0%	11 757	11 757
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	25	-	712	737	737	-	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	25	-	712	737	737	-	100.0%	5	5
Payments for capital assets	-	-	541	541	541	-	100.0%	115	115
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	541	541	541	-	100.0%	115	115
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	54 827	-	5 701	60 528	60 528	-	100.0%	57 395	57 395

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.10: Training Capability

	2015/16						2014/15		
	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	184 237	-	305 662	489 899	489 899	-	100.0%	193 450	193 450
Compensation of employees	113 779	-	271 628	385 407	385 407	-	100.0%	104 687	104 687
Goods and services	70 458	-	34 034	104 492	104 492	-	100.0%	88 763	88 763
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	157	-	278	435	435	-	100.0%	6 129	6 129
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	6 050	6 050
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	157	-	278	435	435	-	100.0%	79	79
Payments for capital assets	-	-	1 861	1 861	1 861	-	100.0%	995	995
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	1 861	1 861	1 861	-	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	-	-	29	29	29	-	100.0%	10	10
Total	184 394	-	307 830	492 224	492 224	-	100.0%	200 584	200 584

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 4.11: Technical Support Services

Economic classification	2015/16						2014/15		
	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	691 070	-	(116 777)	574 293	574 293	-	100.0%	758 116	758 116
Compensation of employees	655 882	-	(242 975)	412 907	412 907	-	100.0%	599 127	599 127
Goods and services	35 188	-	126 198	161 386	161 386	-	100.0%	158 989	158 989
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 642	-	(521)	1 121	1 121	-	100.0%	870	870
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 642	-	(521)	1 121	1 121	-	100.0%	870	870
Payments for capital assets	1 204	-	1 182	2 386	2 386	-	100.0%	2 511	2 511
Buildings and other fixed structures	-	-	-	-	-	-	-	13	13
Machinery and equipment	1 204	-	1 182	2 386	2 386	-	100.0%	2 498	2 498
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%	27	27
Total	693 916	-	(116 101)	577 815	577 815	-	100.0%	761 524	761 524

Programme 5: Maritime Defence

Department of Defence – Annual Report – 2015/16

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 5: Maritime Defence

	2015/16						2014/15		
	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	61	-	(28)	33	33	-	100.0%	28	28
Fleet services (including government motor transport)	1 096	-	10	1 106	1 106	-	100.0%	1 360	1 360
Inventory: Clothing material and accessories	15 919	-	(9 799)	6 120	6 120	-	100.0%	1 549	1 549
Inventory: Farming supplies	-	-	20	20	20	-	100.0%	-	-
Inventory: Food and food supplies	91 438	-	(14 189)	77 249	77 249	-	100.0%	114 873	114 873
Inventory: Fuel, oil and gas	81 396	-	11 181	92 577	92 577	-	100.0%	29 938	29 938
Inventory: Materials and supplies	25 303	-	(3 096)	22 207	22 207	-	100.0%	45 114	45 114
Inventory: Medical supplies	55	-	(47)	8	8	-	100.0%	17	17
Inventory: Other supplies	59 182	-	(34 036)	25 146	25 146	-	100.0%	54 903	54 903
Consumable supplies	6 502	-	4 180	10 682	10 682	-	100.0%	5 201	5 201
Consumable: Stationery, printing and office supplies	6 685	-	612	7 297	7 297	-	100.0%	6 685	6 685
Operating leases	2 616	-	6 868	9 484	9 484	-	100.0%	122	122
Property payments	37 452	-	(28 661)	8 791	8 791	-	100.0%	11 486	11 486
Travel and subsistence	46 086	-	24 921	71 007	71 007	-	100.0%	57 325	57 325
Training and development	7 172	-	(193)	6 979	6 979	-	100.0%	11 052	11 052
Operating payments	60 390	-	(10 010)	50 380	50 380	-	100.0%	43 948	43 948
Venues and facilities	446	-	(390)	56	56	-	100.0%	617	617
Rental and hiring	19	-	1 369	1 388	1 388	-	100.0%	51	51
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	878 072	-	(41 410)	836 662	836 662	-	100.0%	867 619	867 619
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	633 542	-	(31 555)	601 987	601 987	-	100.0%	648 874	648 874
Departmental agencies (non-business entities)	633 542	-	(31 555)	601 987	601 987	-	100.0%	648 874	648 874
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-

Programme 5: Maritime Defence

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 5.1: Maritime Direction

	2015/16						2014/15		
	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	528 409	-	40 130	568 539	568 539	-	100.0%	510 327	510 327
Compensation of employees	484 465	-	24 132	508 597	508 597	-	100.0%	471 036	471 036
Goods and services	43 944	-	15 998	59 942	59 942	-	100.0%	39 291	39 291
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	15 414	-	(9 470)	5 944	5 944	-	100.0%	3 839	3 839
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	15 414	-	(9 470)	5 944	5 944	-	100.0%	3 839	3 839
Payments for capital assets	1 360	-	10 351	11 711	11 711	-	100.0%	10 676	10 676
Buildings and other fixed structures	-	-	28	28	28	-	100.0%	-	-
Machinery and equipment	1 360	-	10 323	11 683	11 683	-	100.0%	10 676	10 676
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	19	19	19	-	100.0%	9	9
Total	545 183	-	41 030	586 213	586 213	-	100.0%	524 851	524 851

Subprogramme: 5.2: Maritime Combat Capability

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 5.3: Maritime Logistic Support Capability

	2015/16						2014/15		
	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	644 134	-	(55 128)	589 006	589 006	-	100.0%	886 772	886 772
Compensation of employees	171 076	-	(4 368)	166 708	166 708	-	100.0%	161 349	161 349
Goods and services	473 058	-	(50 760)	422 298	422 298	-	100.0%	725 423	725 423
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	199 432	-	1 042	200 474	200 474	-	100.0%	194 430	194 430
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	11 145	-	-	11 145	11 145	-	100.0%	15 000	15 000
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	187 649	-	-	187 649	187 649	-	100.0%	178 035	178 035
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	638	-	1 042	1 680	1 680	-	100.0%	1 395	1 395
Payments for capital assets	16 143	-	(1 778)	14 365	14 365	-	100.0%	22 761	22 761
Buildings and other fixed structures	-	-	1 435	1 435	1 435	-	100.0%	439	439
Machinery and equipment	15 993	-	(3 063)	12 930	12 930	-	100.0%	22 322	22 322
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	150	-	(150)	-	-	-	-	-	-
Payment for financial assets	-	-	17	17	17	-	100.0%	-	-
Total	859 709	-	(55 847)	803 862	803 862	-	100.0%	1 103 963	1 103 963

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 5.4: Maritime Human Resources and Training Capability

	2015/16						2014/15		
	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	463 285	-	33 555	496 840	496 840	-	100.0%	444 012	444 012
Compensation of employees	440 624	-	33 698	474 322	474 322	-	100.0%	416 159	416 159
Goods and services	22 661	-	(143)	22 518	22 518	-	100.0%	27 853	27 853
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 801	-	(3 013)	788	788	-	100.0%	451	451
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 801	-	(3 013)	788	788	-	100.0%	451	451
Payments for capital assets	-	-	21	21	21	-	100.0%	735	735
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	21	21	21	-	100.0%	735	735
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	6	6	6	-	100.0%	20	20
Total	467 086	-	30 569	497 655	497 655	-	100.0%	445 218	445 218

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 5.5: Base Support Capability									
	2015/16						2014/15		
	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	637 003	-	(44 954)	592 049	592 049	-	100.0%	581 440	581 440
Compensation of employees	561 733	-	(23 290)	538 443	538 443	-	100.0%	522 357	522 357
Goods and services	75 270	-	(21 664)	53 606	53 606	-	100.0%	59 083	59 083
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 635	-	3 607	6 242	6 242	-	100.0%	3 811	3 811
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	23	23
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 635	-	3 607	6 242	6 242	-	100.0%	3 788	3 788
Payments for capital assets	5 031	-	2 681	7 712	7 712	-	100.0%	13 737	13 737
Buildings and other fixed structures	2 000	-	(2 000)	-	-	-	-	153	153
Machinery and equipment	3 031	-	4 681	7 712	7 712	-	100.0%	13 584	13 584
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	207	207	207	-	100.0%	26	26
Total	644 669	-	(38 459)	606 210	606 210	-	100.0%	599 014	599 014

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 6: Military Health Support

	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Subprogramme								
1. Strategic Direction	172 553	-	(4 225)	168 328	168 328	-	100.0%	218 302
2. Mobile Military Health Support	118 930	-	1 725	120 655	120 655	-	100.0%	120 810
3. Area Military Health Service	1 412 913	-	184 739	1 597 652	1 597 652	-	100.0%	1 455 454
4. Specialist / Tertiary Health Service	1 490 018	-	63 395	1 553 413	1 553 413	-	100.0%	1 433 329
5. Military Health Product Support Capability	186 668	-	(52 128)	134 540	134 540	-	100.0%	212 914
6. Military Health Maintenance Capability	271 205	-	48 409	319 614	319 614	-	100.0%	256 414
7. Military Health Training Capability	416 974	-	(68 026)	348 948	348 948	-	100.0%	355 921
Total	4 069 261	-	173 889	4 243 150	4 243 150	-	100.0%	4 053 144
Economic classification								
Current payments	4 035 436	-	134 607	4 170 043	4 170 043	-	100.0%	3 886 430
Compensation of employees	3 114 661	-	21 646	3 136 307	3 136 307	-	100.0%	2 865 474
Salaries and wages	2 845 193	-	(34 332)	2 810 861	2 810 861	-	100.0%	2 568 753
Social contributions	269 468	-	55 978	325 446	325 446	-	100.0%	296 721
Goods and services	920 775	-	112 961	1 033 736	1 033 736	-	100.0%	1 020 956
Advertising	289	-	(4)	285	285	-	100.0%	300
Minor assets	13 587	-	(7 781)	5 806	5 806	-	100.0%	15 279
Catering: Departmental activities	987	-	1 194	2 181	2 181	-	100.0%	1 333
Communication (G&S)	7 899	-	(1 806)	6 093	6 093	-	100.0%	6 347
Computer services	49 404	-	(13 462)	35 942	35 942	-	100.0%	36 726
Consultants: Business and advisory services	8 155	-	(7 442)	713	713	-	100.0%	652
Infrastructure and planning services	753	-	(436)	317	317	-	100.0%	140
Laboratory services	26 380	-	5 689	32 069	32 069	-	100.0%	26 855
Scientific and technological services	-	-	7 573	7 573	7 573	-	100.0%	15 350

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 6: Military Health Support

	2015/16						2014/15		
	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
Contractors	87 661	-	(47 655)	40 006	40 006	-	100.0%	56 188	56 188
Agency and support / outsourced services	311 426	-	94 693	406 119	406 119	-	100.0%	362 199	362 199
Entertainment	14	-	(4)	10	10	-	100.0%	50	50
Fleet services (including government motor transport)	5 255	-	(314)	4 941	4 941	-	100.0%	3 122	3 122
Inventory: Clothing material and accessories	17 806	-	2 899	20 705	20 705	-	100.0%	23 703	23 703
Inventory: Farming supplies	737	-	305	1 042	1 042	-	100.0%	717	717
Inventory: Food and food supplies	49 854	-	35 225	85 079	85 079	-	100.0%	53 467	53 467
Inventory: Fuel, oil and gas	21 634	-	(1 258)	20 376	20 376	-	100.0%	21 870	21 870
Inventory: Materials and supplies	2 059	-	(583)	1 476	1 476	-	100.0%	1 143	1 143
Inventory: Medical supplies	71 718	-	(192)	71 526	71 526	-	100.0%	75 141	75 141
Inventory: Medicine	126 152	-	27 928	154 080	154 080	-	100.0%	166 320	166 320
Inventory: Other supplies	621	-	(568)	53	53	-	100.0%	29	29
Consumable supplies	15 853	-	(315)	15 538	15 538	-	100.0%	16 327	16 327
Consumable: Stationery, printing and office supplies	11 487	-	(2 355)	9 132	9 132	-	100.0%	9 672	9 672
Operating leases	8 727	-	(7 637)	1 090	1 090	-	100.0%	668	668
Property payments	15 652	-	4 618	20 270	20 270	-	100.0%	15 224	15 224
Travel and subsistence	47 663	-	31 770	79 433	79 433	-	100.0%	62 860	62 860
Training and development	10 598	-	(5 179)	5 419	5 419	-	100.0%	41 076	41 076
Operating payments	7 920	-	(1 539)	6 381	6 381	-	100.0%	7 543	7 543
Venues and facilities	473	-	(392)	81	81	-	100.0%	650	650
Rental and hiring	11	-	(11)	-	-	-	-	5	5
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7 709	-	18 485	26 194	26 194	-	100.0%	46 127	46 096
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	6 666	-	-	6 666	6 666	-	100.0%	15 357	15 357

Programme 6: Military Health Support

Total

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 6.1: Strategic Direction

Economic classification	2015/16						2014/15		
	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	168 105	-	(6 466)	161 639	161 639	-	100.0%	212 090	212 090
Compensation of employees	145 069	-	17 080	162 149	162 149	-	100.0%	151 943	151 943
Goods and services	23 036	-	(23 546)	(510)	(510)	-	100.0%	60 147	60 147
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 647	-	3 287	5 934	5 934	-	100.0%	5 268	5 237
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 666	-	-	1 666	1 666	-	100.0%	2 857	2 857
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	87	87
Non-profit institutions	800	-	89	889	889	-	100.0%	800	769
Households	181	-	3 198	3 379	3 379	-	100.0%	1 524	1 524
Payments for capital assets	1 801	-	(1 046)	755	755	-	100.0%	942	942
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 763	-	(1 008)	755	755	-	100.0%	942	942
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	38	-	(38)	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	2	2
Total	172 553	-	(4 225)	168 328	168 328	-	100.0%	218 302	218 271

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 6.2. Mobile Military Health Support

	2015/16						2014/15		
	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	113 341	-	364	113 705	113 705	-	100.0%	104 094	104 094
Compensation of employees	103 307	-	2 716	106 023	106 023	-	100.0%	96 170	96 170
Goods and services	10 034	-	(2 352)	7 682	7 682	-	100.0%	7 924	7 924
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5 000	-	667	5 667	5 667	-	100.0%	13 133	13 133
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	5 000	-	-	5 000	5 000	-	100.0%	12 500	12 500
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	667	667	667	-	100.0%	633	633
Payments for capital assets	589	-	605	1 194	1 194	-	100.0%	3 545	3 545
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	589	-	605	1 194	1 194	-	100.0%	3 545	3 545
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	89	89	89	-	100.0%	38	38
Total	118 930	-	1 725	120 655	120 655	-	100.0%	120 810	120 810

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 6.3: Area Military Health Service

	2015/16						2014/15		
	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	1 406 571	-	174 694	1 581 265	1 581 265	-	100.0%	1 398 574	1 398 574
Compensation of employees	1 125 291	-	67 972	1 193 263	1 193 263	-	100.0%	1 042 866	1 042 866
Goods and services	281 280	-	106 722	388 002	388 002	-	100.0%	355 708	355 708
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	7 220	7 220	7 220	-	100.0%	23 472	23 472
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	26	26	26	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	7 194	7 194	7 194	-	100.0%	23 472	23 472
Payments for capital assets	6 342	-	2 759	9 101	9 101	-	100.0%	33 237	33 237
Buildings and other fixed structures	-	-	-	-	-	-	-	19	19
Machinery and equipment	6 342	-	2 759	9 101	9 101	-	100.0%	33 218	33 218
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	66	66	66	-	100.0%	171	171
Total	1 412 913	-	184 739	1 597 652	1 597 652	-	100.0%	1 455 454	1 455 454

Subprogramme: 6.4: Specialist / Tertiary Health Service

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Subprogramme: 6.5: Military Health Product Support Capability

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 6.6: Military Health Maintenance Capability

Economic classification	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments	271 187	-	46 456	317 643	317 643	-	100.0%	254 791
Compensation of employees	191 976	-	518	192 494	192 494	-	100.0%	170 712
Goods and services	79 211	-	45 938	125 149	125 149	-	100.0%	84 079
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies	18	-	1 196	1 214	1 214	-	100.0%	1 016
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	20
Non-profit institutions	-	-	-	-	-	-	-	-
Households	18	-	1 196	1 214	1 214	-	100.0%	996
Payments for capital assets	-	-	686	686	686	-	100.0%	570
Buildings and other fixed structures	-	-	-	-	-	-	-	29
Machinery and equipment	-	-	686	686	686	-	100.0%	541
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	71	71	71	-	100.0%	37
Total	271 205	-	48 409	319 614	319 614	-	100.0%	256 414

Subprogramme: 6.7: Military Health Training Capability

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Programme 7: Defence Intelligence

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 7: Defence Intelligence

	2015/16						2014/15		
	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: Materials and supplies	174	-	(66)	108	108	-	100.0%	228	228
Consumable supplies	822	-	(246)	576	576	-	100.0%	740	740
Consumable: Stationery, printing and office supplies	1 290	-	(156)	1 134	1 134	-	100.0%	1 082	1 082
Operating leases	6 859	-	707	7 566	7 566	-	100.0%	6 438	6 438
Property payments	381	-	(113)	268	268	-	100.0%	691	691
Travel and subsistence	3 730	-	2 584	6 314	6 314	-	100.0%	3 926	3 926
Training and development	2 258	-	(910)	1 348	1 348	-	100.0%	1 620	1 620
Operating payments	679	-	392	1 071	1 071	-	100.0%	772	772
Venues and facilities	191	-	(98)	93	93	-	100.0%	67	67
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	445 799	-	(805)	444 994	444 994	-	100.0%	456 493	456 493
Provinces and municipalities	-	-	3	3	3	-	100.0%	4	4
Municipalities	-	-	3	3	3	-	100.0%	4	4
Municipal bank accounts	-	-	-	-	-	-	-	4	4
Municipal agencies and funds	-	-	3	3	3	-	100.0%	-	-
Departmental agencies and accounts	442 226	-	45	442 271	442 271	-	100.0%	455 783	455 783
Departmental agencies (non-business entities)	442 226	-	45	442 271	442 271	-	100.0%	455 783	455 783
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	2	2
Private enterprises	-	-	-	-	-	-	-	2	2
Other transfers to private enterprises	-	-	-	-	-	-	-	2	2
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 573	-	(853)	2 720	2 720	-	100.0%	704	704
Social benefits	3 573	-	(853)	2 720	2 720	-	100.0%	704	704

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 7: Defence Intelligence

	2015/16						2014/15		
	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	4 392	-	(1 414)	2 978	2 978	-	100.0%	4 525	4 525
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 392	-	(1 414)	2 978	2 978	-	100.0%	4 525	4 525
Transport equipment	4 339	-	(1 632)	2 707	2 707	-	100.0%	3 623	3 623
Other machinery and equipment	53	-	218	271	271	-	100.0%	902	902
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%	35	35
Total	831 459	-	(1 399)	830 060	830 060	-	100.0%	819 775	819 775

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 7.1: Strategic Direction

	2015/16							2014/15	
	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	59	-	(59)	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	59	-	(59)	-	-	-	-	-	-
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	12	-	(12)	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	12	-	(12)	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	71	-	(71)	-	-	-	-	-	-

Subprogramme: 7.2: Operations

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 7.3: Defence Intelligence Support Services

Economic classification	2015/16					2014/15			
	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	365 199	-	(607)	364 592	364 592	-	100.0%	342 420	342 420
Compensation of employees	347 574	-	(1 110)	346 464	346 464	-	100.0%	326 060	326 060
Goods and services	17 625	-	503	18 128	18 128	-	100.0%	16 360	16 360
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 573	-	(850)	2 723	2 723	-	100.0%	710	710
Provinces and municipalities	-	-	3	3	3	-	100.0%	4	4
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	2	2
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 573	-	(853)	2 720	2 720	-	100.0%	704	704
Payments for capital assets	2 924	-	54	2 978	2 978	-	100.0%	4 031	4 031
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 924	-	54	2 978	2 978	-	100.0%	4 031	4 031
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%	35	35
Total	371 696	-	(1 398)	370 298	370 298	-	100.0%	347 196	347 196

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 8: General Support										
		2015/16						2014/15		
		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
Subprogramme										
1. Joint Logistic Services		2 618 464	-	(71 797)	2 546 667	2 546 667	-	100.0%	2 125 739	2 125 739
2. Command and Management Information Systems		954 813	-	141 648	1 096 461	1 096 461	-	100.0%	865 697	865 697
3. Military Police		530 058	-	(809)	529 249	529 249	-	100.0%	539 571	539 571
4. Technology Development		424 345	-	(324)	424 021	424 021	-	100.0%	442 306	442 306
5. Departmental Support		844 934	-	35 280	880 214	880 214	-	100.0%	940 746	940 746
Total		5 372 614	-	103 998	5 476 612	5 476 612	-	100.0%	4 914 059	4 914 059
Economic classification										
Current payments		3 954 366	-	(61 011)	3 893 355	3 893 355	-	100.0%	3 314 672	3 314 672
Compensation of employees		1 741 166	-	(37 175)	1 703 991	1 703 991	-	100.0%	1 509 790	1 509 790
Salaries and wages		1 568 221	-	(50 753)	1 517 468	1 517 468	-	100.0%	1 340 007	1 340 007
Social contributions		172 945	-	13 578	186 523	186 523	-	100.0%	169 783	169 783
Goods and services		2 213 200	-	(23 836)	2 189 364	2 189 364	-	100.0%	1 804 882	1 804 882
Administrative fees		1 584	-	1 631	3 215	3 215	-	100.0%	3 020	3 020
Advertising		282	-	18	300	300	-	100.0%	95	95
Minor assets		20 346	-	(8 110)	12 236	12 236	-	100.0%	11 613	11 613
Audit costs: External		69 821	-	(9 783)	60 038	60 038	-	100.0%	61 799	61 799
Catering: Departmental activities		5 302	-	1 051	6 353	6 353	-	100.0%	2 824	2 824
Communication (G&S)		10 688	-	(5 134)	5 554	5 554	-	100.0%	9 403	9 403
Computer services		700 584	-	103 534	804 118	804 118	-	100.0%	727 934	727 934
Consultants: Business and advisory services		141 944	-	98 913	240 857	240 857	-	100.0%	262 324	262 324
Infrastructure and planning services		31 783	-	(26 479)	5 304	5 304	-	100.0%	661	661
Scientific and technological services		-	-	78 653	78 653	78 653	-	100.0%	25 340	25 340
Legal services		10 191	-	40 327	50 518	50 518	-	100.0%	22 670	22 670
Contractors		118 290	-	(27 788)	90 502	90 502	-	100.0%	83 809	83 809

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APPROPRIATION STATEMENT for the year ended 31 March 2016

Programme 8: General Support

	2015/16						2014/15		
	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
Agency and support / outsourced services	28 309	-	(6 163)	22 146	22 146	-	100.0%	12 167	12 167
Entertainment	493	-	(416)	77	77	-	100.0%	19	19
Fleet services (including government motor transport)	2 777	-	(1 372)	1 405	1 405	-	100.0%	1 286	1 286
Inventory: Clothing material and accessories	3 774	-	(328)	3 446	3 446	-	100.0%	2 901	2 901
Inventory: Farming supplies	102	-	(93)	9	9	-	100.0%	36	36
Inventory: Food and food supplies	49 875	-	(24 274)	25 601	25 601	-	100.0%	24 613	24 613
Inventory: Fuel, oil and gas	25 754	-	1 555	27 309	27 309	-	100.0%	29 132	29 132
Inventory: Materials and supplies	5 953	-	18 465	24 418	24 418	-	100.0%	15 852	15 852
Inventory: Medical supplies	-	-	28	28	28	-	100.0%	24	24
Inventory: Other supplies	677	-	(677)	-	-	-	-	14	14
Consumable supplies	10 069	-	7 757	17 826	17 826	-	100.0%	13 314	13 314
Consumable: Stationery, printing and office supplies	5 056	-	(19)	5 037	5 037	-	100.0%	5 140	5 140
Operating leases	37 858	-	(37 538)	320	320	-	100.0%	1 335	1 335
Property payments	813 186	-	(297 964)	515 222	515 222	-	100.0%	344 990	344 990
Travel and subsistence	61 054	-	3 826	64 880	64 880	-	100.0%	67 235	67 235
Training and development	42 349	-	75 223	117 572	117 572	-	100.0%	68 039	68 039
Operating payments	12 234	-	(7 437)	4 797	4 797	-	100.0%	6 164	6 164
Venues and facilities	2 865	-	(1 280)	1 585	1 585	-	100.0%	1 129	1 129
Rental and hiring	-	-	38	38	38	-	100.0%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 256 341	-	(2 255)	1 254 086	1 254 086	-	100.0%	1 302 234	1 302 234
Provinces and municipalities	-	-	31	31	31	-	100.0%	29	29
Municipalities	-	-	31	31	31	-	100.0%	29	29
Municipal bank accounts	-	-	-	-	-	-	-	29	29
Municipal agencies and funds	-	-	31	31	31	-	100.0%	-	-
Departmental agencies and accounts	483 217	-	(1)	483 216	483 216	-	100.0%	445 685	445 685

Programme 8: General Support

Total

Subprogramme: 8.1: Joint Logistic Services

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Subprogramme: 8.2: Command and Management Information Systems

	2015/16						2014/15		
	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	893 591	-	33 229	926 820	926 820	-	100.0%	855 756	855 756
Compensation of employees	78 126	-	(4 742)	73 384	73 384	-	100.0%	68 717	68 717
Goods and services	815 465	-	37 971	853 436	853 436	-	100.0%	787 039	787 039
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	59 775	-	257	60 032	60 032	-	100.0%	5 256	5 256
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	58 648	-	-	58 648	58 648	-	100.0%	2 900	2 900
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 127	-	257	1 384	1 384	-	100.0%	2 356	2 356
Payments for capital assets	1 447	-	108 162	109 609	109 609	-	100.0%	4 685	4 685
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 447	-	108 162	109 609	109 609	-	100.0%	4 585	4 585
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	100	100
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	954 813	-	141 648	1 096 461	1 096 461	-	100.0%	865 697	865 697

Subprogramme: 8.3: Military Police

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Subprogramme: 8.4: Technology Development

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DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

APPROPRIATION STATEMENT for the year ended 31 March 2016

Subprogramme: 8.5: Departmental Support

Economic classification	2015/16						2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments	91 145	-	34 398	125 543	125 543	-	100.0%	97 940
Compensation of employees	-	-	-	-	-	-	-	-
Goods and services	91 145	-	34 398	125 543	125 543	-	100.0%	97 940
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies	753 789	-	882	754 671	754 671	-	100.0%	840 606
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	753 789	-	-	753 789	753 789	-	100.0%	839 406
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	882	882	882	-	100.0%	1 200
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
Total	844 934	-	35 280	880 214	880 214	-	100.0%	940 746

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2016

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note 6 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 5 on 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 a % of Final Appropriation
	R'000	R'000	R'000	%

Administration	4 984 514	4 981 493	3 021	0.06%
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Under-expenditure was mainly within the transfer payment to SASSETA (Rm3 021). It was as a result of the payroll amount, on which the calculations were based to determine the amount payable to SASSETA, being less than what was anticipated.

Force Employment	3 616 407	3 602 801	13 606	0.38%
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Under-expenditure was mainly within the Peace Support Operations (Rm13 606). It was due to delays in the procurement of mobility packages utilised for border safeguarding operations.

4.2 Per economic classification:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%

Transfers and subsidies				
Departmental agencies and accounts	6 843 138	6 840 117	3 021	0.04%
Payments for Capital Assets				
Machinery and Equipment	710 261	696 655	13 606	1.92%

Under-expenditure within the transfer payments was mainly due to the lower than anticipated transfer to SASSETA (Rm3 021) as a result of the payroll amount, on which the calculations were based to determine the amount payable to SASSETA, being less than what was anticipated as well as procurement of machinery and equipment (Rm13 606) that did not realise due to delays in the procurement of mobility packages utilised for border safeguarding operations.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2016

2014/15
R'000

Prior period error

Appropriation Statement

Operating Payments

718 714

Property Payments

(718 714)

Total**-**

Programme 4

Buildings

22

Other fixed structures

(22)

Total**-**

- The amount of Operating leases and Property payments was erroneously reflected in the Appropriation Statements due to a journal that was passed on the AFS. The journal was correctly reflected in note 6 – Goods & Services on the AFS but incorrectly reflected on the Appropriation Statement.

Notes:

Public corporations

2014/15

1 113 121

2015/16

(1 112 862)

Difference**(259)**

Other transfers to public corporations

2014/15

16 869

2015/16

(16 610)

Difference**(259)**

Private enterprises

2014/15

1 024

2015/16

(1 283)

Difference**259**

Subsidies on products and production (pe)

2014/15

-

2015/16

(20)

Difference**20**

Other transfers to private enterprises

2014/15

1 024

2015/16

(1 263)

Difference**239**

Journals were processed on the AFS, but adjusted against incorrect line items on the Appropriation Statement. The above reconciliation reflects the corrections.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
REVENUE			
Annual appropriation	1	45 088 161	42 856 879
Departmental revenue	2	1 082 623	923 792
TOTAL REVENUE		46 170 784	43 780 671
EXPENDITURE			
Current expenditure			
Compensation of employees	3	24 788 024	23 005 809
Goods and services	4	11 439 573	11 337 664
Total current expenditure		36 227 597	34 343 473
Transfers and subsidies	6	8 003 263	7 400 180
Expenditure for capital assets			
Tangible capital assets	7	837 350	1 079 780
Intangible assets	7	647	1 445
Total expenditure for capital assets		837 997	1 081 225
Payments for financial assets	5	2 677	17 503
TOTAL EXPENDITURE		45 071 534	42 842 381
NET SURPLUS FOR THE YEAR		1 099 250	938 290
Reconciliation of Net Surplus for the year			
Voted Funds		16 627	14 498
Departmental revenue and NRF Receipts	14	1 082 623	923 792
NET SURPLUS FOR THE YEAR		1 099 250	938 290

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
ASSETS			
Current assets		852 149	633 999
Cash and cash equivalents	8	63 309	79 784
Prepayments and advances	9	253 576	181 574
Receivables	10	535 264	372 641
Non-current assets		452 786	304 533
Investments	11	75 000	75 000
Receivables	10	377 786	229 533
TOTAL ASSETS		1 304 935	938 532
LIABILITIES			
Current liabilities		471 188	395 092
Voted funds to be surrendered to the Revenue Fund	13	16 627	14 498
Departmental revenue to be surrendered to the Revenue Fund	14	183 392	167 405
Bank overdraft	15	170 389	154 276
Payables	16	100 780	58 913
Non-Current liabilities			
Payables	17	4 186	1 777
TOTAL LIABILITIES		475 374	396 869
NET ASSETS		829 561	541 663
Represented by:			
Capitalisation Reserves		75 000	75 000
Recoverable revenue		754 561	466 663
TOTAL		829 561	541 663

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance		75 000	75 000
Other movements		-	-
Closing balance		75 000	75 000
 Recoverable revenue			
Opening balance		466 663	170 159
Transfers		287 898	296 504
Irrecoverable amounts written off		(3 741)	(5 458)
Debts revised		(12 025)	(77 375)
Debts recovered (included in departmental receipts)		(209 446)	(42 462)
Debts raised		513 110	421 799
Closing balance		754 561	466 663
 TOTAL		829 561	541 663

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

CASH FLOW STATEMENT for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		46 134 572	43 738 164
Annual appropriated funds received	1	45 088 161	42 856 879
Departmental revenue received	2	1 042 521	877 727
Interest received	2.3	3 890	3 558
Net decrease / (increase) in working capital		(341 011)	(341 813)
Surrendered to Revenue Fund		(1 081 134)	(1 066 459)
Current payments		(36 227 597)	(34 343 473)
Payments for financial assets		(2 677)	(17 503)
Transfers and subsidies paid		(8 003 263)	(7 400 180)
Net cash flows available from operating activities	18	478 890	568 736
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7.1	(837 997)	(1 081 225)
Proceeds from sale of capital assets	2.4	36 212	42 507
(Increase) / decrease in loans		-	12 362
(Increase) / decrease in investments		-	-
Net cash flows from investing activities		(801 785)	(1 026 356)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (decrease) in net assets		287 898	296 504
Increase / (decrease) in non-current payables		2 409	(187)
Net cash flows from financing activities		290 307	296 317
Net increase / (decrease) in cash and cash equivalents		(32 588)	(161 303)
Cash and cash equivalents at beginning of period		(74 492)	86 811
Cash and cash equivalents at end of period	19	(107 080)	(74 492)

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. Annual Appropriation

1.1 Annual Appropriation	2015/16			2014/15	
Programmes	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation Received
	R'000	R'000	R'000	R'000	R'000
Administration	4 984 514	4 984 514	-	4 660 587	4 660 587
Force Employment	3 616 407	3 616 407	-	3 631 441	3 631 441
Landward Defence	15 118 951	15 118 951	-	14 061 981	14 061 981
Air Defence	7 085 719	7 085 719	-	6 913 523	6 913 523
Maritime Defence	3 732 748	3 732 748	-	3 802 369	3 802 369
Military Health Support	4 243 150	4 243 150	-	4 053 144	4 053 144
Defence Intelligence	830 060	830 060	-	819 775	819 775
General Support	5 476 612	5 476 612	-	4 914 059	4 914 059
Total	45 088 161	45 088 161	-	42 856 879	42 856 879
			Note	2015/16 R'000	2014/15 R'000

2. Departmental Revenue

Sales of goods and services other than capital assets	2.1	442 016	305 855
Fines, penalties and forfeits	2.2	600	1 733
Interest, dividends and rent on land	2.3	3 890	3 558
Sales of capital assets	2.4	36 212	42 507
Transactions in financial assets and liabilities	2.5	75 775	44 213
Transfers received	2.6	524 130	525 926
Departmental revenue collected		1 082 623	923 792
2.1 Sales of goods and services other than capital assets		439 041	302 179
Sales of goods and services produced by the department			
Administrative fees		19	28
Other sales		439 022	302 151
Sales of scrap, waste and other used current goods		2 975	3 676
Total		442 016	305 855
2.2 Fines, penalties and forfeits		600	1 733
2.3 Interest, dividends and rent on land		3 890	3 558
2.4 Sales of capital assets			
Tangible assets			
Specialised military assets	31.2	14 232	13 375
Machinery and equipment		21 980	29 132
Total		36 212	42 507
2.5 Transactions in financial assets and liabilities			
Forex gain		45 962	9 242
Other Receipts including Recoverable Revenue		29 813	34 971
Total		75 775	44 213
2.6 Transfers received			
Foreign governments		524 130	525 964
Households and non-profit institutions		-	(38)
Total		524 130	525 926

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		15 791 115	14 653 049
Performance award		153 574	140 723
Service Based		141 957	123 433
Compensative / circumstantial		2 333 109	2 180 359
Periodic payments		13 230	10 884
Other non-pensionable allowances		3 716 015	3 469 096
Total		22 149 000	20 577 544
3.2 Social contributions			
Employer contributions			
Pension		2 498 255	2 309 179
Medical		139 993	118 318
Bargaining council		776	768
Total		2 639 024	2 428 265
Total compensation of employees		24 788 024	23 005 809
Average number of employees		77 386	77 899

Included in the total compensation of employees amount above is an amount of Rm4 034 paid to two members of legislature.

4. Goods and services			
Administrative fees		11 381	12 254
Advertising		8 431	12 463
Minor Assets	4.1	94 206	127 733
Catering		27 217	20 874
Communication		88 963	91 480
Computer services	4.2	1 055 993	988 433
Consultants: Business and Advisory services		300 594	274 352
Infrastructure and planning services		32 933	19 220
Laboratory services		32 069	26 855
Scientific and technological services		97 713	56 221
Legal services		54 853	30 016
Contractors		2 207 794	2 735 529
Agency and support / outsourced services		583 755	490 354
Entertainment		4 785	2 917
Audit cost – external	4.3	60 979	73 179
Fleet services		136 107	96 765
Inventory	4.4	2 112 278	2 034 586
Consumables	4.5	191 785	180 573
Operating leases		1 318 598	1 197 157
Property payments	4.6	1 465 752	1 369 714
Rental and hiring		4 757	335
Travel and subsistence	4.7	991 344	883 800
Venues and facilities		12 440	14 018
Training and development		228 253	256 804
Other operating expenditure	4.8	316 593	342 032
Total		11 439 573	11 337 664

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
4.1 Minor assets	4		
Tangible assets		94 189	127 277
Buildings and other fixed structures		271	224
Machinery and equipment		93 698	126 507
Transport assets		154	352
Specialised military assets		66	194
Intangible assets		17	456
Software		17	456
Total		94 206	127 733
4.2 Computer services	4		
SITA computer services		977 983	803 638
External computer service providers		78 010	184 795
Total		1 055 993	988 433
4.3 Audit cost – external	4		
Regularity audits		53 278	69 951
Performance audits		-	-
Investigations		3 756	-
Computer audits		3 945	3 228
Total		60 979	73 179
4.4 Inventory	4		
Clothing material and accessories		160 038	208 087
Farming supplies		7 387	5 709
Food and food supplies		886 530	872 380
Fuel, oil and gas		639 187	455 660
Materials and supplies		107 893	138 448
Medical supplies		98 713	75 396
Medicine		154 091	167 932
Other supplies	4.4.1	58 439	110 974
Total		2 112 278	2 034 586
4.4.1 Other Supplies			
Other		58 439	110 974
Total		58 439	110 974
4.5 Consumables	4		
Consumables supplies		133 485	122 769
Uniform and clothing		529	520
Household supplies		52 403	46 006
IT consumables		54 021	52 343
Other consumables		26 532	23 900
Stationery, printing and office supplies		58 300	57 804
Total		191 785	180 573
4.6 Property payments	4		
Municipal services		840 403	881 076
Property maintenance and repairs		587 108	440 244
Other		38 241	48 394
Total		1 465 752	1 369 714

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
4.7 Travel and subsistence	4		
Local		666 370	627 048
Foreign		324 974	256 752
Total		991 344	883 800
4.8 Other operating expenditure	4		
Professional bodies, membership and subscription fees		2 418	4 922
Resettlement costs		38 301	42 028
Other		275 874	295 082
Total		316 593	342 032
5. Payments for financial assets			
Material losses through criminal conduct - theft	5.3	-	582
Other material losses written-off	5.1	-	200
Debts written-off	5.2	2 677	16 721
Forex losses		-	-
Total		2 677	17 503
5.1 Other material losses written-off			
Nature of losses			
Motor vehicle losses		-	200
Total		-	200
5.2 Debts written-off			
Nature of debts written-off			
Salary related		2 552	3 814
State guarantees		-	25
Estates		66	384
SAFI Loan		-	12 362
Loss of State Funds		8	15
Loss of Revenue		49	-
Suppliers in debt		2	121
Total		2 677	16 721
5.3 Details of theft			
Nature of theft			
Burglary at Air Force Base Waterkloof Cash Office		-	582
6. Transfers and subsidies			
Departmental agencies and accounts	Annex 1A	6 840 117	6 144 266
Public corporations and private enterprises	Annex 1B	1 022 379	1 114 145
Foreign governments and international organisations	Annex 1C	5 804	-
Non-profit institutions	Annex 1D	8 081	7 909
Households	Annex 1E	126 821	133 806
Provinces and municipalities	Annex 1F	61	54
Total		8 003 263	7 400 180

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
7. Expenditure for capital assets			
Tangible assets		837 350	1 079 780
Buildings and other fixed structures	31	82 597	64 877
Machinery and equipment	31 / 32	696 655	1 010 517
Specialised military assets	31	58 098	4 386
Biological assets	31	-	-
Intangible assets		647	1 445
Computer software	33	647	1 445
Total		837 997	1 081 225

7.1 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted Funds R'000	Aid Assistance R'000	Total R'000
Tangible assets	837 350	-	837 350
Buildings and other fixed structures	82 597	-	82 597
Machinery and equipment	696 655	-	696 655
Specialised military assets	58 098	-	58 098
Biological Assets	-	-	-
Intangible assets	647	-	647
Software	647	-	647
Total	837 997	-	837 997

7.2 Analysis of funds utilised to acquire capital assets – 2014/15

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	-	-	-
Intangible assets	1 445	-	1 445
Software	1 445	-	1 445
Total	1 081 225	-	1 081 225

	Note	2015/16 R'000	2014/15 R'000
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7.3 Finance lease expenditure included in Expenditure for capital assets

Tangible assets		
Machinery and equipment	44 400	42 231

8. Cash and cash equivalents

Consolidated Paymaster General Account	-	-
Cash on hand	46 879	57 643
Investments (Domestic)	16 430	22 141
Total	63 309	79 784

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
9. Prepayments and advances			
Staff advances		26 356	6 802
Travel and subsistence		109 843	71 723
Advances paid	9.1	117 377	103 049
Total		253 576	181 574
9.1 Advances Paid			
National Departments	Annex 8A	111 983	96 250
Other Institutions	Annex 8A	5 394	6 799
Total		117 377	103 049
9.2 Prepayments (Not expensed)			
Listed by economic classification			
Goods and services		-	-
Interest and rent on land		-	-
Transfers and subsidies		-	-
Capital assets		-	-
Total		-	-
9.3 Prepayments (Expensed)			
Listed by economic classification			
Goods and services		1 806	-
Interest and rent on land		-	-
Transfers and subsidies		-	-
Capital assets		-	-
Total		1 806	-

Supplier (Mweb) was paid for a year contract for the period of 01-09-2015 to 31-08-2016.

	Note	Current R'000	2015/16 Non-Current R'000	Total R'000	Current R'000	2014/15 Non-Current R'000	Total R'000
10. Receivables							
Claims recoverable	10.1 & Annex 4	32 617	4 591	37 208	3 399	32 941	36 340
Staff debt	10.2	37 989	27 284	65 273	43 697	29 523	73 220
Fruitless and wasteful expenditure	10.4	-	28	28	6	38	44
Other debtors	10.3	464 658	345 883	810 541	325 539	167 031	492 570
Total		535 264	377 786	913 050	372 641	229 533	602 174
	Note	2015/16 R'000	2014/15 R'000				
10.1 Claims recoverable							
National departments		37 067	36 160				
Provincial departments		22	162				
Local governments		119	18				
Total		37 208	36 340				

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
10.2 Staff debt			
Salary related		30 893	34 638
Study loans – Students		26 784	28 854
Motor vehicle accidents		5 522	6 474
State guarantees		30	32
Loss of state money		716	726
Damage to state property		213	207
Private patients		386	1 284
Travel and subsistence		729	1 005
Total		65 273	73 220
10.3 Other debtors			
Travel and Subsistence		-	-
Operations		638 216	331 849
Study loans – Students		69 838	61 041
Aviation services		6 364	6 732
Suppliers		4 703	6 262
Motor vehicle accidents		11 230	9 936
Estates		2 198	1 707
State guarantees		1 224	1 218
Medical claims		18 068	12 685
Private patients		1 247	443
Market support		16	173
Aviation fuel		1 434	4 083
Institutions		341	231
Damage to state property		9	12
Loss of state money		14 621	14 136
Salary overpayments		25 041	21 907
Salary related		15 991	20 155
Deposits		-	-
Total		810 541	492 570
10.4 Fruitless and wasteful expenditure			
Opening balance		44	39
Less amounts recovered		(16)	(1)
Less amounts written-off		-	-
Transfers from Note 27 fruitless and wasteful expenditure		-	6
Total		28	44
Course fees were paid, but the officials did not attend			
10.5 Impairment of receivables			
Estimate of impairment of receivables		100 412	88 385
Total		100 412	88 385

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
11. Investments			
Non-Current			
Shares and other equity			
Armcor		75 000	75 000
Total		75 000	75 000
Analysis of non-current investments			
Opening balance		75 000	75 000
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	-
Closing balance		75 000	75 000
An impairment test performed on the Investment to Armcor, based on 2015/16 Annual Financial Statements indicates no impairment.			
12. Loans			
Public Corporations		-	-
Total		-	-
Analysis of Balance			
Opening Balance		-	12 362
New Issues		-	-
Repayments		-	-
Write-offs		-	(12 362)
Closing Balance		-	-
13. Voted funds to be surrendered to the Revenue Fund			
Opening balance		14 498	210 663
Transfer from Statement of Financial Performance		16 627	14 498
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested / not received		-	-
Paid during the year		(14 498)	(210 663)
Closing balance		16 627	14 498
14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		167 405	99 409
Transfer from Statement of Financial Performance		1 082 623	923 792
Paid during the year		(1 066 636)	(855 796)
Closing balance		183 392	167 405
15. Bank overdraft			
Consolidated Paymaster General Account		170 389	154 276
16. Payables – current			
Amounts owing to other entities		-	-
Advances received	16.1	-	-
Clearing accounts	16.2	160	1 337
Other payables	16.3	100 620	57 576
Total		100 780	58 913

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
16.1 Advances received			
National Departments	Annex 8B	-	-
Total		<u>-</u>	<u>-</u>
16.2 Clearing accounts			
Insurance		8	16
Travel and Subsistence		8	1 143
Suppliers		144	178
Total		<u>160</u>	<u>1 337</u>
16.3 Other payables			
Salary related		28 821	27 844
Debtors in credit		1	3 075
State guarantees		77	3 719
Suppliers		58 700	22 938
Medical claims		325	-
Travel and Subsistence		12 607	-
Unallocated deposits		89	-
Total		<u>100 620</u>	<u>57 576</u>

	Note	One to two years R'000	Two to three years R'000	More than three years R'000	2015/16 Total R'000	2014/15 Total R'000
17. Payables non-current						
Amount owing to other entities		-	-	-	-	-
Advances received		-	-	-	-	-
Other payables	17.1	210	65	3 911	4 186	1 777
Total		<u>210</u>	<u>65</u>	<u>3 911</u>	<u>4 186</u>	<u>1 777</u>

	2015/16 R'000	2014/15 R'000
17.1 Other Payables		
Clearing account	-	155
Debtors in credit	-	141
State guarantees	3 986	428
Suppliers	-	1
Salary related	72	357
Travel and Subsistence	128	695
Total	<u>4 186</u>	<u>1 777</u>

18. Net cash flow available from operating activities

Net surplus / (deficit) as per Statement of Financial Performance	1 099 250	938 290
Add back non cash / cash movements not deemed operating activities	(620 360)	(369 554)
(Increase) / decrease in receivables – current	(310 876)	(297 668)
(Increase) / decrease in prepayments and advances	(72 002)	(56 704)
(Increase) / decrease in other current assets	-	-
Increase / (decrease) in payables – current	41 867	12 559
Proceeds from sale of capital assets	(36 212)	(42 507)
Expenditure on capital assets	837 997	1 081 225
Surrenders to Revenue Fund	(1 081 134)	(1 066 459)
Voted funds not requested / not received	-	-
Other non-cash items	-	-
Net cash flow generated by operating activities	<u>478 890</u>	<u>568 736</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
19. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(170 389)	(154 276)
Cash on hand		46 879	57 643
Cash with commercial banks (Local)		16 430	22 141
Total		(107 080)	(74 492)

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

20. Contingent liabilities and contingent assets

20.1 Contingent liabilities

Liable to	Nature	Note	2015/16 R'000	2014/15 R'000
Housing loan guarantees	Employees	Annexure 3A	2 064	2 805
Claims against the department		Annexure 3B	816 241	780 545
Intergovernmental payables (unconfirmed balances)		Annexure 5	60	20
Environmental rehabilitation liability		Annexure 3B	1 069 421	999 459
Total			1 887 786	1 782 829

20.2 Contingent assets

Claim against SANDU due to damage to Military Police Vehicles during a protest	80	80
Fraud	2 853	-
Breach of contract	127	-
Damage to state property	8	-
Total	3 068	80

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

- 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 cannot 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 2016.

Environmental Liability

- The baseline costing for the removal and disposal of unexploded ordnance at SANDF facilities was accepted to be baseline cost as determined during February 2012.
- It was decided to escalate the expenses in line with CPI. The adjustment was done for prior years from 2012–2015.

Prior period errorNature of prior period error

The review of the best estimate for the UXO environmental liability was revised and this resulted in a restatement of the prior period amount.

106 209

Contingent Assets

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the Department of Defence (DOD).
- Due to the nature of the contingent asset the department cannot be certain as to the timing of the inflow of the related resources.
- There was no possibility for any cancellation of these claims by the DOD as at 31 March 2016.
- Excluded in contingent assets, is an undetermined value relating to the possible overpayment of 181 employees, as a result of the incorrect implementation of PSCBC Resolution 3 of 2009.
- The department is currently in the process of auditing the employees' salary files to determine the value of the possible overpayment.

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NOTES ON SECONDARY FINANCIAL INFORMATION
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
21. Commitments			
Current expenditure			
Approved and contracted		2 694 825	2 343 898
Approved but not yet contracted		1 281 794	902 895
Total		3 976 619	3 246 793
Capital expenditure			
Approved and contracted		248 878	267 139
Approved but not yet contracted		30 295	40 152
Total		279 173	307 291
Total Commitments		4 255 792	3 554 084
Commitments longer than 1 year			
Current Expenditure			
Approved and contracted		575 860	
Approved but not yet contracted		586 830	
Total		1 162 690	
Capital expenditure (Including transfers)			
Approved and contracted		1 393	
Approved but not yet contracted		296	
Total		1 689	
Total Commitments longer than 1 year		1 164 379	

22. Accruals and Payables not recognised

22.1 Accruals

	30 Days R'000	30+ Days R'000	2015/16 Total R'000	2014/15 Total R'000
Listed by economic classification				
Goods and services	149 526	-	149 526	31 138
Transfers and subsidies	5 131	-	5 131	-
Capital assets	638	-	638	454
Other	-	-	-	-
Total	155 295	-	155 295	31 592
Listed by programme level				
Administration			70 796	192
Landward Defence			50 214	525
Air Defence			9 853	22 671
Maritime Defence			1 584	-
Military Health Support			16 018	8 096
Defence Intelligence			267	-
Joint Support			3 802	108
Force Employment			2 761	-
Total			155 295	31 592

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

	Note	2015/16	2014/15	
	30 Days R'000	30+ Days R'000	Total R'000	Total R'000
22.2 Payables not recognised				
Listed by economic classification				
Goods and services	194 540	174 663	369 203	290 123
Transfers and subsidies	9 139	-	9 139	14 578
Capital assets	17 987	2 033	20 020	14 975
Total	221 666	176 696	398 362	319 676
Listed by programme level				
Administration			40 692	13 923
Landward Defence			140 476	114 879
Air Defence			53 292	29 013
Maritime Defence			19 800	17 239
Military Health Support			69 273	93 582
Defence Intelligence			226	193
Joint Support			55 153	32 808
Force Employment			19 450	18 039
Total			398 362	319 676
Confirmed balances with departments	Annex 5		-	-
Total			-	-

23. Employee benefits

Leave entitlement	709 805	707 104
Service bonus (Thirteenth cheque)	710 842	662 919
Performance awards	2 892	-
Capped leave commitments	916 771	952 096
Other	307 600	201 948
Total	2 647 910	2 524 067

Leave entitlement with negative balances amounting to R66 557 790 for the 2015/16 financial year and R55 459 044 for the 2014/15 financial year are included in the above amounts.

Late capturing of leave by SANDF units necessitated that the annual financial statements be restated during April. The reason for this course of action is to take into consideration all late vacation leave transactions captured with leave dates prior to and including 31 March.

Performance awards for 2014/15 (Rm2 764) has been restated to Rm 0, as the amount was incorrectly recognised as an accrual.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION
for the year ended 31 March 2016

24. Lease Commitments

24.1 Operating leases expenditure

	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2015/16					
Not later than 1 year	-	-	1 455	7 117	8 572
Later than 1 year and not later than 5 years	-	-	2 439	2 184	4 623
Later than five years	-	-	-	-	-
Total lease commitments	-	-	3 894	9 301	13 195
2014/15					
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

24.2 Finance leases expenditure

2015/16

Not later than 1 year	-	-	-	31 246	31 246
Later than 1 year and not later than 5 years	-	-	-	17 365	17 365
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	48 611	48 611

2014/15

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

Nothing has come to our attention with respect to sub-leased assets

25. Accrued departmental revenue

	Note	2015/16 R'000	2014/15 R'000
Sales of goods and services other than capital assets		2 219	474
Fines, penalties and forfeits		32 642	15 632
Interest, dividends and rent on land		-	835
Sale of capital assets		31 858	14 222
Transactions in financial assets and liabilities		-	-
Transfers received		177 747	113 939
Total		244 466	145 102

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
25.1 Analysis of accrued revenue			
Opening balance		145 102	145 863
Less: Amounts received		555 294	553 879
Add: Amounts recognised		770 895	609 995
Less: Amounts written-off / reversed as irrecoverable		116 237	56 877
Closing balance		244 466	145 102
25.2 Accrued departmental revenue written-off			
Penalty imposed by the United Nations		116 237	56 877
25.3 Impairment of accrued departmental revenue			
Estimate of impairment of accrued departmental revenue		65 236	42 883
26. Irregular expenditure			
26.1 Reconciliation of irregular expenditure			
Opening balance		820 305	1 352 468
Prior period error		-	(539)
As restated		820 305	1 351 929
Add: Irregular expenditure – relating to prior year		78	-
Add: Irregular expenditure – relating to current year		671 889	556 709
Less: Prior year amounts condoned		(778 531)	(1 087 346)
Less: Current year amounts condoned		(77 479)	(568)
Less: Amounts not condoned and recoverable		-	-
Less: Amounts not condoned and not recoverable		(2 990)	(419)
Irregular expenditure awaiting condonement		633 272	820 305
Analysis of awaiting condonement per age classification			
Current		594 410	555 619
Prior years		38 862	264 686
Total		633 272	820 305
			2015/16 R'000
26.2 Details of Irregular expenditure – Current Year			
Incident	Disciplinary steps taken / criminal proceedings		
Contract irregularities	Investigation to determine the responsible official is still in process.		167
Deviation from the procurement process	Investigation to determine the responsible official is still in process.		439 122
Procurement without authority	Seven officials were reprimanded.		864
Exceeded procurement delegation	Investigation to determine the responsible official is still in process.		13
Non-compliance to PPPFA	No disciplinary action taken because no DOD official was found to be involved in the deviation.		231 042
Other matters	Investigation to determine the responsible official is still in process.		7
Splitting of requirements	One official was reprimanded and eleven other incidents are still under investigation to determine responsible officials.		674
Total			671 889

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

		2015/16 R'000
26.3 Details of irregular expenditure condoned		
Incident	Condoned by (condoning authority)	
Prior year		
Deviation from the procurement process	Supply Chain Irregular Expenditure Committee	540
Contract irregularities	Accounting Officer and Supply Chain Irregular Expenditure Committee	11 129
Procurement without authority	Supply Chain Irregular Expenditure Committee	24 379
Exceeding procurement delegation	Supply Chain Irregular Expenditure Committee	31
Splitting of requirements	Supply Chain Irregular Expenditure Committee	41
Other matters	Prosecution and Recovery Committee	36
Non-compliance to PPPFA	National Treasury	728 420
Payment irregularities	Prosecution and Recovery Committee	8
Deviation from the SCM process (SITA)	SITA CEO	13 946
Current year		
Deviation from the procurement process	Supply Chain Irregular Expenditure Committee	732
Non-compliance to PPPFA	National Treasury	76 479
Procurement without authority	Supply Chain Irregular Expenditure Committee	262
Splitting of requirements	Supply Chain Irregular Expenditure Committee	6
Total		856 010
26.4 Details of irregular expenditure recoverable (not condoned)		
Incident		-
Total		-
26.5 Details of irregular expenditure not recoverable (not condoned not recoverable)		
Incident		
Contract irregularities		649
Deviation from the procurement process		1 931
Other matters		410
Total		2 990
26.6 Details of irregular expenditure under investigation (not included in the main note)		
Incident		-
Total		-
		2014/15 R'000
26.7 Prior period error		
Nature of prior period error		
(affecting the opening balance)		(539)
Investigation determined that the amount was more than what was disclosed. The amount disclosed was adjusted to include the understatement.		5
Investigation determined that the amount was less than what was disclosed. The amount disclosed was adjusted to exclude the overstatement.		(544)

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

2014/15
R'000

Relating to 2014/15

(2 055)

After completion of the investigation it was found that there was expenditure disclosed which should not have been declared IE. The amount disclosed was adjusted to exclude the overstatement.

(538)

Expenditure discovered as IE incurred, but was not reported and disclosed during the 2014/15 FY. The amount disclosed was adjusted to include the understatement.

78

It was found that the expenditure disclosed was not IE. The members travelled under the conditions of the contract between the two countries. The Foreign Visit policy was applicable in this regard. The amount disclosed was adjusted to exclude the overstatement.

(1 595)

Total

(2 594)

26.8 Details of the non-compliance where an institution was not represented in a bid committee for contracts arranged by other institutions.
Incident

-

Total

-

Note 10

2015/16
R'0002014/15
R'000

27. Fruitless and wasteful expenditure

27.1 Reconciliation of fruitless and wasteful expenditure

Opening Balance	359 279	359 224
Prior period error	-	169
As restated	359 279	359 393
Fruitless and wasteful expenditure – relating to prior year	300	-
Fruitless and wasteful expenditure – relating to current year	7 180	63
Less: Amounts resolved	(58 570)	(171)
Less: Amounts transferred to receivables for recovery	-	(6)
Closing balance	308 189	359 279

27.2 Analysis of awaiting resolution per economic classification

Current	304 131	355 220
Capital	4 058	4 059
Total	308 189	359 279

2015/16
R'000

27.3 Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken / criminal proceedings	
Cancellation fee	Two incidents finalised and two are still under investigation.	5 328
Other matters	Investigation to determine responsibility still in process.	2
Kilometer claims not negotiated	The member was found not guilty by a disciplinary hearing.	3
Penalty fees paid	Two incidents finalised and no disciplinary action taken and three incidents are still under investigation.	1 419
Interest paid	No disciplinary action taken. The member responsible is no longer employed by the DOD.	412
Double payment	Investigation to determine responsibility still in process.	16
Total		7 180

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NOTES ON SECONDARY FINANCIAL INFORMATION
for the year ended 31 March 2016

2015/16
R'000

27.4 Prior period error

Nature of prior period error

Prior period error

SANABO DEMIL – additional interest paid discovered after reporting period.

169

169

Nature of prior period error

Relating to 2014/15

Penalty was charged for the delay of two DC9 aircrafts and it was paid in FY14/15, but only discovered and reported in FY15/16.

300

300

Total

469

27.5 Details of fruitless and wasteful expenditure under investigation (not in the main note)

Incident

-

Total

-

28. Identification and nature of related party relationship

As at 31 March 2016 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.
- Castle Control Board (CCB);
- South African National Defence Force Fund (SANDF Fund); and
- Reserve Force Council

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 arm's 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:

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

- 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.

- 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 transactions 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.

	No. of Individuals	2015/16 R'000	2014/15 R'000
29. Key management personnel			
Description			
Political Office Bearers:	2	4 034	4 022
Officials			
Level 15 to 16	17	22 093	26 709
Level 14	10	11 195	14 258
Level 12 to 13	8	5 061	-
Family members of key management personnel	2	484	996
Total		42 867	45 985

30. Provisions

Environmental Liability	60 962	53 597
Housing allowance for tenants for the individual linked savings facility (ILSF)	60 735	-
Total	121 697	53 597

Reconciliation of movement in provisions – 2015/16

	ILSF R'000	Environmen- tal Liability R'000	Total provisions R'000
Opening balance	-	53 597	53 597
Increase in provision	60 735	7 365	68 100
Settlement of provision	-	-	-
Change in provision due to change in estimation of inputs	-	-	-
Closing balance	60 735	60 962	121 697

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

Reconciliation of movement in provisions – 2014/15

	ILSF R'000	Environmen- tal Liability R'000	Total provisions R'000
Opening balance	-	53 597	53 597
Increase in provision	-	-	-
Settlement of provision	-	-	-
Change in provision due to change in estimation of inputs	-	-	-
Closing balance	-	53 597	53 597

Environmental Liability

- Aviation fuel underground contamination rehabilitation – provision based on quantitative data obtained since 2012 by applying the figures in mathematical modeling to calculate a more reliable projection of timelines for concluding these operations at AFB Makhado.

- The expected timing of any resulting outflow of economic benefits or service potential cannot be determined reliably.

2015/16
R'000

31. Non-adjusting events after reporting date

- Application for a possible class action by DOD members
 - Withdrawal of RSA contingent from Sudan
- Total**

-
-
-

Financial impact cannot be determined at this stage.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

32. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	107	-	32	-	139
Heritage assets	107	-	32	-	139
MACHINERY AND EQUIPMENT	8 033 084	-	621 351	31 349	8 623 086
Transport assets	3 161 723	-	198 542	9 429	3 350 836
Computer equipment	848 149	-	109 812	1 449	956 512
Furniture and office equipment	147 504	-	67 156	935	213 725
Other machinery and equipment	3 875 708	-	245 841	19 536	4 102 014
SPECIALISED MILITARY ASSETS	46 423 614	-	1 225 283	-	47 648 897
Specialised military assets	46 423 614	-	1 225 283	-	47 648 897
BIOLOGICAL ASSETS	5 905	-	6	1	5 911
Biological assets	5 905	-	6	1	5 911
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	54 462 710	-	1 846 673	31 350	56 278 033

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Heritage assets	-	-
Machinery and equipment	936	20 070
Specialised military assets	13	3 757
Biological assets	4	120

- All the above assets are still being investigated by the responsible Services and Division. The Board of Inquiries are still ongoing.
- The amounts indicated are estimates that will be verified by a project that has been earmarked for such purposes.

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NOTES ON SECONDARY FINANCIAL INFORMATION for the year ended 31 March 2016

32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	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	-	32	-	-	32
MACHINERY AND EQUIPMENT					
Transport assets	578 887	81 731	(44 400)	5 134	621 351
Computer equipment	179 671	11 497	-	7 374	198 542
Furniture and office equipment	110 242	-	-	(430)	109 812
Other machinery and equipment	67 212	-	-	(56)	67 156
	221 762	70 234	(44 400)	(1 754)	245 841
SPECIALISED MILITARY ASSETS					
Specialised military assets	59 981	1 223 401	(58 098)	-	1 225 283
	59 981	1 223 401	(58 098)	-	1 225 283
BIOLOGICAL ASSETS					
Biological assets	-	6	-	-	6
	-	6	-	-	6
TOTAL ADDITIONS TO MOVEABLE	638 868	1 305 171	(102 499)	5 134	1 846 673

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Sold for cash		Non-cash disposals		Total disposals		Cash received Actual	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
HERITAGE ASSETS								
Heritage assets	-	-	-	-	-	-	-	
MACHINERY AND EQUIPMENT	31 349	-	-	-	31 349	21 980		
Transport assets	9 429	-	-	-	9 429	20 050		
Computer equipment	1 449	-	-	-	1 449	8		
Furniture and office equipment	935	-	-	-	935	-		
Other machinery and equipment	19 536	-	-	-	19 536	1 922		
SPECIALISED MILITARY ASSETS	-	-	-	-	-	14 232		
Specialised military assets	-	-	-	-	-	14 232		
BIOLOGICAL ASSETS	1	-	-	-	1	-		
Biological assets	1	-	-	-	1	-		
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	31 350	-	-	-	31 350	36 212		

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NOTES ON SECONDARY FINANCIAL INFORMATION for the year ended 31 March 2016

32.3 Movement for 2014/15

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	107	-	-	-	107
Heritage assets	107	-	-	-	107
MACHINERY AND EQUIPMENT	6 740 519	58 015	1 260 454	25 905	8 033 084
Transport assets	2 728 046	(5 418)	463 650	24 556	3 161 723
Computer equipment	627 156	33 319	187 679	5	848 149
Furniture and office equipment	122 697	-	25 134	327	147 504
Other machinery and equipment	3 262 620	30 114	583 991	1 017	3 875 708
SPECIALISED MILITARY ASSETS	45 172 765	867 780	386 398	3 330	46 423 614
Specialised military assets	45 172 765	867 780	386 398	3 330	46 423 614
BIOLOGICAL ASSETS	5 907	-	4	6	5 905
Biological assets	5 907	-	4	6	5 905
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	51 919 298	925 795	1 646 856	29 240	54 462 710

R'000

32.3.1 Prior period error

Nature of prior period error

Relating to 2014/15 (Affecting the opening balance)

Assets reclassified / derecognised

Assets added

Price changes / Projects

925 795
(17 975)
1 146 298
(202 528)

Relating to 2014/15 (Affecting additions and disposals)

Assets reclassified

Assets added

Price changes

Total

229 564
56 661
3 919
168 984
1 155 359

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

32.4 Minor assets

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

Minor assets

	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	-	2 610	-	110 710	-	113 320
Value adjustments	-	-	-	-	-	-
Additions	-	215	-	36 446	-	36 661
Disposals	-	67	-	103	-	170
TOTAL MINOR ASSETS	-	2 758	-	147 053	-	149 810
Number of R1 Minor assets	-	82	-	1 264 461	-	1 264 543
Number of minor assets at cost	-	1 588	-	97 328	-	98 916
TOTAL MINOR ASSETS	-	1 670	-	1 361 789	-	1 363 459

Minor assets

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

Opening balance	-	2 107	-	65 916	-	68 023
Prior period error	-	99	-	977	-	1 076
Additions	-	404	-	43 817	-	44 221
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	2 610	-	110 710	-	113 320
Number of R1 Minor assets	-	61	-	1 241 112	-	1 241 173
Number of minor assets at cost	-	1 478	-	73 847	-	75 325
TOTAL MINOR ASSETS	-	1 539	-	1 314 959	-	1 316 498

**NOTES ON SECONDARY FINANCIAL INFORMATION
for the year ended 31 March 2016**

	R'000
32.4.1 PRIOR PERIOD ERROR	
Nature of prior period error	1 076
Relating to 2014/15 (Affecting the opening balance) Machinery and equipment : Library materials	977 99
Relating to 2014/15 (Affecting additions) Machinery and equipment reclassified and correctly valued	(716) (716)
Total	360

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NOTES ON SECONDARY FINANCIAL INFORMATION
for the year ended 31 March 2016

32.5 Movable assets written-off

MOVABLE ASSETS WRITTEN-OFF FOR THE YEAR ENDED 31 MARCH 2016

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written-off	-	-	-	39	-	39
TOTAL MOVABLE	-	-	-	39	-	39

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION for the year ended 31 March 2016

33. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	277 540	-	131 866	320	409 086
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	261 886	-	136 255	16 932	381 209
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	1 371 664	-	214 624	-	1 586 288
TOTAL INTANGIBLE CAPITAL ASSETS	1 911 090	-	482 745	17 252	2 376 583

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

33.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	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	221 441	9 879	(99 454)	-	131 866
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	136 255	-	-	-	136 255
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	261 504	(46 880)	-	214 624
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	357 696	271 383	(146 334)	-	482 745

- Non cash additions are related to Intellectual Property and Trademarks developed by ARMSCOR on behalf of the DOD.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION for the year ended 31 March 2016

33.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
SOFTWARE	-	320	320	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	16 932	16 932	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
TOTAL DISPOSALS TO INTANGIBLE CAPITAL ASSETS	-	17 252	17 252	-

Software no longer in use due to technological advancements in software versions and in the hardware.

Licences that have expired and are therefore no longer valid.

Designs that are no longer in use due to technological advancements.

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

33.3 Movements

MOVEMENTS IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	274 315	2 886	1 402	1 063	277 540
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	149 691	(17 755)	131 040	1 090	261 886
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	1 202 007	124 237	50 643	5 223	1 371 664
TOTAL MOVEMENT IN INTANGIBLE CAPITAL ASSETS	1 626 013	109 368	183 085	7 376	1 911 090

33.4.1 PRIOR PERIOD ERROR

Nature of prior period error

Relating to 2014/15 (Affecting the opening balance)

Software

Patents, Licences, Copyright, Brand names, Trademarks

Recipes, Formulae, Prototypes, Designs, Models

109 368
2 886
(17 755)
124 237

Total

109 368

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION for the year ended 31 March 2016

34. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11 501 798	-	198 155	-	11 699 953
Dwellings	-	-	-	-	-
Non-residential buildings	8 953 919	-	198 155	-	9 152 074
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	27 140 160	-	198 155	-	27 338 315

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	655 802	179 744	(637 391)	-	198 155
Dwellings	-	-	-	-	-
Non-residential buildings	655 802	179 744	(637 391)	-	198 155
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	655 802	179 744	(637 391)	-	198 155

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION for the year ended 31 March 2016

34.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Sold for cash R'000	Non-cash disposals R'000	Total disposals R'000	Cash received Actual 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	-	-	-	-

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

34.3 Movement for 2014/15

MOVEMENT OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11 416 971	-	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

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES ON SECONDARY FINANCIAL INFORMATION
for the year ended 31 March 2016**

34.4 Immovable assets valued at R1

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2016

	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
R1 Immovable assets	-	-	-	-
Total	-	-	-	-

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2015

R1 Immovable assets	-	-	-	-
Total	-	-	-	-

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NOTES ON SECONDARY FINANCIAL INFORMATION

for the year ended 31 March 2016

	R '000
35. Prior period errors	
35.1 Correction of prior period errors	
Revenue	
Sales of goods and services other than capital assets	16 223
Transfers received	(16 223)
Total	-
Recognition of revenue within the correct SCOA line item	
Journal passed between two line items was captured incorrectly in the appropriation statement	
Assets	
Receivables	
Staff debts	(22 588)
Other debtors	21 346
Fruitless and wasteful expenditure	38
Prepayments and advances	
Staff Advances	1 204
Total	-
Liabilities	
Payables	
Unclaimed salaries	(12 644)
Other payables	(15 200)
Salary related	27 844
Total	-

Reclassification of main ledgers to correctly recognise Prepayments and Receivables

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTS / AGENCY / ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2014/15 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)	22 079	-	3 531	25 610	22 589	88%
Department of Military Veterans	582 201	-	-	582 201	582 201	100%
Special Defence Account	6 140 558	-	94 503	6 235 061	6 235 061	100%
Communication Licences (Radio & TV)	387	-	(121)	266	266	100%
TOTAL	6 745 225	-	97 913	6 843 138	6 840 117	6 144 266

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1B**STATEMENT OF TRANSFERS / SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION / PRIVATE ENTERPRISE	TRANSFER ALLOCATION			EXPENDITURE			2014/15 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	Current R'000
PUBLIC CORPORATION							
Transfers							
Armaments Corporation of South Africa	1 025 893	-	(3 993)	1 021 900	1 021 900	100%	-
Claims against the State	-	-	-	-	-		-
Subtotal	1 025 893	-	(3 993)	1 021 900	1 021 900	100%	-
Private Enterprises							
Transfers							
Claims against the State	-	-	479	479	479	100%	-
Subtotal	-	-	479	479	479	100%	-
Total	1 025 893	-	(3 514)	1 022 379	1 022 379	100%	-
							1 114 145

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1C**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			EXPENDITURE		2014/15 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 Transferred
Transfers						
Claims against the State	5 805	-	(1)	5 804	5 804	100%
TOTAL	5 805	-	(1)	5 804	5 804	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2014/15 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 Transferred
Transfers						
St John's Ambulance Brigade	800	-	89	889	889	100%
Reserve Force Council	7 192	-	-	7 192	7 192	100%
TOTAL	7 992	-	89	8 081	8 081	7 909

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2014/15 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 Transferred
Transfers						
DOD members	108 750	-	7 231	115 981	115 981	100%
Claims against the State	-	-	10 440	10 440	10 440	100%
Act of Grace	-	-	400	400	400	100%
Total	108 750	-	18 071	126 821	126 821	133 806

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1F STATEMENT OF CONDITIONAL / UNCONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		Re-allocations by National Treasury or National Department R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred
Provincial and Local Governments	33	-	28	61	61	100%
TOTAL	33	-	28	61	61	100%

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

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 2015/16	% Held 2014/15	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
				2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
National / Provincial / Public Entity												
Castle Control Board (under control of the Minister of Defence)	3A	100%	100%	-	-	-	-	10 134	12 667	(2 519)	(1 528)	No
Armaments Corporation of South Africa (Managed and controlled by a board of Directors appointed by the Minister of Defence (Profit / Loss) for the year is for the ARMSCOR Group)	2	100%	100%	-	-	75 000	75 000	2 578 600	1 995 900	(61 500)	875 000	No
South African National Defence Force Fund	3A (Not Listed)	100%	100%	-	-	-	-	15 041	13 588	546	(208)	No
Total						75 000	75 000	2 603 775	2 022 155	(63 473)	873 264	

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

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	
		2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
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)	-	-	15 041	13 588	-	-	-	-
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	-	-	10 134	12 667	-	-	-	-
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 subsidiary companies which is directly support technology and acquisition strategies.	75 000	75 000	2 578 000	1 995 900	-	-	-	-
Total		75 000	75 000	2 603 175	2 022 155	-	-	-	-

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016 – LOCAL

Guarantor Institution	Guaranteee in respect of	Original Guaranteed capital amount	Opening balance as at 1 April 2015	Guarantees drawdowns during the year	Guaranteed repayments / cancelled / reduced / released during the year	New guarantees issued and acknowledged during the year 2015/16	Closing balance as at 31 March 2016	Guaranteed interest outstanding as at 31 March 2016	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing									
ABSA		-	532	-	67	-	465	-	-
African Bank		-	-	-	-	-	-	-	-
First National Bank		-	1 041	-	467	-	574	-	-
Free State Dev Corp		-	428	-	115	-	313	-	-
Greenstart Home Loans		-	238	-	-	-	238	-	-
Nedbank		-	123	-	81	-	42	-	-
Standard Bank		-	443	-	66	55	432	-	-
Total		-	2 805	-	796	55	2 064	-	-

The amount of R13 000.00 was incorrectly captured under African Bank instead of Nedbank during 2014/15. This has been corrected in the opening balances.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016

Nature of Liability	Opening Balance as at 1 April 2015 R'000	Liabilities incurred during the year R'000	Liabilities paid / cancelled / reduced during the year R'000	Liabilities recoverable R'000	Closing Balance as at 31 March 2016 R'000
Claims against the department					
Civil claims	770 916	341 095	307 952	-	804 059
Motor vehicle accident claims	9 629	4 919	2 366	-	12 182
Subtotal	780 545	346 014	310 318	-	816 241
Environmental Liability					
UXO contamination and rehabilitation	999 459	69 962	-	-	1 069 421
Subtotal	999 459	69 962	-	-	1 069 421
TOTAL	1 780 004	415 976	310 318	-	1 885 662

Claims against the department

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by third parties.
- The timing of the outflow of the related resources / amounts are uncertain.
- There was no possibility for any reimbursements as at 31 March 2016.
- The opening balance for Mobile Asset Accidents was rounded up to R9 629 to align with the register amount of R9 628 910.08.

Environmental Liability

- The baseline costing for the removal and disposal of unexploded ordnance at SANDF facilities was expected to be the baseline cost as determined from Feb 2012.
- It was decided to escalate the expenses in line with CPI. The adjustments were done for prior years from 2012-2015.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

ANNEXURE 4 CLAIMS RECOVERABLE

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Agriculture, Forestry and Fishery	-	684	908	907	908	1 591
Department of Correctional Services	-	3	9	15	9	18
Department of Health	-	3	462	547	462	550
Department of Home Affairs	-	-	-	2	-	2
Department of Military Veterans	-	-	32 005	1 383	32 005	1 383
Department of Public Services & Administration	-	-	17	27	17	27
Department of Public Works	-	-	12	2 018	12	2 018
National Treasury	-	-	3 452	3 050	3 452	3 050
SARS	-	-	-	92	-	92
South African Police Services	-	-	128	25 693	128	25 693
Office of the Premier EC	-	-	84	84	84	84
Office of the Minister in the Presidency	-	-	-	328	-	328
Sol Plaatjies Municipality	-	-	18	18	18	18
Department of Corporate Governance	-	-	-	1 486	-	1 486
Department of Environmental Affairs & Tourism	-	-	91	-	91	-
Department of Energy	-	-	5	-	5	-
City of Cape Town	-	-	17	-	17	-
TOTAL	-	690	37 208	35 650	37 208	36 340

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of International Relations and Co-operation (DIRCO)	-	-	-	20	-	20
Department of Justice and Constitutional Development	-	-	13	-	13	-
Department of Health (KZN)	-	-	13	-	13	-
Department of Health (Gauteng)	-	-	16	-	16	-
Department of Health (Mpumalanga)	-	-	18	-	18	-
TOTAL	-	-	60	20	60	20

Amounts not included in Statement of Financial Position

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 6

INVENTORY

	2015/16		2014/15	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	488 727 635	35 904 723	731 589 238	65 594 236
Add / (Less): Adjustments to prior year balances	85 129 117	(1 081 929)	(143 552 348)	(27 057 979)
Add: Additions / Purchases – Cash	30 413 305	2 234 335	23 518 997	2 108 712
Add: Additions – Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	(114 735 442)	(4 233 586)	(122 828 252)	(4 740 246)
Add / (Less): Adjustments	-	-	-	-
Closing balance	489 534 615	32 823 543	488 727 635	35 904 723

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

ANNEXURE 7

Movement in Capital Work-in-Progress

MOVEMENT IN CAPITAL WORK-IN-PROGRESS (WIP) FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	-	44 400	(44 400)	-
Other machinery and equipment	-	44 400	(44 400)	-
SPECIALISED MILITARY ASSETS	-	58 098	-	58 098
Specialised military assets	-	58 098	-	58 098
BUILDINGS AND OTHER FIXED STRUCTURES	2 702 988	637 570	(198 156)	3 142 402
Non-residential buildings	2 702 988	637 570	(198 156)	3 142 402
TOTAL	2 702 988	740 068	(242 556)	3 200 500

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2015

	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	2 305 206	-	482 609	(84 827)	2 702 988
Non-residential buildings	2 305 206	-	482 609	(84 827)	2 702 988
TOTAL	2 305 206	-	524 840	(127 058)	2 702 988

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 8A

INTER-ENTITY ADVANCES PAID (NOTE 9)

ENTITY	Confirmed balance		Unconfirmed balance		Total	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31	2016-03-31	2015-03-31
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Advance paid to DIRCO	111 983	-	-	96 250	111 983	96 250
Subtotal	111 983	-	-	96 250	111 983	96 250
OTHER INSTITUTIONS						
AB Logistics	-	-	5 394	6 799	5 394	6 799
Subtotal	-	-	5 394	6 799	5 394	6 799
TOTAL	111 983	-	5 394	103 049	117 377	103 049



Exercise AMANI AFRICA II at SA Army
Combat Training Centre in Lohatlha.

2015/16

PART E

**Department of Defence
and Military Veterans**



(Special Defence Account)

Annual Reports and Financial Statements
for the year ended 31 March 2016

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

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 the year ended 31 March 2016**

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SPECIAL DEFENCE ACCOUNT ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

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 2017 and, in the light of this review and the current financial position, he is satisfied that the SDA 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 **348 to 376**, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 May 2016 and were signed by:



(DR S.M. GULUBE)

SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

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 348 to 376, which comprise the statement of financial position as at 31 March 2016, 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 the 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 the 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 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.

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

Basis for qualified opinion

Special defence activities

6. The SDA accounts for non-sensitive and sensitive projects expenditure 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 sensitive projects expenditure and related financial assets due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. In addition, due to the sensitive nature of the activities involved the entity did not comply with the requirements of GRAP 6 *Consolidated and Separate Financial Statements*, and instead applied GRAP 104 *Financial Instruments*, which also does not result in fair presentation. 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 R408 721 000 (2015: R674 944 000) in note 14 and financial assets stated at R83 320 000 (2015: R71 296 000) 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 SDA as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the PFMA.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Significant uncertainties

9. With reference to note 18 to the financial statements, the SDA through the Department of Defence was a defendant in a certain lawsuit. The ultimate outcome of the matter could not be determined and no provision for any liability that may result had been made in the financial statements.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) 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.

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

Predetermined objectives

11. The objectives of the SDA are included within the Department of Defence's reporting on performance information against predetermined objectives.

Compliance with legislation

12. I performed procedures to obtain evidence that the SDA had complied with applicable 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 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

13. 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 the SDA.

Auditor-General

Pretoria

31 July 2016



**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**STATEMENT OF FINANCIAL POSITION
as at 31 March 2016**

		2016	2015
	Note(s)	R '000	Restated * R '000
Assets			
Current Assets			
Cash and cash equivalents	2	5 630 785	4 321 494
Receivables from exchange transactions	3	19 824	8 367
Receivables from non-exchange transactions	4	4 632	25 211
Prepayments	5	1 175 122	741 960
		<u>6 830 363</u>	<u>5 097 032</u>
Non-Current Assets			
Other financial assets	6	83 320	71 296
Prepayments	5	1 695 571	2 293 445
		<u>1 778 891</u>	<u>2 364 741</u>
Total Assets		<u>8 609 254</u>	<u>7 461 773</u>
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	822 728	433 241
Payables from non-exchange transactions	8	29 734	43 718
Provisions	9	9 170	9 026
Funds to be surrendered to the National Revenue Fund	10	66 720	31 163
Other financial liabilities	11	12 838	19 387
		<u>941 190</u>	<u>536 535</u>
Total Liabilities		<u>941 190</u>	<u>536 535</u>
Net Assets		<u>7 668 064</u>	<u>6 925 238</u>
Accumulated surplus		<u>7 668 064</u>	<u>6 925 238</u>

* See Note 25

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2016**

		2016	2015
	Note(s)	R '000	Restated * R '000
Revenue	13	6 317 988	5 678 153
Foreign exchange gains		81 640	103 779
Operating expenses	14	(5 495 352)	(4 021 173)
Foreign exchange loss		(94 730)	(27 331)
Operating surplus		809 546	1 733 428
Surplus for the year		809 546	1 733 428

* See Note 25

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2016**

	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported	5 223 938	5 223 938
Adjustments		
Prior year adjustments – Royalty income	(965)	(965)
Balance at 01 April 2014 as restated	5 222 973	5 222 973
Changes in net assets		
Surplus for the year	1 733 428	1 733 428
Funds to be surrendered to the National Revenue Fund	(31 163)	(31 163)
Total changes	1 702 265	1 702 265
Opening balance as previously reported	6 931 632	6 931 632
Adjustments		
Prior year adjustments – Royalty income	(4 493)	(4 493)
Prior year adjustments – Fair value adjustments	(1 901)	(1 901)
Balance at 01 April 2015 as restated	6 925 238	6 925 238
Changes in net assets		
Funds to be surrendered to the National Revenue Fund	(66 720)	(66 720)
Surplus for the year	809 546	809 546
Total changes	742 826	742 826
Balance at 31 March 2016	7 668 064	7 668 064

* See Note 25

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

CASH FLOW STATEMENT
for the year ended 31 March 2016

	Note(s)	2016 R '000	2015 Restated * R '000
Cash flows from operating activities			
Receipts			
Funds from the Department of Defence		6 235 061	5 618 794
Other receipts		92 049	43 240
		<u>6 327 110</u>	<u>5 662 034</u>
Payments			
Suppliers		(4 949 257)	(4 835 894)
Net cash flows from operating activities	15	<u>1 377 853</u>	<u>826 140</u>
Cash flows from investing activities			
Increase in financial assets		(12 024)	(8 289)
Impairment of other financial assets		(5 736)	(8 316)
Net cash flows from investing activities		<u>(17 760)</u>	<u>(16 605)</u>
Cash flows from financing activities			
Net movement in other financial liabilities		(6 549)	(6 381)
Repayment of other financial liabilities		-	(1)
Movement in funds to be surrendered to the National Revenue Fund		35 557	2 518
Funds to be surrendered to the National Revenue Fund	16	(66 720)	(31 163)
Net cash flows from financing activities		<u>(37 712)</u>	<u>(35 027)</u>
Net increase/(decrease) in cash and cash equivalents		1 322 381	774 508
Cash and cash equivalents at the beginning of the year		4 321 494	3 470 536
Effect of exchange rate movement on cash balances		(13 090)	76 450
Cash and cash equivalents at the end of the year	2	<u>5 630 785</u>	<u>4 321 494</u>

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2016

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	References
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Royalty income	-	-	-	6 187	6 187	
Recoveries from suppliers	-	-	-	4	4	
Total revenue from exchange transactions	-	-	-	6 191	6 191	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	6 083 165	151 896	6 235 061	6 235 061	-	29
Fines	-	-	-	24 899	24 899	
Sale of goods	-	-	-	31 858	31 858	
Other revenue	-	-	-	19 979	19 979	
Total revenue from non- exchange transactions	6 083 165	151 896	6 235 061	6 311 797	76 736	
Total revenue	6 083 165	151 896	6 235 061	6 317 988	82 927	
Expenditure						
Largest projects	(4 348 587)	41 455	(4 307 132)	(2 673 250)	1 633 882	29
Non-project related expenditure	(613 386)	(193 351)	(806 737)	(1 696 092)	(889 355)	29
Sensitive projects	(451 949)	-	(451 949)	(408 721)	43 228	29
General projects	(669 243)	-	(669 243)	(717 289)	(48 046)	29
Total expenditure	(6 083 165)	(151 896)	(6 235 061)	(5 495 352)	739 709	
Operating surplus	-	-	-	822 636	822 636	
Foreign exchange gains	-	-	-	81 640	81 640	
Foreign exchange loss	-	-	-	(94 730)	(94 730)	
Surplus before taxation	-	-	-	809 546	809 546	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	809 546	809 546	

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2016

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	References
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	-	-	-	19 824	19 824	29
Receivables from non-exchange transactions	-	-	-	4 632	4 632	29
Prepayments				1 175 122	1 175 122	29
Cash and cash equivalents	-	-	-	5 630 785	5 630 785	29
	-	-	-	6 830 363	6 830 363	
Non-Current Assets						
Other financial assets	-	-	-	83 320	83 320	29
Prepayments	-	-	-	1 695 571	1 695 571	29
	-	-	-	1 778 891	1 778 891	
Total Assets	-	-	-	8 609 254	8 609 254	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	-	12 838	12 838	29
Payables from exchange transactions	-	-	-	822 728	822 728	29
Payables from non-exchange transactions	-	-	-	29 734	29 734	29
Provisions	-	-	-	9 170	9 170	29
Funds to be surrendered to the National Revenue Fund	-	-	-	66 720	66 720	29
	-	-	-	941 190	941 190	
Total Liabilities	-	-	-	941 190	941 190	
Net Assets	-	-	-	7 668 064	7 668 064	
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	-	-	-	7 668 064	7 668 064	29

SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2016

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	References
	R '000	R '000	R '000	R '000	R '000	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Funds from the Department of Defence	6 083 165	151 896	6 235 061	6 235 061	-	
Other receipts	(6 083 165)	(151 896)	(6 235 061)	92 049	6 327 110	
	-	-	-	6 327 110	6 327 110	
Payments						
Suppliers	-	-	-	(4 949 257)	(4 949 257)	
Net cash flows from operating activities	-	-	-	1 377 853	1 377 853	
Cash flows from investing activities						
Impairment of other financial assets	-	-	-	(5 736)	(5 736)	
Net movement in other financial assets	-	-	-	(12 024)	(12 024)	
Net cash flows from investing activities	-	-	-	(17 760)	(17 760)	
Cash flows from financing activities						
Net movement in other financial liabilities	-	-	-	(6 549)	(6 549)	
Movement in funds to be surrendered to the National Revenue Fund	-	-	-	35 557	35 557	
Funds to be surrendered to the National Revenue Fund	-	-	-	(66 720)	(66 720)	
Net cash flows from financing activities	-	-	-	(37 712)	(37 712)	
Net increase/(decrease) in cash and cash equivalents	-	-	-	1 322 381	1 322 381	
Cash and cash equivalents at the beginning of the year	-	-	-	4 321 494	4 321 494	
Effect of exchange rate movement on cash balances	-	-	-	(13 090)	(13 090)	
Cash and cash equivalents at the end of the year	-	-	-	5 630 785	5 630 785	

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

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 from 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 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 off-setting is required or permitted by a Standard of GRAP.

1.6 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 other financial assets

The SDA measures its other 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

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are disclosed in the disclosure notes (note 17).

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.

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.6.7 Contingent liabilities and payables

Management applies 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

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximate equal value in exchange.

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 from non-exchange transactions is recognised to the extent that the asset received qualifies for recognition, and there is not a corresponding liability due to conditions associated with the transfer. Revenue is measured at fair value of the consideration received or receivable.

**SPECIAL DEFENCE ACCOUNT
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for the year ended 31 March 2016**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

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.

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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 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.

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1.13.6 Payables

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.13.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

1.13.8 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 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 are measured at amortised costs that 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.

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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 cost. Effective interest is capitalised against the amounts outstanding in accordance with the agreement.

1.23 Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity, or

A present obligation that arises from past events but is not recognised because:

- It is not possible that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

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- 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.

Related parties are recognised:

- when the transactions do not occur within the normal supplier and / or client recipient relationship on terms and conditions no more or less favourable than those which is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions are not within the normal operating parameters established by the Department's legal mandate.
- These transactions are recognised at cost at the date of the transaction. If the cost cannot be determined reliably, the transactions will be recognised at fair value.

Information regarding related party transactions recognised in terms of the recognition criteria, is included in the disclosure notes.

1.26 Provisions

Provisions are recognised when:

- the SDA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the SDA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.27 Comparative figures

Comparatives are included for all except where Standards of GRAP provides otherwise. Comparatives are restated where prior period errors are identified.

1.28 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and could have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- 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 required with the exception of updating the note to the financial statements.

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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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2. Cash and cash equivalents		
Cash and cash equivalents at fair value consist of:		
Cash on hand	19 427	19 526
Bank balances	5 597 459	4 281 851
Short-term deposits	13 899	20 117
	<u>5 630 785</u>	<u>4 321 494</u>

Short-term deposits include an amount of Rm13.8 (2014/15: Rm20.1) to be used by the Compliance Programme.

3. Receivables from exchange transactions

Trade debtors	11 984	5 458
Staff debtors	3 401	2 908
Other debtors	4 439	1
	<u>19 824</u>	<u>8 367</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>4 632</u>	<u>25 211</u>
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Fair value of receivables from non-exchange transactions

The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.

Receivables from non-exchange transactions past due but not impaired

There are no receivables past due.

Receivables from non-exchange transactions impaired

There are no receivables to be considered for impairment.

5. Prepayments

Current prepayments	1 175 122	741 960
Non-current prepayments	1 695 571	2 293 445
	<u>2 870 693</u>	<u>3 035 405</u>

Secured against bank guarantees held by Armscor. Prepayments are recovered on a proportional basis as per contractual deliveries.

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	2016 R '000	2015 R '000		
6. Other financial assets				
Designated at fair value				
Other financial assets	122 699	104 940		
Impairments	(39 379)	(33 644)		
	<u>83 320</u>	<u>71 296</u>		
Non-current assets				
Designated at fair value	<u>83 320</u>	<u>71 296</u>		
Reconciliation of financial assets at fair value through surplus or deficit – 2016				
	Opening balance	Additions	Impairments	Closing balance
Other financial assets	71 296	17 760	(5 736)	83 320
Reconciliation of financial assets at fair value through surplus or deficit – 2015				
	Opening balance	Additions	Impairments	Closing balance
Other financial assets	63 007	16 605	(8 316)	71 296
Other financial assets have been restated as a result of the recognition of fair value adjustments in the correct financial year.				
7. Payables from exchange transactions				
Contract creditors	813 722			431 080
Strategic Defence Procurement Programme	9 006			2 161
	<u>822 728</u>			<u>433 241</u>
8. Payables from non-exchange transactions				
Contract creditors: Fines	25 102			18 507
Revenue received in advance	4 632			25 211
	<u>29 734</u>			<u>43 718</u>
9. Provisions				
Retention fees	9 170			9 026

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Reconciliation of provisions – 2016

	Opening balance	Additions	Reduction due to remeasurement	Total
Retention fees	9 026	1 197	(1 053)	9 170

Reconciliation of provisions – 2015

	Opening balance	Additions	Reduction due remeasurement	Total
Retention fees	9 011	15	-	9 026

ARMSCOR, prior to September 2014 withheld 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	31 163	28 645
Fines, penalties and forfeits	32 642	15 632
Sales of goods and services other than capital assets	2 220	474
Sales of capital assets	31 858	14 222
Interest on receivables	-	835
Less: Payments made	(31 163)	(28 645)
Closing balance	<u>66 720</u>	<u>31 163</u>

11. Other financial liabilities

At amortised cost

Compliance Programme	<u>12 838</u>	<u>19 387</u>
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Secured against short-term deposit held at Corporation for Public Deposits. Interest free without specific repayment arrangements.

The Compliance Programme consist of funds administered by the SDA on behalf of the South African Government and will be utilised to defray expenditure in accordance with the requirements of the programme as per agreement between the USA and SA Governments. Interest on the funds accrue at the rate as determined by the South African Reserve Bank.

Current liabilities

At amortised cost	<u>12 838</u>	<u>19 387</u>
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12. Financial instruments disclosure

Categories of financial instruments

Financial assets – 2016

	At fair value	Total
Other financial assets	83 320	83 320
Cash and cash equivalents	5 630 785	5 630 785
	<u>5 714 105</u>	<u>5 714 105</u>

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	2016 R '000	2015 R '000
Financial liabilities - 2016	At amortised cost	Total
Other financial liabilities	12 838	12 838
Trade and other payables from exchange transactions	822 728	822 728
	<u>835 566</u>	<u>835 566</u>
Financial assets – 2015	At fair value	Total
Other financial assets	71 296	71 296
Cash and cash equivalents	4 321 494	4 321 494
	<u>4 392 790</u>	<u>4 392 790</u>
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
	<u>452 628</u>	<u>452 628</u>
13. Revenue		
Royalty income	6 187	4 493
Interest revenue	-	873
Recoveries from suppliers	4	-
Funds from the Department of Defence	6 235 061	5 618 794
Contract fines	24 899	21 706
Revenue allocated from the sale of goods	31 858	15 208
Other revenue	19 979	17 079
	<u>6 317 988</u>	<u>5 678 153</u>
The amount included in revenue arising from exchanges of goods or services are as follows:		
Royalty income	6 187	4 493
Interest revenue	-	873
Recoveries from suppliers	4	-
	<u>6 191</u>	<u>5 366</u>

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The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Funds from the Department of Defence	6 235 061	5 618 794
Contract fees and fines	24 899	21 706
Revenue allocated from the sale of goods	31 858	15 208
Other revenue	19 979	17 079
	<u>6 311 797</u>	<u>5 672 787</u>

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable.

The amount for other revenue has been restated by R1 901 000 for 2014/15 due to the recognition of fair value adjustments in the correct financial year.

The amount for other revenue has been restated by R4 492 962 for 2014/15 due to the recognition of royalty income in the correct financial year.

The amount of fines waived for 2015/16 is R1 942 047 (2014/15: R8 327 479). 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	2 673 250	1 388 530
General projects	717 289	826 438
Sensitive projects	408 721	674 944
Non-project related expenditure	1 696 092	1 131 261
	<u>5 495 352</u>	<u>4 021 173</u>

Per nature:

Goods and services	3 093 890	702 037
Commission paid	-	986
Machinery and equipment	422 371	76 805
Buildings and other fixtures	5 504	425
Specialised military assets	1 973 587	3 240 920
	<u>5 495 352</u>	<u>4 021 173</u>

Per programme:

Landward Defence	2 297 473	1 796 503
Air Defence	2 023 202	796 952
Maritime Defence	135 795	225 072
Military Health Support	1 336	3 160
Force Employment	244 797	627 578
Joint Support	371 131	375 895
Special Defence Activities	395 693	238 136
Other expenses not directly allocated per programme	25 925	(42 123)
	<u>5 495 352</u>	<u>4 021 173</u>

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15. Cash generated from (used in) operations		
Surplus	809 546	1 733 428
Adjustments for:		
Gain on foreign exchange	(81 640)	(103 779)
Loss on foreign exchange	94 730	27 331
Debt impairment	5 736	7 747
Bad debt written off	-	596
Movements in provisions	144	15
Rounding	1	-
Changes in working capital:		
(Increase) / decrease in receivables from exchange transactions	(11 457)	(2 600)
Bad debt written off	-	(596)
Other receivables from non-exchange transactions	20 579	(12 924)
Prepayments	164 712	(1 061 282)
Increase / (decrease) in payables from exchange transactions	389 486	233 761
Increase / (decrease) in payables from non-exchange transactions	(13 984)	4 443
	1 377 853	826 140
16. Funds to be surrendered to the National Revenue Fund		
Payment to be made to the National Revenue Fund	(66 720)	(31 163)
17. Commitments		
Approved and contracted	14 260 233	16 081 562
Approved but not yet contracted	1 348 634	1 582 780
Capital commitments: Strategic Defence Procurement Programme (SDP)	7 856	6 927
	15 616 723	17 671 269
<p>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 (e.g. finance costs). Included in the amount of R7 856 374 (2014/15: R6 926 707) is a foreign component of USD 105 226, GBP 197 056 and SEK 1 077 039 (2014/15: USD 126 146, GBP 176 010 and SEK 1 374 196).</p> <p>No forward cover was utilised.</p>		
18. Contingencies		
Claims against the State	3 250 755	2 555 101
Retention fees	1 873	2 162
	3 252 628	2 557 263

The amount in claims against the State relates to a commission claim of EUR 192 180 623 with a rand value of R3 225 755 213 (1 Euro = R16.785018) (2014/15: R2 520 804 210). The difference of R25 000 000 relates to the provision for the local legal fees. The difference in the prior year amount vs the new year relates to the foreign exchange rate. The matter is defended in a Civil Court of Lisbon, Portugal. The matter was dismissed by the Lisbon court during October 2011 on the basis that no jurisdiction exist to hear the case. On appeal the court found in favour of the plaintiff. This decision of the court was however appealed by Armscor where the court ruled in favour of the plaintiff. A date for the preliminary hearing was scheduled for

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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 proceeded during July 2015 with the preservation of evidence of Portuguese witnesses in Lisbon. It was expected that a court date will be set for April 2016, however the plaintiff indicated that further evidence of witnesses in South Africa is necessary and the commission proceeded to obtain this evidence in South Africa during March 2016. All the evidence shall now be submitted to the court in Lisbon as well as the report of specialist opinions on the use of the helicopter to be obtained by the plaintiff and defendant chaired by an independent specialist to be appointed by the court. A court date will then be determined, but it is expected that it will only occur in the second quarter of 2017.

The amount in retention fees for 2015/16 to the amount of R1 873 139 (2014/15: R2 162 312) relates to fees withheld by Armscor for suppliers not meeting the BEE requirements.

Contingent assets

Contingent assets	-	435
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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 2016, 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;
- 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.

The SDA is not aware of any related party transactions (transactions 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.

Liquidity risk

The SDA's risk to liquidity is as a result of the funds available to cover future commitments (current and non-current). Current commitments are paid within 30 days. Non-current commitments consist of contracts with various maturity dates (refer to note 17). The SDA manages liquidity risk through an ongoing review of future commitments.

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Credit risk		
Receivables and prepayments		
<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>		
Cash and cash equivalents		
<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	13 899	20 117
Receivables	4 632	25 211
Prepayments	2 870 693	3 035 405
	<u>2 889 224</u>	<u>3 080 733</u>

% of total financial assets for 2015/16 is 50.48% (2014/15: 69.76%)

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:

- 2015/16: R322
- 2014/15: R452

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 2016, the currency has changed by -3.67% against the Euro with all other variables held constant, the surplus for the year was affected by a net loss of R13 090 374 (net profit 2014/15: R76 450 000), mainly as a result of foreign exchange gains or losses on translation of foreign currencies through surplus or deficit.

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R '000	2015 R '000
Financial assets impairment		
Financial instruments at fair value		
Cash and cash equivalents	969	479
Financial instruments at amortised cost		
Receivables	-	35 718
Payables	(14 059)	40 253
	<u>(13 090)</u>	<u>76 450</u>

Foreign currency exposure at statement of financial position date

Current assets

Cash and cash equivalents	<u>19 427</u>	<u>19 526</u>
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Liabilities

Current	<u>941 190</u>	<u>536 534</u>
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The SDA reviews its foreign currency exposure, including commitments on an ongoing basis.

21. Events after the reporting date

Adjusting events:

- 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.

Non-Adjusting events:

- National Treasury approved the condonement of irregular expenditure relating to the Preferential Procurement Policy Framework Act, 2000 (PPPFA) non-compliance to the amount of R387 593 132 on 19 July 2016.

22. Fruitless and wasteful expenditure

Opening balance	271 748	214 506
Additions	<u>-</u>	<u>57 242</u>
	<u>271 748</u>	<u>271 748</u>

Included in the above is an amount of R0 (2014/15: R57 241 929) for a contract that was cancelled and re-instated.

23. Irregular expenditure

Opening balance	279 469	151 179
Add: Irregular expenditure – current year	108 125	128 290
Less: Current year amounts condoned	<u>-</u>	<u>-</u>
	<u>387 594</u>	<u>279 469</u>

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R '000	2015 R '000
Analysis of expenditure awaiting condonation per age classification		
Current year	108 125	128 290
Prior years	279 469	151 179
	<u>387 594</u>	<u>279 469</u>
Details of irregular expenditure – current year		
	Disciplinary steps taken/criminal proceedings	
PPPFA Non-Compliance	Application for condonement still pending from NT.	<u>108 125</u>

Expenditure deemed to be irregular expenditure of R108 124 957 (2014/15: R128 289 314) 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. Submission for condonement submitted to National Treasury on 8 June 2015. Approved condonement from National Treasury did not include SDA amounts. Meeting scheduled with National Treasury on 4 December 2015 to discuss open condonement until all the contracts are finalised. A new submission for condonement was submitted to National Treasury on 27 January 2016. National Treasury granted approval for the condonement of the irregular expenditure to the amount of R387 593 132 on 19 July 2016.

The additions amount for 2014/15 has been restated by an amount of R139 705 281 due to the incorrect inclusion of amounts relating to single source tenders.

24. Government grants and subsidies

Funds from the Department of Defence	<u>6 235 061</u>	<u>5 618 794</u>
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25. Prior period errors

Other financial assets have been restated as a result of the recognition of fair value adjustments in the correct financial year.

Receivables from exchange transactions: Royalty income has been restated for 2013/14 and 2014/15 due to the recognition of the revenue in the correct financial year.

Statement of financial position

Other financial assets	-	1 901
Receivables from exchange transactions	-	5 458

Statement of financial performance

Revenue – fair value adjustments	-	(1 901)
Revenue – royalty income	-	(5 458)

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 the year ended 31 March 2016**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R '000	2015 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	809 546	1 733 428
Adjusted for:		
Sale of goods	(31 858)	(15 208)
Interest	-	(873)
Other revenue	(19 979)	(17 079)
Recovery of suppliers	(4)	-
Foreign exchange	13 090	(76 450)
Contract fines	(24 899)	(21 706)
Expenditure	(739 709)	(1 597 619)
Royalty income	(6 187)	(4 493)
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	809 546	1 733 428
Basis differences	568 307	(907 288)
Net cash flows from operating activities	1 377 853	826 140
Investing activities		
Actual amount as presented in the budget statement	809 546	1 733 428
Basis differences	(827 306)	(1 750 033)
Net cash flows from investing activities	(17 760)	(16 605)
Financing activities		
Actual amount as presented in the budget statement	809 546	1 733 428
Basis differences	(847 258)	(1 768 455)
Net cash flows from financing activities	(37 712)	(35 027)
Net cash generated from operating, investing and financing activities	1 322 381	774 508

29. Material differences between the budget and actual amounts

The budget is approved on a cash basis by functional classification. The Department does not budget for any items other than expenditure. The approved budget covers the fiscal period from 1 April 2015 to 31 March 2016. The Department requested a virement from the GDA to the SDA for the procurement of aircraft spares and components required to ensure the serviceability of the two Oryx and three Rooivalk helicopters deployed as part of the Force Intervention Brigade. The virement was approved by National Treasury.

The financial statements for the SDA are prepared on the accrual basis of accounting.

**SPECIAL DEFENCE ACCOUNT
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R '000	2015 R '000
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Largest projects, Sensitive projects and General projects: The acquisition of armaments systems is managed by means of acquisition projects. Due to long lead times, non-realisation of planned project deliverables, and the inability of Defence Industry to timely deliver in Departmental requirements, the budget was not fully expended in the financial year. The SDA Act makes provision that unspent funds at the end of the financial year remain within the SDA.

Non-project related expenditure: Although the total expenditure for Other projects (SDA) 2015/16 FY requirements as at 31 March 2016 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 was no over expenditure on non-project related expenditure.

2015/16

PART E

National Conventional Arms Control Committee



Assurance Report
for the year ended 31 March 2016

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

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 audit 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 (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 NCACC, 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 Government Gazette.
5. I performed the assurance engagement in accordance with International Standard on Assurance Engagement (ISAE 3000), *Assurance engagement other than audits or reviews of historical information*. That standard requires me to comply with ethical requirements and to 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 2016. My limited assurance procedures included the following specific procedures relating to the affairs of the NCACC:
 - Inspecting the processes and structures established by the NCACC for the effective control of trade in, and possession of, controlled items.
 - Inspecting the processes and structures established by the NCACC for the 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.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

- Inspecting the guidelines, structures and processes established by the NCACC for the scrutiny and assessment of the application for the issuing of a permit under the act and the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - Confirming 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.
 - Inspecting a sample of the authorisation or refusal of issuing any permits as contemplated in section 14 of the act.
 - Inspecting sample applications granted or refused for authorisation as contemplated in section 7 of the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act.
 - Performing procedures to verify compliance with the conditions under which a permit was issued.
 - Inspecting the register that must be kept in the prescribed form of persons involved in trade in, and possession of, controlled items.
 - Inspecting the register that must be kept of every permit issued:
 - Selecting a sample of permits issued and following them through to the register.
 - Selecting a sample of entries in the register and following them through to the permits.
 - Confirming whether all reports were issued as specified in section 23 of the act.
 - Analysing reported data to identify anomalies.
 - Verifying whether information supplied was relevant, reliable, complete and understandable.
 - Verifying whether the NCACC performed any of the engagements as per section 4(2), 4(3), 4(4) and 4(5) of the act, and performing additional audit procedures to obtain evidence of compliance with these sections, if applicable.
 - Performing procedures to obtain evidence regarding the affairs of the NCACC as required by any regulations or 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 have been the case in a reasonable assurance engagement.
8. I believe that the audit evidence obtained as part of my assurance engagement with the NCACC for the period ended 31 March 2016 is sufficient and appropriate to provide a basis for my conclusion expressed below.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

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 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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